

Table of Contents

Acknowledgements	i
Abstract	ii
1 Introduction.....	1
1.1 Background	1
1.1.1 Knowledge.....	1
1.1.2 Knowledge management.....	2
1.1.3 Knowledge transfer.....	2
1.1.4 Challenges stemming from the transfer of knowledge	3
1.1.5 Consultancy companies.....	3
1.2 Problem discussion and purpose.....	4
1.3 Research question.....	4
1.4 Perspective.....	4
1.5 Delimitation.....	5
1.6 Definitions.....	5
1.6.1 Knowledge.....	5
1.6.2 Knowledge management.....	5
1.6.3 Knowledge conversion.....	5
1.6.4 Internal knowledge transfer	5
1.6.5 Consultancy company	5
1.6.6 Source and recipient.....	5
2 Theoretical framework.....	6
2.1 Nonaka & Takeuchi's SECI model of knowledge conversion	6
2.1.1 Socialization: tacit → tacit.....	7
2.1.2 Externalization: tacit → explicit	7
2.1.3 Combination: explicit → explicit	7
2.1.4 Internalization: explicit → tacit	7
2.2 Stages of the transfer process by Szulanski.....	8
2.2.1 Initiation	8
2.2.2 Implementation	9
2.2.3 Ramp-up.....	9
2.2.4 Integration.....	10
2.3 Integrated knowledge transfer model	11
3 Methods.....	12
3.1 Methodological approach.....	12
3.2 Method approach.....	12
3.3 Research strategy	13
3.3.1 Case study.....	13
3.3.2 The case study design – a multiple case study	13
3.3.3 Sampling design	14
3.3.4 Purposive sampling	14
3.3.5 Validity	14
3.3.6 Reliability	15
3.3.7 Pilot studies	15
3.4 Data collection.....	16
3.4.1 Primary and secondary data.....	16

3.4.2 Interviews	17
4 Empirical findings.....	19
4.1 KPMG.....	19
4.1.1 Background	19
4.1.2 KPMG AB Sweden	19
4.1.3 Knowledge management at KPMG	20
4.1.4 Interviews with Eva Winter, KPMG Stockholm	20
4.1.5 Interviews with Anna Lexell, KPMG Jönköping.....	23
4.2 Grant Thornton	24
4.2.1 Background	24
4.2.2 Grant Thornton Sweden AB.....	24
4.2.3 Knowledge management at Grant Thornton.....	25
4.2.4 Interview with Tim Jonasson, Grant Thornton Stockholm.....	25
4.2.5 Interviews with Samuel Fri, Grant Thornton Jönköping	27
5 Analysis.....	31
5.1 Challenges on an organizational level: Nonaka & Takeuchi.....	31
5.1.1 Combination (explicit → explicit): Excessive flow of information.....	31
5.1.2 Internalization (explicit → tacit): Time constraint in transferring knowledge.....	31
5.1.3 Socialization (tacit → tacit): People leaving or retiring	32
5.1.4 Externalization (tacit → explicit): Risk of involuntary spillover	32
5.2 Challenges on an individual level: Szulanski	33
5.2.1 Initiation stage: Excessive flow of information	33
5.2.2 Implementation stage: Time constraint in transferring knowledge	34
6 Conclusion	36
7 Discussion.....	37
7.1 Implications.....	38
7.2 Proposed solutions to prepare for and overcome challenges.....	38
References	39
Appendix 1	42
Appendix 2	47
Appendix 3	49
Appendix 4	51

I Introduction

Knowledge management is based on an understanding of the *creation and transfer of knowledge* (McInerney, 2002). Although knowledge has been managed implicitly through the ages and sustained by transferring from one generation to another, it has not been officially recognized in the business world until recently. The companies recognized knowledge as a means to gain competitive advantage that can be extracted only via effective transfer to one another.

Consultancy companies have traditionally been leveraging knowledge as their key competence (Kwiatkowski & Stove, 2001), and their uniqueness related to other firms in the professional service industry is that their activities involve a great deal of intensive creation and application of knowledge (Watson & Hewet, 2006; cited in Powell & Ambrosini, 2012).

We have chosen to focus our study on the well-known knowledge transfer theories by Nonaka & Takeuchi (1991; 1995) and Gabriel Szulanski (1996; 2000). Nonaka & Takeuchi's model takes an organizational perspective while Szulanski's stage model takes an individual perspective. Furthermore, we will propose an integrated model for knowledge transfer based on the theories. An investigation is then made on the challenges that two major consultancy companies, KPMG and Grant Thornton, face in the knowledge transfer process as a whole. Towards the end of the thesis, we will analyze our findings and compare it to the theoretical framework and in the discussion chapter we will propose solutions to the challenges presented in the empirical findings as well as make our own reflections of the results. We will then conclude our study with an answer to our research question and closing remarks.

I.1 Background

Fully understanding and appreciating knowledge transfer involves considering it in a broader framework. (Lahti & Beyerlein, 2000)

I.1.1 Knowledge

Knowledge has been recognized as one of the most valuable sources of potential competitive advantage among several disciplines. The term "knowledge," however, can take on a variety of meanings depending on the scientific field, and even within the same discipline. Turchetti & Geisher (2011) explain knowledge as a phenomenon of the human mind, whose locus can be expressed within or outside the mind. Speaking in general, knowledge can be understood as the know-how, or the awareness of what one knows through experience, or through several types of learning (McInerney, 2002). Liebeskind (1996) also continues in saying that knowledge can be understood as information whose validity has been established through test of proof, e.g. letter of reference and university degree. Therefore, a difference can be made between unproven information, such as opinions or speculations. From this type of perspective, knowledge can be described as being dynamic in nature due to its constantly changing through experience and learning. It has also contributed to a qualitative change in the way in which a considerable amount of data can be collected and communicated (Quintas, Lefrere & Jones, 1997).

Knowledge has two characteristics: *tacit* and *explicit*. *Tacit knowledge* is considered to be of greater significance, and according to Kang, Rhee and Kang (2010), is to possess valuable resources in terms of maintaining the company's competitive advantage. Tacit knowledge refers to knowledge embedded in human mind, which makes it subjective and difficult to

characterize or explain. It is often referred to as the know-how acquired through experience, and is therefore a highly context dependent type of knowledge. Due to its being embedded in human mind, tacit knowledge is hardly transmittable and difficult to imitate by others (Bou-Llusar & Segarra-Ciprés, 2006). *Explicit knowledge* is simpler in nature and fairly easier to comprehend. It is expressed in the form of formal and codified documents that are easy to store, reuse, and transfer further. Because of this, explicit knowledge is more codable and transferable in a higher speed (Gao & Riley, 2010). Even though tacit knowledge is of greater importance for consultancy firms, explicit knowledge is not disregarded and still paid attention to in this thesis.

Dalkir (2005) points out that although knowledge increasingly gained attention as an intellectual asset in an organization, knowledge comprises some paradoxical characteristics that are different from other valuable assets: its use does not consume it and transferring knowledge does not mean losing it. Thus, much of organization knowledge literally “walks out” of the door at the end of the day.

1.1.2 Knowledge management

After recognizing the unique value of knowledge and entering into a knowledge economy, the amount of knowledge was found to be abundant, but the usability to be scarce. Therefore, a separate discipline was needed to recognize, organize and make available all the relevant data (Quintas et al., 1997; Dalkir, 2005). Not to mention that in order for knowledge management to be successful, a thorough understanding of what constitute knowledge is essential prior to going deeper into knowledge management.

As previously mentioned, knowledge management as a practice is not new, but the actual term did not come into popular use until later and thus, a unified term has not been found. According to Dalkir’s (2005) general explanation, knowledge management can be described as the deliberate and systematic approach to ensure the full utilization of an organization’s knowledge base. In addition, this knowledge base should be combined with skills and competencies of the employees in order to advance the process of creating a more efficient organization. Wiig (1997) continues further, that the objective of efficient knowledge management is to make the organization to act as intelligently as possible in order to keep the organization viable and successful. Looking at the matter from an objective perspective, Wiig (1997) also continues that creating, transferring, and making an effective use of knowledge assets can reach these objectives. These knowledge assets can be either tacit or explicit, and therefore knowledge management is dealing with both of them aiming to add value to the organization.

1.1.3 Knowledge transfer

To capture the value of knowledge as a source of competitive advantage, it needs to be transferred and made available to the right people. Based on this statement, Lahti & Beyerlei (2000) argue knowledge transfer to be the most significant component of knowledge management. It is described as the core of maximization of the value of knowledge, and the key-factor affecting a company’s performance (Gao et al., 2010; Kang et al., 2010).

Argote and Ingram (2000) define knowledge transfer as a process through which one unit is affected by the expertise of another, where a unit can refer to an individual, group, or department. The main objective of knowledge transfer, according to Bou-Llusar and Segarra-Ciprés (2006), is to abide in a smooth and efficient flow of knowledge within and across the companies. Lahti and Beyerlei (2000) indicate that in order to implement the

knowledge transfer process properly, both the type of knowledge and the nature of transfer need to be taken into account.

Transfer of knowledge can be distinguished as two different types: *internal* and *external*. Internal knowledge transfer is when knowledge is transferred between the units, groups, or individuals within the company. External knowledge, on the other hand, refers to the transfer of knowledge between different companies, such as in the occasion of joint ventures and strategic alliances. From these two, internal knowledge transfer has gained attention as more crucial part knowledge management, in providing value for a company (Bou-Llugar & Segarra-Ciprés, 2006). Due to this observation, this study is concerned with internal knowledge transfer.

The internal knowledge transfer process is influenced by the *nature of transferrable knowledge* such as *tacit* and *explicit*, needing different applications (Bou-Llugar & Segarra-Ciprés, 2006). Explicit knowledge can be transferred with considerably higher speed than tacit knowledge, which requires mobilizing individuals. Therefore explicit knowledge is often understood as a more efficient way to transfer knowledge, whilst the process of transferring tacit knowledge is more demanding.

Knowledge transfer is an exchange of knowledge that demands the presence of a source and a recipient. The source and the recipient of the knowledge about to be transferred will through interaction convert knowledge into different forms during the transfer process. Knowledge conversion can be further divided into four different modes, which will be further explained in the theoretical framework (Nonaka & Takeuchi, 1995).

1.1.4 Challenges stemming from the transfer of knowledge

Knowledge transfer is not a simple, linear process (Nooteboom, 2001). This insight is also acknowledged by Lockett, Kerr and Robinson (2008), who found out that knowledge transfer is a two-way but not equal process. This indicates that not all the knowledge transferred by the source is fully received by the recipient. Accordingly, the term “transfer” may give a highly optimistic conception of the course of knowledge transfer between its source and recipient. In reality, there are many factors hindering the process. The study of Szulanski (1996) indicates that the major challenges of knowledge transfer are rooted in the form of the knowledge transferred, whether it is tacit or explicit. Moreover, the characteristics of the source and recipient of knowledge, as well as the characteristics of the context, may have an impact as well.

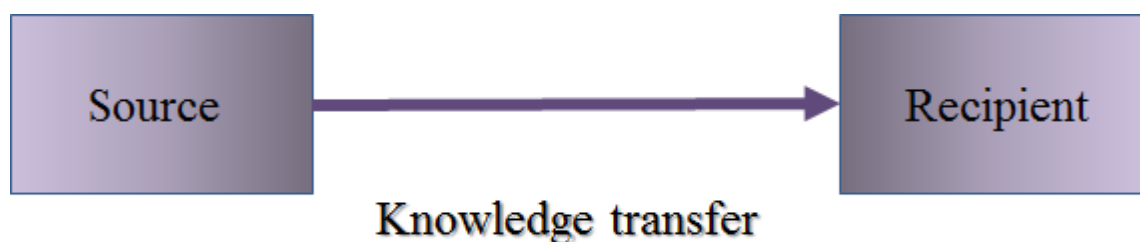


Figure 1: Knowledge transfer between the source and the recipient (Szulanski, 1996).

1.1.5 Consultancy companies

‘Although knowledge transfer is necessary for all organizations, it is especially critical for the functioning of a management consulting firm, because knowledge is the cornerstone of the services such a firm offers its clients.’ (Lahti & Beyerlein, 2000)

The recent interest in the value of knowledge and knowledge related practices have raised interest towards the combination of knowledge and organization theories. These combinations are usually found within the service industry, known as knowledge-intensive companies, whose main currency and key resource is knowledge (Greenwood & Suddaby, 2006).

Consultancy companies are specialized in providing services delivered by people with relevant education and area of expertise. The services are usually more customized, and therefore more complex in character. (Greenwood & Suddaby, 2006). In order for consultancy companies to carry out their everyday activities, the availability and an effective transfer of knowledge is a requisite for successful business practices. Not only does knowledge form the core of their business, but they also have the tendency to continuous learning through completed client projects, and to be considerably more learning-intensive compared to other industries. Being premised on the notion that specialized knowledge and its effective transfer forms a fundamental basis for consultancy companies' activities, they were among the frontrunners to engage in knowledge management activities.

1.2 Problem discussion and purpose

Companies are trying to benefit from the value of knowledge according to their best practices by conveying the knowledge across the organization in order to attain a competitive advantage. But as noted before, the knowledge transfer process is rarely linear and smooth, but rather challenged by a variety of factors.

This is problematic especially for consultancy companies to whom their business is not only based on smooth knowledge flows, but where knowledge also serves as a vital input. If the knowledge transfer process is hindered in anyhow, it also complicates consultancy companies to carry out their daily operations.

Another issue is that the knowledge that consultancy companies are applying is highly tacit, and thus the more tacit the knowledge is, the slower it is to transfer. Thus, studies about internal knowledge transfer have mainly concerned other than consultancy companies in particular, which leaves a gap in the theory and therefore needs to be further investigated.

Owing to the fact that the theory to the best practices to manage knowledge is still developing and that transfer is considered to be the most vital parts of the knowledge management process, the purpose of this thesis is to reveal the challenges that result from the transfer process, why they occur, and propose ways to prepare for these challenges.

1.3 Research question

In order to carry out the purpose of the paper, the study aims to answer the question: "What are the challenges associated with consultancy companies' internal knowledge transfer on an organizational and individual level, and why do they occur?"

1.4 Perspective

Our problem is studied from different perspectives due to the fact that our topic, knowledge and its transfer, can be rather subjective. Therefore we wanted to combine both managements' and employees' point of view. We have conducted interviews with knowledge managers that are working solely with knowledge on a daily basis as well as other employees.

1.5 Delimitation

When investigating challenges in the knowledge transfer process, it should be noted that knowledge as a topic is rather complex to comprehend. It is subjective in a way that since it is not anything concrete or clearly visible, people perceive it differently. Due to knowledge management being such a broad topic and the work to be covered within a bachelor thesis we chose to limit our study to knowledge transfer and the case studies to one specific industry- the consultancy industry.

1.6 Definitions

1.6.1 Knowledge

Knowledge can be defined in many different ways depending on the context, but it can be understood as something intellectual embedded in the human mind. Generally, it is dynamic by nature, meaning that it has the tendency to change along with new experiences stemming from the surrounding environment.

1.6.2 Knowledge management

There is no widely accepted definition of knowledge management (Kwiatkowski & Stowe, 2001). Some like to understand it as a process of capturing, using and sharing knowledge in an organization. Generally, the term refers to all the activities needed to comprehend, use, and benefit from capital in the form of organizational knowledge (Lahti & Beyerlein, 2000).

1.6.3 Knowledge conversion

According to Nonaka & Takeuchi (1995), knowledge is continuously converted between explicit and tacit knowledge. The process is happening through different types of interactions between individuals.

1.6.4 Internal knowledge transfer

Internal knowledge transfer is knowledge transfer occurring within an organization. Also known as the process by which an organization makes knowledge available to its members and is a common way for organizations to extend knowledge bases and use unique skills to a maximum advantage (Kalling, 2003).

1.6.5 Consultancy company

This is a professional knowledge-intensive firm, operating in the service industry. The key asset and service the firm is providing is knowledge that is often tacit and embedded in the human mind.

1.6.6 Source and recipient

These are the actors between the transfer of knowledge (*see figure 1*).

2 Theoretical framework

The models introduced in the next section are some of the most well known knowledge transfer models by Nonaka & Takeuchi (1991; 1995) and Szulanski (1996; 2000). The first model, SECI, focuses on the nature of knowledge, how it is converted into the most appropriate form along the transfer process, seen from an organizational perspective. Szulanski then introduces stages of knowledge transfer as an action and the challenges associated with every stage. Szulanski's model takes an individual perspective.

2.1 Nonaka & Takeuchi's SECI model of knowledge conversion

One of the most well known theories about knowledge transfer is developed by Nonaka & Takeuchi, presented in their book *the Knowledge-Creating Company*. They outlined a model about how competences are created and converted in an organization. The basic idea behind their theory is that knowledge can be distinguished between tacit and explicit knowledge. Explicit knowledge can easily be articulated in books, documents or manuals etc. It is easily transferred between individuals. Tacit knowledge, on the other hand, is hard to articulate with language and is more embedded in experiences and also includes, e.g. beliefs and values. When the two types of knowledge are converted through interaction, new knowledge is created in an organization (Nonaka & Takeuchi, 1995).

Organizational knowledge transfer is a process that heightens the knowledge created by individuals and makes it a network of knowledge in the organization. The SECI- model shows how tacit and explicit knowledge can be combined and converted and it shows how knowledge is created and transferred in a company (Nonaka & Takeuchi, 1995). Creating new knowledge is not just to process objective information but also to tap into the tacit knowledge of individuals and making those available to the whole company. The secret behind this is personal commitment and to induce shared knowledge about the companies values, visions, and goals and how to make this a reality (Nonaka, 1991).

The interaction between explicit and tacit knowledge is called “knowledge conversion.” There are four modes of knowledge conversion: socialization, externalization, combination, and internalization. There are also four different processes to each mode: Tacit → Tacit, Tacit → Explicit, Explicit → Explicit, Explicit → Tacit (Nonaka & Takeuchi, 1995).

