



**UNIVERSITY OF GOTHENBURG**  
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## **Absorbing Knowledge:**

A study of knowledge flows from Nudie Jeans Headquarters to its Australian and  
South Korean partners

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## Abstract

Absorptive capacity (AC) has been researched widely and has emerged as a vital aspect in the knowledge transfer process. However, previous studies have identified a deficiency in the development of AC as to how it is absorbed in practice as well as a lack of qualitative studies. The aim of this study is to develop the understanding of how knowledge is absorbed by the receiving units in the context of cross border knowledge sharing. The research is based on a case study of Nudie Jeans and two of their external partners, namely Australia and South Korea. A field research, observations and 24 interviews were carried out in Sweden, Australia and South Korea with staff and managers at different hierarchical levels. The main outcomes of this study are that storytelling can be used to ease the ability of the receiver to absorb knowledge and apply it in their organization as well as that AC of the receiving unit needs to be investigated from different hierarchical levels as opposed to one sole organization.

**Key words:** Nudie Jeans, absorptive capacity, knowledge transfer, adaptation, integration, motivation



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## 1. INTRODUCTION

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Over the years the concept of knowledge sharing across borders has been widely researched in literature. Multinational corporations (MNCs) are compelled to share knowledge across national borders to the geographically dispersed units due to the nature of being a multinational organization (Argote et al., 2000) and in order to minimize costs, but also since it is critical to the success of the company (Jensen & Szulanski, 2004). In recent years, the importance of sharing knowledge has intensified (Argote & Ingram, 2000) as MNCs today are aiming to be ever more cost effective and innovative. However, in order to be able to compete globally, MNCs must strive to become better than their competition, otherwise they will be unable to survive in the long term (Raj, 2007; Lodh & Nandy, 2008).

*“A growing body of empirical evidence indicates that organizations that are able to transfer knowledge effectively from one unit to another are more productive and more likely to survive than organizations that are less adept at knowledge transfer” (Argote et al., 2000:2).*

As a result, the knowledge created in an organization and transferred to other units, which is inimitable, is considered a source of competitive advantage (Barney, 1991). Researchers are in accordance that those knowledge processes (i.e. practices, routines, etc.) that are challenging to replicate are essential bases of competitive advantage. Nonetheless, in order for firms to gain from this they must have the ability to recognize and share the assets (Jensen & Szulanski, 2004).

Although knowledge sharing across borders may be vital for the MNC's success, research states that there are hinders interfering and thus creating difficulties. There are a number of barriers, for instance causal ambiguity, retentive capacity and arduous relationships. However, one out of many in particular refers to cognitive factors and from the recipients' perspective is absorptive capacity (AC) (Szulanski, 1996). Nevertheless, in order for the process of knowledge transfer to be successful, the AC needs to be present at the subsidiary or partner, in terms of both the ability and the motivation of the employees, to convert this information into useful internal resources (Minbaeva et al., 2003).



AC is a thought-provoking concept, because knowledge can be transferred but how it is actually absorbed and used in practice is hard to define. Many authors have researched the concept of AC and two distinct perspectives have become apparent in the current literature. The first is a static point of view, which depicts AC as an asset and indicates how much knowledge is absorbed. It is based on the relevant prior knowledge and evaluated by the extent of knowledge at a certain point in time (Mowery, Oxley & Silverman, 1996; Tsai, 2001; Roberts et al., 2012). Secondly, is a learning process perspective, which discusses how knowledge is absorbed. AC is considered one of the firm's fundamental learning processes (Cohen & Levinthal, 1989) and simply being exposed to the knowledge flow will not bring any beneficial use (Cohen & Levinthal, 1990). It is argued that the sharing techniques and amalgamation of knowledge internally in the receiving unit outline AC. When knowledge is transferred to one part of the organization but it is used in another part, it is crucial for it to be acquired, assimilated, transformed and exploited within the organization (Zahra & George, 2002). Nonetheless, some firms may lack the ability and this relates to the under-researched topic of AC and how knowledge is absorbed within the organization (Hortho, Becker-Ritterspach & Saka-Helmhout, 2012).

## 1.1 Problem discussion

The notion of AC has been researched by a variety of researchers and the concept has been explained in numerous ways (Cohen & Levinthal, 1989; Cohen & Levinthal, 1990; Lubatkin, Florin & Lane, 2001; Zahra & George, 2002; Minbaeva et al., 2003; Easterby-Smith et al., 2005). Cohen and Levinthal's (1990) concept of AC as the ability of an organization to value, assimilate and apply new knowledge is the most commonly cited definition of AC. Zahra and George (2002:186) have re-conceptualized previous descriptions by defining AC as a "*set of organizational routines and processes by which firms acquire, assimilate, transform and exploit knowledge to produce a dynamic organizational capability.*" However, both these definitions only recognize that these ideas are needed in order for AC to be successful and only study the concept on a superficial level. Moreover, the fact that there is such a wide range of definitions makes the concept ambiguous and rather confusing, which makes it unclear if AC is an ability or a capacity. There is a deficiency in the development of the concept of AC and how it is actually absorbed in practice, in terms of techniques and processes and how it is applied in the daily work





routine (Zahra & George, 2002). AC has been researched only on a surface level and therefore it needs to be crystallized and developed further. This is closely linked to the fact that the research has mainly been conducted on large samples of organizations, instead of focusing on a smaller number of organizations which will permit more time and resources to sustain a deeper understanding of those organizations (Easterby-Smith et al., 2005). It has also been argued that the lack of such research is due to the fact that most of the research methods in previous studies on AC have been that of quantitative measures, which are more suitable for testing a theory rather than establishing it. There is a need for more qualitative studies to further expand the concept of AC (Easterby-Smith et al., 2008; Duchek, 2013).

Szulanski's (1996:28) early studies on the "*transfer of best practices*" within a firm is a phenomenon that has been widely cited and clarifies different characteristics that hinder knowledge transfer. However, the study is brought out through a questionnaire survey which makes it much harder to go into further detail about how to take in knowledge, what environment works best to take it in and what motivates employees to absorb the knowledge. Thus, qualitative research would benefit the development in this area in order to understand the specifics of the AC process. It has been recognized in literature that organizational design such as people, tasks and tools contributes to how the knowledge is taken in, but do not go into specifics of how it is absorbed (Argote & Ingram, 2000).

Furthermore, much of the literature takes on the intra-organizational perspective of AC by focusing on knowledge sharing between headquarter (HQ) and subsidiaries. Qualitative research has been carried out in these studies. However, limited research has focused on the presence of external partners and their implications (Volberda, Foss & Lyles, 2010). In addition, much of the research in this area has focused on national studies thereby not taking the international business perspective (Cohen & Levinthal, 1990; Easterby-Smith et al., 2005; Easterby-Smith et al., 2008).

The HQ as a focal point, which is also referred to as the traditional perspective, is the customary approach in the majority of research and the subsidiary or partner viewpoint is widely neglected. Thus this limits the ability to fully comprehend the full picture underlying the concept of AC. The importance of the recipient's motivation and ability have been argued to be two of the most



important aspects of AC. Certain incentives have been recognized as motivational factors that enhance AC, such as performance-based compensation and the use of internal promotion systems (Minbaeva et al., 2003). There are other motivational aspects to AC that need to be studied more in detail to help understand the concept of AC, such as the firm's core values and relationships within the organization.

## 1.2 Purpose

Following the problem discussion, the purpose of this study is to develop the understanding of how knowledge is absorbed by the receiving unit in the context of cross border knowledge sharing and not to measure the AC. More specifically, it will investigate the transferred knowledge, its path in the process of dissemination in the receiving unit and how it is applied and shared from the perspective of the external partner. There is a gap in the current literature as discussed previously and requires further in-depth explorations to crystallize the concept of AC. The use of qualitative methods throughout this study will yield further in-depth thoughts and perspectives that will fill in these gaps. One interesting context to study the concept of AC is the retail context because the existing retail literature is lacking research on knowledge sharing processes. It is an interesting industry given that it is one of the fastest growing industries but it also in a transformation phase. Therefore firms must constantly adapt to today's ever-changing customer preferences, keep up with fierce global competition and shift to e-commerce while also simultaneously being cost efficient and effective (Mansour & Zocchi, 2012).

## 1.3 Research question

Hence, the following research question will be answered:

***How do external partners absorb the knowledge they receive from HQ and put it into practice in their organization?***

In order to understand the concept of knowledge absorption on a deeper level, a detailed study is required. This will incorporate a case study of Nudie Jeans Co.<sup>1</sup>, a Swedish denim company. As a medium-sized enterprise with limited access to resources it resorted to internationalization

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<sup>1</sup> Henceforth named Nudie Jeans



through external partnerships to attain global reach. These partnerships take large investments in terms of finances as well as time and relationship building. Two of these partnerships will be studied extensively, namely the Australian and South Korean ones, and a further investigation on how they absorb and apply the knowledge received from HQ by taking different hierarchical perspectives. The Australian partner, Nudie Jeans Co.-Australasia<sup>2</sup> is amongst the eldest partnership of Nudie Jeans and is an exclusive distributor. On the other hand, the South Korean partner, JAANH GROUP, INC.<sup>3</sup> has been in cooperation with Nudie Jeans for less than two years and carries a wide variety of jeans brands (Nudie Jeans Sweden Interview, 2014a). The features that will be explored in order to grasp AC are the company culture, organizational routines, products and environment in the head offices and retail stores.

## 1.4 Thesis layout

The first step is to compile the existing literature on knowledge transfer across borders and AC as well as a conceptual model in order to create a framework for understanding the basis of the study. Before presenting the empirical data, a short empirical background about the company and the partners at stake is introduced. Subsequently, the empirical data collected through observations and interviews in Australia, South Korea and Sweden as well as access to internal documents relating to the ability of the foreign partners to absorb and apply knowledge is presented. Afterwards an analysis is conducted by linking the empirical findings to the theoretical framework and a re-conceptualized model will be presented followed by a conclusion comprising an answer to the research question and implications for future research.

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<sup>2</sup> Henceforth named Nudie Jeans Australia

<sup>3</sup> Henceforth named JAANH



## 2. THEORETICAL FRAMEWORK

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*This chapter encompasses the already existing literature in the field of AC. It will open broadly by defining knowledge and its characteristics, followed by transferring knowledge across borders. Then it will explain AC and present three enablers to absorbing knowledge, namely adaptation, integration and motivation. Finally, the chapter will conclude with a conceptual model, which was based on the theories discussed throughout the framework.*

### 2.1 Knowledge

#### 2.1.1 What is knowledge?

It is argued that knowledge is neither information nor data per se, but rather a very complex perception of the two concepts (Kelly, 1997). This is supported by the characterization of knowledge being a complex notion containing multifold connotations (Nonaka, 1994). It is argued that knowledge is rooted into an organization and shaped by its members, tools and tasks. Members are referring to the people in the organization, tools are referring to the technological element, and tasks are referring to the purposes and goals of the organization (Argote & Ingram, 2000).

#### 2.1.2 Types of knowledge

In the management literature a clear epistemological difference has been made between knowing about and knowing how which knowledge is explicit and implicit, respectively (Grant, 1996). Tacit knowledge is transferred through observation and learned through practice (Kogut & Zander, 1992). Such knowledge is a barrier for replication because of its embedded complexity of interactions, processes and routines inside the firm (Reed & DeFillippi, 1990; Kogut & Zander, 1992; Nonaka, 1994; Lam, 1997; Simonin, 1999). In retrospect, explicit knowledge is utilized through communication and is viewed as a good for the public as soon as it is created. In addition, it can be used by additional users at almost zero marginal cost (Grant, 1996).

However, the originator of tacit knowledge, Michael Polanyi (2002) suggests that knowledge is neither tacit nor explicit in itself but rather that all knowledge has a tacit aspect to it (illustrated in Figure 1), which is the perspective adopted throughout this study. Thereby it contends that



some knowledge transfer may be impeded, while other can be transferred through codification and explains it as

*“[a]rt which cannot be specified in detail cannot be transferred by prescription, since no prescription for it exists. It can be passed on only by example from master to apprentice. This restricts the range of diffusion to that of personal contacts” (Polanyi, 2002:53).*

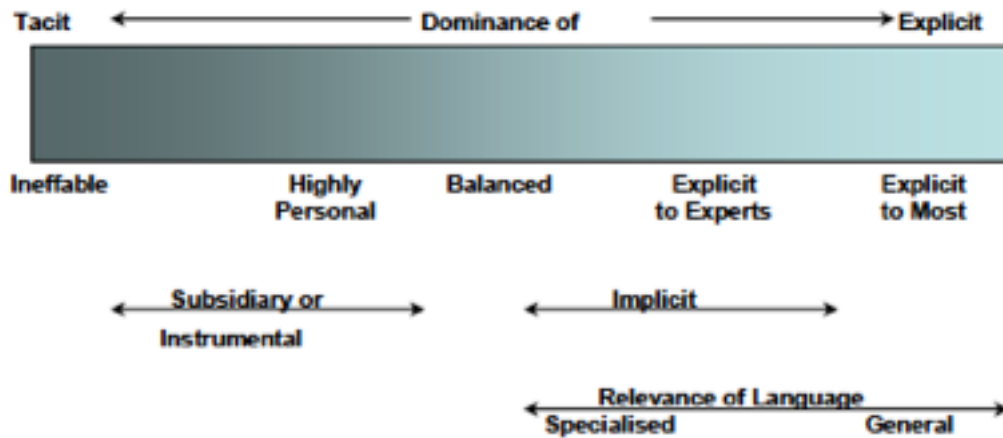


Figure 1. The Tacit/Explicit Dimension (Source: Polanyi, 1966)

He further claims that humans tend to usually know how to do certain things in practice, namely demonstrate and imitate, however not knowing and being unable to express through verbal language (Polanyi, 2002).

As companies have extended across national boundaries, knowledge has had to follow the same path and has thereby become a competitive advantage of the firm (Grant, 1996; Szulanski, 1996). Carlile and Reberich (2003), however, argue that knowledge is only seen as a competitive advantage if it can be reused to the extent that it will intensify efficiency or diminishes the costs of retrieval, transfer and transformation. Interrelated is also the concept of knowledge transfer, which according to Argote et al. (2000) is also increasing its importance in organizations.

## 2.2 Transferring knowledge across borders

Knowledge transfer is defined as *“the process through which one unit (e.g. group, department,*



*or division) is affected by the experience of another”* (Argote & Ingram, 2000:151). The transfer of knowledge across national borders has increased its importance and has developed essential competitive consequences. The literature on strategy concurs that knowledge resources, i.e. practices and routines, that possess challenges in replicating are seen as a competitive advantage of an MNC (Grant 1996; Jensen & Szulanski, 2004; Minbaeva et al., 2003). In the international environment it is even more evident as firm-specific assets play a central function in the overall success of the organization (Jensen & Szulanski, 2004).

