Intra-firm knowledge transfer-

a qualitative case study of knowledge transfer and its implications in a soft service firm

Master Thesis
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Abstract

The following case study aims to explore the knowledge transfer and its implications in the context of a soft service firm. The complexity of knowledge itself and the knowledge transfer process in service firms brings new challenges. The phenomenon was investigated by the application of grounded theory. Interviews were conducted with employees at a company present in the Quick Service Restaurant segment. It resulted in several findings that were not reported by previous literature. Firstly, within the case company there was multiple formal networks that circulate separately, except for interconnections through the restaurant managers. Within the organization personal relationships proved to be the most important factor for knowledge sharing. Secondly, within a large franchise network, an actor might take the role of knowledge creator due to its size and influence the other franchises in the network. Thirdly, knowledge transfer, implementation and innovation are hindered when work environment is characterized by stress and high pressure to perform. Fourthly, communication improves operation efficiency and employee motivation. This study provides navigations to future research and can be used as guidance in regard to knowledge transfer for practitioners, managers or other interested.

Key words: Knowledge transfer, franchise network, grounded theory, formal and informal networks, location-intensive soft services, fast food
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1. Introduction and Case Company

Researchers in the fields of economics, organizational theory and strategic management have all recognized the need for more studies in the area of organizational learning. Firms are constructed as a complex net of knowledge. Hence, out of all the resources in the resource basket of the firm, the knowledge-based ones are significantly crucial for the sustainable differentiation and for the creation of sustained competitive advantage. Thus multinational firms exist because of their superior ability to transfer knowledge in the closed context of the firm network than via outside mechanisms in the market (Gupta and Govindarajan, 2000). When knowledge transfer takes place within the borders of the firm it is referred to as intra-firm knowledge transfer, while inter-firm knowledge transfer is when knowledge is transferred between organizations. All knowledge transfer is reflected in some kind of cost that occurs when the company is doing business or expanding. This is regardless of whether the knowledge transfer is in the local network or in the global network. That type of cost could be associated with the time needed for the transfer, employee training, new unfamiliar regulations or a need to find new people to employ. The reason companies still engage in knowledge transfer is its outcome. Usually knowledge transfer results in an increased performance at the unit receiving information (Williams, 2007).

As Szulanski (2000) stated, the knowledge transfer process in different firm divisions might vary significantly and all knowledge the firm holds is not useful in all parts of the organization. In essence, the knowledge concept is complex and often characterized by its different peculiarities. The degree of its transferability, tacitness and ambiguity affects how efficient it can be transferred and how well it can be integrated in the firm. Efficient knowledge transfer is especially crucial for soft service firms as their competitive advantage lies within processes rather than products. Hence the complexity of knowledge itself and the knowledge transfer process under the umbrella of soft service firms brings new challenges. Services are of special interest because of its increasingly important role in the world economy, as the sector represents more than 60 percent of the total global production and employment (WTO, 2014). There are numerous services and depending on their characteristics they are commonly divided into soft services and hard services. Soft services are intangible, have typically a low standardization and are to some extent adjusted to the customer while hard services are somewhat tangible, standardized and not so customized (Erramilli, 1990; Majkgård and Sharma, 1998). Further,
companies in the service sector can be either location-intensive or information-intensive. Location-intensive companies carry out intangible services on tangible products; examples of that are retailing, fast food or vehicle rentals. These services can also be referred to as “mass services” (Rhian et. al, (1992) in Ball, Lindsay, and Rose, 2008) where the customer has to be in direct contact with the service provider (Lovelock and Yip, 1996; Zeithaml, Parasuraman and Berry, 1985). Information-intensive services on the other hand involve intangible operations and are usually provided directly to the customer through a type of information based solution (Ball et. al, 2008).

As organizational learning is essential for service companies to succeed in the market and even more important for companies with soft service characteristics, it was considered interesting to investigate the topic from a soft service point of view. Soft services are also somewhat more complex than hard services in the sense that they cannot be transferred to a customer without customer interaction. The overall interest for services in the market has also increased since companies providing standardized tangible products have begun to provide supplementary services to their customers to differentiate from competitors. A Swedish example of that are grocery stores that offer mail services or delivery services, partly to attract customers to step into the store. Moreover, the case company chosen for this study has a local-intensive character.

When the number of units increases, knowledge transfer and eventually organizational learning, usually gets more complicated since there are several different geographical locations and commonly a larger number of employees. Additionally, different units have different prerequisites, hence the knowledge transferred will be received in various ways depending on the unit’s previous knowledge in the field, the former relationship between the sending and the receiving unit, how goals and practices differs and how large the cultural distance is (van Wijk, Jansen and Lyles 2008).

According to Gephart (2004) today's studies tend to seek information about what is going on in the organization on a managerial level, but fails to give the whole picture of the phenomena. To conduct research on the lower hierarchical levels of the company is important but often neglected. One method that is useful when the purpose of the study is to look at processes and perceptions of members in a firm is case study. The case study enables the researchers to get an in-depth understanding of the phenomena (Yin, 1981). Hence, this study consists of a single case
study of a publicly listed company named Nordic Service Partner Holdings AB (NSP). The company's business consists of three franchise agreements, where the agreement with Burger King is the company’s main business today. In total NSP has 58 Burger King Restaurants in Sweden and Denmark, thus NSP is the largest franchisee of Burger King in the Nordic countries (NSP, 2014a). NSP is an actor in the Quick Service Restaurant segment where it competes with other fast food restaurants providing hamburgers, sushi, sausages and similar (NSP, 2014b). The research conducted is focused on the Burger King part of NSP, since the other agreements are under development and no restaurants had opened at the time of the research. The study is further limited to only concern the Swedish part of the Burger King franchise agreement, which today consists of 41 restaurants (NSP 2014c).

This study aims at developing an understanding of the process that occurs within the organization when knowledge is transferred within the borders of the firm. As most studies in the field investigates knowledge transfer at a managerial level, it is important to note that organizational learning takes place on all levels and units in the organization. Therefore, when trying to get an understanding of how the process affects the organization the lower hierarchical levels must be studied. This study contributes by having a holistic view where these levels are present. Hence following research questions were formulated: *How is knowledge transfer organized in an intra-firm context? What are the implications of intra-firm knowledge transfer?*

For the purpose of this study and because of time and resource limitations, the phenomena of knowledge transfer were investigated in just one segment of the company. Through the paper, the company or the firm refers to the Swedish part of NSP which is involved in the Burger King Franchise agreement. All other units, the ones in Denmark and the ones outside the umbrella of Burger King, are not a part of this research.

**1.1 Disposition of the Study**

In chapter two “Theoretical Framework”, previous research on the topic of knowledge transfer and organizational learning is provided to enhance the understanding of the findings and analysis of the study. A discussion about knowledge as one of the most important firm resources is carried out and the role knowledge-, organization- and network characteristics play in the knowledge exchange process is examined. Furthermore, the different stages of knowledge transfer are
described. Chapter three, “Research Methodology” provides information about the procedures and implications of grounded theory which is the methodological choice. A review of the theoretical sampling, semi-structured interviews, the use of memos and an explanation of constant comparison and theoretical saturation is presented. The main findings, analysis of the main findings, discussion and a model that mirrors the outcome of the study are presented under chapter four - ”Main Findings about Knowledge Transfer and its Implications in an Intra-firm Context”. In that part, perceptions and stories of employees from Nordic Service Partners Holding AB who work at different hierarchical levels are pictured. Finally, the last part of the paper, “Conclusions”, gives a description of the outcome of the study and implications both for practitioners and researchers. The study finishes with acknowledgement.

2. Theoretical Framework

In order to gain greater understanding on the essence of knowledge transfer, which is the main focus of this paper, the following areas are reviewed closely. Important distinctions between know-how and know-what are made, and the value of firm-specific knowledge is examined. A review of previous literature in the field of knowledge transfer is given, where the concept of knowledge transfer is sorted out. Thereafter follow a description of the most important characteristics connected to three broad categories: knowledge, organization and network, which affect how efficient knowledge can be transferred. A shorter discussion of knowledge adaptation and replication in the implementation stage is presented. A presentation of the four transfer stages follows, with valuable information of how to succeed with the process and warnings of what obstacles that may occur, and finally a deliberate examination of organizational learning is put forward to get an understanding of how organizational learn from knowledge transfer.

2.1 Knowledge as a Firm Resource

As Grant (1996) stated there are a variety of knowledge definition types that are relevant to the firm and the simplest tautology is “that which is known”. There are several major functions which define knowledge. The important distinction between knowing how, tacit knowledge, and knowing about, explicit knowledge, is mirrored by the differentiation between personal and prepositional, procedural and declarative (Grant, 1996; Gupta and Govindarajan, 2000). Know-how is best explained by its communication, whereas know-what is explained by its application
(Grant, 1996), hence know-how is often difficult to transfer as it is not clear what the knowledge actually is. The focus of this study is on transfer of procedural knowledge, i.e. know-how, rather than declarative knowledge, which is straightforward and often has the form of reports or financial sheets.

The connection between a company’s internal characteristics and its performance is commonly known as the resource-based view of the firm. It explains how the internal resources of a firm contribute to develop and sustain its competitive advantage. Knowledge and knowledge transfer is seen as one firm resource among a number of others and it is highly valuable since it can be a source of sustained competitive advantage. The reason why it is seen as a sustainable competitive advantage is because procedural knowledge is very difficult for other companies to duplicate (Barney, 1991; Coff et al, 2006 in van Wijk et al, 2008). Today’s global marketplace means fierce competition in many sectors which makes it necessary for companies to acquire and transfer knowledge constantly in order to develop and withstand the competition (Henderson and Cockburn, 1994; Kogut and Zander, 1992).

2.2. Knowledge Transfer

As mentioned earlier, multinational corporations have an exceptional ability to transfer knowledge within the borders of the firm. Generally, knowledge transfer results in increased performance and innovation within the organization, hence the activity is of high importance (Lane, Salk and Lyles, 2001; van Wijk et al, 2008). Szulanski (2000) states that “Knowledge transfer is seen as a process in which an organization recreates and maintains a complex, causally ambiguous set of routines in a new setting”. Similarly, Williams (2007) defines knowledge transfer as “the acquisition from another unit of useful information or practices” and it is explained by van Wijk et al (2008) as “the process through which organizational actors - teams, units, or organizations - exchange, receive and are influenced by the experience and knowledge of others.” The opportunity to transfer knowledge occurs when a knowledge gap is found and there is information available in another part of the organization which can fill that gap (Szulanski, 2000). However, stating that knowledge transfer only occurs when there is a clear gap to fill is far from true. Companies also engage in knowledge transfer within the company boarders to develop parts of the organization that can function better if new processes or practices
are implemented. Knowledge transfer does not only occur in multiple directions, like from headquarters to subsidiary, subsidiary to headquarters and subsidiary to subsidiary but also in multiple dimensions, as transfer of knowledge from one unit within a subsidiary to another unit within the headquarters (Gupta and Govindarajan, 2000).

Knowledge transfer is a process that often is troublesome. The possession of knowledge that is valuable for one part of the organization may not be beneficial for other parts of it. Moreover, transfer of knowledge within a company is usually “sticky” and challenging rather than a smooth process (Szulanski, 2000). It is also common that there is a discrepancy between the expected value of the knowledge transfer and its actual outcome (Lin, Geng and Whinston, 2005). The difficulties associated with knowledge transfer is commonly said to depend on certain characteristics of three broad categories: knowledge itself, the organization or organizations where it takes place and the network in which the transfer is made (Adler and Kwon, 2002; Inkpen and Tsang, 2005; van Wijk et al, 2008). In a meta-analytic review van Wijk et al (2008) concluded the most important and frequently discussed characteristics of these categories.

2.2.1 Knowledge Characteristics

In the case of knowledge characteristics, knowledge ambiguity is the most substantial predictor for knowledge transfer (Szulanski, Capetta and Jensen, 2004). Knowledge ambiguity as a concept explains the very nature of tacit knowledge. In organizations knowledge is formed as routines which links together repeated actions performed by the members of the organization. These chains of activities are complex and usually incompletely understood which makes the relationship between company actions and company outcomes unclear (Nelson and Winter, 1982). Hence, it is difficult to gain an understanding of what the components and sources of the knowledge are and how they interact internally (Reed and DeFilippi, 1990 in van Wijk et al, 2008). Therefore transferring knowledge that is ambiguous requires flexibility from the receiver's side (Szulanski, 2000).

2.2.2 Organizational Characteristics

The most discussed organizational characteristics that affect knowledge transfer are size and age of the organization, its decentralization and its absorptive capacity (van Wijk et al, 2008).
Findings of how size influences knowledge transfer is so far mixed, however the number of studies that shows a positive relationship between size and knowledge transfer (including Gupta and Govindarajan, 2000) is larger than the number of studies revealing a negative or a non-significant relationship between size and the knowledge load being transferred (Makino and Delios, 1996; Tsang, 2002 in van Wijk et al, 2008). Early studies regarding the impact of age on an organization’s knowledge transfer indicated that younger firms seem to integrate new knowledge and change its processes according to it more easily than older firms (Frost, Birkinshaw and Ensign, 2002). Empirical studies have on the other hand concluded that age does not have any effect on the firm’s knowledge transfer (van Wijk et al, 2008).

An organization is decentralized when the lower hierarchical levels are empowered. Decentralized organizations are said to have the capabilities of speed and flexibility (Zander and Kogut, 1995) which seems to be good precondition for knowledge transfer and knowledge implementation. When units perceive they are autonomous they are more enthusiastic about sharing organizational knowledge (Gupta and Govindarajan, 2000) which implies a positive relationship between decentralization and knowledge transfer. Anyhow, other researchers have not seen any impact from decentralization on intra-organizational knowledge transfer and have therefore excluded it in their studies (Frost et al, 2002). Another organizational characteristic is the absorptive capacity of the organization. The concept was first explained by Cohen and Levinthal (1990) and it describes the organization’s ability to receive new knowledge, put it to practice in the organization and add it to the existing knowledge base. They argued that the absorptive capacity builds on previous related knowledge and therefore it develops cumulatively. When the unit receiving knowledge already have prior knowledge in the field, the unit is more likely to have a better understanding and use of the knowledge. Hence new knowledge received is more likely to contribute to the development of new ideas. Studies has therefore revealed that the absorptive capacity enhance organizational learning (Gupta and Govindarajan, 2000).

Possible problems during that process may occur if the receiver compare the new and the existing knowledge and find contradictions in between. Then further exchange of information between the recipient and the sender is needed to solve the issue.
2.2.3 Network Characteristics

The characteristics that have been found as the most important ones for determine knowledge transfer in a network are the number of relationships, the position in the network, the tie strength, the trust, shared vision and systems and cultural distance. A large number of relations facilitate a chance for members of the network to find valuable information held by other members of the network. Furthermore, a larger network also means a better information processing capacity, which enables knowledge exchange (Gupta and Govindarajan, 2000). The position in the network has proved to be a determinant of how beneficial the knowledge exchange is for the actor. A centralized position provides an opportunity for the actor to find and exchange relevant knowledge (Burt, 1992 in van Wijk et al, 2008). That is in line with the argument brought forward by several authors, that centrally positioned actors in a network both have easier access to information and a better possibility to share its own knowledge. Therefore a central position in a network is linked to higher levels of organizational knowledge sharing (Ahuja, 2000; Powell et al, 1996; Tsai, 2001 in van Wijk et al, 2008).

Tie strength has been found to be essential when it comes to knowledge transfer efficiency. The concept reflects the intimacy of the relationship between knowledge exchange parties. High frequency of communication and interaction strengthens the tie between actors. A common belief is that when there is a strong tie between actors, actors put more emphasis on making sure that the recipient gets all knowledge necessary, that they understand the knowledge and that they use it properly. Hence, when there is strong tie strength the knowledge transfer is more efficient (Szulanski, 2000; Hansen, 1999 in van Wijk et al, 2008) while a burdensome relationship usually means a troublesome knowledge transfer (Szulanski, 2000). Trust is another determinant for knowledge transfer (Szulanski et al, 2004). Trust between knowledge exchange partners is essential because when the sender is perceived as trustworthy the willingness to receive knowledge is higher (Walton, 1975 in Szulanski, 2000). Furthermore, the more effort the sender puts in making sure the receiver has understood the knowledge correctly the more successful is the transfer (Lane et al, 2001). Therefore you can expect tie strength and trust to be related. However, some drawbacks with trust between partners have been discussed. Among other, a high level of trust may cause collective blindness which hampers knowledge exchange (Lane et al, 2001; Yli-Renko et al, 2001 in van Wijk et al, 2008).
An important cognitive aspect which affects knowledge transfer is shared vision and systems (Inkpen and Tsang, 2005). When vision and systems are shared the knowledge from an external partner are usually more easily integrated in the existing knowledge set, hence organizational knowledge transfer is facilitated (Lane et al, 2001; Lane and Lubatkin, 1998; Mowery et al, 1996 in van Wijk et al, 2008). The last network characteristic is cultural distance. It is a concept that describes the differences in norms, values and institutions between actors from different cultures. Differences often hinder knowledge transfer as misunderstandings and liabilities arise in the exchange when actors are unable to understand the counterpart and its actions fully (Drogendijk and Zander, 2010). Cultural distance can therefore limit the transfer of important organizational knowledge (Szulanski et al, 2004) as culturally distant actors might be perceived as less reliable (Kostova, 1999 in Szulanski, 2000).

2.2.4 Knowledge Replication and Adaptation

As knowledge is both ambiguous and context-dependent, knowledge transfer often require some degree of replication and/or adaptation of the knowledge. By the use of these modes some of the problems in the know-how transfer can be overcome (Williams, 2007). Replication is when a set of activities are copied and transferred to a unit or a group without the need for the receivers to fully understand the causes, consequences and interdependence of the different activities involved in the set (Winter and Szulanski, 2002). The need for knowledge adaptation is emphasized in numerous studies. It has been discovered that there is a clear connection between organizations and their environment (Nelson and Winter, 1982). Therefore knowledge has to be adapted to the setting it will be integrated in, otherwise it will be difficult to integrate it and take advantage of its full potential. Discrete knowledge, which usually cannot be seen by the receiver, is often replicated while knowledge the receiver have an understanding of generally is adapted (Winter and Szulanski, 2002). However, replication and adaptation is not exclusive, they can be used simultaneously as knowledge can be both ambiguous and context-dependent at the same time (Williams, 2007).

2.3. Knowledge Transfer Stages

Szulanski (2000) suggests that there are four substantial stages of the knowledge transfer process. These are often accompanied by different complications. The four stages are initiation,
implementation, ramp-up and integration. During the first stage some obstacle in respect to the decision whether and how to proceed with the transfer could appear in case there is unclenness in regard to already existing operations. When the degree of reliability and trustworthiness of the source is not perceived as high as it should be, the initiation of the transfer could be hindered and face refusal (Walton, 1975 in Szulanski, 2000). In the implementation stage, efforts in order to avoid previously experienced problems are made. Additionally, to overcome the communication gap the company must possess capabilities to prevail language challenges, cultural coding and variety of other cultural diversities. In units where the firm has deep understanding of knowledge but has poor diversity faces a “communication disconnect” (Scott-Kennel and von Batenburg, 2012). Hence the result of the entire implementation process is connected to how well the company succeeds at battling the communication gap. Moreover, training of existing personal or hiring new and renewing or modification of existing equipment may be needed in order to support the implementation process (Szulanski, 2000). In essence, in the implementation stage the true motivation of both the receiver and the sender will be disclosed.

During the ramp-up stage the largest challenge for the organization is being able to recognize and handle unexpected obstacles. Thus the eventfulness of that phase depends on the quality and quantity of the challenges that emerge. Better understanding of causal ambiguity will possibly lower the perceived difficulty of these challenges (Szulanski, 2000). Moreover as Grant (1996) stated the more complex the “broad- scale” integration is, the greater the causal ambiguity is and consequently the process of replication becomes more difficult. The last stage of the transformation, the integration stage, occurs when the new knowledge is being freely used. Though, if any difficulties did arise during the transfer process it may cause poor implementation and it might give a reason for the receiver to abandon the new practice. The eventfulness of the integration stage is highly correlated with previous effort needed to remove problems during the process. Thus, in order to retain the new knowledge, removing or penalizing the actor that do not follow the power distribution or applies the new organizational policies may be needed (Szulanski, 2000). However, transferring knowledge is not equal to integrating it, hence not an efficient way. If many people’s unique knowledge needs to be integrated, the best way to get efficiency in the process is to achieve cross-learning by organizational members (Grant, 1996).
2.4. The Process of Learning

The increment in importance of knowledge-based perspective in regard to a better performance leads to shift from reliance on manual labour more to the attention what is actually known to the firm (McIver, Lengnick-Hall, Lengnick-Hall and Ramachandran, 2013). Learning in the context of the firm is often seen as a shift between different competencies among the units. As Forsgren, Holm and Johanson (2005) described it; the learning process is usually triggered by two factors: the transfer of knowledge and the common problem-solving. According to Levine (2001) learning is a foundation to deal with unsuccessful efforts for change, speedy changes, and for dealing with organizational and management constructs. There are two different types of activities that are recognized in the firm context - similar ones and complementary ones. Those activities that require the same capabilities for their execution are similar and complementary are the ones that represent different steps of some process and depend upon some coordination activity (Richardson, 1972). Therefore Forsgren et al. (2005) suggest that units even in different countries can offer the same type of service which demands for same capabilities since the products are the same. However, that does not exclude the option for variation in the degree of similarity between the units. In contrast, two units may have different capabilities because of factors as history or personnel. Hence, there is always the possibility of establishing future connections within the processes of two sister units, i.e. the possibility for more coordination of these activities. As stated by Irani, Sharif and Love (2009) for more vivid and divergent communication between management and employees there is a requirement for established organizational culture.

Moreover, there is difference between the concepts of organizational learning and learning organization. In order for an organization to become an entity in its learning process it has to overcome the limits of individual or team learning, come to a common ground in regard to company goals and familiar organizational problems, and have certain degree of consideration about critical experience (Levine, 2001). In regard to the similarity dimension the learning process connects to the transfer of some concrete innovation from one unit to another, whereas the complementary dimension demands for interactive problem-solving in which the two actors are engaged in different ways. However, learning is not just about transferring knowledge, it requires that the two units are involved on equal bases and the process is characterized as mutual
problem-solving with a main goal to create and implement. Moreover, the similar capabilities are usually common for the units’ competitors, whereas the complementary ones are mirrored in the business relationships with other actors, like customers (Forsgren et. al., 2005).

Additionally, the imperative of learning through problem-solving is much stronger than the one of learning through transferring. Hence, learning through problem solving is more dominant in a firm context. Therefore close relationships are encouraged in order to conduct better mutual problem-solving (Forsgren et. al, 2005). Additionally, as Levine (2001) stated organizations are relying on their members and more importantly on the free flow of ideas. Hence, these interactions are significant for the flourishing of organizational learning and are crucial for the ongoing existence of the processes that are created. In order for knowledge efficiency to be maximized, people working with it must be specialized in certain areas connected to the knowledge (Grant, 1996). As argued by McIver et.al. (2013) some knowledge management systems could have different contribution to the outcome depending on the work settings. Some could benefit employee learning, while others are more useful for sharing between employees, and some help employees to better use their expertise. Forsgren et al (2005) suggest that some degree of relationship standardization is necessary in order to attain profitability and scale of efficiency.

2.5. Final Discussion Regarding Theories

The contemporary literature on knowledge and knowledge transfer usually concentrates on peculiarities that are often pointed towards the managerial level. However, knowledge and learning occurs at all levels and more complex research that grasps that dynamic is needed. Moreover, the foundations of organizational learning are built mainly on business relationships and a lot of authors fail to include the importance of the personal/ private factor. How do the personal interactions affect the dynamics of knowledge transfer and learning is still somehow untouched. The 3 broad categories, knowledge, organization, and network, used in previous research in the area of knowledge transfer fail to consider that knowledge is transferred in an organization however in between individual persons.
3. Research Methodology

In order to explore the process of intra-firm know-how transfer, a qualitative case study was conducted. The nature of the study was exploratory since the goal was to study a phenomenon that is peculiar in a way. The main strategy for the research design was grounded theory which lies upon two main concepts: constant comparison and theoretical sampling (Glaser and Strauss, 1967). Both of these research tools are highly integrated during the analytical process. A pre-study was initiated in order to get deeper information about the company, the service sector and some suggestions for possible interviewees. Semi-structured interviews were designed in order to get profound information of all interviewees’ perceptions about knowledge development. The interviewing process was recorded and memos were taken as a supportive tool for analysis creating as well as buffer for saturation.

3.1. View of Knowledge

It is important for all research that the persons conducting it undergo constant self-reflection, that they manifest the taken position in the research regarding values and beliefs and that they consider how it affects the collection, interpretation and analysis of the data (Suddaby, 2006). The underlying epistemological consideration in this study was interpretivism as knowledge transfer in a soft service company only can be understood if it is understood subjectively from the point of view of the people involved in it. The ontological assumption was constructionism. A premise for constructionism is that the social phenomena, in this case intra-firm knowledge transfer is not only produced by social interaction but it is continuously developing as a process. The social reality in this study is reflected at a specific point in time which will mirror one version of it. Social reality as a concept is seen as indefinite (Bryman and Bell, 2011).

3.2. Research Design

To gain insight and understanding of the process of knowledge transfer within a soft service company the nature of the research is exploratory. Hence a single case study was conducted, as the case study provides an opportunity to get a deep insight into a phenomenon within the case company. The case study is a commonly used methodological choice when studying events in the field of business (Pekkari, Welch and Paavilainen, 2009). The purpose of interviewing employees
in the case company was to get descriptions and knowledge about how knowledge transfer is conducted within the organization at different hierarchical levels. Exploratory studies are especially helpful when trying to get an insight of a phenomenon of which you are unsure of its specific nature. The research had an interpretive philosophy since the data gathered is subjective and socially constructed, where the researcher is a part of the research context. The approach of the case study was both inductive and deductive since comparisons between gathered data and between data and codes were carried out during the analysis. Having this combined approach is a necessity when a grounded theory strategy is used. This process of comparisons promotes consistency in the coding which favors the analysis (Saunders, Lewis and Thornhill, 2012).

Grounded theory was chosen as the strategy for the research, which is an applicable methodology when trying to understand a process where intersubjective practice forms meaning to the people involved. As Suddaby (2005) claimed the use of grounded theory is more suitable for some questions than for other. More precisely, it should be used in a way that is more logically connected with important assumptions about reality and how that reality is understood. The tacit nature of knowledge and the complex way to manage the processes connected to it where employees’, managers’ or other actor’s perception about knowledge contribute to forming the view about the reality. Thus the grounded theory method is appropriate in the concrete context and alleviates to a better understanding of the so called, “that what is not known”. Moreover, after the pre-study was conducted, disparities between the way existing theories describe knowledge and knowledge transfer were found. Thus after identifying both similarities and differences and the development of new theories in the field, it guided to the use of grounded theory.

Glaser and Strauss (1967) came up with the idea about grounded theory and how theoretical frameworks in social science could be built upon data findings. The widespread positivism in social science research was the trigger to its development (Suddaby, 2006). When such strategy is used the outcome from the study will not be generalizable to other cases or populations, however that is not the goal of this case study. Instead the aim was to generate new theory from the findings (Bryman and Bell, 2007; Corbin and Strauss, 2008) and to explore the perception of knowledge transfer and its implications in the specific context. This is in line with Suddaby (2006) who states that grounded theory is commonly used to get knowledge of how individuals
interpret their environment. Furthermore, the time horizon in the case study was cross-sectional. It means the perception of knowledge transfer was investigated at the moment and not how is has changed over a period of time (Saunders et al, 2012).

3.3. Collection of Data

Semi-structured interviews were the main tool used in order to collect data and memos were used as a research tool to help the analytical process. Before interviews were carried out, a pre-study was made in order to get information about the company and its processes to find themes and questions for the interviews. To gather information about knowledge transfer within NSP, several members of the organization at different hierarchical levels and in different units of the organization were interviewed. New respondents were found by recommendations from interviewees who gave information about other colleagues that might hold knowledge useful for filling the categories that emerged during the interview process. Getting information from different units and levels within the organization provided a holistic view of the phenomena and gave information about the perceived knowledge flows within the company.

3.3.1. Semi-structured Interviews

Semi-structured interviews provide an opportunity to go in depth into a phenomenon and furthermore, interesting information revealed during the interview can be investigated even if the theme is not in the interview guide (Bryman and Bell, 2011). According to Saunders et al (2012) this kind of interviews are frequently used when conducting an exploratory case study as they are helpful when trying to grasp a phenomenon and understand contexts. Interviews give an opportunity to discover the experiences of the respondent in detail (Goulding, 2002). Semi-structured interviews have a characteristic of a dialogue rather than a hearing which can provide a nicer and more comfortable environment for the interviewee and might result in further knowledge exchange. Topics of interest were raised when it fitted the conversation to support a natural flow (Bryman and Bell, 2011; Saunders et al, 2012). The interview guide was developed as the interviewers learned more about the knowledge transfer within NSP and categories in the topic crystallized.
There were some external factors the researchers had to take into consideration and be aware of as they might cause disparities in the outcome of the interviews. Firstly, some ethical issues might occur because of the status and power held by some of the interviewees and the sensitive nature of the information. Hence, as suggested by DiCicco-Bloom and Crabtree (2006), all recorded data was carefully guarded and destroyed after the analysis was completed. Secondly, researchers had to be aware of the possible biases that could appear during the interviews. Not taking into consideration the social differences would leave out the fact that respective social roles form the process of interviewing. That is why reflecting on that part of the interviewing process is important since the perceived answers are mirroring perceptions about reality. Therefore, when analyzing the data the researchers should give a thought about the researchers own social position and the social position of the interviewee to recognize possible power differentials (Atkinson and Coffry, 1998 in DiCicco-Bloom and Crabtree, 2006).

3.3.2. Theoretical Sampling and Interview Themes

Before starting interviews, a pre-study with a manager from the company was conducted. This was in order to get a better insight about the case company as well as helping the researchers target the best possible interviewees. Throughout the pre-study, which was carried out as an unstructured interview, the researchers inquired potential topics of interest about knowledge sharing and outcomes of the activity. This, together with a literature review, developed themes and questions for the interview guide which was used at the upcoming interviews. Interviews were held between April 15 and April 23. All interviews were face-to-face, lasted between 25 min and one hour and the locations varied as follows: two interviews were carried out in a conference room provided by the company, two in one of the company’s restaurants, one at the interviewee’s house and two at a café (see Table 1). All interviewees had different positions within the company. One interviewee was an associate, one a team leader, one was assistant restaurant manager, one was restaurant manager, one a regional manager, one was marketing assistant and one a HR manager. Six out of seven interviews were audio-recorded. The process of data collection can be followed in the table below.
### Table 1.

<table>
<thead>
<tr>
<th>Position</th>
<th>Data</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Pre – study</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interviewee A</td>
<td>2014-04-02</td>
<td>1 hour and 30 min</td>
</tr>
<tr>
<td><strong>Case study</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interviewee 1</td>
<td>2014-04-15</td>
<td>1 hour</td>
</tr>
<tr>
<td>Interviewee 2</td>
<td>2014-04-15</td>
<td>55 min</td>
</tr>
<tr>
<td>Interviewee 3</td>
<td>2014-04-16</td>
<td>25 min</td>
</tr>
<tr>
<td>Interviewee 4</td>
<td>2014-04-16</td>
<td>35 min</td>
</tr>
<tr>
<td>Interviewee 5</td>
<td>2014-04-20</td>
<td>30 min</td>
</tr>
<tr>
<td>Interviewee 6</td>
<td>2014-04-23</td>
<td>33 min</td>
</tr>
<tr>
<td>Interviewee 7</td>
<td>2014-04-23</td>
<td>30 min</td>
</tr>
</tbody>
</table>

In the semi-structured interviews the interview guide was used to support the dialogue and to make sure no important themes or questions were forgotten. The interview was built around four
different themes; knowledge transfer paths, innovation, implementation of new knowledge and obstacles to knowledge transfer (see Appendix 2). The questions were mainly open ended and during the interview follow up questions were used to dig deeper into phenomena. Follow up questions are not presented.

Theoretical sampling was the technique for choosing interviewees. While gathering, coding and analyzing the data, where to find the next necessary information was opted. Interviews were carried out until further interviews only added minor information in the categories and no major dimensions, conditions or interactions were raised with the new data. The categories’ properties were well developed and dimensions exhibited variation. At the same time, relationships between categories were settled and validated. This means that theoretical saturation was reached, which is a prerequisite for full theory to be developed in variety and density (Bryman and Bell, 2011; Strauss and Corbin, 1998). However, knowing at which point saturation is reached is difficult, even for experienced researchers. This is because it is neither obvious nor certain, since the researcher never know what the next interviewee will tell (Suddaby, 2006).

### 3.3.3. Documentation

To give the interviewing process good conditions to be as smooth as possible, the researchers asked the respondents for permission to auto-record the interviews. Further, notes were taken during the interviews to grasp visual elements like face expressions, movements and other non-verbal cues. Auto-recording semi-structured interviews has several benefits according to Saunders et al (2012), including allowing the interviewer to focus on asking questions and listen to the answers, a chance to re-listen to the interviews repeated accurate and unbiased and it also provides an opportunity to use direct quotes when findings are reported. However, audio-recording has some disadvantages. There is a risk the interviewee may focus on the audio-recorder instead of answering the questions and transcribing whole interviews is a time consuming activity. Transcribing interviews as a whole is necessary when a grounded theory strategy is undertaken (Saunders et al, 2012). To avoid disturbance from an audio-recorder audio recording apps on a smartphone were used. The objective to use this equipment instead of a traditional recorder was to provide an environment that was as similar to a conversation as possible to keep focus on the interview questions.
Memos were used as an additional tool during the documentation stage. Memos are that type of written documents where the product of the analysis is stored (Corbin and Strauss, 2008). Moreover, as stated by Corbin and Strauss (2008), qualitative research is built upon a complex way of thinking and memos are the best way to keep track of the process itself. Additionally, memos contributed to a large degree in recognizing the stage of theoretical saturation for the different categories.

3.4. Analysis of Data

Research following a grounded theory strategy begins with limited conceptual framework. This is in order to allow flexibility when modifying and developing specific propositions, categories or groups during the case study (Yin, 1981). The aim of the analysis is to develop theory based on data collection. Theory generated from case studies are likely to be valid since the theory-building process is so tightly linked to evidence that it often provides a satisfying reflection of reality (Eisenhardt, 1989).

In grounded theory, the analysis has two building blocks. These are the concepts of “constant comparison” and “theoretical sampling” (Glaser and Strauss, 1967; Suddaby, 2006). Theoretical sampling is the process where data gathering and analysis is done simultaneously. While collecting and coding data, the findings indicates what kind of data to collect next to fill emerging categories, hence indicates where to find the next interviewee. Thus the process is guided by the emerging theory, whether it is formal or substantive (Glaser and Strauss, 1967). Since the data collection was confined to one particular group in this case study, the emergence of theory is at a substantive level (Corbin and Strauss, 2008).

Constant comparison refers to the constant data collection and simultaneous comparison (Glaser and Strauss, 1967; Suddaby, 2006). The constant comparative method is implemented in four stages. First, all incidents that are applicable to each category were compared, starting by coding each incident in as many categories as possible. However, while coding an incident for a category it was crucial to compare it with previous incidents in the same and in other category groups. Secondly, all categories and properties were integrated by comparing not only incidents with incidents but by comparing incidents with the properties of the category. At the third stage, the theory delimiting occurs. This emerges because considerable modifications become fewer and
because the original list of categories for coding becomes smaller. The final stage of constant comparison was the actual theory writing where the discussion in the memos served as explanation about the categories (Glaser and Strauss, 1967). In total, this process led to development of new categories and concepts, hence generating theory grounded in data. From the analysis of the findings a model of intra-firm knowledge transfer and its implications was developed.

4. Main Findings about Knowledge Transfer and Its Implications in an Intra-firm Context

The following chapter presents the findings of the study. The case company is introduced and a deliberate description of the structure and an analysis of the knowledge flows are displayed. Then different aspects of knowledge transfer are examined, such as the importance of personal relationships, how firm size in the franchise network matters, what are the obstacles to knowledge transfer in NSP, the essential role of communication and a discrepancy in knowledge creation.

4.1 Basic Information about NSP

Nordic Service Partners is a company that truly understands the importance of successful knowledge transfer. Because of the complex structure and complex network organization of the firm (see Appendix 1) the importance of overcoming all obstacles along the way is even more significant.

4.1.1 The Company Structure of NSP

“NSP is a holding company that has a board of directors with a chairman and they are the one that actually decide” Interviewee 3

NSP is a company listed on NASDAQ OMX Stockholm. In the top of the hierarchy is the board of directors and then it is the CFO and CEO that reports to the board. They have equal voice and under their management is the COO. The rest of the HQ is organized in a flat structure and has supporting functions. That is the HR management, IT management and the finance department. The COO is responsible for the overall result of all the Burger King restaurants in Sweden and Denmark. Under the direct management of the COO are the six regional managers, three in
Sweden and three in Denmark. Each of the regional managers has several district managers which are reporting to him or her. The rest of the organization tree is suited in the restaurants themselves. There is one restaurant manager that is responsible for all the operations in the unit, from recruiting of new employees, through finance and economy in the unit, to the schedule generating and training of employees. The restaurant manager has one assistant that helps out with some major tasks and can even actively participate in the employee training processes. In each unit there are several team leaders that are responsible for leading the shifts and making sure all rules and regulations are followed by the associates. Moreover, an important part of the daily routines for the team leader is to support each associate to thrive and prosper at the workplace. The different hierarchical levels can be seen in figure 1.
Figure 1. Hierarchical levels within NSP (authors own).
4.1.2 Knowledge Flows

It was found that within NSP, knowledge flows were separated into two streams. One was located within the firm and one was located outside the organizational borders.

4.1.2.1. Flows within the Firm

The internal knowledge flows in NSP circulates in evidently segregated streams. The first stream is circulating within the HQ and the second stream is flowing in each of the different units. One of the most important tools to integrate knowledge is through NSP Academy.

“We have several internal courses under NSP Academy that usually complement Burger King’s concept and the trademarks’ own ones. Here we have our own leadership courses (part one, two and three) and after that we have the assistant manager courses and even courses for those that are going even higher. At these courses we go through everything, from laws and policies, communication, consulting and advising, recruiting, introduction, economy, wages and how communication work at different levels. Laws and policies that is just adapted to someone’s management level, for example about breaks and that type of information. Whereas for someone that works with scheduling we go through weekly rest and daily rest periods, which is a different level of training”. Interviewee 3

Within each unit the most common way of formal communication and knowledge transfer is by having regular meetings. The restaurant manager is responsible for organizing these meetings. Meetings are held with team leaders every week and with associates every quarter. The aim of these meetings is to increase the overall employee satisfaction, keep everyone up to date with the new-coming campaigns, inform about the complete results and to discuss how the processes in the restaurant are conforming to what is planned according to the budget. Considerable attention is paid to the Quality, Service, and Cleanliness (QSC) concept which is Burger King’s main focus when evaluating franchisees. Therefore these criteria have special focus on the meetings to make sure they are fulfilled. These meetings are the time and place where everyone can speak up their mind and express complaints or compliments. The meetings with team leaders and associates have a lot in common, but on team leader meetings, among other things, employees’ professional development and training are discussed.
“We discuss different type of information with the team leaders than with the associates. We discuss the sales; we discuss how is the professional development of the associates going, how they can progress even more and etc.” Interviewee 5

Additionally, these meetings contribute to increase the engagement of each and every employee in the working process. By having short but personal meetings between associates and some of the team leaders, where information is shared, is another advantageous way of communication.

The role of the restaurant manager is crucially important not only because of the leadership, financial and economic tasks but because the restaurant manager is the one that is a acting like a buffer between the two knowledge streams that are circulating in the firm.

“It is often the restaurant manager that gets all the information and transfers it to the team leaders that transfer it to the associates. But often that line breaks sometime along the way since there are so many people that are working. I usually go to the associates and ask them, i.e. pass one step. So it is actually up to me to make sure everyone have taken part of the information.

Then there is all the structure that is above me as well. And usually everything is put on my shoulders. If I do not say to the team leaders that we change the way we make Whopper then we are going nowhere in the restaurant.” Interviewee 6

The other stream of knowledge flow usually circulates at a higher level than the restaurant manager’s position. Activities like the testing of new campaign burgers, determining which products that are most suitable for the Nordic countries, development of new and innovative strategies to boost sales as well as direct communication with Burger King Global is done at the HQ level. Except for the link between HQ to restaurant manager to the unit and the other way around, there is barely any formal knowledge transfer between the HQ and the unit.

“There is nothing [communication] between those from the HQ and the employees if you do not chose to call them. There are no meetings, they never come to the employees gatherings and greet us. There is no communication with them, not any kind.” Interviewee 7

4.1.2.2. Flows outside the Firm

The knowledge flow that is coming from outside the franchise’s structure is mainly concentrated to Burger King Global and some other franchises in the Nordic countries. All the new procedures
and techniques that are coming from Burger King Global are usually under a strict and steady frame that is not up for discussion. New ideas and suggestions from the franchise units are not even considered if they do not fit in the frame of the trademark.

“Some ideas cannot even be discussed because they just fit the concept” Interviewee 4.

Furthermore, working with other franchises in the region is not unusual for NSP and thus the knowledge transfer could be flowing in both into the company and out from it. Since NSP is quite big in Sweden there are a lot of other franchisees that want to join some of the campaigns or promotions that NSP has come up with.

“NSP usually wants to do a lot and be more visible” Interviewee 6

4.2 The Importance of Personal Relationships in Knowledge Transfer

Within NSP there are numerous networks, both formal and informal. Formal networks are in the shape of the franchise agreements NSP is involved in. These are the networks portrayed by Burger King, TGI Friday and KFC. Further there are formal networks within NSP which are developed by the HQ. They are described in the knowledge flow section above, where information is given of how knowledge within NSP usually is shared and transferred. However, the informal networks which are built on personal relationships seem to be the most important ones when it comes to knowledge sharing on a daily basis. Within those networks information is shared more frequently than in the formal networks developed by the HQ. The knowledge that is shared within these networks helps the units to improve their performance in areas like leadership, safety and compliance with the Burger King standards SCQ. Furthermore, it increases the fulfillment of legal standards within the units.

There are some factors that seem to facilitate the creation of informal networks. The most important one is previous experience from working together in a unit. Persons within the organization that have been working together before tend to withhold the communication even when they later on find themselves in different units within the organization. When talking about the most important knowledge sharing partners Interviewee 1 states:
"I've been working with NN [the current manager] since I started as an associate at the restaurant where he was restaurant manager, so I prefer to speak to him about new ideas [...] he respects my ideas. He is always happy about them and pushes me and follows up the ideas I brought up”

Secondly, another factor that seems to be of importance when establishing informal networks is the geographical distance. When units are geographically close, restaurant managers are more frequently involved in personal relationships with other restaurant managers. A short distance in between units enables informal meetings, where the restaurant manager easily can coordinate visits in accordance to the daily routines. At these meetings they take part of the unit-specific knowledge available in another unit. Face-to-face interactions with other restaurant managers also provide an opportunity to discuss subjects important for the performance of the units, for exchanging experiences and to coordinate actions. Geographically close managers are more likely to get into a conversation over the telephone then managers in geographically distant units. This is however mainly true for restaurant managers and assistant restaurant managers but not for team leaders or associates. Team leaders and associates have their primary network within their own unit and basically no contact with employees at other units. However, it could happen occasionally that an associate from one unit is assigned a shift and works at another unit when a lack of staff has arisen. One interviewee describes:

”We have connections with our own restaurants, those that are under NSP. [...] it can happen sometimes that some of the associates can work at some other Burger King. And that is the relation the employees have but no closer than this. It is really basic.” Interviewee 7

This kind of employee rotation provides an opportunity for the company to develop personal relationships among employees, which facilitates knowledge transfer between units and increases the knowledge level in the organization as a whole. Units are also perceived as closer, with more knowledge transfer among them, when they are in the same formal network, as when they have the same district manager. Being in the same formal network appears to facilitate the creation of personal relationships, which in turn increases the spontaneous and informal knowledge transfer.

The operations in Sweden and Denmark on a unit level are somewhat separated. It does not seem to be any formal knowledge transfer among restaurant managers and it is proposed that the only
knowledge exchange that occurs is suggested to take place between employees having a personal relationship.

”…we have several that worked here [in Sweden] as assistant restaurant manager and later moved to Denmark. So it could be just via their personal network.” Interviewee 6

The geographic distance also seems to influence the relationship and knowledge transfer with other Burger King franchisees. Now and then restaurant managers take a visit at close by competing franchisees to discuss sales, customers, Burger King standards and similar, while they barely have any contact at all with distant franchisees. Communication seldom takes place over the phone but is instead prone to be face-to-face interaction.

The propositions that emerged from the category are as follow:

- Willingness to share knowledge is larger when there is a personal relationship.
- Knowledge is shared more frequently in informal networks than in formal networks.
- The larger the geographical distance, the more difficult it is to establish personal relationships in the formal network.
- In the lower levels of the hierarchy the personal networks are settled mainly within the units.

4.3 Innovative Capability as a Function of the Size of an Actor in the Business Network

The size and capacities of the franchise within the current network and in the geographical region is determinant in which direction the knowledge flows will be pointed to. In essence the innovative capability of the franchise is positively correlated with the size of the firm; bigger actors are senders of new knowledge. Likewise, the longer the franchise has been present in the current network, the more trust it has built up with the rest of the network. Thus the connections between the actors become tighter and more reliant.
“It was something like a war instead even though it should not be. I think that the other franchises have become more interested in what NSP is doing and have a positive attitude to it now. NSP usually wants to do a lot and be more visible, and it is not unusual that we were asked by others if they can join us as well. Like “Crazy weekend” for example.” Interviewee 6

The bigger the franchise, the more financial resources and human resources it has. This predisposes for more innovative power and availability to create knowledge compared to the smaller actors in the region. Consequently, if the franchise is larger it usually is initiator of new knowledge and it is not uncommon that it gets the other actors on the same track.

“When NSP comes up with a new idea it could be taken outside and discussed with the marketing manager for Burger King that is responsible for the Nordic region. NSP is seen as an “innovation centre” and that is mainly because we are the biggest.” Interviewee 4

Moreover the capability to test a new idea, machinery, practice or IT system is bigger. When something new is implemented it is usually tried out in one or a few restaurants first, then it is evaluated, and if it proved to be successful it is implemented in other restaurants as well. The transfer of skill in the whole franchise is more effective but it could easily be transferred to other firms outside the franchise’s own organization. The firm uses a strategy where new ideas and machineries are assessed in the so called “test restaurants”. That improves the efficiency and the overall implementation process for new technology and techniques.

“They [other franchisees] were interested in some of the things we had, mostly some of the machinery. They came several times to see how it is working at our unit because they wanted to get the same ones.” Interviewee 5

Ideas about new knowledge or new strategies could come from a small actor in the network as well. The most crucial factor for an idea to be accepted in a positive manner is how it performed during a test period. Ideas are always discussed with the trademark’s marketing manager and if they have good potential they might be implemented in a broader perspective. Therefore even geographical close actors which lack a close relationship with the innovator could also take advantage of the knowledge. Additionally, knowledge flows between small and bigger actors in the network could be equally meaningful, meaning that both actors can benefit from each other. However, that kind of knowledge transfer is closely connected with the personal relationships of
the managers in the different units and is mostly influenced by the characteristics of the relationships and trust between the partners.

“Well, it can go the other direction as well. When they got their REV control, NN [the manager] talked to their manager about how it went for them and what did they get deduction for, what the REV controller was looking at and what she stressed at and what kind of advice she gave.”

Interviewee 5

The propositions that emerged from the category are as follow:

- The larger the actor in the network, the more resources and capabilities it has in order to initiate new knowledge.
- The larger the franchisee is in the franchise network, the more influential power it has over other franchisees in the franchisee network.

4.4 Obstacles to Knowledge Transfer and Implementation

The knowledge transfer process is a process that is often troublesome and it usually depends on the nature of the soft service company. The fast food industry is usually characterized by a lot of pressure, a dynamic environment and stress. NSP uses several control methods to follow up the working processes, like the mystery shoppers or the REV control that means extra pressure on the associates. Hence it could cause strict concentration on just a particular part of the whole knowledge transfer instead of successfully implementing knowledge as a whole. Likewise, because of the extremely dynamic environment, the knowledge transfer process could often be interrupted. That could cause an increase in the cumbersoness of the process and slow it down, or in some situations even freeze it.

“For example, the marketing department is sending information about how the signs and commercials should look like and so on. In case of a new campaign they are sending info of how the signs should look like and we also get some templates that the restaurants need to fill in. Then I have to email all the restaurants but often they do not answer. And then the process gets a bit clumsy because I need to remind them again. A lot of the managers see the mails but think, “Oh, it is just a mail, I will answer later” but they forget.” Interviewee 6
Moreover, the knowledge transformation process could be disturbed because of late coming information that slows down the process itself. The reason for that could be because the sender is initiating the transfer later or the connection is broken somewhere along the line. Sometimes some knowledge transfer process includes outside actors as well and choosing a trustworthy and loyal partner could be significantly important during all stages. In a soft service industry like the fast food one, where timing and punctuality is a high priority, any delays could cause frustration and lower the absorptive capacity of the receiver. Moreover, some technical problems that occur could negatively influence the appropriability of the knowledge since some important value could get lost during some of the transfer stages.

“When we had the latest competition we got all the commercials and signs late which was really poor. And due to some technical issues, we could not see in the registers how many sales of the competition product we had. It was difficult to follow up the sales and give credible information to the associates and their personal results. [...] Things like that could happen but fortunately not that often.” Interviewee 1

Additionally, information overload is another issue that rises up in regard to the knowledge transfer process. Managers often have to possess strong absorptive capacity when it comes to receiving knowledge and on the other hand, they have to be able to successfully transfer it to the others. However, sometimes the new knowledge that has to be transferred brings additional knowledge. Consequently the focus could be difficult to maintain and some of the knowledge transfer stages could suffer, which influences the final outcome.

“Yes, we are usually pretty successful at implementing in the beginning but somewhere along the work process you just forget, there is always so much to think about like food safety, guests, and cleanliness and so on and so on. That is why it is important to get reminders from time to time.”

Interviewee 2

“It is really different. Sometimes you can get so much information at once and you have to start with different things, like three campaigns and one new system at the same time. That can hinder the process as well and make it more difficult to succeed with something that is new. You might feel that you already have so much to do any way. It is a lot about how good you are at planning
In some particular situations, knowledge transfer might be considered even as an undesired operation due to opportunistic behavior of some of the units. A new and innovative idea might be kept secret due to a “secret” competition between the restaurants in order to achieve better performance and results. That behavior is not necessarily observed between units from different franchises but it could be seen even between units from the same company. In essence, the opportunistic behavior is triggered by the desire to boost the results by keeping some innovative idea undisclosed even though it could be beneficial for the entire network if transferred.

“We can even say that we are like competitors after all. We in our restaurant usually compete with close by units. And if we come up with some new and creative idea we can chose not to share it with the rest. That is how we can be better than them.” Interviewee 5

The propositions that emerged from the category are as follow:

- The heavier the information load, the longer the implementation time of new knowledge.
- The complexity of knowledge transfer increases with the escalation of stress in the work environment.
- Opportunistic behavior is triggered by high pressure to perform.

4.5. Communication as a Tool for Operation Improvement - Efficiency, Service and Motivation

Communication is stressed as a key tool for all levels in the organization. Its importance pervades all hierarchical levels in NSP, and is mostly emphasized as a mechanism which supports company efficiency, improves service quality and increases employee motivation. Its significance can be seen in the resources the company puts on developing the communication skills within the organization. At the leadership courses at the NSP academy a lot of time is dedicated to education of how to communicate effectively. Most of the knowledge sharing is carried out on meetings, however evidently essential information that needs to be delivered to the employees could also be spread by phone calls, SMS and thru company-specific software which was implemented
approximately one year ago. Associates and team leaders mostly get their information from HQ through the restaurant manager or the assistant restaurant manager; there is no direct contact from HQ to the lowest hierarchical levels.

“We never meet them, those that decide and work at the HQ. We are totally segregated from them; it is like there 2 boats, or one boat and one airplane. They do not speak between each other. It is the restaurant manager that send the information” Interviewee 7

In order to get a certain level of successful business results, communication within the company is essential. In essence, those meetings in the restaurants, face-to-face, seem to be of certain importance. These meetings are used for information dissemination, knowledge transfer from higher hierarchical levels to lower levels within the organization, knowledge sharing among employees and it also provides an opportunity to seek common ground, to find a common goal and to develop better working methods. The frequent communication improves the overall performance of the unit, since team leaders are informed about the main points that need additional focus and improvement, but also to remind them of essential points that have been main emphasis before. This is necessary since the working environment often is stressful and some of the important goals are forgotten in favor of more important things for the current situation, i.e. running the daily operations. Further, it is challenging to hold all areas at the highest level at the same time. It could often happen that the focus is shifted to one area which has had bad performance, but at the same time as that areas performance increases, other areas' performance decreases as a consequence of the shifted focus.

“When I don't meet my managers, some parts in the restaurant perform worse and some perform better, sometimes I lose the balance, it is impossible to keep track of everything. My experience is that after I've met with the managers and comes back to the restaurant, I know what to improve and therefore the restaurant performs better” Interviewee 1

To withhold a high service quality in the restaurant the need for frequent communication is recognized. In case the employees because of some reason are not able to participate in meetings, a difficulty to maintain the procedures that are put in place arises. Interviewee 1 describes:

“When we have meetings every week for example, everything works fine because we meet each other more often [...] but after five minutes they have forgotten what we talked about. Therefore it
Communication is also an important source of motivation among employees. Daily communication, feedback and to keep the employees informed about the performance of the unit and the company as a whole is necessary to create a feeling of a united group with a common goal. The managers and leaders have the important task to inspire subordinates and make them interested in the business. The manager's own attitude seems to be an important factor:

"I myself have to be interested so that everyone else in the restaurant is interested as well. And in that branch is all about talking and communication that keeps the motivation. When you are out there on the floor and put yourself in the situation then you can feel the difference and make it even funnier for everyone." Interviewee 6

Further, when employees are successfully empowered at the restaurant, the motivation tends to increase. Employees value when managers and leaders takes time to listen to their thoughts and opinions, since it gives them a feeling of involvement in the restaurant and that they can contribute to the business. When a task is given, the person in charge of it often put their pride on presenting good results:

“I usually delegate to each and every team leader small tasks they would be responsible for, and follow it up by having some small meetings with the person in question. For example, someone can have the responsibility for the machines and so on. They feel important and proud that I trust in them that they have responsibility for this important task. They need to see that I care about their work and what they do matters. It can be other kind of tasks as well, like schedule and so on. You really need to engage in them.” Interviewee 6

When there is something new that has to be implemented in the restaurants, the motivation is usually high when the change is perceived as valuable to the restaurant. However, when the change is perceived as poor for the restaurant or means more effort from the employees, the motivation tends to be low. The key to overcome low motivation in such situations is to deliberately inform and describe why this change has to be implemented. It is also of value to have a personal approach towards the party with low motivation, so a solution and implementation plan can be worked out together.
However, it seems like the significant key factors, communication and empowerment, are not enough motivation for the lower levels of the hierarchy. This may be because of the nature of the work which is now and then stressful and quite standardized with small room for creativity. Moreover, there are many young employees in that line of business who are quite new in the world of work, might just work few hours every week and see the job as just an activity to gather some money before finding something else. The possibility to empower associates is also limited since there is a high staff density and not so many responsibility areas. Therefore, in order to overcome these obstacles there are several financial incentives put in place for associates and team leaders. When there is a new campaign there is also an internal competition between associates at the restaurant, and the one that achieves the best result wins a prize. There are also incentives given when the restaurant obtains a good result on a quality control. These incentives work overall well to increase motivation and therefore the quality given to the customers.

The propositions that emerged from the category are as follow:

- The more comprehensive the communication is, the better the efficiency of operations.
- The more comprehensive the communication is, the higher the quality of service.
- The more comprehensive the communication is, the higher the motivation among employees.
- When working tasks are standardized incentives are useful as motivators.
- The more deliberate explanation about the working process, the higher the increase in motivation among employees.

4.6. A Discrepancy in Innovation Creation

Within NSP there is a willingness to develop and improve the business. The company is very prone to encourage employees at all levels to bring forward new ideas and to be creative, not settle down and be comfortable but always keep on moving and striving for more. Most of the knowledge creation takes place at the HQ and regional manager level, where the regional manager is at the restaurants and sees the business and identifies areas of improvement. These are
later worked on together with the restaurant manager and some of the supporting functions at the HQ, depending on the nature of the problem and the thought solution.

“Implemented ideas are discussed, and if we think the ideas were good, then, yes, we’ll add them to the system. We’re very open for new ideas” Interviewee 4

Restaurant managers are, sometimes with support from the assistant restaurant manager, also a source of innovation. In their daily work they see what could be done to attract more customers, increase efficiency and strengthen the business. To facilitate team leaders and associates to share their thoughts and ideas there are boxes at the restaurant where employees can post a note for the restaurant manager to collect when back in office. However, the boxes have not been a success so far. That might be because the information about the company's positive attitude towards new ideas has not reached the employees working on the floor.

“I'm having performance appraisals with associates twice a year, yet still no one have given any new ideas.” Interviewee 1

“’There’s an opinion box in the employee room that is just getting dustier and dustier. No one has ever touched it’” Interviewee 7

Moreover, employees do not think HQ is interested of their ideas and they think posting an idea would not lead to anything. In the unlikely event it would lead to something, they do not know what it is in it for them, how they would be rewarded for it. This decreases the motivation to firstly think about improvements and secondly to share suggestions with the managers and team leaders. Because of the time pressure it is also perceived as there is little time to think about these things and also to discuss it with a manager, since they are under time pressure as well. There is only time for employees at a restaurant level to think about these things when the overall quality of the restaurant is good. Even restaurant managers’ ideas are lost because there are too many other things to do.

” I think that usually some of the ideas are just forgotten since everyone has so much to do and think about. And when someone comes with an idea, they think that it can wait. It can be difficult sometimes.” Interviewee 6
The propositions that emerged from the category are as follow:

- To encourage employees to contribute to innovation, there must be a clear incentive.
- The more stressful the work environment, the lower chance for new ideas to be transferred forward.

4.7. A Final Discussion of the Findings

In regard to the first research question, how is knowledge transfer organized in an intra-firm context, the main findings of the existing study show that in the particular framework the knowledge flows are somehow segregated in two parts and running separately with minimum unity. There is clear line between the knowledge circulation in the lower and higher hierarchical levels and the figure of the unit manager is often the buffer that is carrying out the shift. Thus in a context where a franchise from the soft service industry is the largest and most influential actor in the network, the lower hierarchical levels are isolated and the personal network is mainly settled in the units. Moreover, the establishment of personal relations in a firm predisposes higher willingness to share knowledge even though building that type of relationships is more demanding and also related to the geographical distance the partners have between each other.

The case study showed a more holistic view upon the knowledge flows in the franchise network and in which direction the knowledge flows are running. It was observed that the largest actor is usually the initiator of new knowledge and sends it forward to the rest of the network. This is partly due to the fact that the largest actor has more resource capabilities in terms of finance and human capital. Though there is a lot of research about knowledge transfer, the existing work usually and mostly takes into account the managerial perspective. The lower levels of the hierarchical structures are somehow left outside the framework and hence fail to illustrate a holistic view of the phenomena. Moreover, when it comes to the knowledge transfer aspect the firm is usually described as a whole entity whereas the study showed that the knowledge flows are actually splitting the firm into two “separate bodies”. Additionally, the findings from this case study uphold the common perception that a unit can be recognized by the rest of the network as a highly valuable performer due to its innovative capacities. The case company is not assigned
to be an innovation center, but gained that title because of its high drive for innovation and willingness to do more and be more visible. A significant factor for that are possibly the larger capabilities that the firm possesses compared with the rest of the actors in the network.

From the study several implications from intra-firm knowledge transfer were found on different levels in the firm hierarchy. The importance of efficient communication was emphasized throughout the organization, both for operation efficiency and employee motivation. In existing literature it is reported about the importance of successful knowledge transfer and what might hinder it – on an organizational level. It is barely discussed what actually happens within the unit and the operative level when the unit receives knowledge, or how knowledge is developed within units. This study provides some ideas about the intra-unit response to different aspects regarding knowledge, like knowledge transfer, implementation and knowledge creation. It provides examples of the importance of a good and frequent communication between members of the unit, especially the interaction between the restaurant manager and employees at lower hierarchical levels, to uphold operation efficiency and to keep employees motivated.

The study also provides ideas about what might hinder knowledge transfer, implementation and creation. It appears that stress in the work environment, high pressure to perform good results and information overload are the main factors which hamper efficient knowledge applicability. Furthermore, in the study incentives were an important motivator for employees at the lower hierarchical levels in the fast food industry where the work is characterized by standardization, low empowerment and stress from time to time. In sender-receiver frameworks, former experience of the counterpart and how that affects the motivation to transfer knowledge is discussed, however that is once again on an organizational level rather than on an individual level. Therefore these frameworks do not consider the whole complexity of knowledge transfer and fails to see the individual's role in the process. The need for studies at the lower hierarchical levels is further supported by the argument that organizational learning occurs at the lowest levels in the company.

4.8. A Model of Intra-Firm Knowledge Transfer and its Implications

From some of the findings in this case study a model was developed. It describes different stages of the knowledge transfer process and what the outcomes of knowledge transfer are. Firstly, F1:
Geographical Distance has a negative influence on creation of personal relationships. F2: Common Formal Network has a positive effect on creation of Personal Relationships. Personal Relationships has a positive impact on knowledge transfer within the firm. Secondly, F3: Stress in the Work Environment has a positive influence on obstacles to knowledge transfer and so have also F4: Information Overload and F5: Pressure to Perform. Obstacles to knowledge transfer have a negative impact on Knowledge Transfer. Thirdly, F6: Size of Actor in the Network, has a positive effect on innovation, which has a positive impact on Knowledge Transfer. Between Knowledge Transfer and Implications of Knowledge Transfer there is a casual relationship.

The implications of knowledge transfer demonstrated in the model is first an increased Operation Efficiency, second an increased Service Quality and third, Employee Motivation. Employee Motivation is also positively influenced by F7: Incentives and F8: Empowerment. Additionally, Employee Motivation has a positive impact on Innovation.
5. Conclusion

The aim of this study was to explore and reach a better understanding of knowledge transfer within soft service companies. Within this kind of companies knowledge transfer is often seen as an important part of the company’s success. The business in this case study has high staff density which increases the need for knowledge transfer, as all staff must be aware of the processes used to succeed with the business as a whole. The focus in this study was on the organization as a whole, but emphasis on the unit level has emerged during the process. This was mainly because of the further dimension of knowledge transfer the findings provided to existing theory in the field. The use of grounded theory as the methodically choice offered an opportunity to examine so far unexplored areas of the phenomenon and its implications on a unit level of the firm. From
the findings it was clear that personal relationships and informal networks had a more important role for knowledge transfer within companies than it has been described in literature before. It was also found that the geographical distance between units affected the ability to establish these relationships. The ability to initiate, implement and transfer knowledge was closely linked to the work environment. Those aspects were hindered when the work environment was perceived as stressful, with high pressure and when information overload occurred. Initiation, implementation and transfer of knowledge were supported when employees had clear incentives for doing so.

When looking at the company as a holistic entity, it appeared that knowledge flows on different hierarchical levels were separated from each other. The linkage that binds together the flows between the HQ and the units is the restaurant manager who “stands with a foot” in each network. The importance of the restaurant manager is probably typical for companies with the same structure as the case company, where there is one HQ and several geographically dispersed units. In this case all units are restaurants. If the gaze is raised further, and the whole franchise network is observed, one company within the network might not be assigned the task of leader in the knowledge creating processes, but might take that role anyway. In this case it was due to its superior resources and capabilities in comparison to the other actors involved.

5.1. Implications for Researchers

Knowledge transfer is one of the core operations for the firm that are closely connected with the firm development and successfulness. The case study has shown that knowledge flows are not always running in a unitary manner but could be segregated in different flows. Research on the structure and organization of those separate knowledge flows could contribute to a better understanding of the firm operations. Taking into consideration the development of personal relationships, how and why they develop could give more vivid grasp of the way activities are being executed. Previous research about how new knowledge is developed and transferred is mainly focused on the company level hence this is giving more space for further research in connection to franchise units’ knowledge transfer habits. Furthermore, in the context of a complex franchise network, the role of knowledge initiator could be taken by some of the franchise firms as in the study. Future research about how and why those actors have the eagerness to be leaders in these processes and how their position in the network effect their
capabilities to do so could be of interest. Moreover, because of the complexity of the knowledge transfer process there are some issues that arise and investigating them could enrich existing literature if more research is done, in particular with focus on low hierarchical levels. The nature of the fast food industry, usually characterized by high stress, relatively high standardization and low empowerment are factors that could bring another dimension to the understanding of knowledge transfer.

5.2. Implication for Practitioners

The outcome from this study might be used by practitioners as complementary information about the knowledge process in an organization and how different knowledge related aspects work, especially in the lower hierarchical levels. Findings might be of use for managers at all levels that are involved in operational work, innovation and labor. Since the study shows that personal relationships are very important for knowledge sharing, companies can provide opportunities for the employees to meet informally in order to build personal relationships and an informal network with employees from other units. This would probably support the informal knowledge transfer between entities in the organization and perhaps even innovation. Furthermore, if the company wants employees at lower hierarchical levels to engage in innovation, the management must be clear about it and this has to be connected to a reward program to increase employee motivation to share ideas. It was also found that potential ideas get lost in the transfer process, so it could be worthwhile for companies to work out procedures regarding how new ideas should be handled to avoid the risk of losing a new innovation. Additionally, the disclosure of how a franchise can initiate taking the task of knowledge creator in franchise networks was somewhat surprising, and that knowledge can be valuable to managers in control of franchisee agreements.

6. Limitations

Grounded theory is the methodological framework that builds up findings of this study. It is highly essential to note that the aim of this study is not to test propositions but to generate possible propositions for future testing. Hence the findings are not generalizable to other companies. Additionally, this paper illustrates the perceptions about reality of people that work in one company which is highly subjective. Acknowledging their different cultural backgrounds, age and professional experience is important for the better understanding of the possible biases.
that might derive. Moreover, because of the developmental character of the chosen research method the study develops more or less from the researchers’ ability to interpret qualitative data. Hence, it is important to recognize the different cultural background of the researchers and the possible different perceptions about reality which might cause different interpretations. It is crucial to be aware of the high sensitivity of theoretical saturation and many experienced researchers have stated that it is difficult to precisely and accurately estimate when it is reached. Hence there were time constraints from the company that also influenced the accuracy of the theoretical saturation. In conclusion, it is important to note all these limitations when interpreting this study.

Acknowledgement

We would like to thank our supervisor Nazeem Seyed-Mohamed for the support and advice through the whole research process. For us it has been invaluable that you willingly let us take part of your remarkable knowledge base. We would also like to thank all the employees at NSP who gave us from their valuable time and participated in the interviews, and special thanks to Yasmin who put a lot of effort in our research. Your contribution was an important piece in the puzzle for us succeeding with the project. We would also like to thank the other students in the seminar group who gave us helpful feedback and advice.
7. References


8. Appendixes

8.1. Appendix 1

Nordic Service Partners AB Network

BURGER KING GLOBAL

Nordic Service Partners AB

BK Sweden

BK Denmark

Other BK franchise in Denmark

TG Friday Denmark

Other actors in Denmark

RFC Sweden

Other actors in Sweden

Other BK franchise in Sweden
## Knowledge Transfer Paths

<table>
<thead>
<tr>
<th>Interview theme</th>
<th>Interview question</th>
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<tr>
<td>Knowledge Transfer Paths</td>
<td>What communication forms do you use with the company?</td>
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<td></td>
<td>What information is shared?</td>
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<td></td>
<td>Why do you invest in this communication?</td>
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<td>What have it resulted in?</td>
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<td></td>
<td>How is knowledge flows structured?</td>
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<td></td>
<td>Who sends knowledge to whom?</td>
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<tr>
<td>Innovation</td>
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<tr>
<td>Where does innovation take place within the organization?</td>
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<tr>
<td>Where is knowledge developed within your unit?</td>
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<tr>
<td>How are new ideas handled?</td>
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<tr>
<td>Is it easy to suggest new ideas?</td>
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<tr>
<td>How is knowledge developed in your unit transferred to HQ and other units?</td>
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<tr>
<td>How long time does it take for your unit to transfer knowledge developed at your unit to HQ?</td>
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<td>How is the knowledge developed in your unit received by HQ and other units?</td>
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<tr>
<td>Do you receive knowledge from Burger King franchises outside NSP?</td>
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<tr>
<td>Which of the knowledge sharing partners you find most useful for your unit?</td>
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<tr>
<td>Of how much value do you think your unit is for NSP as a whole?</td>
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<tr>
<td>How do you keep the company’s secrets from being shared?</td>
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<tr>
<td>What policies do you use when it comes to keeping the new knowledge away from other franchisees?</td>
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<tr>
<td>Implementation of new knowledge</td>
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<tr>
<td>Can all knowledge from other units be used and/or integrated at your unit?</td>
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<tr>
<td>How are new policies and new knowledge being implemented?</td>
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<tr>
<td>How is the knowledge implementation process going at your unit?</td>
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<tr>
<td>How do you make sure that the new knowledge is being implemented?</td>
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<tr>
<td>Is there any particular strategy that supports knowledge implementation?</td>
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<tr>
<td>How do you perceive the motivation within the unit when implementing a new policy?</td>
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<tr>
<td>How do you boost the motivation among employees to implement new knowledge?</td>
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<td>How do you perceive your own motivation for implementing new knowledge?</td>
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<tr>
<td>How do you measure whether new policies are successfully implemented or not?</td>
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<tr>
<td>How often do you report the results from knowledge implementation to the HQ?</td>
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<tr>
<td>Obstacles to knowledge transfer</td>
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<td>What do you think about the knowledge or changes sent from other units?</td>
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<tr>
<td>What does employees at your unit think about the knowledge or changes sent from other units?</td>
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<tr>
<td>How do employees at your unit react to knowledge implementation or change?</td>
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<tr>
<td>How do other Burger King franchisees react when you implement new knowledge or changes?</td>
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<tr>
<td>Have you faced any kind of resistance when implementing knowledge? How did you deal with it?</td>
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<tr>
<td>What is the best way to overcome such problems according to you?</td>
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<tr>
<td>Are your unit’s interests and HQ interests always coherent?</td>
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<tr>
<td>How do deal with conflicting interests?</td>
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**Note:** Follow-up questions are not included in the table!