<i>From /To</i>	Tacit	Explicit
Tacit	<p><i>Socialisation</i></p> <p>Creates <i>sympathised</i> knowledge through the sharing of experiences, and the development of mental models and technical skills. Language unnecessary.</p>	<p><i>Externalisation</i></p> <p>Creates <i>conceptual</i> knowledge through knowledge articulation using language. Dialogue and collective reflection needed.</p>
Explicit	<p><i>Internalisation</i></p> <p>Creates <i>operational</i> knowledge through learning by doing. Explicit knowledge like manuals or verbal stories helpful.</p>	<p><i>Combination</i></p> <p>Creates systemic knowledge through the systemising of ideas. May involve many media, and can lead to new knowledge through adding, combining & categorising.</p>

Figure 2.1: Knowledge is transferred through interaction between individuals and creates new knowledge for the organization. The four-cell matrix describes the conversions between tacit-explicit knowledge (Nonaka & Takeuchi, 1995).

2.1.1 Socialization: tacit → tacit

Socialization deals with knowledge sharing. An individual who is sharing experiences is creating tacit knowledge like mental models for the recipients. One can acquire this knowledge without using language, which can be explained as learning-by-observation and is commonly used during on-the-job training. Examples of socialization are brainstorming camps with informal discussions to solve problems or when product developers are interacting with customers before market introduction (Nonaka & Takeuchi, 1995).

2.1.2 Externalization: tacit → explicit

Externalization mode of transfer occurs when tacit knowledge is articulated in, for example, metaphors or models into new concepts; it will have explicit meaning to others. Writing or documenting something is a way of turning tacit knowledge into explicit form. (Nonaka & Takeuchi, 1995).

2.1.3 Combination: explicit → explicit

Combination mode will combine previous models and concepts to create a system. Individuals share knowledge via documents or meetings. An example of combination knowledge creation is an MBA education - managers will share their visions and concepts and create new concepts through networks. Individuals will reconfigure already existing information by sorting and combining explicit knowledge (Nonaka & Takeuchi, 1995).

2.1.4 Internalization: explicit → tacit

Internalization mode of transfer is related to learning-by-doing. Experiences through the other modes are internalized into tacit knowledge through know-how and mental models. An employee's tacit knowledge needs to be available to the rest of the firm's members in order for it to have meaning on an organizational level. When information is programmed into manuals, it helps individuals to internalize and learn. One example of internalization is when an individual is listening to someone's experiences and can feel the realism of the story and then people internalize it into a tacit mental model (Nonaka & Takeuchi, 1995).

2.2 Stages of the transfer process by Szulanski

In the transfer of knowledge, one must be aware that the transfer itself is not merely an act, but a process between the source and recipient (Szulanski, 2000). This process is broken down into a model of four stages – initiation, implementation, ramp-up, and integration – each with its own challenges and implications (Szulanski, 1996).

Introduced also is the concept of eventfulness (Szulanski, 1996, p. 30), which is ‘the extent to which problematic situations experienced during a transfer are worthy of remark, [and] is conceptually related to the notion of difficulty.’

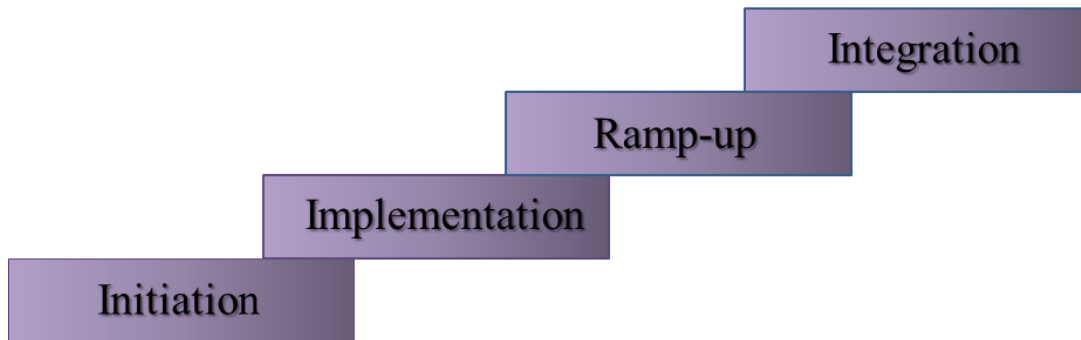


Figure 2.2: These are the four stages of knowledge transfer according to Gabriel Szulanski (1996).

2.2.1 Initiation

‘This stage comprises all events that lead to the decision to transfer.’ (Szulanski, 1996, p. 28) Essentially, *initiation* occurs when an employee recognizes a need and an opportunity to transfer knowledge within the organization in order to meet that need. Having acknowledged that there is such a need, the source of the transfer then seeks for potential possibilities to exploit the opportunity of the transfer, leading to the identification of the optimal solution. When the need and potential solution for that need is identified, the viability of the transfer is then assessed.

The initiation challenge ‘is the difficulty in recognizing opportunities to transfer and in acting upon them.’ (Szulanski, 2000, p. 13) In order to fully form an opportunity, one must first identify a need or gap as well as a solution within the organization to address that gap.

‘The eventfulness of the initiation stage depends on how difficult it is to find an opportunity to transfer and to decide whether to pursue it.’ (Szulanski, 2000, p. 13) This becomes more crucial when organizational practices are inadequately understood. Additionally, the source might be required to further scrutinize the opportunity in order to fully comprehend why or how a superior outcome is achieved.

When searching for opportunities to transfer, however, there will always be some degree of uncertainty in the success of the knowledge sharing before the actual transfer itself (Szulanski, 2000). Much is dependent on the source’s ability to communicate the knowledge as well as the recipient’s capability to grasp and apply the knowledge in the right context, which usually has its differences. Measuring opportunities are often inaccurate and subject to change, making it more difficult to evaluate the actual worthiness of an opportunity and act upon it.

2.2.2 Implementation

The second stage *implementation* refers to the decision to proceed with the transfer (Szulanski, 1996). Here, the exchange of information takes place between the source and the recipient and their social ties established through their communication. Furthermore, ‘the transferred practice is often adapted to suit the anticipated needs of the recipient.’ (Rice and Rogers, 1980; Buttolph, 1992; cited in Szulanski, 1996, p. 29) Once the recipient of the transfer begins using the newly transferred knowledge, the implementation stage comes to an end.

When the decision is made to transfer knowledge, the focus is on the actual exchange of information between the source and the recipient, which also has its own challenges. According to Szulanski (2000, p. 14), ‘the eventfulness of the implementation stage depends on how challenging it is to bridge the communications gap between the source and the recipient and to fill the recipient’s technical gap.’ To bridge the communications gap, however, a series of problems regarding language, coding schemes, or cultural customs may need to be solved. The difficulty here in attempting to minimize the gap comes from the irregular disruption and interference in both the source’s and the recipient’s regular operations. This process is time consuming and can considerably alter efficiency. The most conspicuous of these activities include generating additional documents, lending personal skills, or training the recipient.

On top of the potentially tedious and inconsistent process of transferring knowledge, there is also a risk of either the source or the recipient to diverge from their assigned responsibilities, which in turn weakens the coordination between them, furthering difficulty of the transfer (Szulanski, 2000).

The *implementation* phase is also likely to unveil the true incentive of the source or the recipient. If the recipient refuses to adhere to the source’s guidance and/or advice, the situation will become challenging to a higher degree. Rice and Rogers (1980) ascribe this happening to be because of misunderstanding, resentment, or to preserve pride of ownership and status (cited in Szulanski, 2000). According to Szulanski (2000), however, the degree of difficulty can be reduced through careful planning, which the extent of is ultimately dependent on the depth of the understanding of the practice being taught as well as mutual adjustments between the actors. Ultimately, planning, coordination, and mutual adjustments are contingent on the quality of the relationship between the source and the recipient.

2.2.3 Ramp-up

‘The *ramp-up* stage begins when the recipient starts using the transferred knowledge, that is, after the first day of use.’ (Szulanski, 1996, p. 29) This phase is characterized by the recipient attempting to recognize and find a solution to problems that hinder it to perform according to post-transfer expectations. It is not uncommon for the recipient to use the new knowledge ineffectively or unsuccessfully from the beginning (Baloff, 1970; Adler, 1990; Galbraith, 1990; Chew, 1991; Chew, Leonard-Barton & Bohn, 1991; cited in Szulanski, 1996). However, a gradual improvement in performance is expected, eventually ramping-up to the expected and satisfactory level of performance.

As soon as the recipient begins to use the newly acquired knowledge, the main concern is placed on identifying and resolving unforeseen problems that hinder the recipient from matching or exceeding performance expectations (Szulanski, 2000). Tyre and Orlikowski (1994) specify that there is only a small window of opportunity to correct unexpected prob-

lems in order to begin using the knowledge effectively before further complications arise (cited in Szulanski, 1996).

‘The eventfulness of the ramp-up phase depends on the number and seriousness of unexpected problems and the effort required to solve them.’ (Szulanski, 2000, p. 15) These unexpected setbacks can be a result of a different environment or context in which the knowledge is being applied, lack of training for personnel, experienced employees leaving the company, or the instigation of new practices and routines that involve radically new changes. Additionally, with a gradual transition of the use of new knowledge, it is likely that the old and new practices coexist simultaneously and the scope of incidence of expected problems will generally be broader. This runs the risk of unnecessarily duplicating efforts or resources. As Szulanski (2000, p. 15) says, ‘unexpected problems become more difficult to resolve the later they occur within the ramp-up stage because precarious versions of new practices may already have become habitualized and more difficult to modify.’

2.2.4 Integration

The *integration* stage begins ‘after the recipient achieves satisfactory results with the transferred knowledge. The use of the transferred knowledge gradually becomes routinized.’ (Szulanski, 2000, p. 16) As time passes, the recipient gains more experience with the use of new knowledge, institutionalizing new practices. Now that satisfactory results are achieved, the routinization of new knowledge is gradually put into place. However, new challenges and difficulties may lead to the abandonment of the new knowledge or practice, and when possible perhaps even to the former way of doing things (Szulanski, 2000).

‘The eventfulness of the integration phase depends on the effort required to remove obstacles and to deal with challenges to the routinization of the new practice.’ (Szulanski, 2000) Much of this involves preserving organizational truce and respite from internal conflict (Nelson & Winter, 1982; cited in Szulanski, 2000). Members of the organization must accept and be willing to perform in their given roles. Since no single company is perfect, this truce can be challenged by intraorganizational conflict, individual lapses in performance, failure to meet goals and/or expectations, lack of clarity in the reason for the practice, negative consequences for using the new knowledge, or an uncomfortable and sudden change in the scale of activities.F

2.3 Integrated knowledge transfer model

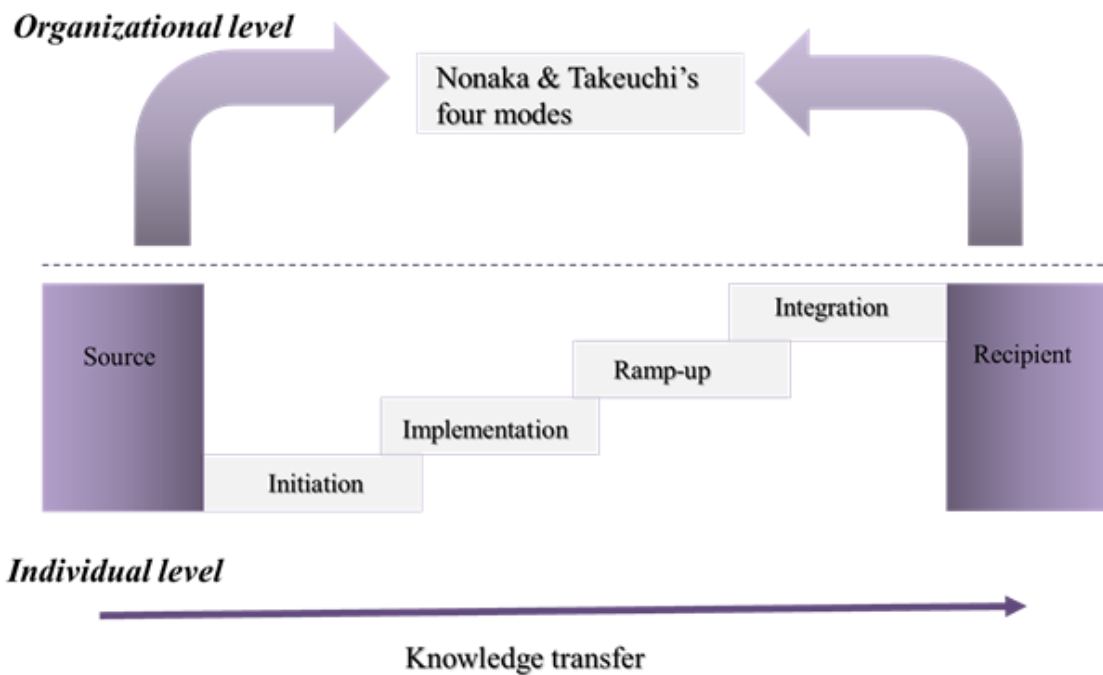


Figure 2.3: An integrated knowledge transfer model on an organizational and individual level.

This integrated model is constructed by the authors due to authors argue that knowledge transfer occurs simultaneously on two different levels, on organizational and individual.

This notion was due to fact that when an organization needs to make knowledge available to the members of the organization and in order for the members to receive it, knowledge need to be created and converted. This happens through Nonaka & Takeuchi's (1991; 1995) four modes of knowledge conversion.

In order for the members of the organization to receive this knowledge, that is through conversion transferred in the most appropriate form, individuals proceed the four stages of knowledge transfer by Szulanski (1996; 2000).

3 Methods

In this chapter, the method is presented to illustrate the most appropriate research approach chosen to execute the purpose of the paper. The demonstration is aiming to explain in detail how the study is carried out, followed by the explanation of the research strategy and data collection methods used.

3.1 Methodological approach

The philosophy behind the decision to undertake a certain research strategy should be explained, in order to conceptualize and undertake a study. It influences how the study is carried out and understood by the researchers (Johnson et al., 2006).

Since knowledge as a topic is reasonably manifold and thus hard to measure, the research questions can be best approached from an abductive standpoint. Dupois & Gadde (2002) argue that the abductive approach can be understood as a mixture of deductive and inductive approaches. It is especially beneficial approach to be taken if the objective of the study is to explore something new. It provides possibilities to take an advantage not only of the empirical world, but also of the theoretical models. Instead of going directly from the theory to finding data, or moving from specific data to theory, an abductive approach allows to begin with a set of observations and to continue to the most possible explanation for these observations.

To best understand knowledge transfer, the study is carried out on an *exploratory* basis. *Exploratory research* can be characterized by a flexible and evolving approach to understand phenomena that are inherently difficult to measure (Malhotra & Birks, 2006). It is ideal for seeking insights from the knowledge transfer process and pose questions in order to assess the object of interest in a new light and clarify the problem at stake. As new insight appears, exploratory research allows a change in direction if needed.

Two case studies were conducted and analyzed using a qualitative approach to explore the knowledge transfer practices and the challenges associated with. In order to gain a comprehensive picture, the cases are first described individually and then later analyzed against relevant theories.

3.2 Method approach

Two different research approaches can be taken: *quantitative* and *qualitative*. According to Silverman (2010), the decision rather depends on the posed research questions and the matter of practicality. To better understand the challenges stemming from knowledge transfer within organizations, the topic can be best approached from a *qualitative* point of view. Choosing a qualitative approach does not only provide a good basis for understanding, but also helps integrate the research questions, the data, and the data analysis (Richards & Morse, 2007).

The focus of the *qualitative approach* is on expressive descriptions, observations and stories that produce data that is mainly interested in words, in a form that knowledge can be best observed as well. The benefit of choosing the qualitative approach is that it helps make sense of the world of the particular, helping provide elaborate interpretations of phenomena that can hardly be identified in quantitative terms (Richards & Morse, 2007; Zikmund, 2000). A qualitative approach tends to be more flexible, allowing a greater adaptation to

different contexts and more complex phenomenon. Thus, it tends to work with a relatively small number of cases (Crossan, 2003).

On the other hand, the *quantitative approach* aims to determine the quantity or extent of some phenomenon that can be expressed in the form of numbers. However, although this has been historically the “norm” among many social science departments (Silverman, 2010), the topic of knowledge can hardly be approached from this perspective. Thus, compared to the qualitative approach, quantitative methods often rely on large amount of analytical data that is not needed in this case. The type of data quantitative approach produces is often lacking in flexibility, which is not the most ideal way to gain in-depth understanding of the issue at stake.

3.3 Research strategy

3.3.1 Case study

Conducting a case study was perceived to be the best practice to fulfill the purpose of this thesis. A case study is a research strategy based on the study of contemporary in a real life context (Silverman, 2010; R. Yin, 2007; Eisenhardt, 1989). ‘The term ‘case’ refers to an approach and a focus.’ (Byrne & Raging, 2009) According to Welman, Kruger and Mitchell’s (2005) definition, the term pertains to the fact that a limited number of analyses are studied intensively, being more than simply conducting research on a single individual or situation (Baxter & Jack, 2008).

According to Yin (2007), the essence of a case study is that it attempts to illuminate events or a set of events in a natural setting. Accordingly, this is especially vital in gaining data about knowledge transfer. It is also beneficial that case studies have the potential to deal with simple as well as complex situations (Baxter & Jack, 2008). While taking into consideration how the focus of the study, process, or phenomenon is influenced by the context in which it is situated, case studies enable one to answer “how” and “why” type questions (Yin, 2007).

3.3.2 The case study design – a multiple case study

Yin (2007) concludes that the term “case study” can stand for either a single- or multiple-case study, where more than one case is investigated. It may even be the preferred option compared to a single case since the results are considered to be more absorbing (Yin, 2007). In the boundaries of the proposed research questions, a multiple amount of cases also allows researchers to conduct analyses within each setting and across settings, which helps strengthen the findings from the entire study (Baxter & Jack, 2008). The cases might have been chosen as replications of each other, deliberate and contrasting comparisons, or hypothesized variations (Yin, 2007).

Case studies have traditionally been underestimated among different science departments. Yin (2007) and Gummesson (2000) mention one of the critiques being concerned with the lack of statistical reliability and validity, which will be discussed later in the chapter. Secondly, case studies have been claimed to be able to generate hypotheses but incompetent to test them. Thirdly, case studies are said to give a poor basis to generalizations.

The case study method was chosen as the main research strategy due to its consistency with the nature of the study. Gummesson (2000) argues that it is the most ideal strategy when aiming at studying processes, such as knowledge transfer in-depth. It can be best applied when research addresses descriptive, explanatory, and exploratory questions and aims to

produce a first-hand understanding of people and events. Also, it can be assumed that the challenges stemming from knowledge transfer practices are highly influenced by the context. In this kind of situation the best way to explore the issues can be tackled through a real life case. By forming a multiple-case study of companies, we were aiming to gain a deeper understanding about the challenges that the companies are facing.

3.3.3 Sampling design

Cases representing the best “fit” with the study design should be chosen. This is due to the fact that selected cases have a fundamental effect on the ultimate quality of the study and on the process of building conclusions from the case studies (Eisenhardt, 1989; Couche, 1997). The selected cases should illustrate some particular features or processes in which the researchers are interested in (Silverman, 2010) – cases where the events and processes are most likely to occur. Yin (2007) argues that the cases either a) predict similar results (a literal replication) or b) predict contrasting results but for predictable reasons (a theoretical replication). The amount of cases selected is determined by the study research objectives and the characteristics of the “population.” The three most common selection methods are purposive sampling, quota sampling, and snowball sampling. For this particular study, purposive sampling methods serves best. The cases chosen were intentionally representing literal replications and selected using the purposive sampling method in order to find the best answer to the posed research questions.

3.3.4 Purposive sampling

Purposive sampling is a non-probability sampling method in which the decision about the most appropriate samples are done according to preselected criteria relevant to a particular research question (Morse, 1991; cited in Couche, 1997; Marshall, 1996; Saunders, 2007; Silverman, 2010). The probability sampling techniques, such as random sampling used for quantitative studies, are rarely appropriate when conducting a qualitative research (Marshall, 1997; Silverman, 2010).

Logically, cases with the most information should be chosen to be studied (Couche, 1997). The decision should also be based on convenience and the purpose that guided the selection of KPMG and Grant Thornton. The selection criteria was based on of having knowledge-intensive companies operating within consulting that are accessible in terms of time and location. Personal connection to these companies had an impact in the selection process as well, which was also seen as an advantage of getting more information-rich data. Other companies that filled the criteria, but in the end were excluded from the study for consistency reasons, but were used as pilot studies. These pilot studies assisted in conducting interview questions and directed the study.

3.3.5 Validity

The concept of *validity* assesses the truthfulness of the study findings. The concept can be further divided into *internal validity* and *external validity*, in which internal validity is more applicable to explanatory studies and therefore not elaborated further (Yin, 2007). *External validity* is concerned with the extent to which the findings of the research can be generalized, which has been a rather problematic topic in case study research. Case studies have been considered to give a poor basis for generalization, but according to Gummesson (2000) and Silverman (2010), this does not hold true any longer. They concur that there is no “golden key” to validity in qualitative research, but it is rather a matter of how you generalize. For instance, instead of finding traditional generalizations to “populations,” it

should be emphasized at what extent others are interested in applying the findings and conclusions in later stages (Yin & Heald, 1975; cited in Gomm et al., 2000).

Gummeson (2000) argues that the generalizability of qualitative case study findings are based on analyses to identify certain phenomena. Later, these findings can also be used as a comparison to previously developed theory (Yin, 2007). However, the generalizability is strongly dependent on the experiences of the reader that Gomm et al. (2000) describe as “naturalistic generalization.” The essence of this concept is that the readers will gain insight to the details and description presented in the case study, thus recognizing similarities to cases of interest to them. However, demonstrating the similarities and differences across a number of settings through the comparative case study approach can tackle the questions of generalizability.

The aim of this research is not to form generalizations to “populations,” but as the research question indicates, to gain understanding about phenomena in a specific context – consultancy companies. Since the study is purposively conducted as having knowledge-intensive consultancy companies in mind, it is realistic to expect that the findings can be generalized only up until limited extent. Accordingly, the research is seeking the “fit,” which makes the generalizability of the results be dependent on the readers’ understanding and capability to apply the findings to similar cases. From this perspective, one can argue for the generalizability of case studies.

3.3.6 Reliability

The goal of reliability is to indicate that the research, if repeated by later researchers, yields consistent results (Yin, 2007). By attempting to minimize the errors and biases of the researches, Gummeson (2000) claim that the research can be replicated by others and the reliability increased. Since this study is especially interested in knowledge-intensive consultancy companies, it is doubtful that the results would be fully applicable in other kinds of companies, as indicated before. It is still highly expected that the same finding can be attained again. However, this possibility is dependent on the companies selected, the context, and how the companies are being studied. For instance, misunderstanding an interview question, or understanding but lacking in justification, may lower the reliability of the research. To avoid this, pilot studies were conducted.

3.3.7 Pilot studies

Pilot studies are often used in the context of *exploratory research* (Zikmund, 2000). The essential benefit of conducting a pilot study prior to the larger study is that it can serve as a guide and give insight to the strengths and weaknesses of the procedures that the researchers are aiming to undertake. It disregards rigorous research and sampling standards and helps refine and formulate e.g. precise questions, testable hypotheses, and data collection plans with respect to both the content of the data and the procedures to be followed (Yin, 2007; Gummeson, 2000).

In the beginning, five service companies in total were selected. Conducting an interview with each of them clarified the interest of the study and increased the understanding of the best approaches and research methods to be undertaken, such as interview methods and questions. For instance, lack of prior contact with the interviewee often gave less in-depth answers and thus lacked in understanding the questions, especially via e-mail. This indicated that the interview questions needed reformulation and clarification, and that a prior contact was essential. Secondly, interviews conducted face-to-face or over the phone gave the best results. The pilot studies helped discover new insights and ideas about issues that the

researchers did not come across before. The understanding gained from the pilot studies served as a basis when formulating the official interview questions, and clarifying the research question.

3.4 Data collection

3.4.1 Primary and secondary data

The term “case study” is often taken to carry implications for the kind of data that are collected, and analyzed (Gomm, Hammersley & Foster, 2000).

In order to conduct a comprehensive study and reach the research objectives, both *primary* and *secondary data* were used. *Primary data* can be characterized as new data collected particularly for the research being undertaken. The strength of using primary data lies in its ability to give fairly unbiased and direct first-hand information about the primary objectives of the research. In contrast, the collection procedure can be time consuming, providing a large amount of raw data that needs to be analyzed. *Primary data* was used in order to gain first-hand information. In general, primary data can be collected, for instance, through in-depth interviews, focus groups, surveys, and observations. The main way to attain this information in this study was through semi-structured interviews conducted with the consultancy companies. The semi-structured interview design gave the researchers more flexibility to ask probing questions and elaborate if needed. This was an important aspect to attain the richest information and also avoid misunderstandings of the questions.

Secondary data allows to build a comprehensive “body” of knowledge before starting primary research. It is rich information that already exists in the form of publications collected by other researchers (Easterby-Smith et al., 2008). This was beneficial since secondary data is already assembled data, and it does not require access to respondents or subjects (Zikmund, 2000). The major advantages of attaining secondary data are that it can be obtained rapidly and with low cost. However, the fact that the data was originally designed to serve other needs can be problematic. Firstly, the data may be outdated, which requires accuracy from the researcher. Secondly, variation in terms used can be expected since in principle, each researcher can have the right to define the terms or concepts under study. Thirdly, different units of measurements may not be identical to researchers’ needs. Lastly, the data could be inaccurate (Zikmund, 2000). *Secondary data* such as scientific journals, academic handbooks, and models were used to construct a comprehensive base knowledge for our study. The main sources of secondary data have been the Jönköping University’s library and online databases, such as Jönköping University’s database, Scopus, and Google Scholar.

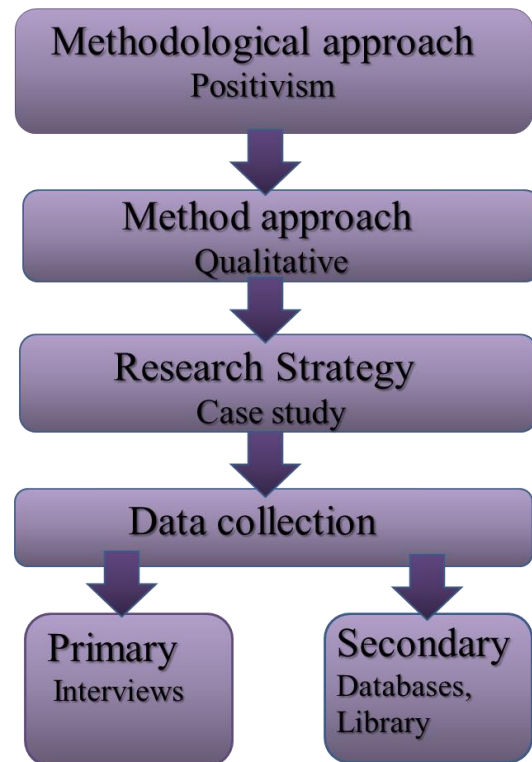


Figure 3.1: Overview of methods.

3.4.2 Interviews

When the nature of the research is exploratory, it is likely to include qualitative research interviews (Cooper & Schindler 2008; cited in Saunders, 2007).

An interview is probably the most popular and important technique to obtain qualitative data. Saunders (2007) and Yin (2007) describe the situation as a guided discussion between the interviewer and interviewee. The essence of an interview is to gather valuable and reliable data that is relevant in attaining the research objectives. Interviewing as a data collection method is flexible in terms of time and content; an interview can be conducted face-to-face, over a phone, or online, and it can be tailored according to the research question.

An interview can be highly *formal* or *informal* (Saunders, 2007), in which the informal approach was applied. This is because informal interviews are *non-standardized* and more flexible in nature, and thus more appropriate for qualitative purposes. Non-standardized interviews can be further divided into *in-depth* and *semi-structured* interviews, which are often referred to as qualitative research interviews (King, 2004; cited in Saunders, 2007). Although in-depth interviews are optimal in collecting data about sensitive and hardly detectable phenomenon, a semi-structured interview was more appropriate since it is more guided with detailed topics, which was vital to the research question. In-depth interviews are usually conducted in a few brief topics (Lee & Lings, 2008), which would have assumingly been too brief to get detailed information about specific matters.

The detailed topics and sub-questions are usually conducted in advance, still allowing the interviewer to “probe” when needed. The possibility of probing was one of the main determinants of choosing an informal interview approach and the most important tool in attempting to explore as complex a topic as knowledge. It also allowed the interviewees to talk more freely, and to reveal aspects that the interviewers had not come across before, therefore the decision was made to keep the interview semi-structured.

According to Saunders (2007), the role of semi-structured interviews is not only to reveal and understand the “what” and the “how” but also to explore the “why.” Therefore the benefit of choosing to use the semi-structured interview design is that the answers are also usually more complex than just “yes” or “no.” Another benefit of using informal interviewing techniques is that the questions asked also depends on the flow of the interview and personal interaction. More open-ended questions may lead the discussion into areas that the interviewers did not previously consider.

The empirical data was collected during one- or two-time sessions with a representative from each company, having six in-depth interviews is total. The interviews endured for half an hour up to one and a half hours, depending on the comprehensiveness of the data. The interviews were recorded to avoid losing any valuable information, and to be returned to if needed. Thus, all the interviews were conducted in the interviewees’ terms, such as time and location, which also had implications to the amount of interviewees and interviews conducted. The limitations of chosen methods were basically focused on attaining primary data. As noticed in the pilot study section, the best way to conduct an interview was face-to-face. However, this was not always possible in terms of time and location. Therefore, some of the interviews were held by phone, which still allowed the interviewers to probe and elaborate. The lack in human interaction made the situation more formal, which arguably may have prohibited asking more sensitive questions. The sensitive and intimate nature of the data complicated the data collection process to some extent and may have excluded some valuable information. Firstly, it was paid attention to that there will be information

that the interviewees may not want to elaborate too much in-depth. Thus, if they had, this information was considered to be rather intimate, and therefore excluded.

Interviewee	Position	Date	Duration	Method	Documentation
KPMG					
Eva Winter	KM-department	2014-03-23	42 min	Phone	Recording, Notes
		2014-04-03	17 min	Phone	
Anna Lexell	KPMG Jönköping	2014-04-29	30 min	Phone	Recording, Notes
Grant Thornton					
Tim Jonasson	HR-department	2014-04-30	20 min	Phone	Recording, Notes
Samuel Fri	Grant Thornton Jönköping	2014-03-20	45 min	Face-to-face	Recording, Notes
		2014-04-15	45 min	Face-to-face	

Figure 3.2: Interview table.

4 Empirical findings

In this section, the cases included in the study are presented through the company background followed by the interview conducted with the interviewees.

4.1 KPMG

4.1.1 Background

The case is focused on KPMG Jönköping and KPMG AB in particular, the latter being the Swedish member of KPMG International, the Swiss cooperative. In brief, KPMG is one of the world's largest network of professional firms providing tax, advisory, and auditing services. In addition, the firm is considered to be one of the four biggest audit firms. The KPMG network was founded in 1987 as a result of a merger of Peat Marwick International (PMI) and Klynveld Main Goerdeler (KMG) along with their respective member firms (KPMG, 2014), whose history goes all the way back to the 19th century.

Although the head office of KPMG is located in Amstelveen in the Netherlands, each national unit is seen as an independent legal entity and part of KPMG International Cooperative. The main purpose of this independence is to limit each members' liability. KPMG is currently operating in 155 countries worldwide, and employing over 155 000 professionals across a range of disciplines. The main customers of KPMG are both national and international corporations, from small- to medium-size businesses, as well as the public sector, nonprofit and for-profit organizations. Their main focus is to help their respective customers facilitate risks and spot opportunities.

4.1.2 KPMG AB Sweden

What is today called KPMG AB came into being when a company founded by Lars-Ture Bohlin in 1923, merged with KPMG in 1989. KPMG AB is represented in 60 different locations employing 1600 employees altogether, and thus plays a central role in the Swedish market as an objective advisor (KPMG AB, 2014). As an addition to the values implemented by KPMG International, KPMG AB's vision is to build and maintain a reputation as the best partner by developing their employees, their customer, and their society to its full potential (KPMG AB, 2014).

KPMG's culture is rooted in their values. They are building trust and collaboration through the policy of open and honest communication, while their diversity and flexibility is aiming to reinforce a culture in which people can share knowledge freely, bringing out the best of each other. Their professional ethics, loyalty, and approachability are seen as major determinants among the customers when choosing to work with KPMG. Simply, their values are said to define what the firm stands for and how things are done there (KPMG, 2014). These values are aiming at creating a shared identity within the international organization. As an employer, the firm strives to imbue a global vision to be recognized as the "employer of choice", aiming at recruiting, retaining, and developing the best professionals.

There are approximately 40 employees at KPMG in Jönköping, two of which are tax consultants, one working within advisory, and a few administrators. KPMG Jönköping also has one of the biggest offices in Sweden after Stockholm, Gothenburg, and Malmö.

4.1.3 Knowledge management at KPMG

KPMG is a knowledge intensive company that has recognized the significance of knowledge management, which results in it being one of the leading consultancy companies applying knowledge management in its operations. It has internalized knowledge management systems and practices, which are built around the values of the company (Kwiatkowski & Stowe, 2001). Moreover, its knowledge-sharing culture is summarized by ‘turning knowledge into value for the benefit of its clients, its people and its community.’ (Kwiatkowski & Stowe, 2001)

KPMG AB is centrally managing knowledge through an officially established knowledge department which is located in the company’s headquarter in Stockholm. According to their own definition, knowledge management comprises ‘the set of policies, procedures and systems associated with the creation, collection, safeguarding and dissemination of the firm’s intellectual capital.’ (Kwiatkowski & Stowe, 2001) With centrally established knowledge management, their main objective is to affiliate all firm employees and enhance collaboration among the network members in different geographical locations.

This particular study is based on interviews with the Chief Knowledge Officer of KPMG, Eva Winter, who is currently based in Stockholm and has been working for the company since 1982. In our research, Eva Winter represents KPMG’s knowledge management department of 60 branches and 1600 employees across the country. She has been working with auditing and IT auditing among other things at KPMG. We have also conducted interviews with Anna Lexell who is working as an auditor at KPMG in Jönköping. She has been working at the company for 3,5 years and came to KPMG as a newly graduated student from Jönköping University. Anna Lexell is working with auditing in small, medium, and large companies in various industries. In addition, she is responsible for the cooperation with Jönköping University and local marketing.

4.1.4 Interviews with Eva Winter, KPMG Stockholm

According to Eva Winter, the Chief Knowledge Officer of KPMG, knowledge transfer is seen as an important part of KPMG’s business. This importance is mainly due to their employees’ and teams’ need for access to knowledge in order to be able to share experiences and tacit knowledge on a daily basis. This is to give their customers superior service and create opportunities for new assignments. “Our knowledge stock, IT-support for teamwork and our intranet are all parts of our knowledge strategy.” Knowledge sharing is a pronounced condition to reach goals: to increase market share, offer quality services, create competitive advantages, and engagement with employees. “Our operation managers are to a large extent a part of our notion of creating value through knowledge.”

Winter notes that it is rather hard to say what kind of knowledge is the most important for KPMG. “Since our assignments are within very different areas, many different knowledge areas occur as well. For every project it is important to know about the customer and their business and market.” However, she indicates that industry knowledge is very important component to deliver good service.

Through different agreements, KPMG has access to different external sources for industry analyses, but they have also contributes with their own publications about industries and current events and trends that they believe to have a large impact. “Publications are available for all employees and many are also available for our customers and others through our global and Swedish websites.”

“Almost all assignments demand technology knowledge, for instance auditing you need to have knowledge about auditing standards and rules for accounting. Our tax consultants need insights in tax regulations and IT-consultants about IT-systems, security etc.” According to Winter knowledge is acquired through written sources, discussions groups and a lot on-the-job training, i.e. learning by observing and doing.

Winter states that the way they acquire new knowledge is partly centralized and partly decentralized. “Head office makes sure that information is available, but the market is usually local. If you need information about a certain market one can use our intelligence system to get information about typical industry or market.” Instead, Winter continues, “the local branches are supposed to provide the organization with information about the local market.

KPMG AB confirms to have official on-the-job training programs to share knowledge. “We have both leadership courses and mentorship programs and there are also opportunities to apply for external mentorship programs.”

The way that knowledge is measured is according to Winter a difficult questions, if we are talking about knowledge possessed by individuals. “We do have theoretical exams for example, accountants that are completing an accountant examination at the Auditor Board. Also our internal courses and education through web include exams. Our business areas will thereafter scan the results.” However, one important knowledge factor, according to Winter, is their satisfied customers: “Then we will get a confirmation that our customers consider us to possess the right knowledge- and the right competences for our assignments.”

What comes to knowledge transfer between units, Winter indicates that “since KPMG is a global organization that works under the same brand, most of our support is international. This means that our employees will find information and knowledge from units around the world. KPMG is not a group, but every firm has taken part in an agreement to work under the same KPMG brand. Winter continues that they have promised to other units throughout the world to have access to their knowledge. Information concerning particular assignments is of course anonymous since we, as an auditing firm is working under professional secrecy. Thus, “all offices have access to our joint network and therefore access to the knowledge stock etc.”

“Development of intellectual capital occurs both centrally and locally, meaning that the services are centrally developed and locally adapted. Thus, sharing of knowledge occurs in all dimensions.”

Winter says that they are very connected with their international partners. “Within the area of e.g. knowledge management, we have meeting every quarter where all firms are participating and sharing information about what have been done, strategies and plans for the future.” “When new events occur the information is spread within the business area, from the global to local.” Winter states that it is up to each local firm to embrace the new service/process, but it is not certain if it would totally fit the local market due to it has been developed internationally.

The types of information systems in use, according to Winter are intranets, IT-supports, databases, and different CRM systems. “The intranet is an important information- and knowledge channel where all our employees will find databases and IT-support. We have particular knowledge stocks with summaries from different assignments, and CRM systems provide information about meetings with customers, asked questions and so on.” Winter

continues that websites are for internal teams as well as for external interactions with clients. “They are used as sharing documents to work interactively with teams, e.g. to log questions and answers by team members.” She mentions internal social media and competence stocks as an example of IT-support they use. “Much of the gained experience will be put into templates and toolkit that can be used in the future”.

Informal knowledge transfer channels are also present, but their importance is hard to address. “I believe the informal meeting to be important but from different aspects, due to knowledge transfer works differently. During formal meetings questions are usually more specific, when questions for example during the coffee breaks are more spontaneous.” Winter gives examples of informal channels such as the firms Friday Pub, their common lunchroom, kick-off, gym training, meeting by the coffee machine or in the elevator. Winter also concludes that “the structure of the premises plays an important role in stimulating informal meetings between people.”

Rewarding for knowledge transfer, and thus encouraging it, is according to Winter part of their evaluation process for all employees, also called Performance Development. “Employees are evaluated according to different abilities, for instance working in teams and their capabilities to develop each other.” This program is not only part of their personal development, but a global concept, which is an important component in the evaluation process of the personnel. “Developing toolkits or other support for other employees are valued in the same way as external deliveries” The difficulty according to Winter, however, is to “exactly measure what extent an employee has participated in internal discussion groups/social media, even if we have statistics about it, since it is not only concerned with quantity. It is rather a subjective assessment from other employees and managers.”

The challenges that the company has faced with transferring knowledge is balancing the time between transferring knowledge and develop on knowledge. Challenging is to “give employees time to develop others when they are working full-time with clients. At the same time, these people possess important knowledge that they could share in the knowledge transfer process.” “We are working with internal mobility to reduce the pressure on people that are very busy, so that they can work internally with development for some time. At the same time, they need to stay in touch with clients and the projects to keep and develop their own knowledge.”

“It is always a challenge to deliver the information, to get people motivated to take their time to learn new things and the knowledge creation process takes time.” The impact of motivation in knowledge sharing/transfer process according to Winter has to be rewarded. “There are different ways, ranging from a “thank you” to monetary rewards as well as appreciation from the organization. Thus, different people are motivated by different rewards.” She also notes that some people share knowledge with the notion of getting it back at a later stage.

The possibilities that involuntary knowledge spillovers occur to e.g. competitors, Winter notes that it is impossible to “lock the doors.” “You have to trust your employees. As long as you work with us, you have full access. We are trying to make sure that all information and knowledge are kept with us, but it is tacit. When you stop working for us, you will leave your computer but there is no 100 % control.” However, Winter admits that there are probably knowledge spillovers between the auditing firms, but it is probably the same for them. “We are also hiring from our competitors. The employees cannot bring systems to the next firm, but since knowledge is in many different forms it is impossible to lock it.”

The way that KPMG can avoid involuntary knowledge spillover whilst making it transferable within the company is according to Winter a difficult question. However, “in order to be a knowledge company, intellectual capital with tacit knowledge has to be available for all employees. “Thus, Winter points out the meaning of trust: “Employees have the trust to use, manage, and re-define our knowledge capital.” KPMG uses protection mechanisms such as permission structures, copyrights and condition in their employment contracts. This is due to “information and knowledge is supposed to be used in the work with clients and not for private purposes. It is also clearly stated that the intellectual capital that employees are acquiring and developing in their work is owned by KPMG.”

Winter states that it is fairly impossible to acquire and transfer knowledge without any spillovers. “It is something you just have to live with, but of course we are working towards keeping as much as possible within the organization.” Winter says that they have different levels of secrecy at KPMG: “We would never explicitly state our inner strategies for everyone to see. We share information according to employees’ needs.” KPMG has still recognized the importance of knowledge acquired elsewhere: “When you are starting in a new company, you will automatically use the knowledge you have acquired somewhere else—that is why recruiters are hiring by experience and knowledge but of course we are protecting our strategic knowledge residing in our applications.”

4.1.5 Interviews with Anna Lexell, KPMG Jönköping

Anna Lexell, an auditor at KPMG Jönköping, says that learning occurs mainly centrally from the head office in Stockholm and the most common thing is to send new information about systems and processes through email. “If there are major changes, we have office or department meetings.” They have introduction days in Stockholm for all new employees in order for them to learn as much as possible from the start. She also says that when they have new employees starting at KPMG, they will get a mentor that can help them with more informal questions and routines. “It is much information to absorb when you are new and you cannot learn everything immediately. Then you can ask your mentor about questions that you might think are a bit silly.” They also created an office pamphlet for new employees to learn about culture and routines at KPMG Jönköping.

Lexell states that informal knowledge transfer is very common at KPMG. “There is always someone that has got some new information that they want to share.” She also says that: “if there is much informal knowledge sharing, there is also a possibility that not everyone will receive the information, that is why informal knowledge transfer is more about the daily work.” It is encouraged to transfer knowledge to your colleagues and help each other at KPMG.

According to Anna Lexell, a challenge in knowledge transfer is that people are interpreting things differently and people learn in different speeds. “The challenge is where the same information can be interpreted differently by different individuals.” Another challenge is to make sure to have an efficient knowledge transfer process when employees are leaving because of e.g. retirement. “We have a good structure at KPMG but it is always challenging if many people who possess valuable knowledge leave at the same time.”

Motivation is a prerequisite for successful knowledge transfer according to Lexell. “I will much rather share and receive information if I am motivated and believe that it will contribute to more efficiency in my work.”

Involuntary spillovers can occur because sometimes employees are headhunted by customers and leave the company. In those cases, they have rules that the employee leaving has to

report it to management. This is due to the independency factor. If the person leaving has had a critical position in a project, KPMG might have to end the project because lack of independency.

Anna Lexell is satisfied with the infrastructure at KPMG. Half is divided into separate offices and half of the employees are sitting in open areas in clusters of four. “I am sitting in an open office and in general I think that is enhancing knowledge transfer, especially for newly hired employees.” She claims that it is easier to ask someone if you are sitting in an open area than to e.g. send an email or walk into someone’s office. The culture at KPMG Jönköping is open and encourages personal development according to Anna Lexell. “You are encouraged to choose your own path or follow the classic pattern. In general, the organizational culture is very open.”

4.2 Grant Thornton

4.2.1 Background

Since its early beginnings, Grant Thornton grew to become one of the world’s leading organizations of independent accounting and consulting member firms that provide audit, tax, and advisory services (Grant Thornton International, 2014a). Officially, the name “Grant Thornton” refers to a brand under which Grant Thornton International Ltd members are operating (Grant Thornton Sweden, 2014). Each member firm is a locally owned legal entity, and therefore independent from other members’ liabilities.

Grant Thornton currently operates in over 120 countries while employing over 38 500 people worldwide. It boasts colossal revenues of \$4.5 billion USD for 2013 and is continuing to grow on a global scale (Grant Thornton International, 2014b). Its teams use insights, experience, and instinct to solve complex issues for privately held businesses, public listed entities, and public sector clients throughout the globe (Grant Thornton International, 2014a).

Despite their comprehensive range of services, the majority of member firm clients are either family-owned or privately held businesses (Grant Thornton International, 2014c). Rather than dealing with businesses that are on the stock market, most of their customers are family oriented companies, which is their expertise and main area of focus. This specialization allows them to have a stronger and more personal relationship with business owners, with the intent of making clients feel welcome and closer to the company. Even though Grant Thornton works with family businesses to a greater extent, however, they are by no means limited to small firms.

4.2.2 Grant Thornton Sweden AB

Grant Thornton Sweden AB is a member firm of Grant Thornton International Ltd, comprising over 1 000 employees in 23 offices across Sweden (Grant Thornton Sweden, 2014). Founded in 1950 under what then was a different brand name, Grant Thornton did not settle in Jönköping until only just over a decade ago. The company was in search for key cities in Sweden, and a merger of two older accounting firms provided an opportunity to establish them. Today, the company is located in the heart of Jönköping, home to 35 employees in total.

Grant Thornton aspires to provide a unique combination of efficiency and capability to operate globally. For its’ employees and partners, Grant Thornton is promoting a unified global culture through building strong relationships by providing opportunities to interact

globally. The company is aiming to cultivate a shared mindset and values within the company that can be summarized as to think globally and act locally (Grant Thornton International, 2014a). Thus, improving the professional lives of the employees of the member firms is internalized to the global strategy of Grant Thornton International.

4.2.3 Knowledge management at Grant Thornton

Grant Thornton AB does not have an official knowledge management department but the centralized human resource department, located in Stockholm, is responsible for that section. Every member company of Grant Thornton Sweden operates as an independent entity, which puts the ultimate responsibility on unit managers. However, in other cities (e.g. Stockholm), there are certain disciplines such as finance and risk management that make sure that their knowledge is managed more actively on a national level. The emphasis of this study, however, is on the local level

Taking the Grant Thornton branch in Jönköping as an example, no particular knowledge management department exists. According to the data obtained through the interviews, the reason for this can be drawn from the size of the unit (35 employees), which then has implications on the organizational structure. Having a relatively small office calls for the organization to be rather flat, allowing for every employee to be able to work closely and openly with each other. Because of this, the responsibility of assuring that any available knowledge is shared and passed on falls directly on the individual employee and local manager.

Each employee possesses knowledge from different fields and is assumed to know the things that they are required to about their respective disciplines. With this diversity and expansive range of expertise held in one building, there is a bountiful supply of knowledge that Grant Thornton is able to use in order to provide their service. Having all that they require in one office also eliminates the need of an employee to have to search for answers to their questions outside of the office. This openness and willingness to share is how Grant Thornton is able to best utilize the knowledge that they possess.

Employees are given the opportunity and responsibility through the flat organizational structure to acquire knowledge from within, and are further encouraged through an “open door policy.” For every Grant Thornton employee, they are able to step into anyone’s office informally (i.e. without scheduling appointments) and ask questions with ease, even to the manager, which creates a more pleasant and loose atmosphere. This is a common understanding and is widely accepted and embraced in the organization and encourages for knowledge to be shared. Without this openness, managing their knowledge would otherwise be very difficult.

This particular study is based on an interview with two Grant Thornton employees in Sweden. The first interviewee is Tim Jonasson, who is based in Stockholm and works at the HR department with recruitment and employer branding. The second, Samuel Fri, is based in Jönköping, and has been an auditor in the company for 3 years. In our research, Tim and Samuel represents Grant Thornton’s 23 branches and 1 000 employees across the country.

4.2.4 Interview with Tim Jonasson, Grant Thornton Stockholm

Tim Jonasson has been working at Grant Thornton for only 9 months and works for recruitment and employer branding in the human resource (HR) department at Grant Thornton Stockholm. Though he has had previous experience in recruiting, employer branding is new to him but is also more in his field of education. With working at HR in

Grant Thornton, Tim describes education in the company as through other employees. He says, "In the daily work we place newly hired employees next to more experienced to enhance knowledge transfer and learning." Even though Grant Thornton does not work actively with the concept of knowledge management, Tim suggests that they work with knowledge transfer in different ways, and this being one of them. Another method is through formal education combined with on-the-job training. "The idea is that the employee is not only supposed to learn theoretically but also be allowed to make mistakes. That is our view of the on-the-job training." Again, there is not official program for this practice but is rather embedded in their organization.

In measuring knowledge, external accreditation exams are used to level one's knowledge in auditing. However, Tim acclaims the measurement of personality more than just merely exams when assessing an employee.

When it comes to the transfer of knowledge between units, Grant Thornton's main channel of communication is via their intranet. "It depends much on the information or the significance of the change but if it is a new computer system we have an intranet where we share all information; that is our main source of communication." In addition to the intranet, e-mailing is a common way of transferring knowledge. However, Tim is also engaged in weekly and monthly meetings where knowledge is shared in order to reduce the amount of emails sent out, understanding that people already receive a plentiful amount of emails.

Tim also recognizes the use of informal knowledge in the company. He says, "Because of the fact that we are such a knowledge-intensive company there is probably discussions about work everywhere." Tim also explains how they also organize different social activities within their office in Stockholm such as pubs, after-work, sport clubs, and art clubs. Additionally, a "get together" is organized every other year where employees throughout Sweden are invited for lectures, seminars, as well as "knowledge lunches," which give employees an opportunity to listen to internal and external lecturers and engage in discussions.

Sharing knowledge, according to Tim, is also highly encouraged and rewarded in the company. "We have a quite humble culture here and it is supposed to be encouraged to ask questions and you should never feel that is a negative thing." Because of the diversity of expertise of Grant Thornton employees, it becomes almost inevitable that one must learn from their colleagues, which is why knowledge sharing is very encouraged.

Tim also acknowledges that knowledge transfer is not an easy task. With substantial amounts of information flowing from different sources, he says, "the challenge is to make sure the right person gets the right information." Despite their use of the intranet, he explains that it is always difficult to make sure the right person realizes the importance of certain information, which is also why they aim to keep e-mails at a minimum. Additionally, the challenge of balancing time is emphasized. Tim explains that the tutor needs to manage the distribution of his time helping and teaching the learner as well as working on his/her own projects and assignments. In order to achieve this balance, time is controlled accordingly; they devote a certain number of hours to each client but are also compensated for time spent tutoring a colleague.

When employees approach retirement, Grant Thornton makes an effort to begin handover projects for successors in order to preserve knowledge. "The important thing is to start early when it is a more planned process. It is much more difficult when an employee leaves suddenly and unexpectedly, then it could be difficult to capture knowledge." Tim also de-

scribes their conscious effort to distribute knowledge throughout the organization in order to avoid substantial amounts of loss for each leaving employee.

4.2.5 Interviews with Samuel Fri, Grant Thornton Jönköping

When discussing briefly about Grant Thornton's general overview about knowledge, according to Samuel, an auditor at Grant Thornton Jönköping, a range of different kinds of skills and country-specific knowledge is required for them to perform their tasks. For example, one has to possess some applied skills for bookkeeping programs as well as an understanding of the technicalities of audit reports and financial statements. Also important is the annual reporting and Swedish bookkeeping law, which is what Grant Thornton Sweden AB is required to follow and is also what essentially guides their practices. Because of the weight of these kinds of knowledge, these specifications are evidently not those that anyone can know simply by reading through a book. Instead, this knowledge comes from within the firm and is something one learns by doing as well as asking fellow colleagues who have acquired knowledge over time. Samuel elaborates in saying, "Coming into an auditing firm straight from school, you realize you don't really know so much about auditing or you don't really know so much about bookkeeping. You just have to kind of relearn things again, and that's all here, done internally within the company ... You have to learn how to do things within the firm and that is communicated from other auditors."

"I'd say without knowledge we're nothing." Samuel explains that their clients pay for their service because of the knowledge that they possess, being something that customer clients do not. He continues, "That knowledge is very valuable because we wouldn't exist if it weren't for our combined knowledge." Again, in the case of the Jönköping branch, the office is considered highly by Samuel because of the vast amounts of knowledge and experience of the auditors working there. With so much knowledge held in one office, Samuel thinks admirably of his office and believes that they are able to answer many things.

In coming into the organization, Grant Thornton employees help to teach each other. This is particularly done through pairing a newcomer with an experienced employee, who will act as a "fadder" or mentor for the learner. Though this can be a time-consuming and costly process, Samuel understands that it is a long-term investment for the company. "We try to help this new person become a good auditor quickly because it benefits us a company as well to pass on the knowledge as soon as we can ... When you get employed after the first year, that's usually when you cost the company the most. But then after a few years when you know how to do things, that's when you really can bring money into the company."

A large part of what also helps new employees at Grant Thornton are the aforementioned yearly courses provided by the company. Especially for recent university graduates, they are usually put into a 5-year program with the goal of being able to write the authorized public accountant test by the end of the 5 years, which is a way to recognize their level of expertise and learning.

Especially in auditing at Grant Thornton, where cases with customers are different and company-specific, learning is a continuous process. Something new is learned everyday and there are always new clients with new problems or issues, and therefore one must constantly obtain new information on a day-to-day basis in order to help clients. Again, this is acquired internally within the company. Samuel says, "It all comes within the firm but you learn as you go and you ask your colleagues and they tell you things and somehow you acquire the knowledge over time ... We just try to figure it out as we go ... It's a learn from experience kind of thing." For Samuel, much of the things he learned in his 3 years at

Grant Thornton so far are things he expressed he had absolutely no clue about even just a few years ago, and still he is continuing to learn.

The responsibility to continuously learn, however, is ultimately dependent on an individual's willingness. Though there are yearly courses offered by the company, it does not give enough to apply to all situations. Samuel says that "when you don't know something you have to be hungry enough to go out and get the answer otherwise you don't learn anything," even for experienced experts coming into the organization. Higher education from university institutions can also provide a background or overview of a certain discipline, and it is valued, but it also does not supply the know-how of the actual practice the Grant Thornton way. Even for business majors or accounting specialists, that person would not be able to come into the company and do the things that they do right away.

The main types of information systems used at Grant Thornton are the intranet and e-mails. Samuel explains further about the intranet in saying, "We have an intranet, Grant Thornton Intranet, which we have a lot of information in and the news comes up about new laws and other information. We have a certain information pool and there we can acquire all knowledge about the things that we need in order to carry out our work." However, most of what is on the intranet is more information given to employees, not so much two-way communication. Otherwise e-mails would be a common means of communication for outside parties.

At Grant Thornton, the most important and relevant knowledge transfer channels would be face-to-face. Samuel says that "that's the best way and quickest way to learn something," especially since "sometimes an email can be a bit vague, you'd have to ask again or show how to do [it]." Through face-to-face communication, one is able to tell or show what to do or how something can be done in a more elaborate and understandable way.

In this type of business, Samuel recognizes that some things can be very difficult. One example he provided was from something as technical as doing the cash flow in an annual report, which would typically require someone to do one a few times before that person can fully know how to do it on their own, getting better after each time. "Some things are harder to learn, some things you only have to ask once and you know it, some things you really have to ask a few things and get showed a few times. But you need experience." Here, Samuel reiterates how learning at Grant Thornton is done by doing and gaining experiences along the way.

In recent, Samuel described how Grant Thornton has undergone a change in the auditing program that they use, which poses challenges for acquiring the knowledge for it. When asked about some of its difficulties and how they are able to overcome them, he once again brought up how learning is done through experience. "It's probably just to get comfortable with the program. To understand how it works, how it links together and see the red thread, to find how you make it into a proper auditing file ... That's so much just a matter of time."

There are also challenges in acquiring the knowledge that the company needs about their customers in order to serve them. Some of these things are even as fundamental as communication. Samuel explains, "Some people are easy to talk to, some people just might need more time." As an auditor, Samuel also acknowledges that they are a very trusted profession, which means that they carry responsibility to a high degree, but at the same time this could also lead to obstacles in efficiency. "An auditor can become a lot of a personal counselor as well, as well as a professional counselor. That's also because of trust. They are

usually comfortable to talk to us as well with their personal stuff, and that can be time consuming.” The challenging facet about dealing with customers, Samuel says, is that it is different for every customer; each client has different needs and thus the challenges are always going to be different between each of them.

As Samuel describes his experience of transferring knowledge, on the other hand, he speaks about challenges that also have to do with time. “Like for example, balancing time between teaching a newcomer and doing my own work. I guess you can’t put too much time into this new person, I mean I still have to do my work ... Some people just don’t understand and it will take longer for some people to pick up things than other people ... That can be a bit of a challenge.” The uncertainty of a newcomer’s ability to pick things up quickly is also something that each Grant Thornton employee needs to adapt to. If someone needs something explained to him or her a number of times, the tutor in this situation will only have to do so until the apprentice learns.

To avoid involuntary spillovers of knowledge at Grant Thornton, however, is not necessarily taken account of. This is in part because it appears that auditors are attracted to Grant Thornton as an employer instead; there is more knowledge coming to them than the risk of losing it to the outside. Samuel says, “It’s more like people come to us. The reason people leave us is more when they get offered a job.” The cause of employees leaving is more often because they were headhunted for a specific job, such becoming a chief financial officer for another company because of the knowledge and relationship that they already have with them, not because of competitors trying to steal them. Additionally, networking has also been a source of bringing in new people. For example, when an auditor from another company became an employee at Grant Thornton, several other of his workmates from this other firm also came because of the relationship that they already had.

“Right now there’s not usually a threat because people still enjoy their work environment ... I think we’re doing well by keeping people.” This is what Samuel attributes Grant Thornton’s attractiveness to as an employer. He considers it a warm, welcoming, and especially understanding company. People enjoy the firm and often see their careers in the company long-term, which on the other hand also has a downside. “Our problem, if you can call it a problem, is that people stay here too long; they become a bit too expensive in a way because they have to have higher salaries every year.” Rather than a pyramidal hierarchy with cheaper employees outweighing the more experienced and long-term employees, Samuel explains that the opposite is true for them, creating a more squared hierarchy instead or sometimes even as far as an upside down pyramid. “We have a lot of people with a lot of knowledge and a lot of experience, and we only have a few people that haven’t worked that long.” This portrays how there has not been so much of an external threat for the company.

The risk, on the other hand, comes from the inside when aged employees retire, which can potentially be a huge loss for the company because of their extensive accumulation of knowledge over the years. “We have a lot of older people, people around their 60s, that are about to retire and have such huge knowledge. One day they are just going to leave. We had one person like that that left a year ago ... suddenly she retired and then she was gone.” Samuel acknowledges that in this way, Grant Thornton has room to improve their knowledge management practices, saying, “I would have put someone next to her for six months for the new person to learn what she does and get her documents and her database of knowledge.” For Samuel himself, he explains that he has been sitting with an experienced employee that will retire within the next few years, but has done so on his own initiative. He also recognizes the opportunity and value in taking action. “I know that if I learn

at least a bit from him, then I can keep that information and knowledge and then I'll be more valuable as well as an employee because I have something that someone else doesn't."

5 Analysis

Based on the data collected through the interviews with KPMG and Grant Thornton, the challenges that are common in both of the companies' knowledge transfer are introduced and compared with the theory presented in the earlier section. We found during interviews with people in leading positions as well as other employees that the challenges in knowledge transfer arise on both an organizational and individual level. We will now analyze the findings and compare it to the theories presented previously.

5.1 Challenges on an organizational level: Nonaka & Takeuchi

5.1.1 Combination (explicit → explicit): Excessive flow of information

Individuals share knowledge via documents or meetings. Individuals will reconfigure already existing information by sorting and combining explicit knowledge. It is usually involving media (Nonaka & Takeuchi, 1995). The challenge, according to our case study is the excessive flow of information in the consultancy industry. It is being recognized to pose challenges within the company due to the prerequisite of consultancy companies operations to have the most recent knowledge available for everyone at all times. The overwhelming amount of information has implication to efficient knowledge transfer: 'It is a huge information flow within the area we are working in and the services we offer ... there are an incredible amount of laws and regulations that people need to be familiar with and there is new information flowing all the time' (E. Winter, personal communication, 2014-04-03) In addition, 'there is so much information flowing from different sources so the challenge is to make sure the right person gets the right information.' (T. Jonasson, personal communication, 2014-04-30).

5.1.2 Internalization (explicit → tacit): Time constraint in transferring knowledge

This mode of transfer is related to learning-by-doing and is internalized into tacit knowledge through know-how. An employee's tacit knowledge needs to be available to the rest of the members in order to be valuable on an organizational level. Examples are when an individual is listening to someone's experiences and feel the realism of the story (Nonaka & Takeuchi, 1995).

According to our findings, capturing and transferring knowledge from many different sources within a short time frame is found to be rather challenging as well. In order to capture value on an organizational level, employees need to have their knowledge available for the rest of the members. Not only that it is time consuming, the matter may also be unconsciously disregarded: 'We didn't have the opportunity and then it was forgotten.' (S. Fri, personal communication, 2014-03-20) Insufficient amount of time is commonly perceived as a challenging factor when carrying out knowledge transfer practices: 'we are quite controlled by the time we work.' (T. Jonasson, personal communication, 2014-04-30) The challenges are especially focused around attaining the balance between transferring knowledge within the company and thus at the same time acquit one's own assignments: 'The challenge is to give the employees time to develop others when they are working full-time.' (E. Winter, personal communication, 2014-04-03)

5.1.3 Socialization (tacit → tacit): People leaving or retiring

The challenges arise when employees are leaving or retiring from an organization. It has to do with the conversion of tacit to tacit knowledge as stated in Nonaka & Takeuchi's four modes of knowledge conversion. They mention that transfer in this mode happens through sharing of experiences and development of mental models (Nonaka & Takeuchi, 1995). When employees are leaving or retiring, it is recognized as a rather challenging process when attempting to capture and transfer the valuable knowledge within the organization before. The importance of proceeding it successfully is vital especially for a consultancy company whose main assets are its employees possessing valuable knowledge. If the knowledge is not transferred forward before retirement, the knowledge will literally "out through the door."

It is acknowledged at both Grant Thornton and KPMG that when employees retire or leave, a good knowledge transfer process needs to be implemented to capture as much knowledge as possible: 'When people are retiring we have a certain succession that you are supposed to start early with the handover-process of projects.' (I. Jonasson, personal communication, 2014-04-30) Anna Lexell (personal communication, 2014-04-29) concurs that also at KPMG they are attempting to create a good transfer process, trying to hand over continuously for some time and teach other employees. However, 'it is always challenging if many people retire at the same time.'

This process is also known to be very time consuming: 'The experience of the person leaving the company is not something you can acquire so easily, that is something that takes time.' (A. Lexell, personal communication, 2014-04-29)

Samuel Fri (personal communication, 2014-03-20) points out especially retirement as one of the major problems in the firm: 'We have a lot of older people, people around their 60s, that are about to retire that have such huge knowledge. One day they are just going to leave.' After facing one of these situations, he says, 'we just didn't know how to handle that...somehow we didn't have that time.' He also continues in saying that it is a big loss: 'people are leaving that are extremely knowledgeable but we are losing because we don't know how to handle that maybe...I would have put someone next to her for six months'. Ideally, the process should be planned and started early, but according to Tim Jonasson (personal communication, 2014-04-30) it is much about timing: 'It is much more difficult when an employee leaves suddenly and unexpectedly. Then it could be difficult to capture knowledge before.' Otherwise they are trying to work proactively.

5.1.4 Externalization (tacit → explicit): Risk of involuntary spillover

When codifying knowledge and making it explicit, there is a risk of involuntary spillover. Knowledge transfer demands some type of codification. When the knowledge is codified, competitors can hire away employees from that firm. There is a paradox in codifying knowledge to enhance the transfer but still keep the strategic value of the tacit knowledge, which can be reduced when codifying. Balancing the transfer and codification is something every management group is facing when working with tacit knowledge. However, knowledge with a high level of tacitness can still be transferred if it is coupled with firm specificity so there is a smaller risk for spillovers. The replication can also be avoided by efficient technology (Coff, Coff & Eastvold, 2006).

Involuntary knowledge transfers are purely unintentional but need to be minimized in order for the company to sustain the competitive advantage stemming from the value of knowledge. However, the challenge of attempting to minimize the spillovers is rather para-

doxical: ‘in order to be a knowledge company, the intellectual capital with tacit knowledge has to be available for employees...[but]...It is impossible to acquire and transfer knowledge without any spillover.’ (E. Winter, personal communication, 2014-04-03)

The companies recognized challenges occurring mainly with tacit knowledge spillovers, such as preventing the tacit knowledge to leave with the employees: ‘The challenge ... is that you can’t stop people from taking their experience with them.’ (S. Fri, personal communication, 2014-04-15) Eva Winter (KPMG, personal communication, 2014-04-03) concurs that ‘it is something you have to live with but of course we are working towards keeping as much as possible within the organization.’

In the consulting industry the knowledge is most often spilling over when the employees are “head hunted” by customers or competitors (A. Lexell, personal communication, 2014-04-29); S. Fri (personal communication, 2014-03-20). According to Samuel Fri (personal communication, 2014-04-15), in this kind of situations there is nothing that can restrict you from taking your tacit knowledge with you. Although at both Grant Thornton and KPMG formal confidentiality agreements are in use, ‘It is also clearly stated that the intellectual capital that employees are acquiring and developing in their work is owned by KPMG.’ (E. Winter, personal communication, 2014-04-24) However, she states that this is not abided: ‘We conduct a closure interview where we try to ensure minimum knowledge spillover but there are no guarantees ... you have to trust your employees.’ Tim Jonasson (personal communication, 2014-04-30) states that for this kind of situation they are trying to make sure that one person is not possessing all knowledge: ‘Otherwise we would have a problem if that person leaves ... Instead we are trying to work proactively so all employees acquire as much knowledge as possible.’ Also Eva Winter (personal communication, 2014-04-24) confirms that ‘it is really important that we take care of the intellectual capital.’

5.2 Challenges on an individual level: Szulanski

5.2.1 Initiation stage: Excessive flow of information

This challenge arise both on an organizational and individual level. ‘There is so much information flowing from different sources so the challenge is to make sure the right person gets the right information.’ (T. Jonasson, personal communication, 2014-04-30). This observation is also aligned with Szulanski’s (1996) four-stage model. The first initiation stage emphasizes that knowledge cannot be transferred before the need and the knowledge have come across and coexist within the company, such as a person in a need of knowledge and the right kind of knowledge. Accordingly, the amount of information can cause confusion, and hinder the employees from finding the right information from what is made available for them. This is daunting, since according to Eva Winter (personal communication, 2014-04-24), ‘people are lavished with knowledge even outside of the workplace.’

At the initiation stage Szulanski (1996) points out that discovering the “need” may trigger the search for potential solution. Ideally, this search should lead to finding the most superior knowledge, but even though all the information may be available, the process is hindered from the recipients’ side. Both of the companies are actively using intranet as part of their knowledge strategy for the purpose of making a wide range of information available within the company. However, according to Tim Jonasson (personal communication, 2014-04-30), ‘it is always difficult even though we have our intranet, to make sure the individual realizes the importance of the information.’ Then, according to Eva Winter (personal communication, 2014-04-03) another challenge is ‘to get people to find it and navigate these systems and to know how to search for information.’ Also making the information

visible for each individual in this information flow is vital. Samuel Fri (personal communication, 2014-03-20) at Grant Thornton claim that it is on each person's initiative to look for information.

Szulanski's model claims further that finding the opportunity to transfer knowledge needs scrutiny in order to understand why or how superior results are obtained by the source. This is especially challenging when the amount of information is redundant. In consultancy industry, according to Samuel Fri (personal communication, 2014-03-20), for some departments it is important to stay up to date with the newest knowledge and for some departments the knowledge flow is even more continuous: 'Like in the tax department they have new laws and new cases that come out all the time.' In this kind of situations Eva Winter (personal communication, 2014-04-24) speaks for the importance and challenge of providing just the appropriate amount of information. One way to attempt to do this is, according to Tim Jonasson (personal communication, 2014-04-30), to 'reduce the amount of emails sent out because people receive so many emails anyway.'

5.2.2 Implementation stage: Time constraint in transferring knowledge

Szulanski's model describes this stage as the decision to proceed with the knowledge transfer, making knowledge flow smoothly between the source and the receiver. 'We all train each other up in the beginning ... [because] ... it benefits us as a company ... to pass on the knowledge as soon as we can.' (S. Fri, personal communication, 2014-03-20).

Equivalently, Szulanski describes transfer-hindering factors, such as insufficient amount of time, as "events" that create a technical gap between the source and recipient. As Szulanski proposes closing the gap, Eva Winter continues that they are currently working with internal mobility aiming to reduce the time pressure and allowing people to work internally with development for some time. Attempting to close the gap retelling Eva Winter (personal communication, 2014-04-03), is vital since 'people possess important knowledge that they could share in the knowledge transfer process.'

As Szulanski's theory claims, closing the technical gap may disrupt the normal activities of both source and recipient. According to the theory this can happen even when supporting the knowledge transfer, for instance training the recipient's personnel which is the case in both of the companies where assigning a tutor to a new comer is a custom: 'There is a challenge for the tutor to find time to balance time to teach [...] and still make time for their own projects.' (T. Jonasson, personal communication, 2014-04-30) Although tutoring is acknowledge to be part of the knowledge strategy, Samuel Fri (personal communication, 2014-03-20) confirms that tutoring can be very time consuming: 'If I want to work that half an hour I can put that half hour into external, into clients' papers for half an hour which means I could have brought income into the company ... [thus] ... you get cut off.'

Capturing and transferring knowledge from many different sources within a short time frame is found to be rather challenging as well. This is found to be evident especially when large amount employees are retiring: 'Because we have a good generational structure here at the office we are quite safe, but it is always challenging if many people retire at the same time ... their experience is not something you can acquire so easily, that is something that takes time.' (A. Lexell, personal communication, 2014-04-14) Not only that it is time consuming, the matter may also be unconsciously disregarded: 'We didn't have the opportunity and then it was forgotten.' (S. Fri, personal communication, 2014-03-20) This observation is consistent with Szulanski's theory of implementing knowledge transfer. According to the theory the challenge in this situation is stemming from poor coordination between the

source and the receiver, such as between the people retiring and employees who should capture their knowledge. Szulanski indicates that when agreed-upon responsibilities are deviating from employees' normal routines, the transfer process is aggravated.

Challenges arising from the last two stages of Szulanski's model were not evident in our case studies. The implications for this will be explained in the discussion chapter.

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6 Conclusion

Knowledge transfer being the process of enhancing the availability of knowledge to members of an organization, it is considered to be an important factor contributing to achieving competitive advantage. This process, according to Szulanski (1996), is far from easy, especially for consultancy companies that are tacit knowledge-intensive.

In writing our thesis, we set out to investigate how consultancy companies transfer their knowledge within the organization, going deeper into the challenges associated with it on an organizational and individual level. We revisit our research question as the following: *What are the challenges associated with consultancy companies' internal knowledge transfer on an organizational and individual level, and why do they occur?*

Regardless of the level, we found out that there are four overarching challenges that consultancy companies face in their internal knowledge transfer process. These are an excessive flow of information, time constraints, the resignation of employees, and the risk of involuntary spillovers.

The first challenge, an excessive flow of information, was seen on both the organizational and individual level. It is the difficult task of having the most recent and relevant information available for all employees at all times. On the organizational level, the challenge is to make sure the right people get the right information. For the individual, on the other hand, they need to realize the importance of the information available and must take their own initiative to pursue it.

Secondly, knowledge transfer for consultancy firms is very time-consuming, also for both the organization and the individual. This demands for employees to have their knowledge available for the rest of its' members in order for it to be of full value to the organization. The transfer between employees takes time, but is a necessity for the company to benefit as a whole. However, doing so also takes time away from individuals to do their own work because of the time required to tutor a new learner and transfer their knowledge.

The third challenge of employees leaving or retiring, which we found was only on the organizational level, concerns Nonaka and Takeuchi's mode of socialization. There is much valuable tacit knowledge held by employees in the consultancy industry, and therefore each employee's knowledge and expertise becomes a more weighty part of the organization. The challenge here is for companies to preserve this knowledge. Tacit knowledge, especially in consultancy firms, takes time to capture, and is especially challenging when employees leave the firm suddenly and unexpectedly.

Lastly, the risk of involuntary spillovers was identified as a challenge on only the organizational level. It was described that it is impossible to acquire and transfer knowledge without any spillover, which was rather paradoxical. Though knowledge is impossible to transfer without any spillover, it has to be available for all employees, leaving organizations with the complex task of finding the optimum balance.

Altogether, challenges arising from knowledge transfer in consultancy firms concern individuals and time. The reason is that in this industry, companies constantly work and adjust differently according independent clients, and therefore need to consider them at all times to ensure an efficient knowledge transfer process and maximize the value of knowledge, a consultancy company's most valuable asset.

7 Discussion

During our study we have chosen to focus on how consulting firms are working with internal knowledge transfer and the challenges that can arise during this process on an organizational as well as individual level. We have realized that internal knowledge transfer is of great importance for a firm's competitive advantage because you cannot capture the value of created knowledge until it is transferred and will thereby contribute to the organization's competitive advantage. However, the intangibility of the tacit knowledge will create more challenges in the transfer process.

As in the cases of KPMG and Grant Thornton, our empirical findings show that the challenges stemming from knowledge transfer are depending on several factors. Our findings show that challenges in the various stages of the knowledge transfer process differ in consultancy firms in comparison to theory.

The challenges arising on an organizational level were explained in the analysis and dealt with excessive information flow, time constraint when transferring knowledge, employees leaving the company or retiring and involuntary spillover of valuable tacit knowledge.

We believe that the results from our case study imply that consultancy firms have much more information flowing within the company concerning clients, systems, processes, rules and regulations than other industries. A reason for the challenge of balancing time between transfer and own projects might also be that much of knowledge to be transferred is so experiential which implies that it takes longer to transfer. According to Szulanski, a challenge in the implementation stage is the communication gap between source and recipient in the process. This was not evident in our empirical data. A reason for that might be because people working in the consultancy industry are more used to communicating because it is the essence of their work. In our study, the interviewees said that involuntary spillover is a self-evident challenge but they claim it is inevitable. This implies that companies should codify knowledge because it enhances the transfer process, however, they need to consider the fact that it probably will include involuntary spillover.

We found no challenges in the ramp-up stage of Szulanski's model, which suggest that challenges arise from lack of training or experience. We believe that the reason for that might be that the consultancy industry demands much knowledge in order to get hired and the work include laws and regulations so a lot of training is required. The companies are therefore facilitating training for an extended period.

There were no evident challenges in the final stage of Szulanski's model, the integration stage. According to Szulanski, challenges in this stage is stemming from lack of routinization, therefore we believe, the reason the consultancy industry do not really have a problem in this stage have to do with their routines. Eva Winter from KPMG stated that making sure the routines are working properly is one of the main tasks of the knowledge management department (E. Winter personal communication, 2014-04-24). Challenges in the integration stage can also arise from lapses in individual performance or failure to meet goals. In the consultancy industry, they know that they cannot know everything from the start and perform the highest level from the beginning: 'especially in the beginning, you are always allowed to not know things, that's accepted. Its definitely costly in the beginning, but that's how it is for everyone and its accepted'. (S. Fri, personal communication, 2014-03-20). This implies that it is not a main challenge in their knowledge transfer process.



7.1 Implications

Implications of these findings show that the challenges in the knowledge transfer process are dependent on individuals and time since the work of consultants always involve other individuals. This implies that consultancy companies need to emphasize their employees and make sure knowledge can be transferred smoothly between individuals. The findings are of great importance for firms in their knowledge transfer process, primarily because of the significance of capturing and making the best possible use of tacit knowledge. Knowing the challenges associated with each stage of the process can help consultancy companies overcome these challenges and be more prepared for them when e.g. hiring new employees or in the process of an employee is leaving the firm.

The strong points of our study are the fact that we studied well-established and successful consultancy firms such as KPMG and Grant Thornton. They have much knowledge about the topic and the industry in particular. Another strong point is the fact that we interviewed employees in a decision-making role in addition to other employees. This brings light to several perspectives of our study. Weaknesses of our study may lie in the potential bias arising from the interviews, as well as the complexity and broadness of our topic. Some information might be confidential or seen as inappropriate to share outside the firm.

7.2 Proposed solutions to prepare for and overcome challenges

These challenges are by no means not something an organization cannot address respond to. Rather than viewing these setbacks negatively, they should be used to raise awareness of them. These are things companies can look to in preparation for transferring knowledge and something to consider in order to be even more proficient in the process. In turn, companies are able to reap the fullest potential value of the knowledge in their organization through efficient and effective use.

The challenge of excessive flow of information is something consultancy firms are facing in their everyday work. With clearly structured routines, trust, and collaboration, they can build open communication and a culture where people share knowledge amongst each other. This can also contribute to the challenge of balancing time between your own work tasks and transferring knowledge to colleagues. With clearly defined routines, everyday work will be more efficient and therefore save time and the sooner the new employee learn these routines, the faster the knowledge transfer.

Further, we suggest that consultancy companies can decrease the risk for involuntary spill-over by using e.g. employment contracts and conduct interviews before employees leave in order to minimize the risk of leakage. One way to overcome the barrier of losing knowledge when people retire or leave is to give people that are about to retire an assistant so they have time to transfer their knowledge efficiently in order to capture as much tacit knowledge as possible before the retirement.

Suggestions for future studies is to further research on how consultancy companies create new knowledge and how they make use of their knowledge base in order to capture new knowledge more efficiently.

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Appendix I

Telephone interview with Eva Winter, Chief Knowledge Office at KPMG Stockholm – April 3 and April 24, 2014

About Eva Winter

I started in 1982 so I have been working for many years. I used to work with auditing, IT-audits and many different things. Now I am CKO and responsible for the knowledge management department.

1. What is the most relevant type of knowledge for a consultancy company and why? How do you measure it?

I do not think it is possible to tell what knowledge is most important. Since our assignments are within very different areas, there are also many different knowledge areas. For every project it is important to know about the customer and their business and market. Industry knowledge is a very important component to deliver a good service.

KPMG has through agreements, access to different external sources for industry analyses but have also contributed to their own publications about industries and current events and trends that we believe will be of large impact. These publications are available for all employees and many are also available for our customers and others through our global and Swedish websites. Almost all assignments demand technology knowledge, for e.g. auditing you need to have knowledge about auditing standards and rules for accounting. Our tax consultants need insights in tax regulations and IT-consultants about IT-systems, security etc. Knowledge is acquired through written sources, discussion groups and a lot on-the-job training, i.e. learning by observing.

It is difficult to say how we measure it if we talk about knowledge within individuals. We do have theoretical exams for e.g. accountants that are completing an accountant examination at the auditor Board. Our internal courses also have exams. Our education through the web (e-learning) is also finished with exams. Our business areas will thereafter scan the results. An important knowledge factor is our satisfied customer measurements. Then we will get a confirmation that our customers consider us to possess the right knowledge- and the right competences for our assignments etc.

2. How is your knowledge managed and why this specific form?

Our knowledge department that works centrally is not that big, we are four people working here. It concerns much systems and routines so we are responsible for company-wide routines. We do not tell the people how to use their knowledge, we just make sure there are possibilities for everyone to easily share and transfer knowledge.

We see knowledge sharing as a part of our business. Our employees and teams worldwide need access to knowledge and be able to share experiences and tacit knowledge every day to give our customers the best service possible and create opportunities for new assignments. Our knowledge stock, IT-support for team work and our intranet are all parts of our knowledge strategy. Knowledge sharing is a pronounced condition to reach our goals: to increase market share, offer high quality services, create competitive advantage and engagement with our employees. Our operation managers are to a large extent a part of our notion “creating value through knowledge.”

3. How does learning occur at KPMG?

The head office makes sure there is information available but the markets are very local. If you need information about a certain market one can use our intelligence system to get information about a typical industry or market. The local branches are supposed to provide the organization with information about the local market.

4. How much weight do you give to already acquired knowledge? For instance, in your hiring practices, previous experiences and education?

We are hiring in many different areas. We are demanding the same as any other employer. The employee is supposed to represent some form of knowledge or personal competence that we are requesting. We also have rules regarding independence, we are looking at what assets people own, that is specifically for our industry, but other than that we are hiring like everyone else, both newly graduates, entry-level and experienced candidates.

5. Do you have on-the-job training programs to share knowledge?

Yes we do. We have both leadership courses and mentorship programs and there are also opportunities to apply for external mentorship programs.

6. How is knowledge transferred between units?

Since KPMG is a global organization that works under the same brand, most of our support is international. That means that our employees will find information and knowledge from units around the world. KPMG is not a Group but every firm has taken part in an agreement to work under the KPMG brand. We have promised other units throughout the world to have access to our knowledge. Information concerning particular assignments is of course anonymous since we, as an auditing firm is working under professional secrecy. KPMG has offices in around 50 locations in Sweden. All offices have access to our joint network and therefore access to the knowledge stock etc.

Development of intellectual capital are occur both centrally and locally. Much of the services are centrally developed but locally occurs more development that is adapted for the local market and their services. Sharing of knowledge occurs in all dimensions.

We are very connected with our international partners. Within the area of e.g. knowledge management we have meetings every quarter where all firms are participating and sharing information about what have been done, strategies and plans for the future. When new events occur the information is spread within the business area, from the global to local. It is up to each local firm to embrace the new services, it is not certain that it will fit in the local markets just because it has been developed internationally.

7. What time of information system do you use?

Our intranet is an important information- and knowledge channel where all our employees will find databases and IT-support. We have e.g. particular knowledge stocks with summaries from different assignments. We also use CRM system to give information about meetings with customers, questions they asked etc. We are using websites for internal teams as well as external interaction with clients. They are used as sharing of documents to work interactively within the teams, e.g. to log questions and answers by team members. Internal social media and competence stocks are other examples of IT-support that we use. Much of the gained experiences will be put into templates and toolkits that can be used in the future.

8. Is it common with informal knowledge transfer channels and how important are they?

Yes. We have of course official courses and meetings where we discuss different topics as well as client meetings. We also have informal channels like our Friday pub, our common lunchroom, kick-off, gym training etc. that is used for more general knowledge sharing. It is common for knowledge sharing in e.g. the elevator or by the coffee machine. The structure of the premises is important to stimulate informal meeting between people.

It is difficult to answer how important they are. I believe the informal meetings are important but it is different aspects. During the coffee breaks you can get more spontaneous questions. Knowledge transfer works in different ways during e.g. formal meetings where you can receive information about services etc., but if someone has specific questions, they can ask more spontaneously during a coffee break.

9. Is it encouraged and/or rewarded to share knowledge?

Yes, it is a part of our evaluation process for all employees- Performance Development. In that evaluation, employees are evaluated after different abilities, like working in teams and develop each other. It is a program and part of our personnel development program. It is an important component in the evaluation of personnel; it is also a global concept.

It is also rewarded. Knowledge-work: developing toolkits or other support for other employees are valued in the same way as external deliveries. It can, however, be difficult to exactly measure to what extent an employee has participated in internal discussion groups/social media even if we have statistics on it. It is not only concerned with quantity so instead it is a subjective assessment from other employees and managers.

10. What are the challenges in learning and the creation of knowledge?

There is a lot about routines. The company takes care of the learning. We make sure there are tutorials available on how to make learning easier; those tutorials are on our intranet. That is how the introduction works. It is always difficult to teach people how to find everything so we have educations for that too that are available for everyone but we are not responsible for the follow-up, to make sure everyone actually learn or that learning gets done. That is the responsibility of each department. It is always a challenge to deliver the information, to get people motivated to take their time to learn new things and the knowledge creation process takes time. The challenge is also to make sure that people actually publish information, not that they learn. If you have good platforms to help people to share knowledge. If it is easy to share knowledge, it will happen. But in order for it to work, people must make sure it is there, that it is published. We can post information that is available publicly, like license sources but some information needs preparation before it is posted. We cannot post anything without anonymity since our projects are classified. If you want to share your knowledge and experiences from a project so that helps others who will have similar projects in the future you need to anonymize the work. That takes time for individuals who are supposed to engage in new projects. That is also a challenge.

11. What challenges have you faced with knowledge transfer?

One challenge is to give the employees time to develop others when they are working full-time with clients. At the same time, these people possess important knowledge that they could share in the knowledge transfer process. We are working with internal mobility to reduce the pressure on people that are very busy, so that they can work internally with devel-

opment for some time. At the same time, they need to stay in touch with clients and the projects to keep and develop their own knowledge. It is difficult to find the balance.

Because the fact that we possess a wide range of knowledge represented in different systems. The challenge is to get people to find it and navigate these systems. You need to know how to search for information. You can of course also ask colleagues. It is a huge information flow within the area we are working in and the services we offer. There are an incredible amount of laws and regulations that people need to be familiar with and there is new information flowing all the time. The challenge is for the knowledge management department to make sure important information is visible in this information flow. It has to not only be published but we also need to make sure people are actually reading it and internalize it. The field of systems and to simplify processes to make people's everyday life a little easier is interesting and especially now when there are is so much new technology for knowledge transfer and you can find information via your cellphone and many different ways. It is good and also a challenge because people are lavished with knowledge even outside of the workplace. We are competing with many different things that individuals are keeping updated with.

12. What impact does motivation have on the knowledge transfer process?

Knowledge sharing has to be rewarded. There are different ways, ranging from a thank you to monetary rewards as well as appreciation from the organization. Different people are motivated by different rewards. Some people also share knowledge with the notion of getting it back at a later stage.

13. Are there any involuntary spillovers?

You have to trust your employees, you cannot lock the doors. As long as you work with us you have full access. We are trying to make sure that information and knowledge are kept with us but it is tacit. When you stop working for us you will leave your computer but there are no 100% controls. There are probably knowledge-spillovers between the auditing firms but it is probably the same for us. We are also hiring people from our competitors. They cannot bring systems to the next firm but knowledge is in many different forms and it is impossible to "lock" knowledge.

14. How do you avoid involuntary spillovers of tacit knowledge?

You can never have a completely waterproof system since people carry tacit knowledge imprinted. We are surrounded by different laws and regulations and when employees leave KPMG we conduct a "closure interview" where we try to ensure minimum knowledge spillover but there are no guarantees, people are changing jobs and we also receive knowledge from other companies, that is the benefit from hiring people with special skills. People have acquired knowledge that makes them attractive on the market. But it is really important that we take care of the intellectual capital. Some information is classified and is not allowed to be spread. We can also see if information has leaked and there are traceable, e.g. how people have used their computers. Doing controls and making sure knowledge is not leaked is the boring side. I would say that it is mostly routines and processes about how you are allowed to use material that is our protection.

15. How can companies protect their tacit knowledge but at the same time make sure it is transferred within the company?

It is a difficult question but in order to be a knowledge company, the intellectual capital with tacit knowledge has to be available for employees. When working at KPMG, employ-

ees have the trust to use, manage and refine our knowledge capital. Our protection mechanisms are e.g. permission structures, copyrights and conditions in our employment contracts. Information and knowledge is supposed to be used in the work with clients and not for private purpose. It is also clearly stated that the intellectual capital that employees are acquiring and developing in their work is owned by KPMG.

It is impossible to acquire and transfer knowledge without any spillover. It is something you have to live with but of course we are working towards keeping as much as possible within the organization. There are different levels of secrecy; we would never explicitly state our strategies for everyone to see. We share information by what the employees need. When you are starting in a new company you will automatically use the knowledge you acquired somewhere else. That is why recruiters are hiring by experience and knowledge but of course we are protecting our strategic knowledge residing in our applications.

Appendix 2

Telephone interview with Anna Lexell, Auditor at KPMG Jönköping – April 29, 2014

About Anna Lexell

I have been working at KPMG for 3,5 years. I came here as a graduate from Jönköping University and I work with auditing in small- medium and large companies, much medium- and large companies in various industries. There are many in the manufacturing industry. In addition to that, I handle the cooperation with Jönköping University and some local marketing.

1. Can you tell us about KPMG Jönköping?

We are about 40 people working here. We are two tax consultants; one girl is working within the public sector, with the municipality and county. We have one person working within advisory and a few administrators. We are almost the biggest office in Sweden after Stockholm, Gothenburg and Malmö.

2. How does learning occur at KPMG Jönköping?

Processes and systems are handled centrally from the head office in Stockholm. If there are new systems to be launched, our IT-department will send out emails to inform us about the new systems. If there are major changes, we have office or department meetings, or get emails. When you are new at KPMG you will get a mentor that can help you and teach you things and routines. There is much information to absorb when you are new and you cannot learn everything immediately, then you can ask your mentor about questions that you might think are a bit silly. It is quite informal. A few years ago we also created an office pamphlet for new employees. Since there is so much about culture and routines in an office so they can read all about that in our office pamphlet.

3. Do you have on-the-job training?

There are introduction days in September for all new employees. It is usually for two days in Stockholm where all new employees participate, whether you are newly graduated from university or a more experienced worker.

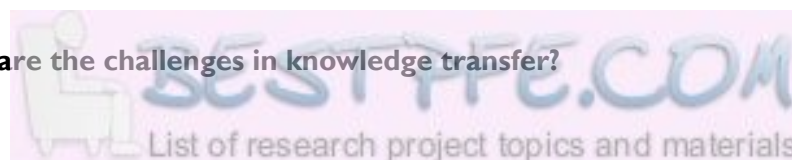
4. How common is it with informal knowledge transfer? For example, coffee breaks?

It is very common. It is always someone that has got some new information. As an auditor we work a lot with technology, so there is always something new to share with the colleagues. It is usually informal information about the daily work.

5. Is it encouraged and/or rewarded to share knowledge?

Definitely! If it is some information that concerns many people it is very encouraged. If there is much informal knowledge sharing, there is also a possibility that not everyone will receive the information, which is why informal knowledge transfer is more about the daily work. We are also working with many different projects and one way to work might not be sufficient for another project. But it is very encouraged to share knowledge and help other colleagues.

6. What are the challenges in knowledge transfer?



We are working with people and everyone is different. People are interpreting information differently and learn in different speed. Even though you send the same information in e.g. an email to a group of people you will still have different interpretations from everyone. So because of the fact that we work with people, the challenge is to create a clear communication that means the same for everyone.

When people retiring, you have to make sure to have a good knowledge transfer process to capture as much knowledge as possible from that employee. We have a couple of employees that will retire within the next 6-12 months and their experience is not something you can acquire so easily, that is something that takes time. So we are trying to have good transfer processes, that they are trying to hand over continuously for some time and teach other employees about e.g. questions that are re-occurring etc. Because we have a good generational structure here at the office, we are quite safe but it is always challenging if many people retire at the same time.

7. Do you have a formal knowledge transfer process when people are retiring?

I don't know the exact process since I have not been involved with it myself. There is a manual for when you are leaving the company, what to think about regarding keycards, computers and such. But when it comes to projects, I do not know how that works.

8. What impact does motivation have on the knowledge transfer process?

It is definitely a prerequisite for transfer. I will much rather share and receive information from colleagues if I am motivated and believe that it will contribute to more efficiency in the work.

9. Are there any involuntary spillovers?

It is occurring in our industry and it is common that employees are headhunted by customers, then there are rules that you have to report it if you are leaving for a customer. It is because of the independency. It also depends on the position you had in the project. If I would have a very critical position in the project, then KPMG might have to end the project because they would not be independent if an employee is headhunted to that firm.

10. How is the infrastructure at KPMG Jönköping and do you think that has an impact on knowledge transfer?

We are mixed. About half of the employees have their own offices and the other half is sitting in an open layout. I am sitting in an open office and in general I think that is good for knowledge transfer, especially when you are new in a firm. We are sitting in clusters of four. I have been sitting next to a girl that is new and she feels that she has been able to ask me questions on a more informal level instead of sending an email or knocking on someone's office door. It was the same for me when I started. It is always a support and contributes a lot in the transfer process. We have a mix of employees in the open area; some work with auditing and some have more technological tasks. We are asking each other. It is easier than to walk into someone's office. It is more open.

11. Can you describe the organizational culture at KPMG Jönköping?

It is very open and flexible and encourages personal development. You are encouraged to take your own path or follow the classic pattern. In general, it is very open.

Appendix 3

Telephone interview with Tim Jonasson, Recruitment and Employer Branding in HR Department at Grant Thornton Stockholm – April 30, 2014

About Tim Jonasson

I am working at the HR department with recruitment and employer branding. I have been working at Grant Thornton for nine months and before that I was working at another company with recruitment so the employer branding part is new for me and is more in the field of my education. We are 300 people working here in Stockholm. We have four business units and divisions with e.g. HR, finance, and others.

1. How is knowledge managed at Grant Thornton?

We have people at HR that work with education but it is more formal education and in the daily work we place newly hired employees next to more experienced to enhance knowledge transfer and learning. You get a tutor and are often joining the more experienced employees to projects. We do not work actively with the concept knowledge management but we work with knowledge transfer in different ways.

2. How do you measure knowledge?

Within auditing there are external exams to become accredited. There are also exams after two years to measure your level of knowledge but we mostly measure the personality instead of exams.

3. Do you have official on-the-job training?

New employees will get more formal education combined with on-the-job training. The idea is that the employee is not only supposed to learn theoretically but also be allowed to make mistakes. That is our view of on-the-job training. We do not have an official program for it.

4. How is knowledge transferred between units?

It depends on much information or the significance of the change but if it is a new computer system we have an intranet where we share all information, that is our main source of communication. We also have meetings on a weekly and monthly basis where knowledge is transferred. We are trying to reduce the amount of emails sent out because people receive so many emails anyway. Our intranet and emails is the most common way of transferring knowledge.

5. What types of information system do you use?

We use mainly our intranet, but also email, link, an instant message system.

6. Is it common with informal knowledge transfer and how important is it?

It is just my guess but I am quite sure that informal knowledge transfer occurs often. Because of the fact that we are such a knowledge-intensive company there is probably discussions about work everywhere. I think that is occurring in many companies.

At the office in Stockholm we also have pubs, after-work, sport clubs and art clubs and e.g. Christmas parties. Every other year we have a “get together” where all employees from the different offices are invited where there are lecturers and seminars. In addition to that we have “knowledge lunches” where internal or external lecturers are invited and where we discuss e.g. updated regulations and new systems.

7. Is it encouraged and/or rewarded to share knowledge?

Absolutely! We have a quite humble culture here and it is supposed to be encouraged to ask questions and you should never feel that it is a negative thing. We are working within many different fields and you always need to learn from your colleagues so knowledge sharing is very encouraged.

8. What challenges have you faced in knowledge transfer?

There is so much information flowing from different sources so the challenge is to make sure the right person gets the right information. It is always difficult even though we have our intranet, to make sure the person realize the importance of the information. That is also why we try to keep emails at a minimum.

There is of course a challenge for the tutor to find time to balance his/her time to teach the new employees and still make time for their own projects. The person who has been the appointed tutor has scheduled time for tutoring during that period so it is quite formal. We are quite controlled by the time we work and to devote hours to each client so you always have to balance your hours but if you are a tutor you will definitely be compensated for that time.

9. What impact does motivation have on knowledge transfer?

It has a huge impact. If you are not motivated you will not learn and you will not ask if there is something that you are struggling with. It is a prerequisite for transfer according to my opinion.

10. Are there any involuntary spillovers and how do you avoid it?

When people are retiring we have a certain succession that you are supposed to start early with the handover-process of projects. The most important thing is to start early when it is a more planned process. It is much more difficult when an employee leave suddenly and unexpectedly, then it could be difficult to capture knowledge before. We have quite a lot of educations to avoid that one person is possessing all knowledge so we would have a problem if that person leaves. We are instead, trying to work proactively so all employees acquire as much knowledge as possible instead of one person possessing key competence.

11. How can you protect tacit knowledge from involuntary spillovers?

It depends on what level you are working at. If you are an authorized accountant and have your own clients or if you are an assistant and just been working for a year, there are different agreements and contracts. I cannot go in deeper to how they are formulated.

12. How is the culture at Grant Thornton?

It is without prestige and very easy-going. You can speak to and get a nice impression from everyone.

Appendix 4

Personal interview with Samuel Fri, Auditor at Grant Thornton Jönköping – March 20 and April 14, 2014

About Samuel Fri

This is Grant Thornton Sweden AB, like we say in Swedish terms. This is in the top 5 largest auditing firms in Sweden. We have around 1000 people working in Sweden for us. We do all sort of things. We do auditing, we do consulting, we do tax, we do salary bookkeeping, and we do almost everything that has to do with numbers. But we still specialize in auditing. My role, I am an auditor, and I have been working here for 3 years.

Can you elaborate on the company's background in Jönköping?

This company was originally, before it became Grant Thornton, it used to be two old auditing firms that decided to merge. After a while, Grant Thornton Sweden was looking around the country, where they want to be, which key cities. It was called Lindeberg Grant Thornton first and then it just became Grant Thornton Sweden AB.

In Jönköping we're about 35, and in Sweden we're about 1000, and worldwide, 38 500.

As an auditor, what exactly would you do?

In auditing, we basically look over the financial reports that companies produce, income statements and balance sheets, and just make sure that they have substance and make sure there is something that stands behind that you can prove is correct and make sure there is no fraud and nothing else that has been happening behind the scenes and when we feel comfortable enough as auditors to know that this is correct, then we sign our audit report. We take responsibility that it is correct and also in legal matters we will also take the blame if something happens somehow. A lot of consulting also comes in. Our clients usually want help with all sorts of things – selling companies and buying companies, all sorts of things.

I. For you to be able to do these kind of things, what kind of knowledge is important for you to have?

For me, I started a master of business administration at university, but coming into an auditing firm straight from school, you realize you don't really know so much about auditing or you don't really know so much about bookkeeping. You just have to kind of relearn things again, and that's all here, done internally within the company. We have a lot of courses that we do and every year, I think the first year, the company gives about 80 hours of education for free, and then the following years about 40 hours a year, usually. So you always have knowledge given to you for free that keeps you updated and keeps you fresh. Especially in the beginning, you're always allowed to not know things. That's accepted. You have to learn how to do things within the firm and that is communicated from other auditors but also through these courses that you do.

So if you go into the question, what kind of knowledge is important? I have to have some technical skills about how the bookkeeping program works and I have to know how to produce audit reports and financial statements and all these technical stuff but it's not so much. I need to know the annual reporting law and Swedish bookkeeping law, that's what we follow and we need to know these laws. There's also a lot of the accounting and auditing standard board. They have these recommendations that you have to follow and you

have to know a bit about. This is an organization that has quite a few inputs so we have to know quite a few things. That's something I didn't know before I started here.

How important would this kind of knowledge be compared to other resources from outside the company, such as skills, university education, etc.?

I'd say without knowledge we're nothing, honestly. Because we don't know what we're talking about if we don't know theory behind it and the law behind it and we can't do anything. I was with a colleague of mine yesterday and he's worked for 30 years, so he knows a lot of things because he's been through the situations before and he knows how to do things and he acts quickly and he knows what to do and what to say and I think that's impressive.

But for example, if you study finance in university you can answer very typical finance questions really well, but that person probably wouldn't be able to come in here and do what we do right away.

You really need to learn it from the inside. A lot of different auditing firms have different ways of working. But I mean our clients pay us for our knowledge. That's why they hire us, because we know something they don't. We know how to do bookkeeping, produce financial reports, and annual reports. It's something that most people can't do. That knowledge is very valuable because we wouldn't exist if it weren't for our combined knowledge.

2. How is your knowledge managed?

Here in Jönköping there is no knowledge department. I guess we all have our responsibilities to pass on the information that we know. Just today we just had a lunch seminar with one of our auditors that was showing us how to declare people tax because he's done it a 100 times or 1000 times. He just had an hour and a half during lunchtime where we just sat down and showed us how to do things. People take responsibility of their own to make sure that it gets passed on because we still want to stay as good as we are now in the future as well. But there's not really a department what I know here in Jönköping because we only have 35 people here and we all know very different things. I guess the manager here at the site is still responsible for the work to keep going as it has been and if he feels like someone is going to move out of the company or someone is retiring and we need to acquire that information, that knowledge, then I guess he is responsible locally here.

What about for Grant Thornton nationally, in Sweden?

Every office, we have 23 offices in Sweden, everyone has their own responsibility because we work and we're all part of Grant Thornton Sweden but every office has its own income statement and also its own balance sheet. Sure in Stockholm there are other areas like finance and risk management that doesn't exist here in Jönköping. Of course, they make sure that their knowledge gets passed on there where they are. I know the tax department here has a lot of more national sharing knowledge than we do probably. They are only a few here and a few in Gothenburg and a few in Stockholm and they help each other out maybe more than we do in a way because their expertise is more specific.

Why do you think this is?

It's probably related to the size of the company and the field. The thing is at this site, here in Jönköping, we have probably 10 or more certified public accountants who are extremely knowledgeable and they know everything there is to know basically and they've been through every situation. Mergers, acquisitions, they've been through sales, most things that you can figure out. We also have older auditors and young, so they have the whole spec-

trum, so I haven't found the need to ask anyone outside my office for an answer because it's all here within the building. There's so much knowledge sitting here within these walls. But I know, for instance, like the tax department that is only 4 here; they are looking all around Sweden more. Like, "Has this happened to you before? Do you know anyone that's been through this?" It's more complicated things, I guess.

What would you attribute that to?

The infrastructure of the office. Our organization is very flat. My office is just next to the manager's office and I pop in my head and say, "Hey, have you seen this before? Have you done this before?" It's no problem, you know, it's not a big step. You just walk in and you're allowed to ask questions.

There's always an open door policy. The only time you close the door is maybe if you have a phone call and you don't want to be disturbed, or if you have a little meeting. Like if I want to go into the office manager's office and talk to him about something that's maybe a bit sensitive then you just close the door and you talk. Otherwise we always have open doors all the time, which is nice because it means that everyone can feel like they can just ask anything at anytime if there is something that they want to know. Same, they can come to us as well. The older auditors come to the younger auditors and ask questions as well because we know maybe different things, technical stuff maybe that they need help with. It's very open and I think that's the key, otherwise it will be very hard.

When you want to pop into someone's office, what is the formality?

It's very informal. I mean, I usually don't go into the office manager's office if I don't have a question but there's a lot of playing around. It's very much informal and there's a lot of laughter, which makes a nice working place.

I know some of the older auditors are hunters so they brag about their hunting, and one of my colleagues who is more my level, he is also a hunter so of course those guys run back and forth a lot and talk about their hunting stories that have nothing to do with auditing. But you know, it's still nice to have that environment where you feel like you can talk about anything.

I guess here as well, I don't always go to the office manager straight away. I mean, I go to the one that I think maybe knows the answer. One of my colleagues, in my level, I can maybe ask who has been working longer than I have or if I go to someone who is more an expert in accounting if I have an accounting question. Maybe it's better to go to that guy instead of the manager of the office. It all depends but it's still no problem to visit anyone in my opinion.

3. How does learning happen at Grant Thornton? Where does learning come from?

It all comes within the firm but you learn as you go and you ask your colleagues and they tell you things and somehow you acquire the knowledge over time. But of course in the first few years you learn so many things. The learning curve is so steep in the beginning because you have nothing when you start. I've worked 2-3 years and I can't even imagine how much I've learned because I can basically do most things now and not a clue a few years ago.

For example, this office, we have a really great one in my opinion because we have a lot of auditors that know a lot of things about all different branches. You can get almost any answer from them that you have. We have a tax department here, and we have one of the

best tax experts in Sweden. We have someone that is an expert in VAT and GST, he is also very good, and so we have that whole area as well. We can answer almost anything internally here in our office. We have also people doing salaries, so we can ask questions about salaries, how that works, and we have bookkeeping people who know how to bookkeep. We have so much knowledge sitting in one place.

I mean you go to courses, you have a week or two weeks of courses a year, but that doesn't give you enough, and it doesn't give you all situations. You still have to walk around and ask questions and read up about things on the internet or in books because it's not enough, it doesn't give you all the answers all these courses. So then, you know, when you don't know something you have to be hungry enough to go out and get the answer otherwise you don't learn anything.

Is the same process pertinent for every employee here, even for the experts?

Yeah, definitely. I think my colleagues would be able to say the same in terms of how they were able to gain knowledge, learning from each other. We have some new people that come in too, we have one that started a few months ago and he's doing that. He's learning and asking from colleagues. His colleagues are showing him what to do. That's usually what you start with, and if he doesn't know then this guy, he knows how to do salaries, he's done that before, so he has the basic, but he has to learn to do it the Grant Thornton way with our systems and our expertise. But definitely for everyone, you have to learn and you learn when you come into the organization.

When it comes to the consulting part of your work, especially for new cases, how do you learn what you need to deal with it? In other words, how do you learn to handle a new case that other people won't know how to?

Well when there are new laws that come out then of course when we are faced with that situation the first time we really have to read up about it and see how this works. Like in the tax department they have new laws and new cases that come out all the time and they have to be more up to date than we are because it is more continuous for them than it is for us. We just have to study the new law and then try to figure out how to do it if it's a new thing.

We just try to figure it out as we go. I mean, of course we have to back it up with the law, and if there is a case that has been in the court or something, I guess then we know what the outcome was and then we know how to do it better more likely. It's a learn from experience kind of thing.

How do you understand companies in order for you to do your work with them?

If you're doing a background check, for us it's easy to get in, you can just read the previous annual reports. You get a lot of information of the company through that. You get all the numbers and you get what they work with, what they do, how they've been going through the last few years, and then you can also contact the company of course if you have further questions. Usually they are our clients so you can just go there and meet the CEO and just have a talk with them and if there's something that we want to know more, we usually already know the things because they have been our clients for a long time.

But if it's new clients, of course then we have to see what kind of branches are they into, what are the challenges in that branch, what are the competitors for them, what are they struggling with, and so on. Often that's communicated to us by the CEO. Whoever owns

the company, he knows that. But then with people having 20 years or more experience, they know what all the challenges are in the trucking department, or what are the challenges in real estate, or any kind of branch. We have so much experience and knowledge here already so there are no surprises. It's already acquired within the firm since a long time. So it's just for me or someone else to ask around like what is usually the problem in this area, or in this branch, and then they can tell you, "Well, it's this or this or this. This is what you have to think about and this is what is hard to know. This is what is easy to know. This is what you have to ask the company," and so on.

When communicating with the CEO of a company, how is that done?

Personal visits. Usually the first time you need to go out and meet them just to create a personal connection. You just have to meet them once or twice and then hopefully you've gained the trust and then they can just call you if they want, or if I want to know something or they want to know something we can just call each other or send an email, but you have to establish that personal connection first, in my opinion.

4. How much weight do you give to already acquired knowledge, for instance, in your hiring practices? Is there previous experience that Grant Thornton would specifically be looking for?

I know that Grant Thornton is a place where people can create their own environment the way they want it to be, so it is attractive for employment. But because we are, here in Grant Thornton, looking for certain key people as well, we have tried to invite some over. I know like some of the tax people have been specifically headhunted because of their expertise in that way. But otherwise of course you need your education, and if you have experience on top of that of course that's also what you need to get in.

Can you elaborate on this process for candidates coming out of school? Or do you look into schools at all?

Yeah. We have one that's potentially going to start in August and she's completely fresh coming out of university so she has no experience in auditing whatsoever. But that's accepted and that's how it is. You are put into a 4-year program when you start so you do a course every year between 50 and 100 hours that the company gives to you for free.

We all train each other up in the beginning. One of my colleagues that started after me, she will take care of the new one. So she will sit beside her and show her how to do things because she's the one that was the latest one to start. So in that way we can try to help this potential new person become a good auditor quickly because it benefits us as a company as well to pass on the knowledge as soon as we can. In the beginning it's always costly to have someone that doesn't know much, and that's why when you get employed the first year, that's usually when you cost the company the most. But then after a few years when you know how to do things, that's when you really can bring the money into the company.

What about that girl did the company like that they would be willing to possibly take her without experience?

That's something we do all the time. Ask any auditing company. I know when I started working at an auditing firm; they took in 66 students straight from university without any experience. Of course, when they hired me, I was also one of those hired from university without experience. But I had some accounting experience that I acquired on my own working for an accounting firm for a few months, and I had some other personal merits, things that I put on my resume that looked maybe attractive somehow. I was in sports, I had some quite good stuff in sports that I've been through, and I had some previous experience.

rience in selling. I guess you use your resume as best you can to look attractive. Otherwise I think it has a lot to do with how you are as a person. You need to be social, you need to be able to be responsible and take care of things and take care of customers. Without our customers we don't really have anything, we don't have anything to do.

5. Do you have official on-the-job training programs to share knowledge?

Yeah. There is a 5-year program. Especially if you start out new, coming from university, you usually go into the 5-year program. So for 5 years, there are courses that you have to do every year. The goal is after 5 years you're supposed to write your authorized public accountant test, so it kind of leads up to that. That's the goal because they want to you to become an authorized public accountant, so you yourself can write the auditors report. So 5 years, it's all decided what you're doing – tax courses, auditing courses – and after that you do as much as you feel like. You can go to whatever you need to keep yourself updated, but then that's more by choice. You would still meet for a long weekend or a few days with the whole company though.

The education is a 5-year thing, but how often does learning happen?

Everyday. Everyday you learn something new. You are faced with new clients that have new problems or new issues that they are going through and you have to learn and find out information everyday, new things, to be able to help your clients. They just send me an email or give me a phone call and I'll say, "Let me just have a look for you and I'll come back to you." I'll go and ask a colleague or look it up in the law book or do what is necessary to be able to get the answer for the client because without clients we're nothing. We need to be able to take care of them and their needs.

6. How is knowledge transferred between units and the communication between them?

Well we have our main office in Stockholm where most of our staff is. But then, you know, every single office in Sweden, we have 23 offices in Sweden, and everyone works as their own unit. We have most things on site. Like here in Jönköping we have all the different departments. But then, you know, like in Östersund, we have something called bolagstjänster, which means the people that handle stuff with bolagsverket, where you put in your annual reports and if you want to start a new company, they help you. They are experts in Sweden in Grant Thornton, so they deal with all that in Östersund. So that's been more like, if you need something to do with bolagsverket, they handle all the questions and all the new companies and all sorts of things.

In Östersund, they are definitely specialized, and I mean people who work in there are former employees at bolagsverket, so they know everything about that. But then, you know, around Sweden we have tax and we have bookkeeping and we have auditing in all the offices, so mainly I'd say that all offices still function very well by themselves. But we still have contacts with offices, you know, phone calls and emails when you have questions, but I think for my sake I only have to ask around in my office, plus maybe up to Östersund with some of that. But otherwise maybe my office manager, I know because he has a lot of contact with Stockholm when there are more expert questions, maybe, that need to be addressed.

Do you know what kind of things they communicate? Does it affect the things you do?

Well, say from Stockholm, a few times a month you get an email, like, this is a new tax law, this is a new this, or this is a new this, and then you get emails, read up about it, and it's just

to help us not have to search for information all the time. There are people that are working with this to keep the knowledge up as well, so you get emails from the main office saying this is new, think about this, this is a new law, and then you know, we have our own tax personnel, they organize seminars for us here to keep updated with new tax laws and stuff like that. I know the tax department are more, because they are only a few here, I mean, they are only 4 here, so they are also more connected. The tax department is more connected than we are in the auditing department because they work more together and have to ask each other around and get help. So I think they are more integrated than we are in the auditing department

What is your personal take from another unit?

For me, I don't really take from them. I get some emails, some information about new things. But otherwise, nothing personally.

You talk about communication between Stockholm and other branches here; is there any communication internationally that you do or learn from other Grant Thornton offices?

I mean, I wouldn't say, not that much, no. Grant Thornton Sweden AB is its own firm, but then we are a member of Grant Thornton International. Our CEO in Sweden, he is the head of the board in the international firm, so we still get a lot of input. He is up to date with everything that is happening and he still communicates that down into the Swedish firm. Maybe not so much that I see, but he is up to date with it and he makes sure that we are not behind. But me personally, I don't have any contact really with any Grant Thornton International firms.

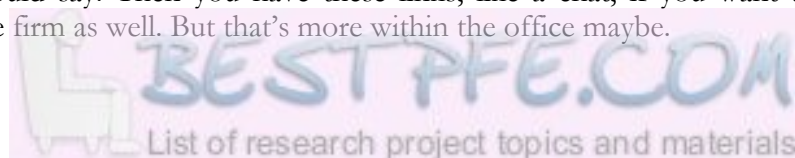
Do you think there are things that you could be able to take from internationally, say if you were able to talk to someone from Grant Thornton abroad? In other words, do you think that there's something that you can exchange there or learn from each other?

Well I mean, when we're working we're very much restricted by the Swedish law. That's probably why maybe, knowledge is important to send and to manage across the world, but our business is such focused on the law and the rules here and the different countries, which means that you can't really have that same communication with other countries because it's so different. For instance in Australia, if I were to work in Australia, I'd have to read up about the tax law in Australia, I need to know how that works and how people work there. I would have to start over again because every country is so different.

Being maybe a consultant, maybe they can use their theories the same in all countries. But we are so much restricted by the law, so we are experts in Swedish law.

7. What type of information systems do you use?

We have an intranet, Grant Thornton Intranet, which we have a lot of information in and the news comes up about new laws and other information. We have a certain information pool and there we can acquire all knowledge about the things that we need in order to carry out our work. I guess it's not so much communication, it is just more information given to us. We don't really communicate so much through that intranet, but the information is there and there is always a contact to every contact person, to everything that's been updated, so you can always contact him or her if you have further questions. But otherwise mainly emails, I would say. Then you have these links, like a chat, if you want to chat with someone in the firm as well. But that's more within the office maybe.



8. Is it common to use informal knowledge transfer channels, and how important are they?

Yeah. I would say going up to their office and speaking face-to-face. That's the best way and quickest way to learn something, in this field anyway. People tell you or show you what to do so you make sure they understand it. Because an email, sometimes an email can be a bit vague, you'd have to ask again or show me how to do this.

9. What are the challenges in learning and the creation of knowledge?

Well, I mean some things are very hard in this type of business. For instance cash flow as a part of the annual report, to learn how to do the cash flow in the report is not easy. That's something you have to do a few times before you know it and you get a little bit better every time perhaps. Some things are harder to learn, some things you only have to ask once and you know it, some things you really have to ask a few things and get showed a few times. But you need experience, most of these guys have worked for 20 years, they acquired a lot and have been faced with situations many times and have become certain of how to do things. In my limited experience, I've only faced things maybe one time or two times.

We understand that you have begun using a new auditing program recently; can you elaborate on some of the challenges that you face in terms of acquiring the knowledge for it?

It's probably just to get comfortable with the program. To understand how it works, how it links together and see the red thread, to find how you make it into a proper auditing file. I mean, it's so easy in the old program, you know, you just do it this way and this way and this way. People just don't know how to do it now and it seems to be a very big program so you have to make some choices up here and then work your way down, say "no" and "yes" to certain things, and then finally you come out with what you have to do. That's how it's supposed to work, and it will work probably but people are just not there yet.

That's so much just a matter of time and I think it's really important to have that education, that course to really show people how it's done, that it's not so complicated as they think it is.

What can facilitate or expedite that learning process?

We're just missing a person who knows exactly how to do it so that we don't have to figure it out ourselves. No one here did know it. Then a few people have started to learn it more than the others and I guess those people are the ones that are going to hold these courses for us. But I guess that's the big thing.

What about for this potential new girl that might come in later this fall, how is she going to learn?

One person is going to be her tutor, or fadder, that's going to look after her and make sure that she feels comfortable and that she can ask her everything, you know, all the dumb questions, anything, that's one thing. You have your person that looks after you and then you go to your courses a few weeks a year. In the beginning there are quite a few weeks where you go away for education. Then I guess, still, to be able to ask around anyone here.

As you mentioned, it is quite costly in the beginning. How long would the girl have a tutor? Do you have a specific time or is it dependent on the person?

Of course I was a tutor for my colleague, which means that she was just more asking me first maybe then she asks someone else, and hopefully I can answer her question so that

she doesn't run around to everyone in the beginning. But eventually, you know, she asks less and less, and I've become less and less of a tutor. She still comes in and asks me questions but it doesn't necessarily mean that I'm still her tutor, but it's just officially, you know like, "This girl is going to take care of you when you come, so ask her if you need something, otherwise I'm here." The manager would say this.

Did you find that distracting or time-consuming at any point?

Yeah, you get cut off. That can take time. We even have it in our reporting program; we report the time that we put in. There is a specific time you put in for teaching new people, you know like if someone comes to you and takes half an hour, you put in half an hour. It's not going to be external; it's going to be internal time that the company has to carry. Even this is internal time, student activities like we say.

Does that affect efficiency?

Yeah, of course it does. I mean, if I want to work that half hour I can put that half hour into external, into clients' papers for half an hour which means I could have brought income into the company. Instead it costs the company that half hour. It's definitely costly in the beginning, but that's how it is for everyone, and it's accepted.

What about the challenges in the knowledge that you need to acquire about your customers in order to serve them?

Yeah, well of course it can be challenging. Some people are easy to talk to; some people just might need more time. An auditor can become a lot of a personal counselor as well, as well as a professional counselor. That's also because of the trust. We are a very trusted profession in general terms and people trust us with their information, financial information. They are usually comfortable to talk to us as well with their personal stuff, and that can be time consuming. But I guess that also belongs to the profession.

That's something though. It's different for every customer; they have different needs so I guess the challenges are always going to be different between each of them.

10. What challenges have you faced with knowledge transfer?

Like for example, balancing time between teaching a newcomer and doing my own work. I guess you can't put in too much time into this new person, I mean I still have to do my work. I know that when I started here the first few times I think half my time was learning time and half I could put on my client because they saw it as, of course you can't work as fast as the other people can because he is new still, but he can still put in half of it at least. After a while, you know, you are considered to be able to do the whole amount of work and then you can put in 100% on what you're doing on the clients.

It is, like you said, some people just don't understand and it will take longer for some people to pick up things than other people. I guess that can be a bit of a challenge. You feel like, you know, if you have to explain something five times rather than one time, the same things, that can take more time. Some people find it more difficult maybe, or might not remember everything right away, so that's just how we are. We don't really know how this potential new person will be coming here, we don't know if she's quick to learn or if she needs more time or if she's you know, easy to pick up things. But I guess we just have to adapt to how she is. If she needs to be explained to one more time then we have to do it one more time and eventually she'll learn.

But of course within a year or so, I mean, in Sweden you have a six-month try employment somehow. That means after six months, the first six months, if the boss is not happy with you, you have to leave within two weeks. So in those first six months, the tryout, it's important that you show yourself well. Of course it's important always but at least the employer has a time period where he can decide if this person is good enough for this company, and I guess that's what it's about. I know with where I used to work, there was a few that didn't get an extension, of those 66 that started, there was a few that didn't get it because they weren't suited for auditing and they were just not the right persons, so they had to go. So I guess after five months to get that, "Okay, you will get your full-time employment." That was a nice thing to hear because it confirms that you've done a good job and that they still want you to stay.

11. Since a lot of knowledge here is very unique, specialized, or learned inside, is there something you do to protect that?

We are focusing on a more personal relationship and we want to make our clients feel welcome, so it's been more like people come to us. The reason people leave us is more when they get offered a job, being headhunted for a job, that's happened a few times. Also, if say one of our clients needs a new CFO, chief financial officer, and they ask the auditor or someone here, "Would you like to become our CFO, because you know the business already and we know you and know you're good at this." But it's more the other way; people have been coming to us. But there is always a threat.

Do they come to Grant Thornton or does Grant Thornton go to them and bring them here?

I don't actually know how the process works. I know, for instance, I used to work for another firm before, and a lot of people from this other firm have moved from there to Grant Thornton in Jönköping, and there are a number of reasons for that. But it started with them needing a new manager. They needed a new one, looked around, and then offered the job to a guy working for that firm, and then he took it. So they looked for him.

12. Is there a particular system that you have to avoid involuntary spillovers of tacit knowledge, or losing people to other companies?

No, I mean, I can't speak for all, I can only speak for my office here, but we have a really great environment here. Our problem, if you can call it a problem, is that people stay here too long, in a way, because they become a bit too expensive in a way because they have to have higher salaries every year. You know how a company is supposed to be like a pyramid, in a way, you're supposed to have the cheap workers down there that do most of the job, but ours is more like a cube right now, and it was more like an upside down pyramid before because we don't have so much people that are new. But since a lot of people come to Grant Thornton later in life, they have all this experience, and they're quite expensive as well but they still provide great services. So right now there's usually not a threat because people still enjoy their work environment. Everyone's happy, we have good times together, a lot of laughter at the fika, it's just everyone is warm and open and we have this great environment.

What about in terms of protecting that knowledge or losing that knowledge from the inside?

That is a risk, since a lot of learning happens within, like when we have older people retiring. That's definitely one of the problems in this firm. We have a lot of older people, people around their 60s, that are about to retire that have such huge knowledge. One day they

are just going to leave. We had one person like that that left a year ago. In that way, there was not good knowledge management there because I would have put someone next to her for six months for the new person to learn what she does and get her documents and her database of knowledge and fiscal documents that she's doing. But somehow we didn't have that time and we didn't have the opportunity and it was forgotten, and suddenly she retired and then she was gone. It's a loss, a big loss. That's probably more common for us, that people are leaving that are extremely knowledgeable but we are losing.

Is there a system to take care of that from happening?

No, I mean for instance I know there is one guy that is going to retire within 5 years and he's really good at big group auditing and also bookkeeping within groups, like when there is a mother company and a subsidiary company. So on my own initiative, I have been sitting with him a few times just to learn what he does because I know in a few years time he's going to be gone as well, and he's probably one of the most knowledgeable persons here in this office. I know that if I learn at least a bit from him, then I can keep that information and knowledge and then I'll be more valuable as well as an employee because I have something that someone else doesn't.

13. So what are some of the challenges that you face in protecting knowledge?

It's all connected to each other. The challenge to protect is that you can't stop people from taking their experience with them. But I mean, for us, the only time people leave us is because they get headhunted from another place maybe, for their knowledge and for their expertise, and that's normal but that's how it is, tough life. You know, you lose people.

Do you have any solutions to that?

No, I mean I know my manager is trying to create a really great workplace and I think he has done it very well. We have a good workplace, people are very friendly and people are happy most of the time. It's a very flat organization, you know, people are accepted for who they are.

We have a problem, in a way, because people are not leaving. I know that sounds weird. But a company should look like a pyramid if you want to bring in big numbers of income and stuff, because you have the bottom, there's these cheap labor, you know, that just got hired. Sure, they still cost you and you have to teach some things but quite quickly, you know, they will pick up and they will bring in all the big numbers of work. Do the big work, and then after a few years, they want to do something else, so most of them quit. But the few that stay, you know, they will move up, up the ladder and then eventually that's how it works. That's how it should work.

I know for our accounting department, people have worked there for like 30 years, and then it becomes hard in one sense because giving them a raise every year will have them start to cost more and more and so the pyramid would look more upside down maybe. We have a lot of people with a lot of knowledge and a lot of experience, and we only have a few people that haven't worked that long and that's how it is. So I think we're doing well by keeping people in general terms, but people that have stopped working here have been headhunted for their expertise, mostly going to some of our clients because our clients know us as well and they maybe need a new CFO, chief financial officer, and they think, "Well, my auditor is pretty good, we can hire him." That's the challenge by keeping the information.