### **2.2.1 The knowledge transfer process**

However, in order for the transfer to take place a two-part process is necessitated. The first is the actual transmission of knowledge, which comprises of the sending of knowledge from one unit to another. The second part is the receipt of knowledge, namely the extent to which the receiving unit acquires and utilizes this knowledge. While the transfer of knowledge is a fairly straightforward process, how individuals essentially acquire, understand, process and apply the knowledge is still to a large extent a mystery (Grant, 1996). It has been argued in literature that the transfer of knowledge is demonstrated through modifications in the knowledge at the receiving unit (Inkpen & Tsang, 2005) by means of moving members, tools and/or tasks from one unit to another (Argote & Ingram, 2000). The tacit components of knowledge can be very costly and slow to transfer between individuals as they pose challenges to be codified and therefore observation and learning through practice are suggested (Kogut & Zander, 1992).

Szulanski (1996:28) explains *“the transfer of best practices”* as a fundamental process for an organization in order to benefit from rare knowledge and thus generate competitive advantage. This transfer occurs in a developing process and is suggested to involve four stages: initiation, implementation, ramp-up and integration. In the first stage, initiation, involves all events prior to a decision being made and when the transfer is suitable to be made is when a fit between the need and a potential solution to that need is found. The second stage, implementation commences when the decision is set in motion and resources stream between the receiver and sender. *“Transfer-specific social ties between the source and the recipient are established and the transferred practice is often adapted to suit the anticipated needs of the recipient”* (Szulanski, 1996:28). When the transferred knowledge is being put to use by the recipient the



first time, the ramp-up stage begins, which involves resolving unpredicted issues. Once the recipient of the knowledge transferred attains adequate results the integration stage begins, which is when the transferred knowledge becomes routinized. This occurs gradually and is existent frequently in social patterns. However, the transfer is often hindered by difficulties along the transfer process, which are referred to as “*internal stickiness*” (Szulanski, 1996:28).

### 2.2.2 Hindrances of knowledge transfer

In theory, knowledge transfer can be accomplished by moving the members, tools and/or tasks it is embedded in, nevertheless in practice it is more challenging (Argote & Ingram, 2000). Although there may be numerous impediments to knowledge transfer, Szulanski (1996:27) identifies the three most important origins that represent knowledge barriers: “*causal ambiguity*”, “*arduous relationship between source and recipient*” and “*lack of absorptive capacity*” of the recipient.

1. “*Causal ambiguity*” is described as a difficulty in imitating capability, which can be caused by complex human skills.
2. “*Arduous relationship*” refers to the hard work that needs to be put into a relationship. During the transfer process, especially of tacit knowledge, countless exchanges by individuals are needed and the easier the communication and the more intimate the relationship the better the transfer. An arduous relationship on the other hand can complicate the transfer between the source and recipient.
3. “*Lack of absorptive capacity*” is explained by a person inability to value, assimilate utilize new external knowledge, which is dependent on the recipient’s previous knowledge (Szulanski, 1996).

Although all three origins are associated with hindrance of knowledge transfer, one in particular is highly dependent on the receiving unit alone, namely AC (Szulanski, 1996). Literature argues that it is becoming increasingly important for firms to invest in developing their AC to enable long-term success (Roberts et al., 2012).





### 2.3 Absorptive capacity – a learning perspective

Dyer and Singh (1998:666) suggest that AC is “*an iterative process of exchange*” leading to “*relational rents.*” Their focus on joint learning based on idiosyncratic knowledge has far more in common with the concept of reciprocal learning alliances, which assumes that the partners have no overlapping prior knowledge and, hence, no AC (Lubatkin, Florin & Lane, 2001). While Dyer and Singh (1998) focus on the repetitious learning process between a learning individual and a firm, Van den Bosch, Volberda and de Boer (1999) focus on the same process but between all external sources of knowledge and a firm.

Cohen and Levinthal (1990:128) along with most other AC researchers contradict this view as they propose a one-way learning process arguing that it is “*the ability of a firm to recognize the value of new, external information, assimilate it, and apply it to commercial ends.*” Important to mention is that the receiving units differ in their abilities to absorb knowledge (Minbaeva et al., 2003). Therefore, mere exposure to external knowledge is not sufficient for a firm to absorb the knowledge received. Zahra and George’s (2002) view is that the critical parts of AC are integration and the effective internal knowledge-sharing path. Hence, they further develop Cohen and Levinthal’s (1990) perspective describing AC as “*a set of organizational routines and processes by which firms acquire, assimilate, transform, and exploit knowledge*” (Zahra & George, 2002:186), which is how this concept will be understood as throughout this study. They continue by suggesting “*potential*” and “*realized*” as two common concurrent states for AC; “*potential*” AC is the external knowledge that a firm acquires and assimilates, while “*realized*” AC is the knowledge that a firm transforms and exploits.

Furthermore, Cohen and Levinthal (1990) indicate that an important component of AC is the function of organizational structure in easing the transfer and absorption of knowledge, but they also take the level of previous related knowledge into consideration. Therefore, even in the same environment the receiving units may differ in their “*ability [...] to recognize the value of new, external information, assimilate it, and apply it to commercial ends*” hence their AC (Cohen & Levinthal, 1990:128). However, Van den Bosch, Volberda and de Boer (1999) contemplate organization forms and combinative capabilities as two organizational determinants of AC. They





go on by differentiating three types of components of knowledge:

*“[K]nowledge related to products or services, knowledge related to production processes, and knowledge related to markets. [...] Component knowledge can reside within the firm itself, within a firm's traditional knowledge environment, and within knowledge environments that have yet to be explored”* (Van den Bosch, Volberda, & de Boer, 1999:552).

The AC of a firm is impacted by several factors (Zahra & George, 2002; Minbaeva et al., 2003; Jensen & Szulanski, 2004), however literature lacks a process of how knowledge is absorbed. Therefore, Szulanski's (1996) model of the transfer process, presented previously, will be used as a basis to integrate additional literature in presenting how knowledge is absorbed in theory, so that AC is not a hinder. In the model, Szulanski (1996) presents four steps, but due to the fact that the purpose of this study is to focus on absorption of knowledge from the recipient's perspective, implementation followed by integration will be covered.

The following sections will investigate the aspects that are suggested to ease knowledge absorption namely, the adaptation of knowledge (Jensen & Szulanski, 2004) and its integration into the receiving unit (Szulanski, 1996). In addition, the motivation of the individuals engaging in the receipt of knowledge at some point along its path has also been argued to enable absorption (Minbaeva et al., 2003).

## **2.4 Knowledge adaptation**

Solely transferring knowledge from one unit in an MNC to another is not enough; the knowledge must be adapted to suit the receiving unit, more specifically to legitimize it (Jensen & Szulanski, 2004). Adaptation is defined as *“differences introduced between the original practice and the replica”* (Jensen & Szulanski, 2004:513). This relates to Szulanski's (1996) implementation step in the transfer of knowledge where the flow and adaptation of knowledge to the recipients' projected needs is suggested to take place.

The members, tools or tasks may have to be adapted to be compatible in the context of the



receiving unit in order for the transfer to be deemed as successful (Rulke, Zaheer & Anderson, 2000). There is agreement among researchers that some degree of adaptation is needed and it plays a fundamental role in the global integration strategy of an MNC (Jensen & Szulanski, 2004). The managers at the receiving unit are responsible for this, namely to assess the unit and determine the capabilities and limitations in terms of the knowledge that is being transferred (Rulke, Zaheer & Anderson, 2000). Thereby adaptation is argued to intensify cognitive and normative validity deriving in surging motivation and ability to accept and exploit the knowledge by the recipient. However, adaptation that happens prior to or during the transfer will have an effect on the transfer. By adapting knowledge, it is argued that the survival of the subsidiary will be safeguarded even in the long-term (Jensen & Szulanski, 2004).

If for any reason the knowledge cannot be adapted to the receiving unit it may have adverse repercussions in its application (Argote & Ingram, 2000), which leads to the next step, integration.

## **2.5 The integration of knowledge**

After adapting the transferred knowledge and the recipient has received adequate results it must be integrated into the receiving unit, which refers back to Szulanski's (1996) stages of transfer of knowledge. This will allow the knowledge to be interpreted and understood by employees and thereby converted into new common knowledge (Jimenez-Jimenez & Sanz-Valle, 2013). As time goes on, the transferred knowledge is developed in the recipient through a shared history of mutually using the transferred knowledge, in which "*actions and actors become typified, and types of actions are associated with types of actors*" (Szulanski, 1996:29). New practices will be institutionalized through the shared meanings and behaviors, and will become part of the organization's normal operations (Szulanski, 1996). De Boer, Van den Bosch and Volberda (1999) suggest three mechanisms, which are likely to impact the integration of knowledge: systems, coordination and socialization.

### **2.5.1 Systems**

Systems refer to directives, schedules, rules, policies, procedures, (Grant, 1996) manuals and



communication, and reflect the degree to which these are implemented through formal structure and documentation (De Boer, Van den Bosch & Volberda, 1999). These are set for the purpose of communicating knowledge from specialists to non-specialists by means of converting tacit knowledge into graspable explicit knowledge (Grant, 1996) while eradicating the need for interaction and coordination amongst individuals in an organization (De Boer, Van den Bosch & Volberda, 1999).

### 2.5.2 Coordination

While knowledge can be integrated by means of rules and manuals, it can be enhanced by coordination by creating relations between members of an organization. This refers to training and liaison devices and participation (De Boer, Van den Bosch & Volberda, 1999).

Employee training has been proven to increase the human capital of an organization that will most likely increase the performance of the company (Minbaeva et al., 2003) and is a vital source of knowledge acquisition (Lyles & Salk, 1996; Lane, Salk & Lyles, 2001). Rulke, Zaheer and Anderson (2000) identify two types to training:

1. Non-relational learning refers to the diffusion of knowledge through impersonal channels such as newsletters, magazines, PowerPoint slides, etc.
2. Relational learning relates to training through personal contacts, where the new staff is taught about different aspects of the company and their tasks through personal interaction.

Despite research supporting the significance of non-relational learning, relational learning is far more important and indispensable due to the fact that it will enable the transfer of the tacit components of knowledge (Rulke, Zaheer & Anderson, 2000). One approach to examining whether training was effective or employees are lacking certain skills is through performance appraisals (Minbaeva, 2005). Performance appraisals “*provide employees with feedbacks on their performance and competencies, and give directions for enhancing their competencies to meet the needs of the organization*” (Minbaeva, 2005:130).



Liaison devices and participation are related to Grant's (1996) integration mechanisms of group problem solving and decision-making, which refers to the occasional need of personal and interactive means of integrating knowledge. Nonetheless it differentiates itself in that it indicates that it takes place across levels of authority and staff members join in decision-making with their managers. Therefore, not participating in these activities is argued to reflect inferior integration of knowledge (De Boer, Van den Bosch & Volberda, 1999).

While coordination is argued to be less efficient and more costly than systems, it is argued to result in better knowledge integration (De Boer, Van den Bosch & Volberda, 1999).

### **2.5.3 Socialization**

Socialization is the third mechanism and *“refer[s] to those organizational mechanisms which build interpersonal familiarity, personal affinity and convergence in cognitive maps among personnel form different subsidiaries”* (Gupta & Govindarajan, 2000:479). Research has acknowledged that socialization, through the establishment of a relationship between sender and receiver (Minbaeva, 2005), eases knowledge flows between organizations by creating a common language, generating mutual understanding and allowing the transfer of tacit and explicit components of knowledge (Lawson et al., 2009). It is argued that when firms aim for long-term cooperation, besides having to coordinate, they will have to build trust as well as shared understanding (Li, 2005). In addition, when socialization leads to the intensification of interaction it may develop *“partner-specific absorptive capacity”* (Lawson et al., 2009:159). Gupta and Govindarajan (2000) argue that the richness of the interaction is essential and that it be informal, open and dense. Therefore creating personal connections between employees is important, as they will feel connected to one another. When employees have a relationship and trust each other, knowledge transfer is amplified, the costs of knowledge transfer decline and the probability that employees will absorb the knowledge and utilize it is higher (Abrams et al., 2003).

Research suggests two dimensions of relational trust in the context of knowledge sharing i.e. benevolence and competence. Benevolence refers to the trust when one cares about the person himself and his or her well-being. On a deeper level, this refers to inquiring something of a co-



worker without fear of potentially harming his or her self-esteem or reputation. On the other hand, competence suggests that one individual trusts and depends on the person because of his or her expertise in the topic at stake. The relational trust is affected by several behaviors: the frequency, the richness (i.e. informal, open and intense) and the quality of communication. By engaging in these behaviors, all sides involved will feel comfortable in sharing their opinions and ideas with each other (Abrams et al., 2003), which is achieved through socialization. Two approaches of socialization are identified in literature, namely formal and informal socialization mechanisms (Alavi & Leidner, 2001; Lawson et al., 2009).

1. Formal mechanisms consist of, but not limited to, training, plant tours, personnel transfer (Alavi & Leidner, 2001), fairs, scheduled meetings, conferences and cross-functional teams. A main characteristic of formal mechanisms is that they are designed in a specific format by the organization to communicate and share knowledge but also cultural schemes, values and beliefs (Lawson et al., 2009). It is argued that these mechanisms are a superior approach to disseminating knowledge as opposed to informal mechanisms, however it constraints the creativity of the employees. Personnel transfer is a time and resource efficient approach, which allows employees to engage in the practices of others and accessing tacit knowledge (Alavi & Leidner, 2001).
2. Informal mechanisms comprise of unscheduled meetings, informal seminars, coffee break conversations (Alavi & Leidner, 2001), workshops, product demonstrations, off-location meetings, meals at restaurants, etc. In essence, informal socialization consists of a social event typically outside of the workplace where work-related topics are still part of the conversation (Lawson et al., 2009). On the one hand, informal mechanisms, while promoting high levels of socialization, they are essentially not controlled by the organization and thereby there is no assurance that the knowledge passed between members is accurate. In addition, it is argued that they may interfere with the recipients interpreting and processing the knowledge and isolating socialization to a certain group of people (Alavi & Leidner, 2001). On the other hand, they allow for deeper connections between employees by discussing not only on a professional level regarding work experiences and company gossip, but also on a more personal level by talking about



hobbies, families and common interests. The connections formed outside of the work environment makes the people feel real and approachable (Abrams et al., 2003).

## 2.6 Motivation

Besides the ability, employee's motivation has been recognized as one of the central features of a firm's AC and certain practices that managers apply within an organization have also been identified as a contributing factor to the advancement of AC. It is argued that motivation has a vast impact on an organization's effectiveness and AC will be unsuccessful if employee's motivation is lacking (Minbaeva et al., 2003). Motivation is defined as "*the recipient's desire to implement the practice being transferred*" (Jensen & Szulanski, 2004:513).

In terms of adaptation, when knowledge is adapted to fit the receiving unit, it is argued that it becomes validated from the perspective of the receiver. The receiver will therefore have increased motivation to absorb the knowledge (Jensen & Szulanski, 2004).

From the integration point of view, members in the receiving unit can employ the "*Not-Invented-Here syndrome*", which can be manifested in several manners. On the one hand, it may interfere with knowledge transferred that is deemed to be more adept than the member at stake. On the other hand, it can reduce the potential power of knowledge possessed by individuals by reasoning it is not valuable. Thereby, members may lack motivation and are inhibited from taking the knowledge in (Gupta & Govindarajan, 2000:475-476).

## 2.7 The conceptual model

Based on the theories presented in the theoretical framework a conceptual model has been developed, represented in Figure 2, in the context of HQ to unit knowledge transfer and will be used in the analysis to compare and contrast it with the empirical findings. The model is divided into a two-stage process, which will enable the receiving unit to acquire, assimilate, transform, and exploit the knowledge that is being transferred from HQ. The first stage is adaptation, which takes place before the transfer of knowledge in order to suit the receiving unit and legitimize the knowledge. The second stage, integration, will then allow the knowledge to be interpreted and



understood by the receiving unit. By adapting and integrating the knowledge the receiver of the transfer will have increased motivation to absorb the knowledge. Adaptation, integration and motivation mutually affect the AC of the receiving unit.

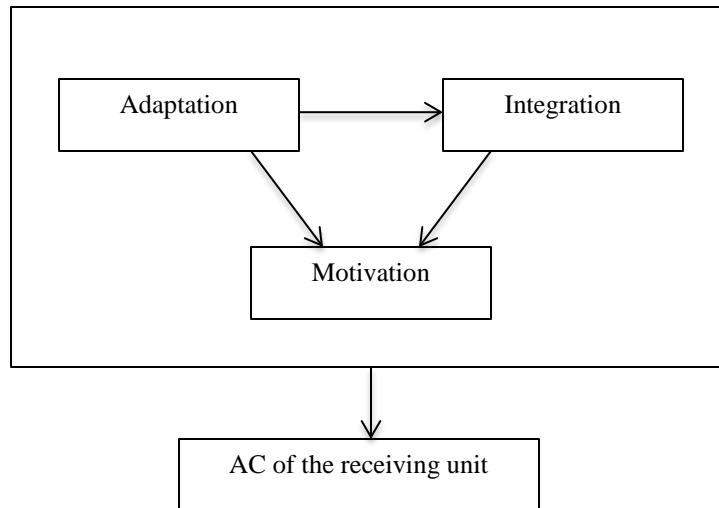


Figure 2. The Conceptual Model



### 3. METHODOLOGY

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*This section offers the reader an overview in the organization of the empirical data collection. It gives a detailed account of the approach and design used in this study as well as justifies these decisions. In addition the validity, reliability and limitations of the study are discussed.*

#### 3.1 Research approach

Reflecting back upon the intended purpose of this study as to developing a profounder understanding of the concept of AC from the receiving unit's perspective. While there are a vast number of studies carried out on AC, the concept is still not widely understood. Thereby, in order to attempt to further clarify AC, we intend to carry out a hands-on study by undertaking a qualitative case study approach. Myers (2013:9) argues, that “*qualitative research is best if you want to study a particular subject in depth (e.g. in one or a few organizations)*” as well as “*clarifying and understanding phenomena*” and “*finding creative or fresh approaches to looking at over-familiar problems*” (Merriam, 1995:52). Business disciplines have generally been associated with quantitative research, however since the 1990s qualitative studies have been gaining copious popularity and have been widely published amongst the top peer-reviewed journals. The reason for this achievement is the complex and rich field, particularly that of international business (Doz, 2011), and the need thereof to actively interact with actors within organizations in order to yield results that resemble the reality of businesses (Myers, 2013). In addition, as the research will take on a cross-border trajectory, a case study is reasoned to be fitting in international business research (Ghauri, 2004).

According to Bryman and Bell (2011) companies that have to check boxes with already established answers, i.e. a survey, have limits on their answers which may perhaps force them to check a box they do not relate to. In addition, it is important to us to truly find out what the decision makers in an organization think, because they are essentially the ones that help mold the organization to what it is. Without these individuals, the organization would not in a sense “survive” on its own (Bryman & Bell, 2011). Furthermore, Bonoma (1985) states that qualitative research tends to yield high prevalence in results, due to its contextual relevance in terms of methods, time, as well as setting. Moreover, case studies are the favored approach when (a) the research focuses on a present issue being studied in a real-life setting, (b) the questions that are to





be investigated are “why” and “how” questions and (c) the researcher is an outsider and does not possess control over the forthcoming issue (Ghauri, 2004).

Furthermore, throughout the course of this study we adopted both inductive and deductive reasoning by repeatedly moving between the theoretical framework and the empirical research. By doing so, the theories are questioned in relation to the empirical data and vice versa. According to Eriksson & Kovalainen (2008), using the two types of reasoning is referred to as applying an abductive approach. Based on the purpose of this study and with the guidance of numerous research methods authors, we created a suitable case design for this study.

### **3.2 Case design**

The particular case study format we chose is a comparative case study. Yin (2003:47) explains that multiple case studies can be used to “(a) *predict similar results (a literal replication) or (b) predict contrasting results but for a predictable reason (a theoretical replication).*” We believe that exploring two completely contrasting locations will allow us to get a deeper insight of the phenomena at stake, but also compare the differences and/or similarities and the implications thereof. The following Nudie Jeans partners are explored as part of this exhaustive study as they are seen as embedded cases within the Nudie Jeans case:

Nudie Jeans - Australia in Sydney, Australia

JAANH GROUP, INC in Seoul, South Korea

and along with the Nudie Jeans HQ have been the primary sources of collecting empirical data.

### **3.3 Data collection**

In this research report the collection and use of data consisted of primary sources. We have relied on primary data collected through in-depth semi-structured interviews, observations and photographs in order to present the empirical findings. Nonetheless in order to obtain a comprehensive case and facilitate the analysis process, this data had to be complemented with additional information found on the Internet, in marketing material, reports as well as internal documents.



In a case study, data collection is done from multiple sources. Some examples include interviews and observations, verbal and written reports, which include financial and budget reports, archives and strategy reports. The reason to using an extensive range of sources is to emphasize the depth and focus of the topic at hand and obtain as much data as possible to explain the characteristics of the case and to allow for a comprehensive analysis (Ghuri, 2004).

### **3.4 Primary data collection**

The collection of primary data was achieved predominantly through face-to-face interviews, which were scheduled prior with the appropriate personnel in each location, namely Sweden, Australia and South Korea. All participants held key positions and thereby were chosen purposefully to maximize the outcome of the research. The participants in the HQ location were selected due to them being key stakeholders and offering a deeper understanding of the company and its concept. The participants abroad were based on their contact with both HQ in Gothenburg as well as their contact with customers, which enabled us to depict a picture of the flow of information.

#### ***3.4.1 Preparation of interviews***

The preparation of interviews was carried out in a systematic manner. First and foremost the main topics to be investigated were carefully chosen from the perspective of corporate and store levels. Then under each topic umbrella a brainstorming of questions took place in order to enable the interviewer to pay attention to the interviewee as opposed to thinking of new questions. These questions were purposely tailored to each specific position, however were kept uniform in the different countries. According to Bryman & Bell (2011) in a multiple case study, a structure was needed to some extent to be able to carry cross-case comparisons out.

Thereby interview guides were prepared (see Appendices 2-4), which also included an introduction where we presented ourselves, the project and provided some brief information about the interview, which was communicated to each interviewee prior to the start of the interview. Despite having the interview guides, as the interviews advanced there was a tendency to ask follow-up questions to clarify content or obtain deeper information. For instance, when



discussing the topic of how the interviewee accustoms him- or herself with new collections, we would further dig into exact techniques and what helps him or her to learn and remember what was taught. This would apply to both staff attending kick-offs as well as the staff that would get trained following the kick-offs in each individual market.

### ***3.4.2 Semi-structured face-to-face interviews***

As it was stated previously, the collection of data was achieved through semi-structured interviews, as these allowed for more specific issues to be addressed than the interview guide encompasses (Bryman & Bell, 2011). The first step of collecting the empirical data was to conduct face-to-face semi-structured interviews at Nudie Jeans HQ in Sweden. These interviews were scheduled in advance and were conducted at the corporate office as well as at the concept store. The CEO, director of sales and marketing, sales coordinator, store manager and sales associate were interviewed, see Appendix 1 for further details. These interviews served a base grounded on the expectations from the HQ side and their semi-structured nature allowed for flexibility, which is argued to be an advantage (Bryman & Bell, 2011). After establishing the prospects on the HQ side, fieldwork was carried out on location at the selected international partner locations in Australia and South Korea. Each location's interviewing phase spanned over a period of seven business days and consisted on average two interviews per day. In order to allow for unbiased comparison, very similar information-gathering approaches and interview guides were followed in the two locations.

In Australia seven formal face-to-face interviews were conducted. Four of them took place at the head office and the remainder took place at the Nudie Jeans concept store and shop corner in a department store, refer to Appendix 1 for additional details.

In South Korea 11 formal face-to-face interviews were carried out. All interviews but one were interpreted by translators provided by the company, which were internal employees. Five interviews were conducted at the head office, in a group setting with one participant answering at a time. The remainder of the interviews was carried out at two multi brand stores owned by JAANH Group and one shop-in-shop (see Appendix 1). In all interviews, translators took notes in order remember details of what was said. The majority of participants, in particular those at



the head office had notes with them and some even read some answers. In the case of the South Korean partners, they requested to see the outline and questions prior to the interviews. Upon completion of all interviews, we thought the interviews were more informal in Australia than in South Korea as in South Korea they wanted to prepare their answers prior to the actual interview. This may be a consequence of being a new relationship to Nudie Jeans.

### ***3.4.3 Email interviews***

One interview had to be conducted through email, as the CEO of JAANH Group did not have time to sit down with us during our visit there. Therefore, some aspects had to be considered when analyzing the data from this interview due to our inability to be there in person. Nonetheless, the information revealed in this interview was essential when analyzing the other data collected in South Korea, however it was treated with the utmost prudence.

### ***3.4.4 Informal meetings***

Throughout our field research abroad we had several informal meetings such as lunch, dinner, getting from place A to place B, etc., however, the majority took place in social settings. These meetings' conversation topics spanned from personal life to conversing about Nudie Jeans. These were not recorded due to their informal nature, as well as we did not want the participants to feel uncomfortable. Ultimately, they helped us understand the company on a more advanced level and establish deeper relationships with the participants. It is argued that by developing the researcher-participant relationship, researchers can gain insight into the culture and familiarity with the study, which can only be achieved by developing close relationships (Eriksson & Kovalainen, 2008).

During our visit to South Korea, coincidentally Nudie Jeans held one of their kick-off events, where they presented the upcoming collection and had both business meetings and social activities. They offered us to conduct additional interviews with partners from countries other than our targeted locations. We had interviews with their partners from North America and Japan and we decided to conduct these in a more informal way in order to make the interviewee more comfortable and therefore even called them conversations or chats. In Japan's case, a translator



was used and this person was a staff of the Japanese partner. These so-called interviews, however, were not used in the general analysis of this report but rather in order to get an overall understanding of the challenges and opportunities encountered on their ends. We were also invited to participate in the kick-off activities during one full day. By doing this we were able to generate a better understanding of how Nudie Jeans and its partners interact during their gatherings. From an AC point of view, participating in their informal activities was a way of understanding how Nudie Jeans creates and maintains good relationships with their partners.

As a result of these informal meetings along with the interviews, we were able to gain more than just data for the research; we also formed good relationships with the participants.

#### ***3.4.5 Observations and photographs***

In addition to the interviews, we also combined visits to stores where Nudie Jeans is sold, to observe sales techniques as well as took photographs of the store layout for supplementary evaluation. In Sweden, we visited the concept store in central Gothenburg where we observed for about half an hour and took some photographs as well. In Australia, we observed in three different locations, namely a Nudie Jeans concept store, a shop corner in David Jones department store and a branded area in General Pants. Photographs were taken in the concept store and at David Jones. On the other hand, in South Korea, there is no concept store, thus we observed in three locations—two independent multi brand stores and one multi brand shop-in-shop—where Nudie Jeans has a branded area. The observations as well as photographs provided us with complimentary in-depth information that the interviews were unable to disclose and created a clearer image of processes in the different locations. According to Buchanan (2001) including photographs in data collection enables the researcher in developing a deeper understanding of procedures within an organization.

#### ***3.4.6 Ethics***

Several ethical considerations and confidentiality issues were taken into consideration in the data collection. First of all, on mutual agreement the names of the participants are kept anonymous in the report, however their positions in the company are revealed. According to Myers (2013), in



the case that the material is to be published it is important to maintain privacy if it was presumed or requested by the people participating in the study. Secondly, prior to the beginning of the interview each participant was given information about the research project as well as asked for consent to record the interview. Myers (2013) states that informed consent is an essential ethical aspect in qualitative research, which should be followed by researchers. Furthermore, confidentiality was also another issue, as the companies involved did not want any information to be released without their consent (Saunders, Lewis & Thornhill, 2009). To avoid this from happening, all transcriptions were sent to the participants to be reviewed.

### ***3.4.7 Transcription***

Each interview was recorded with an audio recorder and thereby we were then able to transcribe each interview. The transcription has not only allowed us to conduct the analysis, but it also allowed us to become more acquainted with the data and enabled thoughts, feelings and impressions from the interview to come back. Transcribing interviews acts as a tool, enabling researchers to grasp and comprehend the interviewee's thoughts, opinions and experiences (McLellan, MacQueen & Neidig, 2003). In addition to the actual transcription an impression of the overall interview was written while it was fresh in our minds in order to simplify the analysis later on. These emotions are important in the analysis phase of the report. They are said to potentially yield better insights and broaden the analysis in terms of the theoretical inquiries that will be explored, because the researcher is only focusing on listening as opposed to during the interview having to prepare follow up questions (Matheson, 2007).

After its transcription, each interview was sent to the respective person to be looked over and they were given the option to further explain any question or remove any confidential information they felt was revealed. This allowed for further transparency in relation to each company as well as obtained further details omitted during the interview. After receipt of the transcription, the data was coded and the analysis was conducted.

## **3.5 Analysis**

Either immediately following an interview or after the transcription of the interview, we



summarized our overall impressions of the interview. Thus, when it came to the analysis we found it beneficial to go through the text and use it to some extent in the analysis. Besides this, the theoretical framework topics were compared and contrasted in relation to the data collected from the interviews. Thereby conclusions were drawn which resulted in answering our initially posed research question (Bryman & Bell, 2011).

## **3.6 Validity and reliability**

In order to ensure the highest quality of the research, the internal and external validity as well as the reliability of the study was assessed. Thereby, the credibility of the study was guaranteed.

### ***3.6.1 Internal validity***

Internal validity refers to the extent to which the researcher's findings reflect the reality. In order to ensure internal validity, several strategies were undertaken (Merriam, 1995). First of all, by using triangulation, “*a more complete, holistic and contextual portrait of the object under study*” was produced and thereby increased the validity of the study (Ghauri, 2004:115). Data was collected through several means namely interviews, observations, internal documents as well as photographs. Methods such as observations and photographs further solidified the responses collected throughout the interviews. In addition, people from different hierarchical levels were interviewed, thus providing diverse views as well as unbiased data. A second strategy consisted of member checks. After the interviews were transcribed, these were sent back to the interviewee to check the data in order to circumvent misconceptions and thereby further increase the validity of the study. Lastly, colleague examination was applied by getting feedback on the credibility of the findings (Merriam, 1995).

### ***3.6.2 Reliability***

Reliability relates to the extent to which the findings will be found again, for instance if replicated would the same results yield? Researchers argue this is challenging to assess as it involved humans and their behaviors which tend to vary to prove as this research deals with humans and their behaviors and these might vary. Therefore, researches suggest to strive in appraising the dependability of the study by determining whether the results of the study are



rational with the data collected. There are three approaches, namely triangulation, peer examination, which were both discussed previously, and audit trail. An audit trail consists of a detailed description of how the data was collected and how decisions were taken throughout the process, which have been outlined throughout this chapter (Merriam, 1995).

### ***3.6.3 External validity***

External validity is concerned with the ability to apply the findings of the study to other situations, also referred to as “generalizability.” As a result of the systematic manner in which the sample of the study was chosen, generalizability is challenging to apply in addition to the fact that human beings are involved in the study. However, several approaches will enable the reader to determine transferability of the findings. In-depth description of the case, multi-site design by using several cases and apply outcome to multiple situations and diversifying sampling within the study to allow “generalization” of a broader group (Merriam, 1995).

## **3.7 Limitations**

Due to the fact that our research is conducted in a cross-border manner, cultural differences inevitably would arise and thereby have an effect on AC. With this in mind, we will however not look into cultural disparities, as they are not the focus of this report and attempt to overlook this aspect during the analysis. Nonetheless it may be mentioned throughout the report, as it may be a crucial factor in some parts of the analysis. According to Li (2005) geographic proximity and cultural similarities have been found to have an impact on knowledge sharing in the international business world. In addition, at the beginning of each interview we informed the interviewee that they decide what information they share with us to conform to their confidentiality concerns and as a result certain critical information may be absent.





## 4. EMPIRICAL BACKGROUND

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*In this chapter a background of the focal company, Nudie Jeans, and its external partners in Australia and South Korea will be presented. This will enhance the readers understanding in the empirical findings chapter.*

### 4.1 Nudie Jeans – The Naked Truth About Denim

*“We love jeans, a passion we share with anyone who mourns a worn-out pair like the passing of a close friend. No fabric ages quite as beautifully as denim; the longer you wear your jeans, the more character and attitude they acquire. You shape them with your lifestyle, and they become like a second skin.*

*Jeans share the same soul and attitude found in the rock’n’roll scene-they’re both part of the same culture.*

*Nudie Jeans will always stay true to jeans. We’re not looking for fly-by-night fads; our inspiration is found far from the world of glamour and catwalks.*

*We don’t just offer jeans. We offer a way of thinking, a concept, and an undying passion, fuelled by the traditions of denim and the characteristics of the fabric itself” (Nudie Jeans Co., 2014).*

Nudie Jeans is a Swedish denim brand founded in 2001. The company designs and sells unisex denim fashion wear ranging from jeans and tops to bags and belts, but beyond that it offers a concept and a way of thinking. Nudie Jeans wants people to express their lifestyle through their pair of Nudie Jeans (Nudie Jeans Co. Sweden, 2014a). Since fall 2012, the entire jeans collection is 100% organic. Sustainability is a watchword on all levels. They are working long-term with a limited number of suppliers and 95% of production takes place in Europe (Nudie Jeans Co. Sweden, 2014b).

The products are sold in 1,800 multi-brand retailers in 30 countries. In addition, Nudie Jeans operates a web shop with shipping globally and runs 15 concept stores located in Gothenburg, Stockholm, London, Zurich, Barcelona, Sydney, Melbourne, Brisbane, Tokyo, Nagoya, Osaka and Los Angeles. The company has 40 account managers and/or sales agents in 15 different sales offices globally (Nudie Jeans Co. Sweden, 2014b).

### 4.2 Sweden

The company is headquartered in Gothenburg with 38 employees. HQ is responsible for all parts



of the business including design, production, sales, marketing, supply chain management and customer service (Nudie Jeans Co. Sweden, 2014b). Nudie Jeans is a privately owned company by the founder Maria Erixon Levin and two co-partners, Joakim Levin and Palle Stenberg. The company wants to stay away from external investments by staying self-sufficient. It has always had and continues to have strong ethical views as they value environmental responsibility and people's rights before profit, which is also one of the core factors in the selection of suppliers. Regardless of the fact that Nudie Jeans does not own the production facilities, it still ensures that the working environment is safe, fair and ethical for all those involved in the manufacturing process. All partners are obliged to follow the codes of conduct and their membership with Fair Wear Foundation is central in the process of ensuring that all production facilities follow these codes (Nudie Jeans Co. Sweden, 2014a).

### **4.3 Australia**

Nudie Jeans Australia is one of the longest distributors to Nudie Jeans with its head office in Sydney and operating mainly throughout Australia but also has footprint in New Zealand and Southeast Asia. The company was established in 2002 and currently has 25 employees. There are four full time employees in the head office holding the following positions: managing director, brand manager, logistics manager and general office manager. In Australia, there is one concept store in Sydney and Brisbane and two concept stores in Melbourne. It can also be found in department stores as well as independent stores that Nudie Jeans Australia can be divided into two segments, namely Nudie Jeans concept stores and a wholesale division (Nudie Jeans Co. Australia, 2014).

### **4.4 South Korea**

JAANH is a fashion distributor specializing in luxury and premium brand management and for the past two years acts as a distributor for Nudie Jeans. The company was established in 1999 and distributes international premium brands amongst others including Hydrogen, Manuel Ritz, Pyrenex, Big Star and Monkee Genes, however Nudie Jeans is their main brand. They have a great amount of knowledge in the fashion industry and a broad sales network with the ability to handle a diverse variety of the finest brands. The company employs 130 people and the corporate



office is located in Seoul (JAANH GROUP INC., 2014). JAANH is divided into five different teams that are specialized in different areas within the company: planning team, purchasing team, marketing team, sales team and operations teams. Within each of these teams there is one person that is specialized in the Nudie Jeans brand and works solely with that (JAANH GROUP INC., 2014). There are 20 retail shops in South Korea which are divided into free-standing stores and shop-in-shop in department stores (JAANH GROUP INC., 2014).



## 5. EMPIRICAL FINDINGS

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*This chapter presents the main findings from the interviews and observations in Sweden as well as the field research in Australia and South Korea. These are presented in separate cases, Sweden being first as the prototype and followed by the two external partners.*

### 5.1 Sweden

#### 5.1.1 Company culture

The company culture is very relaxed and the employees are befriended outside of the work environment, which includes the CEO through friendliness and treating everyone as a friend (Nudie Jeans Sweden, 2014d; Nudie Jeans Sweden, 2014e). The majority of staff members have the same interests in the rock'n'roll music and denim, (Nudie Jeans Sweden, 2014d; Nudie Jeans Sweden, 2014e) and this is also transpired by the setting in the stores, which gives a feeling of a rehearsal room for a rock band (see Appendix 5).

It is important in business to be able to work hard and still have a lot of fun (Nudie Jeans Sweden, 2014d). At HQ it is important to meet regularly in order to keep in touch and that is why they do hold many events. They have social events in the stores, do trips together, every fourth Friday they have pub night at HQ and they also have lunch together every fourth Friday (Nudie Jeans Sweden, 2014c).

*“It feels like a family and everyone knows everyone [...] and [everyone] feels very comfortable in their positions. [...] [I]t is very relaxed in a good way and really down to earth so you feel very safe and it’s a nice culture, it really is”* (Nudie Jeans Sweden, 2014e).

The relationships at Nudie Jeans are very strong and that is very important when you do business, because people can give each other feedback and critique without feeling that someone does not like them (Nudie Jeans Sweden, 2014a). In addition, mutual respect is strongly emphasized especially by the owners (Nudie Jeans Sweden, 2014c; Nudie Jeans Sweden, 2014d; Nudie Jeans Sweden, 2014e). For Nudie Jeans, long-term relationships are crucial in order for them to do business and that will be achieved by choosing employees and partners that share the



same values (Nudie Jeans Sweden, 2014a).

*“We are in a subtle way kind of looking for the same people as us [...], they feel relaxed and we can have a much deeper relationship and that relationship can never be created on fake starting points, it has to be genuine otherwise it’s not long term anyhow”* (Nudie Jeans Sweden, 2014a).

The company takes after the Swedish culture in certain aspects and it is important for Nudie Jeans that everyone feels as though they are a part of the brand, which includes the decision-making approach. During meetings the Sales and Marketing Director explains that he usually goes into the meeting and says, *“I have an idea, this is what I think we should do, what is your feedback on that?”* (Nudie Jeans Sweden, 2014a). Everyone puts a lot of responsibility on each other and it is very open-minded. If someone believes in something they should stand up for their opinion (Nudie Jeans Sweden, 2014b).

Nudie Jeans is against giving out a handbook with rules and regulations that tells the employees and external partners how to operate; instead they are more informal in that sense (Nudie Jeans Sweden, 2014c). The company culture is however, still very clear which was confirmed through an internal “test.” The employees at HQ were asked several questions about the company and one question, about company culture, was answered by the majority with *“fellowship and family”* (Nudie Jeans Sweden, 2014a).

*“It is very much of a family feeling, people do care about each other and we hang out together and people come and live in our house during summer time. [...] [W]e are at their places, we know their wives and kids, they know our customs or wives and kids, we are all very close”* (Nudie Jeans Sweden, 2014a).

The company is environmentally friendly and transparent (Nudie Jeans Sweden, 2014d, Nudie Jeans Sweden, 2014e) by creating videos of the manufacturing process. They also share stories about how the company started, the rock’n’roll scene that they identify themselves with and human rights, which are shared online (Nudie Jeans Co., 2014) or at the Kick-Offs. Moreover, being able to see the entire collections, meet the designers and also knowing that everyone worked their way up builds a lot of respect (Nudie Jeans Sweden, 2014e).

The CEO of Nudie Jeans wants the company to evolve and to continuously improve. He explains



that passion is the most important factor in order to achieve this. *“If you don’t have passion you won’t do well. There can always be people that are smarter or have more resources than you but passion beats a lot of things”* (Nudie Jeans Sweden, 2014b).

## 5.1.2 Kick-Offs

### 5.1.2.1 Setup

The most important events Nudie Jeans arranges with the company and their external partners are the Kick-Offs (Nudie Jeans Sweden, 2014c). Every year two Kick-Offs are held in Gothenburg during the winter and summer seasons and two additional ones are held at different external partners’ locations in the middle seasons (Nudie Jeans Sweden, 2014c). Although not mandatory, HQ expects all partners from the foreign markets to be represented at the Kick-Offs (Nudie Jeans Sweden, 2014a). This is the opportunity for HQ to spread knowledge (about the company itself as well as collections) and show who they are (Nudie Jeans Sweden, 2014c). During the Kick-Offs everyone mixes with each other immediately and gets along very well. That is something that comes from the people individually, which is very important. It starts at HQ and then they try to spread the knowledge to their partners around the world (Nudie Jeans Sweden, 2014b).

*“I haven’t worked for another brand but from what I have heard from all the other sales guys, our Kick-Offs are pretty unique compared to other companies and I think that would be the biggest way of us giving everyone the atmosphere and company culture”* (Nudie Jeans Sweden, 2014c).

*“The Kick-Offs are also for us here at HQ and that is a field you can never do too much work in because it brings staff together and is super important”* (Nudie Jeans Sweden, 2014c).

The setup for the Kick-Offs has been very similar from the start, but at the same time it is also moving forward. In the beginning one of the reasons for the Kick-Offs was cost, as it was impossible to travel all around the world with everyone from HQ. The Kick-Offs get the people from HQ together with all the employees and external partners around the world and coming to the Kick-Offs every year re-motivates everyone (Nudie Jeans Sweden, 2014b). It is very important for everyone at HQ to understand the external business because by just sitting at HQ



everyday people will not understand what is going on. It is also equally important for all the different countries to come to Sweden and meet everyone at HQ and also from the different countries to share experiences with each other (Nudie Jeans Sweden, 2014b).

#### **5.1.2.2 Teaching**

The Kick-Offs are more than just discussing sales figures and presenting new collections, it is also for the different markets to get together and understand the full concept of Nudie Jeans. The participants at the Kick-Offs learn about the Nudie Jeans culture and the Swedish culture, which HQ hopes everyone will bring in to their market (Nudie Jeans Sweden, 2014a; Nudie Jeans Sweden, 2014b).

During the Kick-Offs there is a certain time for product and concept presentations, which involves a lot of monolog. HQ will go through the product presentation in detail with all the partners. The presentations including photos and other printed and/or electronic material are also distributed to each partner. There is a business side of the meeting where they meet with the partners individually and discuss the business ratios and try to find confirmations to make sure that they all see the same strengths and opportunities. Targets are also discussed, not only in terms of volume but also how the assortment should be balanced in total (Nudie Jeans Sweden, 2014a; Nudie Jeans Sweden, 2014b).

*“We discuss fits, new styles versus carryovers, dries versus washes, different product groups in terms of tops, different price points and so on, and we come to a joint agreement”* (Nudie Jeans Sweden, 2014a).

Outside of the meetings there are a lot of fun activities happening i.e. sailing, go-karting, hiking, etc. (Nudie Jeans Sweden, 2014b).

*“I am a control freak and I want to put as much soul into the Kick-Offs as possible because it’s not about the business part that we should present. I am always thinking about how we can get together and motivate and make them understand”* (Nudie Jeans Sweden, 2014b).

By sharing a lot of stories about the brand and the different products during the Kick-Offs, such as the Detroit automotive industry being the inspiration behind the summer 2014 collection or



that the collections are made of 100% organic cotton (Nudie Jeans Sweden, 2014c), Nudie Jeans hopes to reach out to more people at the Kick-Offs. HQ also hangs up worn jeans by employees in the stores to show everyone how the jeans will change over the years. There is a story to every pair of worn in jeans and these are shared during Kick-Offs. It is a great way of using a story to show how the jeans evolve as you make them your own (Nudie Jeans Sweden, 2014a).

*“By hanging up the jeans it’s a little bit to tell the story about the passion behind the jeans. Dry denim might not be the most fun to wear for the first two months but you will be very happy after a year”* (Nudie Jeans Sweden, 2014b).

These stories will inspire the participants of the Kick-Offs to create their own stories that they can share with their staff and customers (Nudie Jeans Sweden, 2014a).

*“[...] [T]he storytelling, is a little bit who we are, we tell a story that we like. We are also normal boys and girls so people think, ‘oh that’s me, I really want to have a pair.’ No marketing behind it nothing else behind it it’s just a true story”* (Nudie Jeans Sweden, 2014c).

*“Stories help a lot to remember the collections [...] and for sales people it is definitely needed because it is a good selling point and gives something to the end consumer and buyer”* (Nudie Jeans Sweden, 2014c).

During the Kick-Offs when the new collections are shown it is important to explain it in different ways because everyone comes from different backgrounds. It is also essential to switch things up every Kick-Off, to make it more interesting for everyone. The CEO has much know-how in the business and tries to bring in his experience and teach everyone based on that, but the passion to the product is also expressed in the body language (Nudie Jeans Sweden, 2014b).

*“I think it’s more important for us how the product looks like and the concept and also your body language”* (Nudie Jeans Sweden, 2014b).

## **5.2 Australia**

### **5.2.1 Company culture**

The company culture of the Australian partner is very casual (Nudie Jeans Australia, 2014a), with a family feeling to it (Nudie Jeans Australia, 2014b). The managing director has observed





this in Sweden and has brought it into his company. For instance, there is *“a lot of fun and jokes that I’ve seen happening in Sweden as well, we take a lot of direction from how it’s operated in there combined with professional outlook.”* In addition, it is an environment that the employees enjoy (Nudie Jeans Australia, 2014a). There are no hierarchical levels between staff members (Nudie Jeans Australia, 2014a), everyone is open and approachable and respects each other (Nudie Jeans Australia, 2014d).

*“It is important that everyone working at the company fits into the culture and really has the passion”* (Nudie Jeans Australia, 2014b).

The staff in the stores are vital for the company which is the reason to the personal contact that management at head office has with the staff in the stores.

*“[...] the [Managing Director] would come in [to the concept store] after work, the [Brand Manager] will drop in, we will also visit head office. [...] We had a barbecue on the weekend just to all catch up and I came in on my day off from work. It’s a very positive place to work, we are all respected really well, we get treated really well”* (Nudie Jeans Australia, 2014d).

The staff stands behind the brand, which can be seen in the passion everyone has towards the products as well as their work as one of the respondents stated:

*“[w]e are never just going to hire based on sales experience, a lot of people are hired as well haven’t necessarily worked with the product before but they have just been very passionate about it and that is a huge tick in my box. You can teach a person to sell a product but you can’t teach a person to love a product”* (Nudie Jeans Australia, 2014b).

The aim of the managing director is namely to create a good working environment where everyone is happy, because people perform better in such an atmosphere without taking advantage of the situation. Several staff members have concurred that the socialization outside of work leads to a positive working environment (Nudie Jeans Australia, 2014b; Nudie Jeans Australia 2014c, Nudie Jeans Australia 2014d; Nudie Jeans Australia 2014f). In addition, the managing director trusts the employees to do a good job and therefore does not give directives to follow (Nudie Jeans Australia, 2014a). The staff members in the stores feel respected in what they do and they feel that they are part of the brand; in addition everyone supports each other’s



interests outside of work as well (Nudie Jeans Australia, 2014d).

The managing director argues that socializing outside of work enables him to talk to the staff from a level where they do not only see him as their boss (Nudie Jeans Australia, 2014a). The staff, on the other hand, sees it as “*teambuilding*” (Nudie Jeans Australia, 2014f), enjoying each other’s company (Nudie Jeans Australia, 2014c) and making the working experience more personal (Nudie Jeans Australia, 2014f).

### 5.2.2 Relationship with HQ

The majority of interviewees have visited HQ while some of them only met some members of HQ when they visited Australia. They expressed a feeling of a Nudie Jeans team family (Nudie Jeans Australia, 2014b; Nudie Jeans Australia, 2014f) and characterize the people from HQ to be warm and welcoming (Nudie Jeans Australia, 2014b). Relationships are very important; Nudie Jeans treats everyone well thus there is more of an incentive to do a good job for the company. It is motivating to work for someone they enjoy working for and that shares the same values (Nudie Jeans Australia, 2014d).

Every time the managers visit HQ they are welcomed into people’s homes and everyone is very accommodating and there is no awkwardness even if people are meeting for the first time. The people at the head office are friends with everyone at HQ (Nudie Jeans Australia, 2014a; Nudie Jeans Australia, 2014b; Nudie Jeans Australia, 2014c) and HQ wants everyone to be included into everything (Nudie Jeans Australia, 2014c).

*“I went [to Sweden] the first time in June and it was an incredible feeling. Everyone is so friendly and it is an amazing environment. The culture of Nudie Jeans is just amazing; they are great people doing a great thing”* (Nudie Jeans Australia, 2014c).

During our visit at head office we realized that outside of the interviews they were often talking about Gothenburg and the people at HQ. They all seemed to really like the city and the people to the extent that they all had a very personal relationship with each other. From meeting the people at HQ in Sweden and then traveling to Sydney, we quickly realized that the people were similar in their style, humor and interests.



### 5.2.3 Kick-Offs

From the Australian office, the managing director, the brand manager and the office manager are the ones in attendance at the Kick-Offs as it is vital in their roles to experience everything in person. There is a lot of fun when they all meet but at the same time there is a lot of hard work and if there are issues that need to be resolved, they need to be resolved right away (Nudie Jeans Australia, 2014b). The Kick-Offs are great for getting new ideas and inspiration, which develop as a result of talking to the people in attendance or observing the stores and showrooms in Gothenburg (Nudie Jeans Australia, 2014a).

*“It’s almost like a fuel tank, when you go there you get re-fueled with inspiration and ideas that come to you and its not even ideas that they present, sometimes you are walking through the showroom and you see an idea”* (Nudie Jeans Australia, 2014a).

The main reason behind the Kick-Offs is to learn about the new collections but also to become aware of anything new that is happening outside which can range from the transparency to the production order trail (Nudie Jeans Australia, 2014b).

*“It is very important for me to learn and translate what I have experienced in Sweden to the people who are selling our product”* (Nudie Jeans Australia, 2014b).

*“I want to give who ever I am selling to the full experience and I can only do that by taking a lot of notes. I think it is important for me to take that responsibility and take a lot of notes“* (Nudie Jeans Australia, 2014c).

A lot of thought, heart and stories have gone into each garment. Each garment has a story and it is hard to fully understand that if it is not experienced first hand in Sweden. Despite the fact that everything is published in the sales catalogs and samples are sent, the experience is incomparable to being in Sweden and listen to the head designers sharing stories directly with passion and excitement (Nudie Jeans Australia, 2014a).

There is a generous amount of information about the brand that is very beneficial. Information such as ethics, fabric make up, fits, pre-wash and the dry is shared during the Kick-Offs and it is really good to feel comfortable about these things when selling the brand (Nudie Jeans Australia, 2014c).



*“My first Kick-Off was in the summer, so the first thing we did when we go there was that we went to the CEO’s cousins house that works with product development. That was the first time I ever met anyone and I felt very included and blessed to have that opportunity. After that we went back to our hotels and then the next day the Kick-Off started”* (Nudie Jeans Australia, 2014c).

HQ makes sure that everyone is taken good care of during their time there. Normally a Kick-Off will start with an introductory meeting in a rather informal approach where they welcome and introduce the new people. They also inform all participants about the past and the upcoming season. After that everyone goes out to dinner. The following day the collections are shown where a lot of ideas are taken and brought into the showrooms locally. This is where HQ introduces the new products, all the different fits and washes and explains the inspiration and reason behind each garment. There is Power Point presentation, which is also handed out on a flash drive to everyone in order for it to be easily spread out to their colleagues. Then each market will hold an individual meeting with HQ. Nonetheless, the meetings are combined with fun activities such as holding a soccer tournament between the different markets (Nudie Jeans Australia, 2014c).

*“You get to know people, you make friends and it is more pleasant because of the positive environment. There are lots people speaking from the different departments and every person has something different to say”* (Nudie Jeans Australia, 2014c).

#### **5.2.4 Spreading the brand**

Nudie Jeans is 100% transparent and they post everything online, head office will constantly keep updated and spread that knowledge to the stores and retailers in their market (Nudie Jeans Australia, 2014c). The brand’s main intention is to make people aware of what the brand is about rather than making it bigger and cooler (Nudie Jeans Australia, 2014f).

In the stores, old jeans worn by the staff members are hung up on the wall. These are used by staff members to tell customers the story about the jeans and how they will look after a certain number of years (Nudie Jeans Australia, 2014d; Nudie Jeans Australia, 2014g). The store in Australia is similar to Sweden displaying some of the same posters, although there are some minor differences (see Appendix 5).



### 5.2.5 Teaching and learning in Australia

When the managers attending the Kick-Offs return back to Australia they will bring in ideas to their office and stores (Nudie Jeans Australia, 2014c). In order to represent the brand in the best way, the staff must learn about the products as well as the company and the brand. The managing director argues that it is very important for the head office to bring in the same excitement and feeling to their market that they receive from the owners and founders of Nudie Jeans, by sharing the same stories with the employees in Australia (Nudie Jeans Australia, 2014a). They therefore organize product nights, where they bring together the staff from their stores or an independent store and explain the collections to them. That is they would show all the products and explain the meaning behind each collection, in particular the new ones and the washes and let everyone try the jeans on to be able to get a better feel of the product (Nudie Jeans Australia, 2014d; Nudie Jeans Australia, 2014e).

They personally hold product trainings with the staff and the managers in the stores, rather than them training the wholesale managers who then train the staff, because it comes *“from the horses mouth in Sweden”* (Nudie Jeans Australia, 2014b). The head office is greatly involved in product training in the concept stores but also on the wholesale side of the business, which includes department and independent stores (Nudie Jeans Australia, 2014c).

Referring to a recent training event held in Australia, when head office brought all the staff members from the Australian market together, the managing director stated: *“We brought [the staff] in here, showed the collection in my best interpretation of what I’ve seen in Sweden as well. Choosing words and quotes that I put in my diary from what touched me”* (Nudie Jeans Australia, 2014a). After learning about the collections, the staff was asked for their opinion in terms of which styles would be successful in the Australian market and which should or should not be purchased. This made the staff members feel valued that their opinion mattered and that they were more than just person selling a product. There were also social events included in the evenings (Nudie Jeans Australia, 2014c; Nudie Jeans Australia, 2014e).

*“It was great to meet everybody from the stores for the first time at the Christmas dinner. It makes complete sense and I find that the working experience after that is more personal and more enjoyable”* (Nudie Jeans Australia, 2014f).



On the other hand training is also done informally, in the stores either by experienced staff members or management. They explain the different aspects of the new collections that are the most important by showing the actual product, but also informing them about the brand and what they hope to achieve. In addition, some staff members have the interest and passion of the products and therefore search for additional information by reading sales catalogues or on the Internet through blogs such as denim hunter (Nudie Jeans Australia, 2014d). Aspects such as sustainability, beliefs in human rights, transparency were transpired in the interviews as important characteristics of the core values that motivate the staff (Nudie Jeans Australia, 2014a; Nudie Jeans Australia, 2014b).

Aware of the differences between Sweden and Australia, management aims to replicate the experiences from the Kick-Offs, however whilst satisfying the local environment and the different accounts (Nudie Jeans Australia, 2014a; Nudie Jeans Australia, 2014b). In Australia everything has to be social by making it fun and enjoyable. By opening up a two-way communication and having people interacting will turn into a successful product training and people will be interested and inspired. The best product training sessions will be when the ice is broken and people feel comfortable and ask any questions, concerns or complaints (Nudie Jeans Australia, 2014a).

*“If you just come in here with 300 people and sit there and talk about 2-by-2 denim, unfortunately they don’t care. It needs to be mixed with fun and detailed to get a maximum result and it can’t be too much of either one, you just lose their focus”* (Nudie Jeans Australia, 2014a)

From the experience throughout the years, management has learned that in larger groups there is less attention span to details whereas in smaller groups details are expected. In a large training session group, people in the showroom barely touch upon details because it is easy to lose the staff’s attention and interest. There are many distractions therefore it is more effective to focus on the larger picture and ideas about the brand. It is important that the staff know who they are working for and therefore it is important to share stories about the 100% organic, the repair shops, the collections and the theme for the season.

*“We want to make sure they enjoy us and we want to show them that we are cool and not*



*wearing suits and sitting behind a desk”* (Nudie Jeans Australia, 2014a).

Nudie Jeans is an easy company to work for because of their core values, which is also a motivational factor (Nudie Jeans Australia, 2014c; Nudie Jeans Australia, 2014d). *“It is much easier to sell the products when you respect what the company is doing”* (Nudie Jeans Australia, 2014d). Thus, if there is a good working environment and everyone can relate to the culture that the brand identifies themselves with, people will be happy and then perform a lot better (Nudie Jeans Australia, 2014a; Nudie Jeans Australia, 2014b).

## **5.3 South Korea**

### **5.3.1 Company culture**

The time we spent in South Korea, both at the head office and the stores, we got an impression that everyone was very friendly. Although we did not understand the language we could read the body language and facial expressions, which gave us a feeling of good relationships. The relationship between the staff in South Korea is described by the staff as very close with a family atmosphere at work (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014g; Nudie Jeans South Korea, 2014h). The relationships in the stores, the head office, and also between the two are very good and a lot of the people are good friends outside of work (Nudie Jeans South Korea, 2014g).

*“We all have a good connection, I am constantly staying in touch with people in the company through email, phone and messaging. People from headquarter will come to the stores and we will go out for a coffee together”* (Nudie Jeans South Korea, 2014g).

Although everyone works hard during working hours the company tries to have social events where they involve some fun activities (Nudie Jeans South Korea, 2014f). The majority of the time, social events have a learning purpose behind them (Nudie Jeans South Korea, 2014a), however, sometimes they are just to get together and have fun (Nudie Jeans South Korea, 2014f).

The majority of the interviewees have not been to HQ, therefore some did not know anything about the company culture. However, they still had a general feeling of the company from watching videos that Nudie Jeans has posted on social media. *“Friendly”, “family atmosphere”,*





“*freedom*” and “*everyone being equal*” were some of the aspects mentioned as a part of Nudie Jeans company culture (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014b; Nudie Jeans South Korea, 2014e; Nudie Jeans South Korea, 2014h; Nudie Jeans South Korea, 2014i). Nudie Jeans being ethical, transparent, environmentally friendly and having a family atmosphere are important aspects that motivate the CEO to perform and be successful with the brand (Nudie Jeans South Korea, 2014l).

*“For me the most important thing about Nudie Jeans is that they care about the eco system and the purpose of making the cotton organic”* (Nudie Jeans South Korea, 2014h).

*“You get a warm feeling from the company because of the people, the organic cotton, and that they think a lot about the environment rather than focusing solely on their clothes”* (Nudie Jeans South Korea, 2014e).

JAANH tries to incorporate the Nudie Jeans company culture to their organization (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014b). The CEO wants everyone to feel freedom at the workplace and therefore only gives directives of the big picture (Nudie Jeans South Korea, 2014l). Therefore, JAANH does not have the typical company culture that a South Korean company would have (Nudie Jeans South Korea, 2014b; Nudie Jeans South Korea, 2014e).

*“I feel freedom in this office [...] [w]earing the clothes from Nudie Jeans at work make me feel more comfortable and freedom”* (Nudie Jeans South Korea, 2014a).

Although they try to bring in some aspects of the Nudie Jeans company culture, we have observed that they still adapt the company culture to fit their local environment.

### **5.3.2 Relationship with HQ**

All communication between South Korea and HQ goes through the JAANH’s CEO, which is then shared to the team leaders that will then spread it to their staff. Therefore, the relationship between the CEO and HQ is described as very good (Nudie Jeans South Korea, 2014l). Although the communication goes solely through the CEO and most of the interviewees have not been to HQ, some members have attended Kick-Offs and made new friends and created relationships.





The people at Nudie Jeans are very friendly and welcoming at the Kick-Offs (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014b). It is motivational to have a good relationship with HQ because that means that they care about the South Korean market (Nudie Jeans South Korea, 2014a).

*“For me the relationship with HQ is more important than the actual product. We are human beings so it is important that we get treated like human beings and not like products from the factory, and I think Nudie Jeans does that well” (Nudie Jeans South Korea, 2014a).*

### 5.3.3 Kick-Offs

Generally two to three managers attend the Kick-Offs. They feel very welcomed and included in everything even if it is the first time they attend a Kick-Off (Nudie Jeans South Korea, 2014; Nudie Jeans South Korea, 2014b).

*“I spoke to some guys when we played ice hockey and I learnt a lot about the Swedish culture and how they wear the jeans” (Nudie Jeans South Korea, 2014b).*

During the Kick-Offs they all learn a great amount about the brand, the company culture and the different collections (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014f). The people that attend the Kick-Offs listen intensively and write down everything that is being said (Nudie Jeans South Korea, 2014l).

*“For me activities work much better to learn about the culture and the brand. We get more comfortable and that makes everyone say more. It makes it feel more like a family, because everyone is always laughing and doesn’t look serious and bored” (Nudie Jeans South Korea, 2014a).*

*“The Kick-Offs made me understand the company culture much better, which helps me do a better job with Nudie Jeans” (Nudie Jeans South Korea, 2014b).*

The Kick-Offs help the staff understand the brand and its future directions and brings together different markets to enable them to learn from each other’s experiences (Nudie Jeans South Korea, 2014a).



#### ***5.3.4 Spreading the brand***

From visiting both the concept store in Gothenburg and the stores in South Korea we realized that there are a lot of similarities. All the posters are the same with the photos and the headlines on it while adapting the fit guide in Korean so the customers and the staff can understand (Nudie Jeans South Korea, 2014d; Nudie Jeans South Korea, 2014e). The store environment is also adapted more to the premium brand image that JAANH wants to portray (see Appendix 5). HQ works a lot with presenting a story behind the jeans and hang up worn jeans on the wall in the stores, which South Korea tries to do as well. However, they have adapted the concept to their own market by hanging up jeans from customers instead of staff members. The staff will then be able to explain the story of how the jeans ended up the way they did. In addition, the staff also provide the customers with videos in the store of the full production line. The customer gets the chance to see the very start of how the cotton was collected to how it turns into a pair of jeans, which also adds a story to the jeans (Nudie Jeans South Korea, 2014f).

#### ***5.3.5 Teaching and learning in South Korea***

All staff members receive training when they start working at JAANH. The training includes customer service, how to approach the customer (Nudie Jeans South Korea, 2014i) and product knowledge (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014b; Nudie Jeans South Korea, 2014c; Nudie Jeans South Korea, 2014d; Nudie Jeans South Korea, 2014g). This training is held by the CEO, which provides the participants with documents and PowerPoints that they get educated on (Nudie Jeans South Korea, 2014h; Nudie Jeans South Korea, 2014i).

Every season when new samples arrive there is a conference for the staff at head office (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014c; Nudie Jeans South Korea, 2014d). The managers that attended the Kick-Offs will be in charge of this conference and deliver the presentation from the Kick-Offs to the team leaders (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014l). They will share their experience, explain the characteristics of each product through stories, discuss prices and sales strategies, and will also inform the participants what products have changed (Nudie Jeans South Korea, 2014a). The presentations and material from the Kick-Offs are adapted so that the Korean staff can relate to the knowledge. This is done in terms of translation to a certain degree but also by adapting the stories to fitting the South



Korean market (Nudie Jeans South Korea, 2014a).

When the team leaders have received the information they will educate their teams, the Nudie Jeans manager in the operations team will then educate the store managers, which will educate their staff. The training with the store staff will take place in the store in a small group in which the presentation from the Kick-Off is shared with them (Nudie Jeans South Korea, 2014f; Nudie Jeans South Korea, 2014l). After all training has taken place, the staff and managers rank the new collection and designs as to how well they think certain products will do in the South Korean market (Nudie Jeans South Korea, 2014b). Sometimes after store meetings the staff and/or managers will have an unofficial meeting in a social environment. They will then talk casually about how they really feel, draw conclusions from what they discuss and use this information when selling products in the future (Nudie Jeans South Korea, 2014f).

When the staff learns about the products they all use different techniques to take in the information and remember. Some ways of learning about the products have been to touch them, try them on (Nudie Jeans South Korea, 2014g; Nudie Jeans South Korea, 2014i), read stories about them in magazines (Nudie Jeans South Korea, 2014d), observe how others wear them (Nudie Jeans South Korea, 2014j), being updated on social platforms (Nudie Jeans South Korea, 2014j) taking notes and listening to the stories presented during training (Nudie Jeans South Korea, 2014i).

There is something special with Nudie Jeans' clothes that really motivates the staff to learn about the products and do a good job with the brand. Some factors are the culture of the brand (Nudie Jeans South Korea, 2014c; Nudie Jeans South Korea, 2014g), variety of fits, comfortable fits (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014i; Nudie Jeans South Korea, 2014j), 100% organic cotton (Nudie Jeans South Korea, 2014i) and core values (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014c; Nudie Jeans South Korea, 2014g; Nudie Jeans South Korea, 2014i; Nudie Jeans South Korea, 2014j).

*“One of the reasons why I joined JAANH GROUP was because they started selling Nudie Jeans. I love the brand and especially their fits, that is a huge motivational factor for me”*  
(Nudie Jeans South Korea, 2014h).



*“I show the customers my jeans that are a few years old and emphasize that you can make them your own. It is fun to share the Nudie Jeans culture with the customers, and that really motivates me to work well with the brand”* (Nudie Jeans South Korea, 2014g).

Outside of the official training the staff keep themselves updated on Nudie Jeans webpage, Facebook, Instagram and Twitter page. They also read local blogs where customers write comments and their stories about different fits and the brand in general, sometimes enthusiastic customers know more than the staff itself (Nudie Jeans South Korea, 2014a; Nudie Jeans South Korea, 2014h; Nudie Jeans South Korea, 2014k).

The CEO communicates to the whole organization how important it is to adopt the Nudie Jeans culture, processes and marketing material. They especially try to use the same stories of the new collections as in Sweden (Nudie Jeans South Korea, 2014l), however, there are certain aspects that do not work in the South Korean market (Nudie Jeans South Korea, 2014e).



## 6. ANALYSIS

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*In this chapter the theories that were presented and the conceptual model that was developed in the theoretical framework (chapter 2) will be revisited and analyzed in relation to the empirical findings. By doing so we hope to shed light on the concept of AC in the knowledge sharing process from HQ to its external partners, which will be illustrated in a two-fold re-conceptualized model.*

### 6.1 Knowledge

Theory states that knowledge is neither tacit nor explicit in itself but rather that all knowledge has a tacit aspect to it. Thereby it contends that some knowledge transfer may be impeded while other can be transferred through codification. It is further claimed that humans tend to usually know how to do certain things in practice, namely demonstrate and imitate, however not knowing and being unable to express through verbal language (Polanyi, 2002). Therefore, tacit knowledge is transferred through observation and learned through practice (Kogut & Zander, 1992). From the empirical findings it became apparent that Nudie Jeans' approach at sharing knowledge to its partners as well as how the partners share the knowledge in their own markets is mainly through face-to-face relationships by showing the collections and such. Attending the Kick-Offs is important because the knowledge shared, either in the presentations and viewing of the new collections or from observations of the showroom or stores up close to grasp all the details, is unique and cannot be shared through other means with the same impact on the receiver. Carlile and Reberich (2003), however, argue that knowledge is only seen as a competitive advantage if it can be reused to the extent that it will intensify efficiency or diminishes the costs of retrieval, transfer and transformation. The receiver is then able to take the experience and spread it along with the feelings by showing the same enthusiasm and using quotes from HQ, as close as possible in the local market. A complete replication is impossible because of the geographical locations, the people involved in the process, activities carried out and the environment created. This will enable the staff to have a similar experience, but also showing the products and allowing the staff to touch them and try them on.

### 6.2 Transferring knowledge across borders

The literature on strategy concurs that knowledge resources, i.e. practices and routines, that



possess challenges in replicating are seen as a competitive advantage of an MNC (Grant 1996; Jensen & Szulanski, 2004; Minbaeva et al., 2003). In the international environment it is even more evident as firm-specific assets play a central function in the overall success of the organization (Jensen & Szulanski, 2004). At Nudie Jeans, the activities experienced at the Kick-Offs are difficult to replicate in the local markets of the external partners, despite having all the materials, i.e. explicit knowledge, the people, the environment, the activities and the location, i.e. implicit materials, are all missing. Nonetheless, the implicit aspects of knowledge are even more important to get an understanding of the company, its culture and beliefs, therefore it is vital for them to be absorbed and understood in their environment.

### *6.2.1 The knowledge transfer process*

It has been argued in literature that the transfer of knowledge is demonstrated through modifications in the knowledge at the receiving unit (Inkpen & Tsang, 2005) by means of moving members, tools and/or tasks from one unit to another (Argote & Ingram, 2000). From the empirical findings, when knowledge is transferred, Australia and South Korea's staff members' knowledge is modified. This is accomplished by moving some members, as in attending the Kick-Offs. The means they transfer the tacit components is by having the Kick-Off attendees absorb as much knowledge as possible by taking notes, photographs, touching and trying on the products but also by listening, observing and getting inspired by the stories, designers, the showrooms and the concept store in Gothenburg. These members then share their experiences and knowledge gained in the local markets with the staff members as outlined in the empirical findings. Nonetheless, in line with theory, as these are tacit components, they can be very costly and slow to transfer between individuals as they pose challenges to be codified and therefore observation and learning through practice are suggested (Kogut & Zander, 1992).

## **6.3 Absorptive capacity – a learning perspective**

In the knowledge transfer process, the receiving unit must be able to absorb and apply the knowledge received. This study has investigated several factors that are discussed in literature as an aspect that either enhance or diminish AC in relation to the empirical findings (Szulanski,



1996; Minbaeva et al., 2003). The findings are outlined in the following sections.

### *6.3.1 Knowledge adaptation*

The theory argues that solely transferring knowledge from one unit in an MNC to another is not enough; the knowledge must be adapted to suit the receiving unit, more specifically to legitimize it (Jensen & Szulanski, 2004). From the findings, this statement is not fully supported; HQ does not adapt when they share knowledge with their external partners. During the Kick-Offs, which is the company's most important way of sharing knowledge they present the same information to all markets at once. These external partners are, however, still able to absorb the knowledge. Further, the literature argues that the members, tools and/or tasks may have to be adapted to be compatible in the context of the receiving unit in order for the transfer to be deemed as successful (Rulke, Zaheer & Anderson, 2000). Nudie Jeans follows parts of this argument as they use different tools when they share the knowledge at the Kick-Offs, such as stories, the samples of products, photos, powerpoints and printed documents, however the knowledge itself is the same.

When Nudie Jeans has shared the knowledge to their external partners they do not have any special requirements of how the knowledge should be spread in their partners' respective markets, instead it is up to the manager for each market to choose what they want to adapt, which is based on their ability to absorb and understand the knowledge. This is supported by the literature that states that the managers at the receiving unit are responsible for the adaptation, namely to assess the unit and determine the capabilities and limitations in terms of the knowledge that is being transferred (Rulke, Zaheer & Anderson, 2000). From the findings this will be analyzed from three different contexts, namely company culture, knowledge shared at the Kick-Offs and store environments and reflect to what extent each market adapts. In Australia the company culture strongly reflects that of HQ due to the fact that the manager tries to replicate it as he has attended numerous Kick-Offs, whereas in South Korea the company culture is a mix between the culture at HQ and the local environment.

Regarding the knowledge shared from Kick-Offs, both markets adapt but in different ways. In Australia the same knowledge, to a certain degree, is shared locally as received from HQ. During





a product training with a large group of people the knowledge will not be as detailed as compared to smaller groups. They also try to include fun and informal activities while teaching the staff about the brand and products to enable them to absorb the knowledge. In this way they differentiate themselves from the Swedish way of sharing the knowledge as Sweden has a more formal way of sharing the knowledge. In South Korea, on the other hand, the CEO and managers that attend the Kick-Offs share the same knowledge with the team leaders as it is received from HQ, which then share it with their teams and so on. However, they adapt the way of sharing the knowledge as it goes through many hands, which can lead to loss of tacit knowledge. In addition because of language barriers parts of the knowledge contents are adapted by translating them to Korean in order for the receivers to understand and relate to it better.

Lastly, in terms of the store environment, Australia is a close copy of Sweden. They try to replicate the stores in Sweden by using the same posters and designing the stores as similar as possible to the stores in Sweden but also by hanging up worn staff members' jeans (see Appendix 5). In South Korea, on the contrary, despite an attempt to replicate the store by using the same posters and signs, larger adaptations can be observed such as the modern touch to the store (refer to Appendix 5). In addition they also hang up worn jeans, but these belong to customers, which is also a way that they have adapted.

### ***6.3.2 Integration of knowledge***

Following adaptation, integration in the receiving unit will take place, which will enable the members of the unit to institutionalize the practices (Szulanski, 1996). Three mechanisms have been identified to enable this process, namely systems, coordination and socialization (De Boer, Van den Bosch & Volberda, 1999).

#### ***6.3.2.1 Systems***

According to literature, organizations tend to use tools such as rules, directives and manuals to integrate knowledge into the unit (Grant, 1996; De Boer, Van den Bosch & Volberda, 1999). The empirical findings are not fully in line with literature as we did not find directives and routines to be the main method of integrating knowledge. Nonetheless, in South Korea the data yielded that





directives are being used, but only to communicate the big picture. This can be attributed to the fact that the South Korean partner do not retail Nudie Jeans exclusively, they also sell other brands. HQ, on the other hand, does not have handbooks including regulations of how things should be done. Directives and regulations are also not used in Australia as the director trusts his staff and believes that their passion for the brand and the company will enable integration.

### **6.3.2.2 Coordination**

Integrating knowledge through coordination can be accomplished through two different means, namely training, and liaison devices and participation (De Boer, Van den Bosch & Volberda, 1999).

#### **Training**

In theory, there are two types of training, namely relational and non-relational training (Rulke, Zaheer & Anderson, 2000), which are proven to increase the knowledge acquisition of an organization (Lane, Salk & Lyles, 2001). However, relational learning is seen as being more significant as it will allow the transfer of tacit knowledge (Rulke, Zaheer & Anderson, 2000). This is in line with the findings from the empirical data of the case in Sweden, Australia and South Korea. Nudie Jeans in all three markets focuses primarily on the relational training by bringing teams together and creating a friendly environment where the knowledge is shared. By being present in such an environment it will have an overall different impact and enable the source to express things that are not able to be expressed through other means, which in theory are referred to as tacit components of knowledge (Rulke, Zaheer & Anderson, 2000). At the Kick-Offs in Sweden knowledge is shared from the source that is the founders and head designers of the company, to the managers from each market. These then train their staff in the respective markets, however through different approaches.

In Australia, the training is carried out by the managers attending the Kick-Off by recreating and embodying their experience as close as possible and thereby transferring the same impact in Australia. They bring together the staff and show them the collection and try to replicate what was experienced in Sweden by using the same quotes, presentations, stories and also let them



touch and feel the collection. On the other hand, in South Korea, the managers attending the Kick-Offs, present their experience and knowledge acquired, to the team leaders by showing the presentations, telling stories and showing pictures. The team leaders will then teach their teams; the Nudie Jeans manager for the operations team will teach the store managers and lastly the store managers will train their staff.

Despite the two different styles, all markets integrate knowledge by applying relational training. Nonetheless, it is important to mention that in South Korea by the time the staff in the store gets trained, the feelings experienced in Sweden are different after passing through so many hands and the tacit components are also diminished when juxtaposed to Australia, which limits the number of people that the knowledge is shared through.

Furthermore, the empirical findings have also revealed that non-relational learning is used, nonetheless this is self-imposed by management and staff members in both Australia and South Korea to learn from social media, blogs and magazines. This is due to the passion and their desire to be knowledgeable about the product and company. Performance appraisals are an approach to determining whether the employees are lacking any skills in their duties (Minbaeva, 2005). This has not been explicitly supported throughout this study. Nonetheless, the fact that employees are going out of their way and on their own time to further develop their understanding and knowledge about the company and its products can be argued as a valid aspect and a supplement to performance appraisals.

### **Liaison devices and participation**

This mean of integrating knowledge refers to the involvement of staff members with different levels of authority in the decision-making process (De Boer, Van den Bosch & Volberda, 1999).

The findings have yielded that in all three cases, group decision-making is used as way of integrating knowledge despite it being one of the costliest integration mechanism (De Boer, Van den Bosch & Volberda, 1999). Therefore, they involve staff members in the decision-making process as a way to integrate knowledge. In Sweden, during the Kick-Offs, they meet with the



partners individually and jointly reach an agreement regarding the business ratios.

In South Korea, when the samples for a new season arrive, all the store managers will meet up and discuss which fits will work in the South Korean market. Even though sometimes the truth does not transpire during this meeting, they will continue in a non-working environment, where everyone will give their real opinion. In Australia it works in a similar way, the team at the head office will discuss what fits they will use in the Australian market. They will also ask for opinions from the people at the stores and one example of that is when all the staff from the stores in the Australian market came to the head office and gave their opinion of what fits would be successful in the Australian market. Here however, the staff members feel comfortable giving their opinions, but also makes them feel valued. As the staff members, both in South Korea and Australia, are familiar with previous collections of Nudie Jeans, i.e. have common knowledge, the integration is more effective, which is in accordance with the theory (Grant, 1996; De Boer, Van den Bosch & Volberda, 1999).

### **6.3.2.3 Socialization**

Research has acknowledged that socialization eases knowledge flows between organizations by creating a common language, generating mutual understanding and allowing the transfer of tacit and explicit components of knowledge (Lawson et al., 2009). A close and tight boundary has been found important in knowledge transfer and learning in an organization (Alavy & Leidner, 2001). This is in line with the empirical findings of the Nudie Jeans case. It is apparent throughout the case study and from the observations, that socialization is highly encouraged among the staff and thereby enabling knowledge sharing within Nudie Jeans.

Socialization enables building and establishing relationships and trust between the members (Abrams et al., 2003; Lawson et al., 2009). The literature argues that it is important to create personal connections between employees, as they will feel connected to one another. When employees have a relationship and trust each other, knowledge transfer is amplified (Abrams et al., 2003). Further, it argues that relationship building is central to knowledge sharing between different units (Li, 2005), thereby knowledge can only be transferred by establishing a relationship between sender and receiver (Minbaeva, 2005). The argument that knowledge can



only be transferred if there is a relationship between sender and receiver is far-reaching and the empirical findings cannot prove this, however, the case of Nudie Jeans in Sweden, Australia and South Korea support the argument in the way that establishing a relationship between sender and receiver is crucial for the knowledge to be transferred. Nudie Jeans works very hard to create strong relationships within their company and their partners. The Kick-Offs are more than just meetings, they are planned in a way that everyone is socializing with each other, which makes it possible to build new relationships and strengthen existing ones.

There are two types of socialization mechanisms, namely formal and informal (Alavi & Leidner, 2001; Lawson et al., 2009). Further the literature relates psychological determinants of cooperation to social bonds of relationships, which include familiarity, friendship and confidence in relational exchange (Li, 2005). Nudie Jeans in all three markets apply a combination of the two socialization mechanisms. At the Kick-Off events in Sweden there are trainings, scheduled meetings and store visits but also soccer games, sailing, meals at restaurants, etc. During these events, besides sharing the specifics of the new collections, staff are enabled to interact and get to know each other and to learn about the culture and values of the company and the foreign attendees. In addition, there are other events organized by the company such as soccer games, besides these the staff also meets outside of the Kick-Offs to create personal relationships with their staff, which they many times refer to as “*family*.” In Australia where HQ has built a long-term relationship they know each other’s families and usually meet up before the Kick-Offs to socialize and have fun. In the South Korean case the relationships with HQ are strong, however, not to the extent that the Australian case shows. This is further strengthened by the fact that in South Korea, the communication with HQ takes place mainly through the CEO, therefore the majority of the staff members do not have any contact or a relationship with HQ.

In Australia, the empirical findings transcended that socialization is needed in order to keep the staff members interested. Therefore, both formal and informal mechanisms are generally used. They range from training sessions and scheduled meetings to product demonstrations and enjoying a meal together. South Korea, on the other hand, seems to be highly dependent on formal socialization. Sometimes after a training session (where they rate the products) the staff steps out of the working environment and socializes at a bar or coffee shop and at that point



discuss what they actually thought of the collections. In literature it is argued that the formal mechanisms are a superior approach to disseminating knowledge as opposed to informal mechanisms, however it constraints the creativity of the employees (Alavi & Leidner, 2001). In line with theory, sharing knowledge formally is more organized, however, constraining the creativity was only found to be a problem in South Korea as described previously.

Literature argues that knowledge shared informally has no assurance of reliability, however enables for connections on a deeper level between employees (Alavi & Leidner, 2001). The empirical findings neither prove nor disprove this statement, however, in Australia they are passionate about their job and desire to learn even outside of the working hours, which makes it less probable for the staff to actually have and spread inaccurate knowledge. On the other hand, the fact that social events outside of the workplace created deeper connections between staff members is highly supported throughout the empirical findings.

### ***6.3.3 Motivation***

The literature argues that in terms of adaptation, when knowledge is adapted to fit the receiving unit, it becomes validated from the perspective of the receiver. The receiver will therefore have increased motivation to absorb the knowledge (Jensen & Szulanski, 2004). The cases in Sweden, Australia and South Korea differ in the findings on this argument. As discussed earlier HQ does not adapt when they share knowledge with their external partners, as they share the same knowledge to all markets at the same time during the Kick-Offs. Therefore we cannot link adaptation to motivation.

In Australia the empirical findings suggest that they adapt the knowledge and the way of teaching it to suit their staff. They try to include more fun informal activities and the knowledge is also adapted to fit the group that is being taught so that when larger groups are being taught they focus more on the big picture and with smaller groups they can go into more details, which also inspires and motivates the staff. Therefore, we can conclude in this case there is a link between adaptation and motivation.

In the South Korean case, the empirical findings show that they adapt the contents of the



knowledge but also the different hierarchical levels it goes through. The staff indicated that some of their biggest motivational factors is the knowledge that has been shared, i.e. products, with them after it has been adapted from the managers that attended the Kick-Offs. Therefore in this case the empirical findings suggest that adaptation affects motivation.

The literature argues that members may lack motivation and are inhibited from taking the knowledge in if the “*Not Invented-Here syndrome*” is the case and thereby the knowledge may not be integrated (Gupta & Govindarajan, 2000:475-476). The argument that integration affects motivation is supported both in the case of Australia and South Korea, as it is clear that the integration process motivates them. One example in Australia is that the staff are mostly motivated by factors such as company culture and core values of the company that are shared with them during the integration stage through socialization and training. In South Korea on the other hand, the staff are mostly motivated by the quality of the products and the core values of Nudie Jeans that are shared with them through integration such as training and socialization. It is therefore clear that both cases are support the argument that integration affect motivation.

#### **6.4 The conceptual model – revisited**

According to our findings there are several tools that ease the absorption of knowledge, such as touching the products, reading magazines, taking notes, social events etc. Some of these differ in each market since their approach to integrating knowledge is different. However, there was one apparent finding, namely the use of storytelling in the knowledge transferred as a tool to increase the AC of the receiver and allow the receiver to relate to the knowledge thus enable them to acquire, assimilate, transform and exploit this knowledge.

The concept of storytelling is very common as it is used unknowingly in daily life. Storytelling is defined as “*orally communicating ideas, beliefs, personal stories and life-lessons which insinuate the element of tacit knowledge in stories*” (Kalid, 2011:187). It has previously been associated with knowledge transfer in organizations and has been rendered to serve purposes such as communicating change or promote values within organizations, however it has yet to be linked to having any impact on the AC of the receiver (Kalid, 2011).



In our findings, it is clear that Nudie Jeans uses storytelling in various aspects, however, three aspects specifically the products, company culture and core values were more dominant than others. The stories for the products are mainly shared when launching a new collection, as it generally has a story and a theme behind it, and many times each design in the collection does too. In addition, Nudie Jeans creates videos of stories relating to the manufacturing process of the products from the beginning to the end. For the company culture there are several stories of how the company started as well as the rock'n'roll culture they identify themselves with. For the core values, they share stories of their beliefs in human rights and being environmentally friendly. All three aspects can be used to acquire and assimilate knowledge, i.e. potential AC and act as a mechanism to apply and exploit, i.e. realized AC, the knowledge received (Zahra & George, 2002). Therefore, when organizations use stories, it enables the people to relate to the knowledge shared and thereby acquire and assimilate it.

After analyzing the empirical findings in relation to the theoretical framework, the previous conceptual model has been altered. In this study, the empirical findings demonstrate that the conceptual model cannot be used for the whole organization as a single receiving unit. Instead, the model needs to be looked at from different hierarchical levels as our empirical findings reveal. That is the knowledge from HQ is shared with management and management will then share this with the staff, as it is displayed in figure 3.

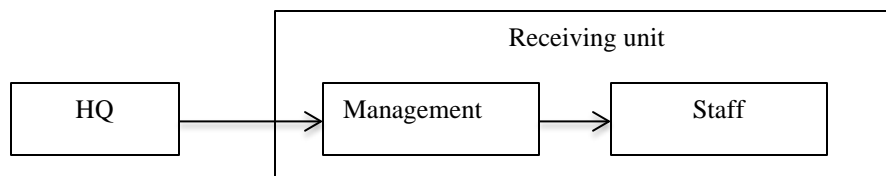


Figure 3. Knowledge transfer process at Nudie Jeans

We have therefore divided the model into two parts (see figure 4 and 5). The first part is how the managers that attend the Kick-Offs acquire, assimilate, transform and exploit the knowledge that they receive from HQ. The second model shows how the staff in the local market acquires, assimilates, transforms and exploits the knowledge that was shared to them by the managers that attended the Kick-Offs.

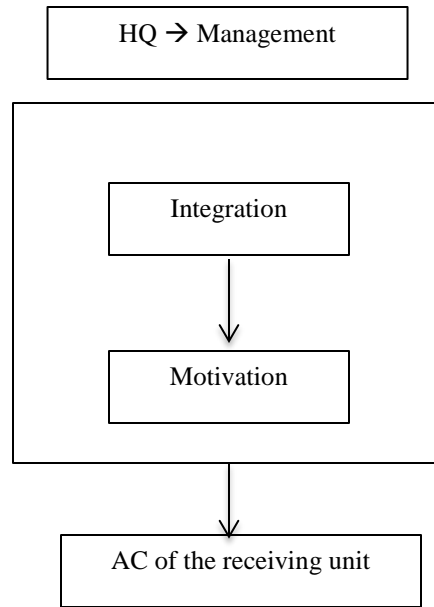


Figure 4. Manager AC

Subsequently, our findings show that HQ does not adapt the knowledge that they share with their external partners, thus the adaptation stage is not included in the first model (see figure 4). Instead this model includes only integration and motivation, and shows that integration affects the motivation, which jointly affect the AC of management. The second model presented in figure 5, however, remains unchanged from the conceptual model, as we have found that it can be applied within the organization of the external partners.

In both models, integration affects motivation, which affect AC. Storytelling is part of the integration stage and is used during coordination and socialization. As mentioned previously, the stories are shared mainly about products, company culture and core values. These three areas are the main areas that the staff argue as a motivational factor, which therefore confirms that integration affects motivation.

In the second stage both adaptation and integration are included. Our findings show that before the knowledge is shared to the staff in the local markets by the managers that attended the Kick-Offs, the knowledge is adapted. After the knowledge is adapted it is integrated in order for the local staff to interpret and understand it, which follows the same process as part one.



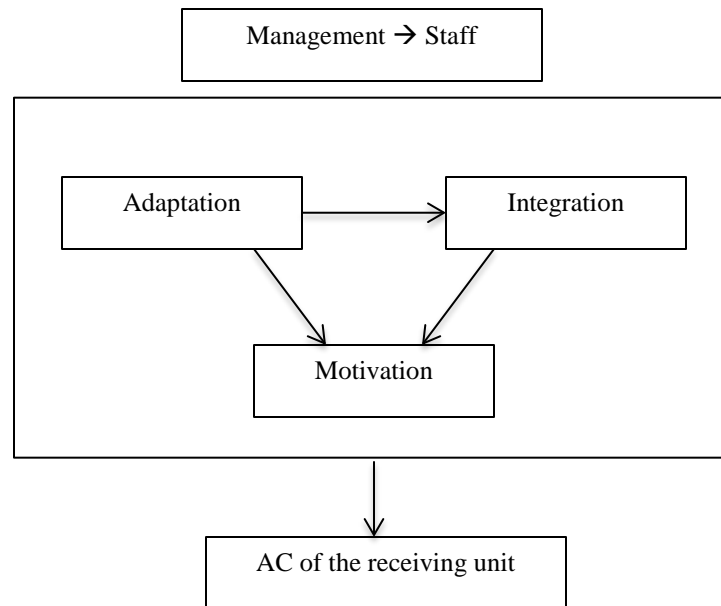


Figure 5. AC in local market

## 6.5 Absorptive capacity – revisited

The concept of AC is presented throughout literature ambiguously as it has been explained in the introduction of this study. At times it is defined as a static aspect and others as a learning process. Nonetheless, the term capacity itself relates to something static. However, from this case study by looking deeper into the learning perspective of the AC concept in practice, it emerged that it is rather related to the ability to absorb knowledge, i.e. how knowledge is absorbed, rather the capacity to absorb knowledge, i.e. how much knowledge is absorbed. Thus, in order to clarify the concept of AC throughout literature, the learning perspective should be coined as absorptive ability (AA) as it is referring to the abilities to absorb knowledge. This is related to dynamic capabilities, which are defined as “*the firm’s abilit[ies] to integrate, build, reconfigure internal and external competences to address rapidly changing environments*” (Teece, Pisano & Shuen, 1997:516). The discussion in literature on dynamic capabilities states that through dynamic capabilities organizations change their resource base and thereby are enabled to develop competitive advantage as well as sustain it in the long-term (Helfat & Peteraf, 2009).



## 7. CONCLUSION

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*This chapter presents the answer to the research question posed in the beginning of the study, which has emerged as an outcome of the analysis in respect to the empirical findings. In addition, it provides several recommendations for interesting future research and identifies several managerial implications.*

The purpose with this thesis was to investigate how the knowledge is absorbed by the receiving unit in the context of cross border knowledge sharing, which answered the question: *how do external partners absorb the knowledge they receive from HQ and put it into practice in their organization?* From the qualitative case study of Nudie Jeans we found that the answer to this question is two-fold, as the external partner cannot be viewed as one single receiving unit, therefore there is a two-step course in absorbing the knowledge. On one hand, the managers of the external partner receive and absorb the knowledge from HQ by means of integration and motivation. On the other hand, the staff in the local markets, namely in Australia and South Korea, receive, absorb and apply the knowledge from management by means of adaptation, integration and motivation. Thereby, adaptation is only present in the second step, i.e. in the local market.

One tool that we found to enable both the managers and the local staff, to take in the knowledge and then apply it, is storytelling. The study has thereby contributed to the research on AC by identifying a tool that organizations can apply, to enable the receivers' ability to acquire, assimilate, transform and exploit the knowledge. While these findings became apparent in this study that focuses on the retail industry the case study should not be generalized. The understanding of storytelling and its link to AC must be further developed and studied through future research. Storytelling has been previously linked to knowledge transfer, however, it has not been researched in relation to the AC of the recipients. Hence, an interesting future study could develop a longitudinal research on storytelling in MNCs and its implications on AC. The study of Nudie Jeans has not focused on an in-depth exploration of storytelling, but rather it emerged as a finding of the case study. A future study could also try to identify other tools that organizations use to enable the absorption and application of knowledge in cross border contexts. Our findings resulted in different aspects that affect the AC in the receiving unit, which are



dependent on the hierarchical level, namely integration and motivation at the managerial level and adaptation, integration and motivation at the staff level. Another interesting future research could further develop this idea to investigate whether it will yield the same results in organizations in different industries. Lastly, future research could develop the idea of AA as the learning perspective of AC, as it is related to abilities and link it to dynamic capabilities.

In terms of managerial implications, managers should be aware of storytelling as a tool that organizations should use to help employees take in knowledge. Storytelling helps to understand the big picture and therefore helps the employees to relate to the knowledge in a better way. Managers of small and medium sized enterprises should also take into consideration that socialization, in particular informal socialization between the staff, is important to create a pleasant environment for the staff, which will then lead to increased motivation and higher productivity. In addition, it is important for managers to replicate certain aspects of the HQ practices, as this will enable the recipient of the knowledge to get a better understanding of the company, its culture and its core values.



## LIST OF INTERVIEWS

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- Nudie Jeans Sweden. (2014a) Global Sales and Marketing Director, [Interview by: Abrahamsson, S. and Maties, M.], Gothenburg, Sweden, March 3, 2014.
- Nudie Jeans Sweden. (2014b) CEO, [Interview by: Abrahamsson, S. and Maties, M.], Gothenburg, Sweden, April 23, 2014.
- Nudie Jeans Sweden. (2014c) Sales Coordinator, [Interview by: Abrahamsson, S. and Maties, M.], Gothenburg, Sweden, April 23, 2014.
- Nudie Jeans Sweden. (2014d) Assistant Manager Concept Store, [Interview by: Abrahamsson, S. and Maties, M.], Gothenburg, Sweden, March 6, 2014.
- Nudie Jeans Sweden. (2014e) Sales Staff Concept Store, [Interview by: Abrahamsson, S. and Maties, M.], Gothenburg, Sweden, March 6, 2014.
- Nudie Jeans Australia. (2014a) Managing Director, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 25, 2014.
- Nudie Jeans Australia. (2014b) Brand Manager, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 24, 2014.
- Nudie Jeans Australia. (2014c) Office Manager and Directors Assistant, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 25, 2014.
- Nudie Jeans Australia. (2014d) Permanent Part-time Sales Assistant, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 24, 2014.
- Nudie Jeans Australia. (2014e) Casual Staff Sales Assistant, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 24, 2014.
- Nudie Jeans Australia. (2014f) Logistics Manager, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 27, 2014.
- Nudie Jeans Australia. (2014g) Brand and Sales Representative, [Interview by: Abrahamsson, S. and Maties, M.], Sydney, Australia, March 26, 2014.
- Nudie Jeans South Korea. (2014a) Planning Team Nudie Jeans Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, March 31, 2014.
- Nudie Jeans South Korea. (2014b) Purchasing Team Nudie Jeans Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, March 31, 2014.
- Nudie Jeans South Korea. (2014c) Marketing Team Nudie Jeans Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, March 31, 2014.
- Nudie Jeans South Korea. (2014d) Sales Team Nudie Jeans Manager, [Interview by:



Abrahamsson, S. and Maties, M.], Seoul, South Korea, March 31, 2014.

Nudie Jeans South Korea. (2014e) Operations Team Nudie Jeans Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, March 31, 2014.

Nudie Jeans South Korea. (2014f) Store Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, April 3, 2014.

Nudie Jeans South Korea. (2014g) Staff, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, April 3, 2014.

Nudie Jeans South Korea. (2014h) Store Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, April 4, 2014.

Nudie Jeans South Korea. (2014i) Staff, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, April 4, 2014.

Nudie Jeans South Korea. (2014j) Store Manager, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, April 4, 2014.

Nudie Jeans South Korea. (2014k) Staff, [Interview by: Abrahamsson, S. and Maties, M.], Seoul, South Korea, April 4, 2014.

Nudie Jeans South Korea. (2014l) CEO, [Interview by: Abrahamsson, S. and Maties, M.], E-mail, May 5, 2014.



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## APPENDIX

### 1. List of interviews

Company	Position	Interview Method	Date	Duration	Location
Nudie Jeans Co. - HQ	Global Sales and Marketing Director	Face-to-face, English	March 3rd, 2014	110 Min	Gothenburg, Sweden
Nudie Jeans Co. - HQ	CEO	Face-to-face, English	April 23rd, 2014	40 Min	Gothenburg, Sweden
Nudie Jeans Co. - HQ	Sales Coordinator	Face-to-face, English	April 23rd, 2014	40 Min	Gothenburg, Sweden
Nudie Jeans Co. - Concept Store	Assistant Manager Concept Store	Face-to-face, English	March 6th, 2014	30 Min	Gothenburg, Sweden
Nudie Jeans Co. - Concept Store	Sales Staff Concept Store	Face-to-face, English	March 6th, 2014	40 Min	Gothenburg, Sweden
Nudie Jeans Co. Australasia - HQ	Meet-n-greet	Face-to-face, English	March 24th, 2014	90 Min	Sydney, Australia
Nudie Jeans Co. Australasia - HQ	Managing Director	Face-to-face, English	March 25th, 2014	60 Min	Sydney, Australia
Nudie Jeans Co. Australasia - HQ	Brand Manager	Face-to-face, English	March 24th, 2014	60 Min	Sydney, Australia
Nudie Jeans Co. Australasia - HQ	Office Manager and Directors Assistant	Face-to-face, English	March 25th, 2014	60 Min	Sydney, Australia
Nudie Jeans Co. Australasia - Paddington Concept Store	Permanent Part Time, Sales Assistant	Face-to-face, English	March 24th, 2014	45 Min	Sydney, Australia
Nudie Jeans Co. Australasia - Paddington Concept Store	Casual Staff Member, Sales Assistant	Face-to-face, English	March 24th, 2014	30 Min	Sydney, Australia
Nudie Jeans Co. Australasia - HQ	Logistics Manager	Face-to-face, English	March 27th, 2014	90 Min	Sydney, Australia
Nudie Jeans Co. Australasia - David Jones Shop-in-Shop	Brand & Sales Representative	Face-to-face, English	March 26th, 2014	25 Min	Sydney, Australia
JAANH Group Inc - HQ	Meet-n-greet	Face-to-face, English	March 31st, 2014	30 Min	Seoul, South Korea
JAANH Group Inc - HQ	Planning Team, Nudie Jeans Manager	Face-to-face, English	March 31st, 2014	25 Min	Seoul, South Korea
JAANH Group Inc - HQ	Purchasing Team, Nudie Jeans Manager	Face-to-face, English with translator	March 31st, 2014	30 Min	Seoul, South Korea
JAANH Group Inc - HQ	Marketing Team, Nudie Jeans Manager	Face-to-face, English with translator	March 31st, 2014	25 Min	Seoul, South Korea
JAANH Group Inc - HQ	Sales Team, Nudie Jeans Manager	Face-to-face, English with translator	March 31st, 2014	35 Min	Seoul, South Korea



JAANH Group Inc - HQ	Operations Team, Nudie Jeans Manager	Face-to-face, English with translator	March 31st, 2014	35 Min	Seoul, South Korea
JAANH Group Inc - Celecon Store Meyongdong	Store Manager	Face-to-face, English with translator	April 3rd, 2014	45 Min	Seoul, South Korea
JAANH Group Inc - Celecon Store Meyongdong	Staff	Face-to-face, English with translator	April 3rd, 2014	30 Min	Seoul, South Korea
JAANH Group Inc - Celecon Store Time Square Mall	Store Manager	Face-to-face, English with translator	April 4th, 2014	35 Min	Seoul, South Korea
JAANH Group Inc - Celecon Store Time Square Mall	Staff	Face-to-face, English with translator	April 4th, 2014	30 Min	Seoul, South Korea
JAANH Group Inc - Celecon Shop-in-Shop at Hyundai Department Store	Store Manager	Face-to-face, English with translator	April 4th, 2014	25 Min	Seoul, South Korea
JAANH Group Inc - Celecon Shop-in-Shop at Hyundai Department Store	Staff	Face-to-face, English with translator	April 4th, 2014	40 Min	Seoul, South Korea
JAANH Group Inc – HQ	CEO	E-mail, English	May 5th, 2014	N/A	N/A



## 2. Interview guide for HQ

1. What does your position entail? Describe a typical day at work.
2. Have you received on the job training? What did it entail?
3. What is the Nudie Way?
4. What are Nudie's core values?
5. Could you tell us about the company culture?
6. Could you tell us about the kick-offs you host? The information that is shared, the events you have, both for business purposes and social?
7. How often do you communicate with your partners? Through what means?
8. What are the reasons for communications?
9. What are some reasons you travel to partners? How do these trips help the business relationship? What about learning about Nudie Jeans?
10. How would you characterize your relationship with your partners?
11. Do you feel there are barriers in communication with your partners and how do you feel those could be improved?
12. How do you inform your partners of the new collections?
13. How do you ensure they understand the specifics of each collection?
14. In the beginning of a partnership, how do you spread the Nudie Jeans concept and brand?
15. Do you have any specific sales techniques you share with your partners? How do you share those?



### 3. Interview guide for corporate offices abroad

1. What does your position entail? Describe a typical day at work.
2. Have you received on the job training? What did it entail?
3. What would you say are Nudie's core values?
4. Could you tell us a little bit about how you feel Nudie's company culture is?
5. Do you consider yourself a separate company with organizational differences and differing culture?
6. How do you feel that your company culture differs or is similar to Nudie's company culture?
7. Have you attended any kick-offs? