<http://www.diva-portal.org>

Postprint

This is the accepted version of a paper published in *Journal of Knowledge Management*. This paper has been peer-reviewed but does not include the final publisher proof-corrections or journal pagination.

Citation for the original published paper (version of record):

Johanson, M., Kao, P T. (2020)

Knowledge grafting during internationalization: utilizing localized professionals in the foreign market

Journal of Knowledge Management

<https://doi.org/10.1108/JKM-12-2018-0747>

Access to the published version may require subscription.

N.B. When citing this work, cite the original published paper.

Permanent link to this version:

<http://urn.kb.se/resolve?urn=urn:nbn:se:uu:diva-423619>

Knowledge grafting during internationalization: Utilizing localized professionals in the foreign market

Journal:	<i>Journal of Knowledge Management</i>
Manuscript ID	JKM-12-2018-0747.R4
Manuscript Type:	Research Paper
Keywords:	Knowledge grafting, General foreign market knowledge, Social network knowledge, Professional knowledge, Localized professional, Internationalization

SCHOLARONE™
Manuscripts

Knowledge grafting during internationalization: Utilizing localized professionals in the foreign market

Introduction

Knowledge, especially experiential knowledge, is viewed as the single most important factor for a firm’s internationalization. Experiential knowledge, for example, the know-how of the international operation, is typically gained and accumulated gradually when a firm operates in the foreign market (Johanson and Vahlne, 1977; 2009; Vahlne and Johanson, 2017). Yet, there are other ways to acquire such knowledge when entering foreign markets, and grafting is suggested by Huber (1991) to be one of the subprocesses and a method with increasing importance (Forsgren, 2002). Knowledge grafting refers to the way firms increase knowledge by acquiring “new members who possess knowledge not previously available within the organization” (Huber, 1991: 79). Despite its growing importance for international growth, De Clercq, Sapienza, Yavuz, and Zhou (2012) find in their review that there are extremely few studies on grafting in internationalization, a research gap that this study addresses.

When new employees are hired, their knowledge is met by the firm’s body of knowledge, its resources, and its organizational structure and routines; as individuals can be carriers of experiential knowledge (Nonaka, 1991), the inclusion of new employees can be a quick way to increase the knowledge store of the firm (Huber, 1991).

The extant literature observes that experiential knowledge is the sole most important driver of internationalization, and it follows that the process is time-consuming and gradual and often called incremental, as knowledge and commitment increase during the process (Johanson and Vahlne, 1977). Own experiential learning causes internationalization to occur slowly, but recent studies (e.g., Hilmersson and Johanson, forthcoming) demonstrate that pursuing a grafting strategy can result in internationalization happening more quickly compared to firms acquiring experiential knowledge on their own.

Grafting, therefore, may be used by firms wishing to bypass the slow process of internationalization and internationalize earlier or faster (Casillas et al., 2015; Fletcher and Harris, 2012; Fletcher et al., 2013; De Clercq et al., 2012; Loane et al., 2007; Pellegrino and McNaughton, 2015; 2017; Saarenketo et al., 2004). Especially when entering foreign markets characterized by uncertainty, longer times may be needed for firms to assimilate a large amount of new knowledge (Drucker, 1988; 2015), and grafting may be a tool to manage knowledge acquisition.

In other words, firms can potentially graft new employees' knowledge necessary for internationalization, for instance, by hiring localized professionals, thus avoiding the need to gain own experiential knowledge. Localized professionals are individuals who have come to the foreign country on their own initiative, and then worked there for a long period of time (McNulty and Brewster, 2017; Suutari and Brewster, 2000; Vance et al., 2016). As a business practice, firms commonly look for

1
2
3
4 local, talented, and experienced individuals to hire when entering a foreign market (Financial Times,
5
6 2014). This is particularly the case when the foreign market differs from the home market and when
7
8 local knowledge is critical. For instance, in emerging markets characterized by uncertainty (Anderson
9
10 and Gatignon, 1986; Erramilli and Rao, 1990; Hennart, 1988), and a shortage of skilled workers
11
12 (Froese and Peltokorpi, 2013; Tharenou, 2013), firms employ localized professionals as managers,
13
14 who are expected to provide knowledge acquired through past experience (Mercer, 2014). Therefore,
15
16 they can be a source of knowledge to graft.
17
18
19
20
21
22

23
24 Nevertheless, despite the growing number and importance of localized professionals, few
25
26 studies have investigated them as a source of grafting (Vance et al., 2016). Some researchers have
27
28 discussed grafting in the context of internationalization (Fletcher and Harris, 2012; Fletcher et al.,
29
30 2013; Loane et al., 2007; Pellegrino and McNaughton, 2015; 2017; Saarenketo et al., 2004), but few
31
32 examine it in terms of who carries the knowledge, what knowledge is important for firms to graft, and
33
34 how grafting takes place (De Clercq et al., 2012; Fletcher and Harris, 2012). Further, research on
35
36 various sources of knowledge and how firms exploit different kinds of knowledge has been repeatedly
37
38 called for (Schwens et al., 2018).
39
40
41
42
43
44
45

46
47 The absence of academic inquiry on grafting in internationalization is striking in an age when it
48
49 is recognized that knowledge carried by individuals is a source for identifying opportunities (Chetty
50
51 and Agndal, 2007; Echajari and Thomas, 2015; Hohenthal and Lindbergh, 2005; Loane et al., 2007;
52
53
54
55
56
57
58
59
60

Reuber et al., 2018). While international business theory continues to address the central role played by knowledge in developing opportunities (Vahlne and Johanson, 2017), the source of knowledge – that is to say, the individual, as well as how his/her knowledge increases the firm's knowledge about internationalization – is still missing (Coviello et al., 2017; Fernhaber et al., 2009).

In this paper, we address these research gaps by improving our understanding of knowledge grafting through localized professionals. More specifically, we ask the following research questions: What types of knowledge do firms graft from localized professionals, what are the sources of this knowledge, and in what ways can the newly acquired knowledge contribute to market entry? Our research thus revisits the debates on alternative ways to obtain experiential knowledge and contributes to the literature on learning and knowledge acquisition in firm internationalization.

Our study is, to our knowledge, the first to focus on the individual level of grafting and among the first to examine how localized professionals, and the various types of knowledge they accumulate and carry, support firms in foreign markets. We identify three types of knowledge in the literature and use them to analyze our data: general foreign market knowledge, social network knowledge, and professional knowledge. The findings show that they are carried by localized professionals and are grafted to enhance learning. Additionally, the characteristics of these professionals, as well as the type of firm, influence the type of knowledge to graft and how it is grafted.

Literature review

Knowledge grafting and firm internationalization

Entering a foreign market implies dealing with uncertainty. Knowledge needed for internationalization refers to the information, opinions, and skills that firms can apply to their internationalization activities to mitigate such challenges. The development of experiential knowledge through learning by doing in the foreign market forms a key part of the internationalization process model (Johanson and Vahlne, 1977; 2009). This knowledge development is a time-consuming, direct experiential learning process. Firms take time to learn from their own experience, which leads to a gradual process that underpins the incremental process of internationalization (Chetty et al., 2006; Fletcher and Prashantham, 2011; Sharma and Blomstermo, 2003; Welch and Welch, 2009).

In contrast, Forsgren (2002) argues that firms may acquire experiential knowledge and speed up internationalization through a non-own experiential, indirect learning process, such as knowledge grafting. In his work, Huber (1991) identifies knowledge grafting to be one of the subprocesses to acquire knowledge. Knowledge grafting refers to a firm increasing its knowledge stock by employing new members of staff, thereby acquiring knowledge stock held by the individual that was not previously held by the firm. As a type of vicarious learning (Argote and Miron-Spektor, 2011; Echajari and Thomas, 2015), grafting builds on the idea that the knowledge already exists outside the

1
2
3
4 firm and is held by certain individuals. By employing such individuals, firms may strategically
5
6 increase their knowledge (Lyles and Salk, 1996; Inkpen and Beamish, 1997; Thite et al., 2016), obtain
7
8 necessary knowledge of foreign markets (Fletcher and Harris, 2012), and facilitate internationalization
9
10 (Fletcher et al., 2013; Oviatt and McDougall, 1997). Grafting not only provides firms with another
11
12 process by which to acquire knowledge, allowing them to bypass the incremental process of
13
14 experiential learning and internationalization, but it also helps them to reduce uncertainty toward
15
16 foreign activities (Casillas et al., 2015) and overcome the liability of foreignness (Zaheer, 1995).
17
18
19
20
21
22

23 Knowledge shortages are often difficult to predict during internationalization (Casillas et al.,
24
25 2015), and internationalization can be both irregular and non-linear (Welch and Welch, 2009). A firm
26
27 can respond to changing needs and address emerging knowledge gaps more quickly by recruiting
28
29 individuals with relevant knowledge. Loane, Bell, and McNaughton (2007) observe that management
30
31 teams change during internationalization, and new team members with specific business skills are
32
33 recruited. The ability to identify knowledge gaps inside the firm, and to deliberately source new
34
35 knowledge from individuals outside the firm, may be critical for firms acting in international markets
36
37 (Loane et al., 2007; Fletcher and Harris, 2012).
38
39
40
41
42
43
44
45

46 Admittedly, difficulties do exist in grafting. Newly hired personnel may have the necessary
47
48 knowledge, but might still need time to gain sufficient knowledge of the firm to function properly
49
50 (Johanson and Vahlne, 1977; 2009). Furthermore, knowledge integration can be problematic. Time
51
52
53
54
55
56
57
58
59
60

and resources may be needed to integrate newly acquired experiential knowledge with the knowledge that already exists within a firm (Lindstrand et al., 2011). Absorptive capacity (Cohen and Levinthal, 1990) and a support system for integrating knowledge is important to the success of grafting (Inkpen and Beamish, 1997; Lyles and Salk, 1996). Hence, grafting is a resource-intensive strategy that requires firms to make a commitment to foreign markets (Bai et al., 2017; Buckley et al., 2016).

Grafting knowledge from localized professionals

Since the tacit nature of experiential knowledge means it is predominately carried by individuals (Nonaka, 1991), knowledge grafting is primarily achieved by targeting individuals possessing the knowledge that a firm needs (Huber, 1991). The characteristics of these individuals affect the nature of the knowledge they carry, as well as how the knowledge is grafted (Loane, 2005; Loane et al., 2007). Therefore, it is critical for a firm to understand which individuals to recruit (Fletcher and Harris, 2012), and what resources and activities to involve in order to facilitate knowledge grafting (Reuber and Fischer, 1997; 2011).

Local talent in foreign markets can present a key source for knowledge grafting. Locals generally know how the market functions, whom to connect to, how to connect, and what to do to facilitate business. Firms entering markets that differ greatly from their home market are suggested to suffer from significant knowledge gaps (Zaheer, 1995) that may be filled by the knowledge possessed

by localized professionals (Forsgren, 2002). Localized professionals have come to the foreign country on their own initiative, to study abroad or for temporary job placement, and have decided to stay on afterwards (Suutari and Brewster, 2000). They have learned through constant awareness and involvement as their life in the foreign market has unfolded and progressed (Deligianni et al., 2015; Jones and Casulli, 2014; Lamb et al., 2011; Morris et al., 2012).

Over time, their accumulated experiential knowledge of the foreign market may reach a level that represents value for the entering firms (Hohenthal and Lindbergh, 2005; Tharenou, 2013; Vance et al., 2016). For any firm interested in entering foreign markets, learning-by-doing is not only time-consuming and costly but could also result in making unnecessary mistakes. Meanwhile, localized professionals, due to their ability to use the local language and work within the local culture and society (Brannen and Thomas, 2010), have an understanding of the foreign market that managers sitting in the home office lack (Barkema et al., 1996; Eriksson et al., 1997; Johanson and Wiedersheim-Paul, 1975). The knowledge of the localized professionals helps them to perform to the expectation of the actors in the host market, and hence can thereby limit the firm's liability of foreignness (Zaheer, 1995).

Notably, localized professionals from the same country as the entering firm may not only possess knowledge of the foreign market but can also speak the same language and know how to work with firms that share the home country's cultural values (McNulty and Brewster, 2017; Vance et al.,

2016). In other words, the presence of localized professionals of the same nationality seems to fulfil a dual function; they have less friction when communicating with the firm and can be more precise in transmitting host market information back to the firm, which leads to a better understanding. As such, less friction and easier knowledge integration may be expected (Parkington and Schneider, 1979). Additionally, their knowledge of the host market allows them to deliver the strategy of the firm in an appropriate way that can be accepted by the foreign market (Williams, 2002). Furthermore, because of the familiarity with both the foreign market and the organizational culture of the firm, localized professionals can be more alert to opportunities that exist both outside and inside the firm (Ardichvili et al., 2003; Shane, 2000). Localized professionals may thus play a boundary-spanning role in grafting (Williams, 2002) and influence a firm's behavior in the foreign market (Barkema et al., 1996; Johanson and Vahlne, 1977; 2009).

Types of knowledge to graft

Eriksson et al. (1997) identified three types of experiential knowledge that firms acquire from learning during internationalization: business market knowledge, institutional knowledge, and internationalizing knowledge. Later, based on a review of the literature, De Clercq et al. (2012) distinguished foreign market knowledge, internationalizing knowledge, and technological knowledge. The observations of these distinctions were generally made on the firm-level outcome of the

knowledge acquisition (Casillas et al., 2015; Johanson and Vahlne, 1977; 2009). While these distinctions have applicability in the overall learning during internationalization, they do not address the nature and contributions of knowledge associated with knowledge grafting on the individual level.

Fletcher and Harris (2012) argued that knowledge grafted during foreign market entry is experiential, in contrast to the objective knowledge that can be searched for and obtained from public sources. Since knowledge that can be grafted from localized professionals originates from living and working in the foreign market, we propose that it relates to three major areas: general foreign market knowledge, social network knowledge, and lastly, professional knowledge. The extant literature has identified these types of knowledge as being of critical importance for internationalization; they reduce both perceived uncertainty and the liability of foreignness.

General foreign market knowledge

General foreign market knowledge is a term used to describe the understanding of how things generally function in a foreign market. When firms enter unfamiliar foreign markets, their lack of knowledge of the host country may lead them to seek external knowledge (Anderson and Gatignon, 1986) – for instance, by collaborating with local firms or consultants, such as agents or distributors (Erramilli and Rao, 1990). This is particularly so for firms entering markets characterized by high uncertainty, as the threat to their core competence is potentially greater due to the transaction cost

(Erramilli and Rao, 1990; Hennart, 1988). These firms may find it secure as well as efficient to operate in a high-control entry mode, for example, that of a wholly owned subsidiary, and to strategically acquire and integrate tacit market knowledge (Anderson and Gatignon, 1986; Hennart, 1988).

Therefore, firms may turn to knowledge grafting and look for localized professionals who have been exposed to the market and acted in it in both a professional and private capacity, and as a result, have learned how the market functions (Deligianni et al., 2015; Jones and Casulli, 2014; Lamb et al., 2011; Morris et al., 2012). Through grafted general knowledge, firms can identify new opportunities in the foreign market, be better able to make sense of its complex environment, and make more informed evaluations of the cost of entering that market (Eriksson et al., 1997; Jones and Casulli, 2014). As this knowledge is widely available, most industries in the foreign market can access and apply it, irrespective of which customers, suppliers, and competitors are operating in the market. To a large extent, this knowledge is stored in routines and procedures.

Three characteristics of localized professionals seem particularly important to developing their general foreign market knowledge: their local language proficiency, the duration of their stay (Froese and Peltokorpi, 2013; Selmer and Luring, 2015), and, as general knowledge emerges in interactions with various actors in the foreign market, their social relations, both professional and private. First, although English is generally considered a common language for business communication, local

language capability is intrinsic to developing an understanding of the foreign culture (Black et al., 1991; Selmer, 2006; Selmer and Luring, 2015). When localized professionals are knowledgeable in the local language, a shared social identity can develop (Williams, 2002), allowing them to be considered as foreign market insiders (Welch and Welch, 2008). Second, the duration is an important indication of how well individuals have adjusted to the environment of the foreign country (Black et al., 1991; Selmer, 2006). Time spent socializing with host-country nationals and other localized professionals will help overcome culture shock and accustom foreigners to daily life in the host country (Caligiuri, 2000; Williams, 2002). Third, localized professionals' social relations provide a platform to cooperate and interact with the foreign market; consequently, experiential knowledge, and not objective knowledge, is gained.

These interactions also increase localized professionals' understanding of what is, and is not, appropriate in the foreign culture and society (Black et al., 1991). In this way, over time, localized professionals develop an ability to work effectively abroad (Froese and Peltokorpi, 2013). Notably, these three characteristics are interrelated. As exposure to the local language continues, so local language proficiency improves. As local language proficiency improves so, in turn, it becomes easier to take part in social life, providing still further opportunities for the local language to be mastered. Both these processes take place in a specific context, the foreign market's network.

Social network knowledge

Social network knowledge refers to the understanding of how interpersonal relationships develop and function in a foreign market. There is a vast body of literature highlighting the critical role that managers' and entrepreneurs' social relations and networks play in the internationalization of a firm (for a review, please see Johanson and Kao, 2010). Consequently, having knowledge about these networks must be viewed as being of strategic importance. Localized professionals become acquainted with individuals in the host country through daily life and establish social relations that, taken together, form a network of relationships. Through their personal contacts, they can not only receive vital information and resources but can also access them at the time they are needed (Burt, 1992; Coleman, 1988; Nahapiet and Ghoshal, 1998; Sharma and Blomstermo, 2003). Grafting social network knowledge can allow firms to turn these professionals' experience of networking into valuable resources (Larson and Starr, 1993). Social network knowledge implies knowledge of interpersonal interaction, a networking capability that, in the local context, may be critical in forming professional ties. Furthermore, by proactively exploiting this social capital, firms may advance network positions in the foreign market (Agndal et al., 2008; Chetty and Agndal, 2007).

The social networks of localized professionals can be understood at two levels, namely, their ties to other actors in the foreign market and the social network status they acquire over time. Ties are relational connections established between individuals (Granovetter, 1973). Depending on whom the

ties connect to and the types of activities involved, these ties can be distinguished as private or professional ties. Private ties are connections made with specific individuals for social reasons, such as ties to close friends and family members (Ceci and Iubatti, 2012; Chetty and Wilson, 2003; Hite and Hesterly, 2001). Private ties are developed over time and may originate in the foreign or home country (Hite and Hesterly, 2001). Strong private ties contain social elements and emotional intensity (Coviello, 2006; Granovetter, 1973). Favors and gift exchanges commonly take place, and the terms of exchange are based on trust, mutual respect, and commitment (Adler and Kwon, 2002; Kontinen and Ojala, 2011). One can expect that the stronger the tie, the more intensive and open the interaction, and as a result, the greater the gain in social network knowledge.

In contrast, professional ties are established with specific individuals in relation to business benefits. Professional ties are built between localized professionals and individuals such as colleagues, clients, suppliers, and competitors (Ceci and Iubatti, 2012; Chetty and Wilson, 2003; Hite and Hesterly, 2001). Professional ties can act as bridges, connecting actors who are instrumental in diffusing information (Granovetter, 1973), and can consequently have a positive effect on the development of the business relationships at the firm level (Adler and Kwon, 2002; Kontinen and Ojala, 2011). Past studies show that both private and professional ties influence internationalization (Elg et al., 2008; Ellis, 2000; Ghauri et al., 2008; Harris and Wheeler, 2005). There is no absolute dividing line; a tie may contain a mixture of private and professional elements (Larson and Starr,

1993; Nahapiet and Ghoshal, 1998), or it may evolve over time and change between these two states (Chetty and Agndal, 2007).

Moreover, the status of a localized professional in the social network may also be valuable for a firm to graft. For instance, the reputation carried by localized professionals in social circles enables them to become reference points that may enhance the image of the firm (Burt, 1992; Nahapiet and Ghoshal, 1998; Sharma and Blomstermo, 2003). Especially when a firm first enters a new foreign market, it is relatively unknown to the local actors, which may cause suspicion that hinders the development of future business (Huang et al., 2013; Jansson and Sandberg, 2008). A localized professional with a trustworthy reputation can then add credibility to the image of the firm, which may accelerate relationship-building processes with local firms. The social network status of a localized professional is particularly vital in societies where institutions are not well-established, and hence business and social exchanges are heavily dependent on trust toward individuals (Child and Möllering, 2003). The social status of localized professionals can help a firm to advance its position in the market (Agndal et al., 2008; Chetty and Agndal, 2007) and gradually become an insider within the market network (Johanson and Vahlne, 2009).

Social networks give the firm access to information and knowledge (Agndal et al., 2008; Coviello, 2006), and as localized professionals have both private and professional ties, they provide a heterogeneity, giving various nuances. In addition, this heterogeneity is amplified by the fact that the

localized professional has both private and professional ties. Therefore, social network knowledge is important, both to reduce uncertainty and to identify and develop new business opportunities. Partly, the social network knowledge reduces the uncertainty in the network where the localized professional works and lives, but partly also, this social network knowledge is transferable to other networks in the foreign market. Social networks generally overlap with firm boundaries, linking people from banks and authorities as well as business partners like customers and suppliers.

Professional Knowledge

Professional knowledge refers to the understanding of how a particular profession or industry functions in a foreign market. Professional knowledge can be in the form of know-what, such as technical expertise (Fletcher and Harris, 2012; Loane et al., 2007). It can also be the know-how of a profession or an industry in terms of how rules and regulations are applied in practice (Roberts and Beamish, 2017; Nag et al., 2007). Knowledge grafting that focuses on gaining professional knowledge is conducted with a strong purpose, as firms in general are aware of what they need to fill the knowledge gap (Loane et al., 2007).

Professional knowledge, for example, know-how about communicating with the market and promoting products and services, is often tacit and can be acquired through the recruitment of skillful individuals (Madhavaram and McDonald, 2010; Fletcher and Harris, 2012; Nag et al., 2007).

Individuals possessing the required knowledge can be scarce in some industries, and it may be difficult to identify suitable localized candidates. In contrast, some knowledge of how an industry functions can be easily accessible (Brennan and Garvey, 2009), allowing people like business consultants to build an understanding of the industry without working in the field (Deligianni et al., 2015).

Following Brennan and Garvey (2009), we contend that professional knowledge has two key elements, where the first is related to institutions in terms of rules and legislation concerning the profession of the localized professional. In addition, having specific knowledge related to how one does business, communicates with customers, and interacts with other business actors is professional knowledge that may help to promote the firm in the foreign market.

Method

A qualitative multiple-case research design

As this study aims to explore and understand the phenomenon of what and how knowledge is grafted in firm internationalization, a qualitative study with a multiple-case research design was deemed suitable (Stake, 2005; Yin, 2009). Stake (2005) argued that studying cases is about “the situation that is expected to shape the activity, as well as the experiencing and the interpretation of the activity” (Stake, 2005: 2). Following Stake’s view, we strove to collect in-depth qualitative evidence on the

situation, experience, and interpretation that would help us to understand the phenomenon in focus (Coviello, 2006), and further, to identify the concepts involved (Chetty and Agndal, 2007; Ghauri, 2004; Kontinen and Ojala, 2011; Pellegrino and McNaughton, 2015; 2017). The study gathered evidence from a multiple-case research design, which is more compelling and robust than single-case studies (Yin, 2009). Moreover, a multiple-case research design applying the logic of replication enables researchers to develop theory inductively (Eisenhardt, 1989).

We consider that study of internationalized professionals, among the whole available local talent that market entry firms can access, presents a rationale of extreme or unique cases (Yin, 2009). Following theoretical sampling procedures outlined by Eisenhardt (1989), we selected Russian subsidiaries of Swedish firms (in either St. Petersburg or Moscow) and localized Swedish senior managers in these subsidiaries as the context of our study. Theoretical sampling refers to choosing subjects to study by applying a purposeful procedure based on the companies' and individuals' relevance to the research question (Palinkas et al., 2015; Silverman and Marvasti, 2008). Although Russia is relatively close to Sweden geographically, its culture, language, political regime, and market system are distinctively different (Elg et al., 2008; Johanson and Johanson, 2006). According to Hofstede's (2017) cultural dimensions, Sweden differs from Russia in many key respects. Arguably, it is critical for Swedish firms to rely on localized Swedish professionals for knowledge grafting during

market entry (Ghauri et al., 2008), as it is rather challenging for Swedish firms to identify the right Russian business contacts and English-speaking Russian staff (Business Sweden, 2018).

To further ensure knowledge grafting takes place with potential implications for the internationalization, we required that these localized Swedish senior managers had lived and worked in Russia for at least two years, and had decision-making power and responsibility for market entry of the subunit. The chosen research context inevitably led to a small population, and we therefore decided to adopt a snowball sampling method to identify suitable Russian subsidiaries of Swedish firms and localized Swedes for interviews. Snowball sampling is defined as choosing informants to interview by a referral method, and it is considered a useful technique for obtaining information from a small group of potential informants (Johnston, Leach, and Liu, 1999; Thomas and Bendixen, 2000; Welch, 1975).

Snowball sampling implies certain advantages, such as the increased likelihood of willingness to participate, but also has limitations (Palinkas et al., 2015). Some bias may affect the data, as isolated members of the community may have been undersampled, whereas others with more extensive contacts and acquaintances may have been oversampled (Welch, 1975). However, there are also advantages. Besides the practical aspect of access, referrals can ease the potential sensitivity of sharing personal information. Snowball sampling is therefore often applied in qualitative internationalization research (e.g., Dimitratos et al., 2016).

Moreover, to mitigate the probable similarity among the informants resulting from the snowball technique (Palinkas et al., 2015) and increase the ability to compare and contrast, we made sure to include both men and women, informants with different family situations, and informants from various types of firms.

Through existing acquaintances, we approached a few Russian subsidiaries of Swedish firms, as well as localized Swedish managers, to express our interest in interviewing. When someone agreed to be interviewed, we verified that he/she fits with our criteria, conducted the interview, and then asked for recommendations and further referrals. Eventually, our sample consisted of five Russian subsidiaries of Swedish firms, each employing localized Swedes (Silverman and Marvasti, 2008).

The selection of these five cases followed replication logic to “replicate or extend the emergent theory” (Eisenhardt, 1989: 537). The number of cases falls within the suitable range for multiple-case research design (Eisenhardt, 1989; Stake, 2005). As we aimed for a heterogeneous sample to achieve a richness within the data collected, all these Russian subsidiaries are wholly owned units of the Swedish firms and have been established in Russia for two to ten years. Four out of five (F1, 3, 4, and 5) are located in St. Petersburg, and the fifth (F2) is in Moscow. The firms represent different industries; both service firms (financial, legal, recruitment, and advertising) and a traditional manufacturing firm (automotive) are included. The number of firm employees ranges from 15 to 100

(Table 1), and the mother companies span big multinational companies to small and medium-size enterprises.

---- Table 1 about here ----

As our study focuses on the individual level of knowledge grafting, the unit of analysis is the localized Swedish professionals who were hired as senior managers in the subsidiaries (one for each firm). We thus view variation in their localness as an important aspect of the sample. All of these localized Swedes were similar in age; they were all in their thirties, and four of them had either Russian spouses or a partner who could speak Russian. While four of them (SW1, SW2, SW3, and SW4) had worked in Russia for two to five years at the time of employment, one of them (SW5) had no previous Russian experience at all when accepting the Russian position. As our theoretical framework suggests that the experience of localized professionals creates valuable knowledge that non-locals usually lack, SW5 can be considered an extreme case (Yin, 2009) whose knowledge contributions will be compared with those of SW1–SW4. SW5 is thus included in the sample in line with the replication logic strongly supported by Eisenhardt (1989) and Pettigrew (1997).

Data collection

We developed an interview guide prior to conducting face-to-face interviews with the subsidiary managers. It included background questions on their time in Russia, the reason they first went there, their language ability, their social and business ties, their time in the respective subsidiary, their role in the subsidiary, and how they helped the subsidiary develop in the Russian market. The questions were open-ended to allow the managers to freely express their opinions and to allow for unanticipated topics to emerge.

We conducted two rounds of semi-structured interviews. Each interview lasted 45–60 minutes and was digitally recorded and thereafter transcribed. The interviews were conducted in Swedish (the shared mother tongue) and later translated into English. We further obtained secondary data in the form of company websites, annual reports, industry analyses, and other publications that were used for triangulation of our findings to strengthen the reliability of this study (Eisenhardt, 1989; Yin, 2009).

Analysis and results

After transcribing the interviews, we developed data matrices relating theoretical concepts (i.e., general foreign market knowledge, social network knowledge, and professional knowledge) and coded, described, and explained the data (Fletcher and Harris, 2012; Fletcher et al., 2013; Miles and

Huberman, 1984; Nadin and Cassell, 2004). We performed within-case analyses to understand how these three types of knowledge were carried by localized Swedish professionals, and how the knowledge was incorporated and utilized when they were employed to work in the Russian subsidiaries of the Swedish firms. Then, we compared the findings across these cases to identify common and divergent patterns (Eisenhardt, 1989; Yin, 2009).

Notably, our use of the case study method implies a gain in-depth and contextual understanding, but a loss of statistical generalizability. The extent to which our theoretical findings apply to other cases depends on the similarity between cases (Miles and Huberman, 1984). Moreover, there was a risk of bias in that a researcher might interpret data from a certain perspective(s) while omitting others in the data analysis. To mitigate this possibility, the coding was first performed independently, and then two members of the research team compared their results to strengthen inter-rater reliability (McHugh, 2012). Differences were few, but each discrepancy was discussed so that consistency was reached in the coding. Preliminary categories were developed from previous studies, but we used them as a starting point while remaining open to emerging themes. For the concept *general foreign market knowledge*, we compared the localized Swedes' ages, lengths of stay in Russia, the time before starting work in the subsidiaries, Russian language skills, and experiences living and working within their Russian networks. We also looked at whether their spouses (or partners) were Russian (Table 2).

For the concept *social network knowledge*, we analyzed the nature of their five most important private ties (Table 3) and their five most important professional ties (Table 4), the work positions of the individuals involved in these ties, the history behind these ties, and whether any business was conducted as a result of these ties.

Lastly, for the concept *professional knowledge*, we considered whether they had worked in the same or a similar industry before being recruited to their current position and what types of professional skills were important in their past and present positions (Table 5).

---- Table 2 about here ----

---- Table 3 about here ----

---- Table 4 about here ----

---- Table 5 about here ----

Grafting general foreign market knowledge

Our findings show that the general foreign market knowledge of the localized professionals is greatly influenced by the duration of their stay in the host country, in this case, Russia, and by their host country language skills (Table 1). All the respondents, apart from SW5, had lived in Russia much longer than they had worked for the subsidiaries, and had developed a strong capability in speaking

Russian. The subsidiaries who hired them were either newly established or young in age at the time (four out of five); the firms were thus relatively new to the Russian market.

Starting with the localized professionals, SW1–SW4 all considered themselves to be a valuable source of knowledge of Russia to their firms; they argued that they had significantly contributed to the market entry of these subsidiaries. For instance, SW2 indicated that the firm saw his ability to speak Russian and his understanding of how things worked in Russia as important assets in developing the subsidiary, not least because it facilitated dealing with situations that had to be handled on a daily basis: *“There was a Danish guy in my position before, but he had no Russian language skills and not so much understanding of the culture, which made daily work more challenging and difficult.”* SW4 also explained that his skills had helped the subsidiary (F4) to find its office in St. Petersburg and hire new personnel. Additionally, since SW4’s managing partner back in Sweden *“does not know anything about Russia,”* he also adapted the business model to the Russian market.

SW5 presents an opposite case, as she was not familiar with Russia and did not speak any Russian prior to her relocation to St. Petersburg. She therefore had to rely on the subsidiary staff already in place to share knowledge about the foreign market. Unlike the other subsidiaries, F5 did not lack knowledge of Russia; it had been established in Russia for over 10 years, and SW5’s boss, who hired her, was a localized Swedish professional himself with a vast knowledge of the Russian market: *“He ... has been in Russia for 15–20 years. Without his initial advice, I would not have gotten*

1
2
3
4 *the good start that I had in Russia.*” Notably, SW5’s boss is another example of a localized
5
6 professional able to share knowledge of the country in question and thereby contribute to the
7
8 development of the subsidiary.
9
10

11
12 Overall, our findings show that the localized professionals who represented the firms in the
13
14 initial stages of market entry brought a great deal of general foreign market knowledge through their
15
16 ability to use the local language and their understanding of how the market, and the people in it,
17
18 functioned. General foreign market knowledge is valuable for entering firms lacking an understanding
19
20 of the host country, an understanding that would take time to develop without the contribution of
21
22 localized professionals. Moreover, as illustrated by SW5, grafted general foreign market knowledge
23
24 can also be used to enable new employees who may need this essential knowledge to function
25
26 properly in their positions. In this way, grafted general foreign market knowledge not only fills a
27
28 knowledge gap during market entry, but it also provides a knowledge base, allowing complementary
29
30 knowledge to be added.
31
32
33
34
35
36
37
38
39

40
41 Finally, our data emphasize that general market knowledge is mainly gained by participating in
42
43 both professional and private networks. Thus, the arena for this knowledge is not a general source
44
45 available to all foreigners, but rather, the main source is the network.
46
47
48
49
50
51
52
53
54

Grafting social network knowledge

We next analyzed the private and professional ties of these professionals. The private ties (Table 3) included some family members but were predominately connections with friends. Most of these were Swedish or Nordic, that is, individuals have experienced similar challenges during interactions with Russian actors – on an individual basis as well as in relation to firms and institutions. There were also some Russians who were able to point out and explain cultural differences from their perspective. Some of the private ties originated from previous business contacts. SW4 explained:

In my previous job, he called me and offered his recruitment services, and I gave him a task to find someone. I knew he was based in St. Petersburg, so when I was moving there, I called him and asked if he wanted to go out for dinner. Now, we don't do any business, since I manage all the hiring myself. We meet sometimes just to have dinner. I also join him for concerts.

Some private ties also involved business activities. SW1 recalled: *"We met ... 6–7 years ago when we had dinner together with a mutual friend. I have got emotional support from him over the years. He has also been one of our largest customers."* As these quotes illustrate, the line between private and business ties is at times hard to draw. Relationships develop and change over time, and ties that at a certain point in time are private might encompass potential business opportunities, as further exemplified by SW2: *"I think that when we first met, we were on the same flight to Russia.... His*

1
2
3
4 *company is interesting and he is interesting. I'm trying to build a relationship with him, so I can trust*
5
6 *this guy."*
7

8
9 The informants described strong emotional attachments to their private ties and stressed the
10
11 value of being able to share their experiences and feelings of living in a foreign country and of
12
13 receiving support as well as explanations of situations and actions that they did not understand. In this
14
15 way, the social network knowledge provides the emotional understanding that enables localized
16
17 professionals to function as insiders in the host country. The importance of social network knowledge
18
19 was further confirmed by SW5. She had met Andrei while working together in planning the 100th
20
21 anniversary of the Swedish Club in St. Petersburg, and they had developed a close relationship since
22
23 then:
24
25

26
27 *He is a connection who is actually rewarding on both a personal and a professional level.... I*
28
29 *think I put hundreds of questions to him each time we meet, and he answers all of them. He is*
30
31 *a guide in everything, I would say.*
32
33

34
35 In contrast, Table 4 shows that the professional ties were mainly established with business
36
37 acquaintances (colleagues, customers, and suppliers), mostly Russian, and focused on business
38
39 activities. Professional ties tended to have a clear goal that they aimed to achieve. SW2 stated: "*I*
40
41 *learn by working with them, as they have quite high demands, so it's an interesting dialogue.... I try*
42
43
44
45
46
47
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3
4 *to meet their demands and requirements with our solutions.*” Professional ties could also be rather
5
6 calculative and transactional, as SW4 explained:
7

8
9 *They [Boris and his company] are very interested in doing business with us, but we are*
10
11 *interested in getting their clients because they work as a middleman.... The business we are*
12
13 *running here will actually cut out this middleman.... He wants to increase our business*
14
15 *exchange, but we both know that the future for us is black.*
16
17

18
19
20 In contrast, SW3’s professional tie with Pavel, whom he had met in a previous job, helped
21
22 solve an issue that F3 encountered when constructing a new factory: *“If it had not been for him, I*
23
24 *think it would have been very, very difficult to set up a new factory.”*
25
26
27

28
29 Although there might be social activities involved in building these professional ties, such as
30
31 lunches, these activities seldom extended to after work hours, and the dialogue focused on the
32
33 exchange of business information. SW2 considered that
34
35

36
37 *They [Hans and his company] work in the industry and they meet our potential clients, so we*
38
39 *can interact. Sometimes we share something with them. When he has something that could be*
40
41 *of interest to us, he can share this information with us. It means that there is an opportunity*
42
43 *for us to establish contact and see if we can provide services.*
44
45
46
47

48
49 Therefore, professional ties seem to contribute to the factual and strategic aspects of the social
50
51 network knowledge. Information access is particularly difficult for firms acting in foreign markets
52
53
54

where uncertainties exist. Localized professionals can then play a strategic role in gathering and evaluating information that can facilitate discovery and the development of potential opportunities.

Moreover, social network knowledge also includes localized professionals' ability to add to the visibility of their firms. Over time, SW5 developed localized knowledge, including social network knowledge. She argued, for instance, that her professional ties with the Consul General of Sweden in St. Petersburg helped bring awareness to potential clients of the presence of her law firm. Likewise, SW2 considered that his reputation as "*someone who can take good care of clients*" was well perceived among his professional ties, thereby facilitating business growth.

In sum, our findings indicate that social network knowledge plays a vital role in firm internationalization. Private ties are built through social activities after office hours. They support the personal well-being of the localized professional – which likely is a precondition for a successful professional performance. Private ties may, however, also contribute important information that can become of strategic value to the business; some localized professionals actively try to develop personal ties that they hope will also become professional ties over time. Most professional ties are related to the present business and provide business information, but business ties from previous working life in Russia (like Pavel's) are also important. Taken together, the experiential knowledge developed through ties and other interactions form a critical understanding of how relationships function in the host country. Additionally, it contributes to the general market knowledge.

Grafting professional knowledge

Finally, we examined localized professionals’ previous professional and industry experience in relation to their current work to understand the importance of their professional knowledge. Table 4 shows our findings. Once more, SW5 diverged from the others, as she was able to use her professional knowledge to a much greater extent. She had been a lawyer in Sweden before being hired as a lawyer by the Russian subsidiary. Her professional knowledge was able to grow the business by filling a knowledge gap in the Russian subsidiary. She explained: “*Obviously, I am not a Russian lawyer. I am just an interpreter of the Russian legal system to Scandinavian clients.*” Yet, SW5’s professional knowledge was attractive to the clients of F5, since they were mainly Swedish firms acting in the Russian market.

Other than this, the evidence that the localized professionals contributed professional knowledge to the firms was rather modest. SW4 had some experience working as a salesperson from a previous job in a different industry and could apply his experiences to a certain extent. Although SW2 considered the main reason for his hiring to be his general foreign market knowledge and social network knowledge, his past studies in finance likely helped him understand the banking industry faster. Similarly, SW3 believed that his understanding of the automotive industry had facilitated

communication between the Swedish headquarters and the Russian subsidiary, and allowed him to
“copy new ideas for products and implement them here (in Russia).”

In sum, the findings suggest that the benefits of grafting professional knowledge vary between
firms and industries. When firms in a specialized industry, such as banks or law firms, require
professional knowledge, non-localized professionals can be the best option – indeed, sometimes the
only option. In part, this type of knowledge is objective and transferable between various contexts and
markets, but as professional knowledge for the informants in this study was mainly gained in their
professional networks, where they put their knowledge to use in relation to customers, suppliers,
banks, and so forth, in this case also, the network is the key. However, without an appropriate context
providing general foreign market knowledge and social network knowledge, the usability of non-
localized professional knowledge may be limited.

Discussion

Entering foreign markets is a complex task demanding an array of knowledge that is gradually
developed (Johanson and Vahlne, 2009). While recent research suggests that grafting can speed up the
internationalization process (Forsgren, 2002; Hilmersson and Johanson, forthcoming), this study
demonstrates that speed of internationalization is contingent on the knowledge acquisition strategy of
the firm, as well as periods where the acquired knowledge is integrated into the knowledge stock of

the firm (Johanson and Kalinic, 2016). Based on knowledge carried by localized professionals, we propose that the use of grafting varies, depending on the characteristics of the localized professional and the characteristics of the firm (Table 6). Thus, the result is a consequence of the interaction between the localized professional and the firm.

---- Table 6 about here ----

Characteristics of the localized professional in relation to knowledge grafting

As in previous studies (Loane, 2005; Loane et al., 2007), our findings show that the characteristics of localized professionals influence the knowledge they carry. The time spent in the host country, the individuals’ ability to use the local language, who they know and to whom they are known, as well as their past and present positions, are intertwined and interactively determine what knowledge, and how much of this specific knowledge, develops (Jones and Casulli, 2014). This knowledge results from investments in developing ties as well as from the efforts to learn a foreign language and the foreign country’s customs and traditions. It represents a resource that is valuable. This is the case for social network knowledge in emerging markets, as it is about how to develop and maintain ties in a society with complex and changing institutions, the knowledge that can be instrumental for success (Child

and Möllering, 2003). Being aware of whom to know and how to maintain ties is a competence that is difficult to routinize in a firm, but it resides in specific individuals and can be grafted.

Our findings advance the studies made by Fletcher Harris and Richey (2013) and show that for managerial positions in firms in the initial stages of entry, general foreign market knowledge and social network knowledge are of greater importance than localized professional knowledge. General foreign market knowledge and social network knowledge are critical for managers in entering firms, whereas professional knowledge, at least in some lines of business, is of lesser importance. In fact, having general foreign market knowledge and social network knowledge in-house is a prerequisite for successful grafting from someone lacking in these respects. Our findings indicate that grafting is not about finding the perfect knowledge; there has to be a knowledge fit (Reuber and Fischer, 1997; 2011). When localized professionals share their knowledge, they are also sharing their views on culture, society, and actors. Put differently, the grafted knowledge is value laden, and it may be quite different from, or even not accord with, the views of other actors within the firm.

The characteristics of the internationalizing firm in relation to knowledge grafting

The results of this study indicate that the phase of a firm's market entry influences the attractiveness of knowledge grafting as a strategy and what type of knowledge to graft. Firms are likely to face shortages of different types of knowledge, and varying extent, at different points in time (Casillas et

al., 2015). Since export and sales drive most internationalization, skills and competence in market communication and marketing are in high demand during market entry, and this requires cultural competence and understanding of the market (Deligianni et al., 2015; Fletcher and Harris, 2012; Fletcher et al., 2013). This seems to be the case, irrespective of whether the firm sells products or services, and whether it operates in consumer markets or business-to-business markets (Anderson and Gatignon, 1986; Erramilli and Rao, 1990). Personal networks have proven to be especially important in the early stages of the entry (Harris and Wheeler, 2005). It thus seems likely that the less time a subsidiary has been established in the market and the less it knows about the market, the more likely it is to rely on acquiring a localized professional's general foreign market knowledge.

This study further demonstrates that more formal and objective knowledge (e.g., regarding market preferences, rules, and regulations) is grafted, but when cultural differences are substantial, informal and experiential knowledge (like having the ability to manage and develop ties with customers and their representatives) is at the fore. This kind of knowledge is hard to codify and therefore hard to access other than through experience (Johanson and Vahlne, 2009). Consequently, it is a kind of knowledge well suited for grafting – and in this way, a shortcut to informal and experiential general knowledge can be gained even in early phases of market entry.

In later stages, as the subsidiary matures and makes market commitments, it accumulates experiential market knowledge through its activities and relationships and develops a network

position (Agndal et al., 2008; Chetty and Agndal, 2007). Additionally, localized professionals may by then have been employed. Further grafting of general foreign market knowledge or social network knowledge may not be required. An additional inflow of language, cultural, and network knowledge is likely to be in less demand for sustained expansion than additional specific professional knowledge.

Our findings support previous arguments that the need to graft knowledge varies (Bai et al., 2017; Buckley et al., 2016). We observe that some firms – for instance, those in the financial sector (like banks, insurance companies, and auditing firms) – operate in regulated markets with institutions that are market-specific (De Prijcker et al., 2012). Knowledge of this formal infrastructure may take a long time to acquire. Professional knowledge of complex institutional know-how in regulated foreign markets is likely to be in demand in terms of grafting.

Finally, the firm's size and degree of internationalization also seem to influence the need for graft knowledge. A large internationalized firm can pool its resources, transfer knowledge internally, and apply a long-term perspective to the entry. SW5 exemplifies this situation, like F5, with no suitable candidate for localized professional grafting insight, could afford to send someone abroad who lacked both formal and informal general foreign market knowledge as well as social network knowledge, and therefore needed a great deal of support from other staff before she was able to function in her role.

Conclusion and implications for practice

Grafting knowledge allows the firms to acquire experiential knowledge faster, and in return affect the speed of internationalization. If a firm aims to internationalize rapidly, it ought to search external source of knowledge to graft rather than learning-by-doing suggested by the Uppsala model. Our study implies that firms and policy-makers should pay more attention to grafting as a growth strategy.

In an increasingly globalized world, a growing number of localized professionals make important contributions to international business, not least in the form of knowledge grafting. By employing localized professionals who understand the local culture and can use the local language, firms may shortcut the costly and time-consuming gradual experiential learning process, decrease the liability of foreignness, and facilitate internationalization. Nevertheless, few scholarly studies have investigated the nature of the grafted knowledge, the characteristics of individual localized professionals acting as sources of knowledge, or the characteristics of the firms using grafting as a strategy. Addressing these gaps, this study identified three types of knowledge based on the literature that is critical to a firm’s foreign market entry: general foreign market knowledge, social network knowledge, and professional knowledge. Using these as a framework of analysis, our findings based on wholly owned Russian subsidiaries of five Sweden firms provide evidence of the perceived value of the first two knowledge types, but less evidence regarding professional skills and knowledge about an industry. It seems that general foreign market knowledge and social network knowledge in the

foreign market are given the highest priority when grafting. When the firm occupies an established position, localized professionals possessing professional knowledge may be hired rather smoothly and put to work.

Taken together, these findings shed light on the key role of localized professionals as knowledge carriers. Not only do they present a source of new knowledge and offer firms potential value to graft, but their characteristics, as well as the characteristics of the firm, can influence the type of knowledge to graft and how it is grafted during a market entry process. Illustrating this contributes to the literature on knowledge acquisition and firm internationalization (Forsgren, 2002; Johanson and Vahlne, 2009). It also further underlines the potential value to firms of knowledge grafting as a strategy to facilitate, and thereby increase, the speed of the market entry process. In later stages of the process, there is likely a localized professional at hand who has gone through the process of adapting, who therefore understands the problems caused by acting in an unfamiliar context, and who is able to assist newcomers in developing the knowledge needed for understanding and bridging the two contexts of home and host market.

The findings of our study indicate that localized professionals' private ties are not utilized or involved in ongoing business activities to any major extent and that such ties present limited value to the firms in terms of knowledge grafting. It should be noted, however, that although these private ties involved no business activities at the time, many of the counterparts of these private ties had insight

1
2
3
4 into business markets, and important information could thus still be transferred during private
5
6 interactions, resulting in opportunity recognition. Future studies should examine the evolution of ties
7
8 in terms of the combination of private use and business exchanges, to see how this impacts the
9
10 internationalization of the firm.
11
12
13

14
15 An interesting observation from our findings is the network-intersecting function provided by
16
17 actors like the Swedish Trade Council and the Swedish Business Association, regarding their
18
19 importance in bridging networks and connecting people. These governmental agencies represent a
20
21 country and promote its firms in a foreign market, while also functioning as a social club where
22
23 localized professionals can mingle, exchange business cards, and develop private and professional
24
25 ties. They thereby provide a common identity for localized professionals as well as a place where they
26
27 can meet and develop their business. With the importance of both private and business ties in mind,
28
29 these additional contributions need to be considered when public funds are allocated to various
30
31 activities supporting internationalization.
32
33
34
35
36
37
38
39

40 Our study shows that in recruiting subsidiary managers for foreign market entry, firms should
41
42 pay attention to the opportunity of grafting knowledge by appointing localized professionals already
43
44 living in that market. Employing foreign nationals of the same origin as the firm may facilitate
45
46 knowledge grafting, and one way of locating them can then be via the governmental agencies
47
48 mentioned above. Scouring necessary professional knowledge from the home market may seem like a
49
50
51
52
53
54

straightforward way to find the right knowledge for the foreign market, but, as shown in the present study, newcomers to a foreign market may find it very hard to adapt and learn the rules of the game if the culture and norms of the new market differ much from their previous experiences. In such cases, a localized professional may be needed to facilitate their adaptation to the new market context.

Limitations

This study comes with limitations. First, only Swedish firms entering Russia considered, and they all entered Russia as wholly owned subsidiaries. Further studies comparing knowledge grafting from localized professionals with different nationalities by firms of varying forms and at varying stages of market entry are needed to further clarify differences and nuances. Also, the context of knowledge grafting needs further consideration. It seems likely that both the degree of dynamic changes in the foreign market and the degree of contextual differences between markets determine the value and use of knowledge grafting from localized professionals. In markets with recurrent changes, such as Russia, localized individuals may have gained the ability to operate in an unpredictable and uncertain environment. Moreover, this is not only about having developed a certain knowledge per se. There is also an understanding of how to constantly adapt and acquire new knowledge, such as how to develop procedures and routines to handle market dynamics. The latter knowledge is probably necessary for

sustaining the competitiveness of the firm, as existing knowledge tends to become obsolete during recurring changes.

Further studies

This study provides several new ideas for future research addressing the crucial role of knowledge grafting for firm internationalization. The first concerns the context of grafting. Culture, institutions, markets, and networks may differ between firms in terms of, for instance, uncertainty and stability, which makes it likely that knowledge grafting also appears in different forms and produces various outcomes, depending on the nature of the context where it takes place. Our current study focuses only on wholly owned subsidiaries. Firms with other entry modes during internationalization face varying degrees of challenge in knowledge acquisition, and hence, may have different needs for knowledge grafting. Additionally, the localized professionals in our studies all have the same nationality as the entering firms. With varying context, knowledge grafting may present different challenges. All of this is still, to a large extent, uncharted territory, deserving of more attention.

As knowledge grafting seems to lead firms to internationalize at a higher speed, how and what type of knowledge to graft is important to understand. While the current study analyzes three types of knowledge grafted by hiring the localized professionals, we are unable to offer further examination on which type of knowledge may have the strongest impact. Future internationalization scholars are

1
2
3
4 encouraged to build on our study and make an extensive study of various knowledge types grafted and
5
6 their impact.
7

8
9 Moreover, we can observe differences during the process in which knowledge is grafted.
10
11 Learning is often treated as a process over time, and as such, it is likely that different types of
12
13 knowledge could be grafted with better or worse results, depending on when it takes place during the
14
15 process. One can, for instance, assume that a specific type of knowledge is more commonly grafted at
16
17 the beginning of the entry process, while other types are preferably grafted later in the process.
18
19 Besides the fact that specific knowledge types are linked to in greater or lesser degrees over the course
20
21 of the entry process, various phases of the process may raise different barriers to graft knowledge,
22
23 which we do not know. Thus, it seems that a more systematic study of market entry and knowledge
24
25 grafting based on processual data could be a promising research area.
26
27
28
29
30
31
32
33

34
35 Additionally, we would like to see more research on the outcome of knowledge grafting, both
36
37 for the individual and for the firm receiving the knowledge. Concerning the individuals, there may be
38
39 different cognitive schemes for localized professionals to contextualize knowledge. There are also
40
41 differences in the knowledge contextualization for localized professionals compared to the locals.
42
43 Localized professionals facing two cultural systems could experience conflicts or bring strong biases
44
45 to the knowledge of the host market. Furthermore, how do they manage the interdependencies and
46
47 build trust in complex situations? For the market entering firms receiving the knowledge, to what
48
49
50
51
52
53
54
55
56
57
58
59
60

1
2
3
4 extent does this knowledge influence the performance of the firm? Also, how can their liability of
5
6 foreignness be reduced? Do the firms become dependent on these localized professionals during the
7
8
9 foreign market entry process? What happens if these professionals decide to leave and their
10
11
12 knowledge is lost?
13

14
15 Future research can employ other theoretical frameworks to examine the role of localized
16
17 professionals in the grafting. The increasing dependency on big data, algorithms, and artificial
18
19
20 intelligence for new knowledge may further push the boundaries of learning, which in turn, can create
21
22
23 opportunities for new forms of knowledge grafting.
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47
48
49
50
51
52
53
54

References

- Adler, P.S. and Kwon, S.-W. (2002). Social capital: prospects for a new concept. *Academy of Management Review*. 27(1), 17–40.
- Agndal, H., Chetty, S. and Wilson, H. (2008). Social capital dynamics and foreign market entry. *International Business Review*. 17(6), 663–675.
- Anderson, E. and Gatignon, H. (1986). Modes of foreign entry: a transaction cost analysis and propositions. *Journal of International Business Studies*. 17(3), 1–26.
- Ardichvili, A., Cardozo, R. and Ray, S. (2003). A theory of entrepreneurial opportunity identification and development. *Journal of Business Venturing*. 18(1), 105–123.
- Argote, L. and Miron-Spektor, E. (2011). Organizational learning: from experience to knowledge. *Organization Science*. 22(5), 1123–1137.
- Bai, W., Johanson, M. and Martin Martin, O. (2017). Knowledge and internationalization of returnee entrepreneurial firms, *International Business Review*. 26(4), 652–665.
- Barkema, H.G., Bell, J.H.J. and Pennings, J.M. (1996). Foreign entry, cultural barriers, and learning. *Strategic Management Journal*. 17(2), 151–166.
- Black, J.S., Mendenhall, M. and Oddou, G. (1991). Toward a comprehensive model of international adjustment: an integration of multiple theoretical perspectives. *Academy of Management Review*. 16(2), 291–317.
- Brennan, L. and Garvey, D. (2009). The role of knowledge in internationalization. *Research in International Business and Finance*. (23)2, 120–133.
- Brannen, M.Y. and Thomas, D.C. (2010). Bicultural individuals in organizations: implications and opportunity. *International Journal of Cross Cultural Management*. 10(1), 5–16.
- Buckley, P.J., Munjal, S., Enderwick, P. and Forsans, N. (2016). The role of experiential and non-experiential knowledge in cross-border acquisitions: the case of Indian multinational enterprises. *Journal of World Business*. 51(5), 675–685.
- Burt, R.S. (1992). *Structural Holes: The Social Structure of Competition*. Cambridge, MA: Harvard University Press.
- Business Sweden. (2018). *Business Sweden in Moscow, Russia*. [Accessed 16 March, 2018]. Available from <https://www.business-sweden.se/en/Trade/international-markets/europe/Russia/>.
- Caligiuri, P.M. (2000). Selecting expatriates for personality characteristics: a moderating effect of personality on the relationship between foreign national contact and cross-cultural adjustment. *MIR: Management International Review*. 40(1), 61–80.
- Casillas, J.C., Barbero, J.L. and Sapienza, H.J. (2015). Knowledge acquisition, learning, and the initial pace of internationalization. *International Business Review*. 24(1), 102–114.
- Ceci, F. and Iubatti, D. (2012). Personal relationships and innovation diffusion in SME networks: a content analysis approach. *Research Policy*. 41(3), 565–579.

- Chetty, S. and Agndal, H. (2007). Social capital and its influence on changes in internationalization mode among small and medium-sized enterprises. *Journal of International Marketing*. 15(1), 1–29.
- Chetty, S., Eriksson, K. and Lindbergh, J. (2006). The effect of specificity of experience on a firm's perceived importance of institutional knowledge in an ongoing business. *Journal of International Business Studies*. 37(5), 699–712.
- Chetty, S. and Wilson, H.I.M. (2003). Collaborating with competitors to acquire resources. *International Business Review*. 12(1), 61–81.
- Child, J., and Möllering, G. (2003). Contextual confidence and active trust development in the Chinese business environment. *Organization Science*. 14(1), 69–80.
- Cohen, W.M. and Levinthal, D.A. (1990). Absorptive capacity: a new perspective on learning and innovation. *Administrative Science Quarterly*. 35(1), 128–152.
- Coleman, J.S. (1988). Social capital in the creation of human capital. *American Journal of Sociology*. 94, 95–120.
- Coviello, N.E. (2006). The network dynamics of international new ventures. *Journal of International Business Studies*. 37(5), 713–731.
- Coviello, N.E., Kano, L. and Liesch, P.W. (2017). Adapting the Uppsala model to a modern world: macro-context and microfoundations. *Journal of International Business Studies*. 48(9), 1151–1164.
- De Clercq, D., Sapienza, H.J., Yavuz, R.I. and Zhou, L. (2012). Learning and knowledge in early internationalization research: past accomplishments and future directions. *Journal of Business Venturing*. 27(1), 143–165.
- Deligianni, I. Voudouris, I. and Lioukas, S. (2015). Growth paths of small technology firms: the effects of different knowledge types over time. *Journal of World Business*. 50(3), 491–504.
- De Prijcker, S., Manigart, S., Wright, M. and De Maeseneire, W. (2012). The influence of experiential, inherited and external knowledge on the internationalization of venture capital firms, *International Business Review*. 21(5), 929–940.
- Dimitratos, P., Johnson, J.E., Plakoyiannaki, E. and Young, S. (2016). SME internationalization: how does the opportunity-based international entrepreneurial culture matter? *International Business Review*. 25(6), 1211–1222.
- Drucker, P.F. (1988). The coming of the new organization. *Harvard Business Review*. 45–53.
- Drucker, P.F. (2015). *Managing in Turbulent Times*. London: Routledge.
- Echajari, L. and Thomas, C. (2015). Learning from complex and heterogeneous experiences: the role of knowledge codification. *Journal of Knowledge Management*. 19(5), 968–986.
- Eisenhardt, K.M. (1989). Building theories from case study research. *Academy of Management Review*. 14(4), 532–550.
- Elg, U., Ghauri, P.N. and Tarnovskaya, V. (2008). The role of networks and matching in market entry to emerging retail markets. *International Marketing Review*. 25(6), 674–699.

- Ellis, P. (2000). Social ties and foreign market entry. *Journal of International Business Studies*. 31(3), 443–469.
- Eriksson, K., Johanson, J., Majkgård, A. and Sharma, D.D. (1997). Experiential knowledge and cost in the internationalization process. *Journal of International Business Studies*. 28(2), 337–360.
- Erramilli, M.K. and Rao, C.P. (1990). Choice of foreign market entry modes by service firms: role of market knowledge. *MIR: Management International Review*. 30(2), 135–150.
- Fernhaber, S.A., McDougall-Covin, P.P. and Shepherd, D.A. (2009). International entrepreneurship: leveraging internal and external knowledge sources. *Strategic Entrepreneurship Journal*. 3(4), 297–320.
- Financial Times. (2014). Demand falls for expat talent. *Financial Times*. [Online]. [Accessed 21 February 2017]. Available from: <https://www.ft.com/content/42b888e6-e674-11e3-9a20-00144feabdc0>.
- Fletcher, M. and Harris, S. (2012). Knowledge acquisition for the internationalization of the smaller firm: content and sources. *International Business Review*. 21(4), 631–647.
- Fletcher, M., Harris, S. and Richey, R.G. (2013). Internationalization knowledge: what, why, where, and when? *Journal of International Marketing*. 21(3), 47–71.
- Fletcher, M. and Prashantham, S. (2011). Knowledge assimilation processes of rapidly internationalizing firms: longitudinal case studies of Scottish SMEs. *Journal of Small Business and Enterprise Development*. 18(3), 475–501.
- Forsgren, M. (2002). The concept of learning in the Uppsala internationalization process model: a critical review. *International Business Review*. 11(3), 257–277.
- Froese, F.J. and Peltokorpi, V. (2013). Organizational expatriates and self-initiated expatriates: differences in cross-cultural adjustment and job satisfaction. *International Journal of Human Resource Management*. 24(10), 1953–1967.
- Ghauri, P. (2004). Designing and conducting case studies in international business research. In R. Marschan-Piekkari and C. Welch (Eds.), *Handbook of Qualitative Research Methods for International Business*. Cheltenham: Edward Elgar, 109–124.
- Ghauri, P.N., Tarnovskaya, V. and Elg, U. (2008). Market driving multinationals and their global sourcing network. *International Marketing Review*. 25(5), 504–519.
- Granovetter, M. (1973). The strength of weak ties. *American Journal of Sociology*. 78(6), 1360–1380.
- Harris, S. and Wheeler, C. (2005). Entrepreneurs' relationships for internationalization: functions, origins and strategies. *International Business Review*. 14(2), 187–207.
- Hennart, J.-F. (1988). A transaction costs theory of equity joint ventures. *Strategic Management Journal*. 9(4), 361–374.
- Hilmersson, M. and Johanson, M. (forthcoming). Knowledge acquisition strategy, speed of capability development and speed of SME internationalization. *International Small Business Journal*, <https://doi.org/10.1177/0266242620909029>.

- Hite, J.M. and Hesterly, W.S. (2001). The evolution of firm networks: from emergence to early growth of the firm. *Strategic Management Journal*. 22(3), 275–286.
- Hofstede, G. (2017). Hofstede cultural dimensions. *Geert Hofstede Cultural Dimensions*. [Online]. [Accessed 4 May 2017]. Available from: <https://geert-hofstede.com/>.
- Hohenthal, J. and Lindbergh, J. (2005). International experience and the recognition of business opportunities in foreign markets: a study of SME's international experiences and choice of location. In: P. Ghauri, A. Hadjikhani and J. Johanson (Eds.), *Managing Opportunity Development in Business Networks*. London: Palgrave Macmillan, 146–163.
- Huang, M.-C., Chiu, Y.-P. and Lu, T.-C. (2013). Knowledge governance mechanisms and repatriate's knowledge sharing: the mediating roles of motivation and opportunity. *Journal of Knowledge Management*. 17(5), 677–694.
- Huber, G.P. (1991). Organizational learning: the contributing processes and the literatures. *Organization Science*. 2(1), 88–115.
- Inkpen, A.C. and Beamish, P.W. (1997). Knowledge, bargaining power, and the instability of international joint ventures. *Academy of Management Review*. 22(1), 177–202.
- Jansson, H. and Sandberg, S. (2008). Internationalization of small and medium sized enterprises in the Baltic Sea region. *Journal of International Management*. 14(1), 65–77.
- Johanson, J. and Vahlne, J.-E. (1977). The internationalization process of the firm: a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*. 8(1), 23–32.
- Johanson, J. and Vahlne, J.-E. (2009). The Uppsala internationalization process model revisited: from liability of foreignness to liability of outsidership. *Journal of International Business Studies*. 40(9), 1411–1431.
- Johanson, J. and Wiedersheim-Paul, F. (1975). The internationalization of the firm: four Swedish cases. *Journal of Management Studies*. 12(3), 305–322.
- Johanson, M. and Johanson, J. (2006). Turbulence, discovery and foreign market entry: a longitudinal study of an entry into the Russian market. *Management International Review*. 46(2), 179–205.
- Johanson, M. and Kalinic, I. (2016). Acceleration and deceleration in the internationalization process of the firm. *Management International Review*, 56(6), 827–847.
- Johanson, M., and Kao, P.T. (2010). Networks in internationalisation. In J. Pla-Barber and J. Alegre (Eds.), *Progress in International Business Research: Reshaping the Boundaries of the Firm in an Era of Global Interdependence*. Bingley: Emerald Group, 119–142.
- Johnston, W.J., Leach, M.P. and Liu, A.H. (1999). Theory testing using case studies in business-to-business research. *Industrial Marketing Management*. 28(3), 201–213.

- Jones, M.V. and Casulli, L. (2014). International entrepreneurship: exploring the logic and utility of individual experience through comparative reasoning approaches. *Entrepreneurship Theory and Practice*. 38(1), 45–69.
- Kontinen, T. and Ojala, A. (2011). International opportunity recognition among small and medium-sized family firms. *Journal of Small Business Management*. 49(3), 490–514.
- Lamb, P., Sandberg, J. and Liesch, P.W. (2011). Small firm internationalization unveiled through phenomenography. *Journal of International Business Studies*. 42(5), 672–693.
- Larson, A. and Starr, J.A. (1993). A network model of organization formation. *Entrepreneurship: Theory and Practice*. 17(2), 5–15.
- Lindstrand, A., Melén, S. and Nordman, E.R. (2011). Turning social capital into business: a study of the internationalization of biotech SMEs. *International Business Review*. 20(2), 194–212.
- Loane, S. (2005). The role of the internet in the internationalization of small and medium sized companies. *Journal of International Entrepreneurship*. 3(4), 263–277.
- Loane, S., Bell, J.D. and McNaughton, R. (2007). A cross-national study on the impact of management teams on the rapid internationalization of small firms. *Journal of World Business*. 42(4), 489–504.
- Lyles, M.A. and Salk, J.E. (1996). Knowledge acquisition from foreign parents in international joint ventures: an empirical examination in the Hungarian context. *Journal of International Business Studies*. 27(5), 877–903.
- Madhavaram, S. and McDonald, R.E. (2010). Knowledge-based sales management strategy and the grafting metaphor: implications for theory and practice. *Industrial Marketing Management*. 39(7), 1078–1087.
- McHugh, M.L. (2012). Interrater reliability: the kappa statistic. *Biochemia medica*. 22(3), 276–282.
- McNulty, Y. and Brewster, C. (2017). Theorizing the meaning(s) of “expatriate”: establishing boundary conditions for business expatriates. *International Journal of Human Resource Management*. 28(1), 27–61.
- Mercer (2014). *Spotlight on China*. [Accessed 23 February 2017]. Available from: https://www.imercer.com/uploads/Europe/HTML/gallery/presentations/expat-conference-2014/breakout/Spotlight_on_China_Olivier_Meier.pdf.
- Miles, M.B. and Huberman, A.M. (1984). *Qualitative Data Analysis: A Sourcebook of New Methods*. Beverly Hills, CA: Sage.
- Morris, M.H., Kuratko, D.F., Schindehutte, M. and Spivack, A.J. (2012). Framing the entrepreneurial experience. *Entrepreneurship Theory and Practice*. 36(1), 11–40.
- Nadin, S. and Cassell, C. (2004). Using data matrices. In C. Cassell and G. Symon (Eds.), *Essential Guide to Qualitative Methods in Organizational Research*. London: Sage, 271–287.

- Nag, R., Corley, K.G. and Gioia, D.A. (2007). The intersection of organizational identity, knowledge, and practice: attempting strategic change via knowledge grafting. *Academy of Management Journal*. 50(4), 821–847.
- Nahapiet, J. and Ghoshal, S. (1998). Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review*. 23(2), 242–266.
- Nonaka, I. (1991). The knowledge-creating company. *Harvard Business Review*. 69(6), 96–104.
- Oviatt, B.M. and McDougall, P.P. (1997). Challenges for internationalization process theory: the case of international new ventures. *MIR: Management International Review*. 37(2), 85–99.
- Palinkas, L.A., Horwitz, S.M., Green, C.A., Wisdom, J.P., Duan, N. and Hoagwood, K. (2015). Purposeful sampling for qualitative data collection and analysis in mixed method implementation research. *Administration and Policy in Mental Health and Mental Health Services Research*. 42(5), 533–544.
- Parkington, J.J. and Schneider, B. (1979). Some correlates of experienced job stress: a boundary role study. *Academy of Management Journal*. 22(2), 270–281.
- Pellegrino, J.M. and McNaughton, R.B. (2015). The co-evolution of learning and internationalization strategy in international new ventures. *Management International Review*. 55(4), 457–483.
- Pellegrino, J.M. and McNaughton, R.B. (2017). Beyond learning by experience: the use of alternative learning processes by incrementally and rapidly internationalizing SMEs. *International Business Review*. 26(4), 614–627.
- Pettigrew, A.M. (1997). What is a processual analysis? *Scandinavian Journal of Management*. 13(4), 337–348.
- Reuber, A.R. and Fischer, E. (1997). The influence of the management team's international experience on the internationalization behaviors of SMEs. *Journal of International Business Studies*. 28(4), 807–825.
- Reuber, A.R. and Fischer, E. (2011). International entrepreneurship in internet-enabled markets. *Journal of Business Venturing*. 26(6), 660–679.
- Reuber, A.R., Knight, G.A., Liesch, P.W. and Zhou, L. (2018). International entrepreneurship: the pursuit of entrepreneurial opportunities across national borders. *Journal of International Business Studies*. 49, 295–406.
- Roberts, M.J.D. and Beamish, P.W. (2017). The scaffolding activities of international returnee executives: a learning based perspective of global boundary spanning. *Journal of Management Studies*. 54(4), 511–539.
- Saarenketo, S., Puumalainen, K., Kuivalainen, O. and Kyläheiko, K. (2004). Dynamic knowledge-related learning processes in internationalizing high-tech SMEs. *International Journal of Production Economics*. 89(3), 363–378.

- Schwens, C., Zapkau, F.B., Bierwerth, M., Isidor, R., Knight, G. and Kabst, R. (2018). International entrepreneurship: a meta-analysis on the internationalization and performance relationship. *Entrepreneurship Theory and Practice*. 42(5), 734–768.
- Selmer, J. (2006). Language ability and adjustment: western expatriates in China. *Thunderbird International Business Review*. 48(3), 347–368.
- Selmer, J. and Luring, J. (2015). Foreign market language ability and expatriate adjustment: the moderating effect of language difficulty. *International Journal of Human Resource Management*. 26(3), 401–420.
- Shane, S. (2000). Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science*, 11(4), 448–469.
- Sharma, D. and Blomstermo, A. (2003). The internationalization process of born globals: a network view. *International Business Review*. 12(6), 739–753.
- Silverman, D. and Marvasti, A.B. (2008). *Doing Qualitative Research: A Comprehensive Guide*. 2nd ed. Los Angeles: Sage.
- Stake, R.E. (2005). *Multiple Case Study Analysis*. New York: The Guilford Press.
- Suutari, V. and Brewster, C. (2000). Making their own way: international experience through self-initiated foreign assignments. *Journal of World Business*. 35(4), 417–436.
- Tharenou, P. (2013). Self-initiated expatriates: an alternative to company-assigned expatriates? *Journal of Global Mobility: The Home of Expatriate Management Research*. 1(3), 336–356.
- Thite, M., Wilkinson, A., Budhwar, P. and Mathews, J.A. (2016). Internationalization of emerging Indian multinationals: linkage, leverage and learning (LLL) perspective. *International Business Review*. 25(1, Part B), 435–443.
- Thomas, A. and Bendixen, M. (2000). The management implications of ethnicity in South Africa. *Journal of International Business Studies*. 31(3), 507–519.
- Vahlne, J.-E., and Johanson, J. (2017). From internationalization to evolution: the Uppsala model at 40 years. *Journal of International Business Studies*. 48(9), 1087–1102.
- Vance, C.M., McNulty, Y., Paik, Y. and D’Mello, J. (2016). The expat-preneur: conceptualizing a growing international career phenomenon. *Journal of Global Mobility: The Home of Expatriate Management Research*. 4(2), 202–224.
- Welch, C. and Welch, L. (2009). Re-internationalisation: exploration and conceptualisation. *International Business Review*. 18(6), 567–577.
- Welch, D.E. and Welch, L.S. (2008). The importance of language in international knowledge transfer. *MIR: Management International Review*. 48(3), 339–360.
- Welch, S. (1975). Sampling by referral in a dispersed population. *The Public Opinion Quarterly*. 39(2), 237–245.
- Williams, P. (2002). The competent boundary spanner. *Public Administration*. 80(1), 103–124.
- Yin, R.K. (2009). *Case Study Research: Design and Methods*. 4th ed. Los Angeles, CA: Sage.

Zaheer, S. (1995). Overcoming the liability of foreignness. *Academy of Management Journal*. 38(2), 341–363.

Journal of Knowledge Management

Table 1 Overview of the Russian subsidiaries of Swedish firms

Firm	Industry	Location	No. of employees	Years in Russia	Business activities	Entry mode
F1	Recruitment service	St. Petersburg	15	5	Headhunts for Nordic businesses in St. Petersburg	Wholly owned subsidiary
F2	Banking	Moscow	43	2	Provides lending service for Nordic clients operating in Moscow	Wholly owned subsidiary
F3	Automotive	St. Petersburg	100	4	Produces parts for truck body builders in Russia	Wholly owned subsidiary
F4	Advertising	St. Petersburg	22	2	Sells advertising on classified site in Russia	Wholly owned subsidiary
F5	Legal service	St. Petersburg	40	10	Provides legal services to Nordic and European clients	Wholly owned subsidiary

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

Table 2 General foreign market knowledge

Respondent (position, age, marital status)	Duration of stay (yrs in Russia vs in current subsidiary)	Language ability	Analysis & Quotations
SW1 (CEO, age 35, married with Russian spouse)	7 vs. 5	Fluent	<ul style="list-style-type: none">• SW1 studied Russian in Ukraine in his late twenties before moving to Russia. He was fluent in Russian, and married with a Russian spouse. He read in a daily Swedish newspaper that this firm (F1) was going to start a subsidiary in Russia and decided to get in touch.• “I sent in a CV, and the Managing Director in Sweden called me up a couple of weeks later and asked me for an interview. Because of my Russian language capability and my general knowledge of Russia, I was offered the job to set up the subsidiary.”
SW2 (Corporate relationship manager, age 33, married with Russian spouse)	8 vs. 2	Fluent	<ul style="list-style-type: none">• SW2 completed Master’s studies in Sweden in his early twenties and moved to Russia after being recruited by a Swedish company. He began to learn Russian after arrival and could speak fluently. After his first assignment, he worked for the Swedish Trade Council for 2 years and was headhunted by his current company (F2).• “They were very interested (in my knowledge about the Russian market, and his ability to speak Russian), and that’s why they hired me. Because I have been here, and I fitted their profile targets.”
SW3 (CEO, age 31, married with Russian spouse)	6 vs. 3	Fluent	<ul style="list-style-type: none">• SW3 came to Russia to study Russian in his mid-twenties, and then worked for the Swedish Trade Council as a project leader for 1 year.• “When it was time for me to move on from the Swedish Trade Council, I contacted the Managing Director of this firm (F3) in Sweden, and he offered me this position.”
SW4 (CEO, age 32, single)	6 vs. 1	Fluent	<ul style="list-style-type: none">• SW4 studied Russian in Ukraine and Russia before making a permanent move to Russia in his mid-twenties.• “I had previously worked for another Swedish company in Russia in the packaging business. I know the founder of [company F4], and he asked me if I was interested in starting this company to sell advertising services.”
SW5 (Lawyer, age 38, with Russian- speaking partner)	2 vs. 2	Basic	<ul style="list-style-type: none">• SW5 was a partner of a Swedish law firm. She had no Russian experience and did not speak any Russian before moving to Russia in her mid-thirties.• “When the global financial crisis hit Sweden, I was not so busy in Sweden. So when the Russian subsidiary asked me to move to Russia, I agreed.”

Table 3 Social network knowledge – private ties

Respondent	Private tie	Relationship	Position	History	Nationality	Business
SW1	Hans	Friend	CEO	Previous customer	Swedish	N
	Olle	Friend	CEO	Met at the airport	Swedish	Y
	Jukka	Friend	Marketing director	Met through a mutual friend	Finnish	Y
	Stig	Friend	Lawyer	Met at a Swedish association	Swedish	N
	Anton	Friend	CEO	Previous supplier	Russian	N
SW2	Bengt	Friend	Student	Met at the Swedish Embassy	Swedish	N
	Måns	Friend	Financial director	Met at a party	Swedish	N
	Tobias	Friend	Politician	Met at the Swedish Embassy	Swedish	N
	Linus	Friend	General director	Met at the airport	Danish	N
	Cecilia	Friend	Store manager	Met through wife	Swedish	N
SW3	Anna	Wife	Engineer	Met on the train	Russian	N
	Dmitry	Friend	Entrepreneur	Previous supplier	Russian	N
	Andrei	Friend	Project manager	Colleague from Swedish Trade Council	Russian	N
	Hans	Friend	CEO	Met at Swedish Trade Council	Swedish	N
	Irina	Mother-in-law	HR manager	Met through wife	Russian	N
SW4	Gunnar	Friend	Supply director	Classmate from Russian studies	Swedish	N
	Fredrik	Friend	Sales director	Met through a mutual friend	Swedish	N
	Rickard	Friend	Banker	Met through a mutual friend	Swedish	N
	Anders	Friend	Assistant to CFO	Met through a mutual friend	Swedish	N
	Hans	Friend	CEO	Former business partner	Swedish	N
SW5	Rolf	Boyfriend	Finance consultant	Met through work	Swedish	N
	Stig	Friend & colleague	Lawyer	Current boss in Russian subsidiary	Swedish	Y
	Andrei	Friend	Project manager	Met at Swedish Trade Council	Russian	N
	Martin	Friend	Diplomat	Met at Swedish Trade Council	Swedish	N
	Ekaterina	Friend	Language teacher	Russian teacher	Russian	N

Y = Yes, N = No

Table 4 Social network knowledge – professional ties

Respondent	Professional tie	Relationship	Position	History	Nationality	Business
SW1	Ville	Client	HR director	N/A	Finnish	Y
	Olga	Customer	HR manager	N/A	Russian	Y
	Ivan	Customer	Sales director	N/A	Russian	Y
	Anna	Colleague	Administrator	N/A	Russian	Y
	Alla	Colleague	Head of consulting	N/A	Russian	Y
SW2	Nina	Client	Chief accountant	N/A	Russian	Y
	Margarita	Colleague	Client service manager	N/A	Russian	Y
	Jukka	Current boss	Head of corporate banking	Socializing when living in St. Petersburg	Finnish	Y
	Andreas	Client	General director	Former colleague	Swedish	Y
	Hans	Intermediary to client	CEO	Met previously at parties	Swedish	Y
SW3	Filip	Current boss	Owner of the company	Previous customer	Swedish	Y
	Pavel	Landlord	-	Met in previous job	Russian	Y
	Natalia	Colleague	Financial manager	N/A	Russian	Y
	John	Client	Managing director	Met in previous job	Swedish	Y
	Anton	Potential client	Product quality manager	Met at a trade exhibition	Russian	Y
SW4	Nikolay	Potential partner	Company owner	N/A	Russian	N/A
	Boris	Potential partner	Member of the board	N/A	Russian	N/A
	Lars	Colleague	President	N/A	Swedish	Y
	Vadim	Colleague	Commercial director	N/A	Russian	Y
	Alexey	Colleague	Manager	N/A	Russian	Y
SW5	Stig	Boss and friend	Lawyer	Current boss in Russian subsidiary	Swedish	Y
	Alexander	Colleague	Lawyer	N/A	Russian	Y
	Johan	Event partner	Diplomat	Met in Swedish Council	Swedish	N
	Kristian	Event partner	Diplomat	Met in Swedish Council	Swedish	N
	Tobias	Client	Client	N/A	Swedish	Y

N/A = Information not available

Y = Yes, N = No

Table 5 Professional knowledge

Informant	Professional experience	Industry experience	Description
SW1	No	No	N/A
SW2	No	Some	<ul style="list-style-type: none"> SW2 had studied international finance for a Master's degree in Sweden and had some work experience in the banking industry.
SW3	No	Some	<ul style="list-style-type: none"> In a previous job assignment, SW3 helped the firm F3 to register its business in Russia and identify suitable employees.
SW4	Some	No	<ul style="list-style-type: none"> SW4's previous and current positions both involved selling services.
SW5	Yes	No	<ul style="list-style-type: none"> SW5 was a Swedish lawyer with an understanding of the Swedish (Scandinavian) legal system.

N/A = Information not available

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35
36
37
38
39
40
41
42
43
44
45
46
47

Table 6 Summary of the discussion

	Characteristics of the localized professional	Characteristics of the internationalizing firm
General foreign market knowledge	Localized professionals learn to use the local language and acquire general foreign market knowledge.	General foreign market knowledge is needed mainly by firms in an early phase of internationalization aiming for easier market access.
Social network knowledge	Localized professionals build private and professional ties and develop social network knowledge. They also acquire a social reputation in the host country.	Social network knowledge is needed mainly by firms in an early phase of internationalization, or by firms in service industries that value social reputation.
Professional knowledge	Localized professionals who have worked in certain professions and industries develop professional knowledge in terms of know-what and know-how.	Professional knowledge is needed mainly by firms lacking expertise to strengthen their competitiveness in the foreign market. Professional knowledge can be grafted from previously non-localized (relocated) professionals if general foreign market knowledge and social network knowledge are already in place in the firm.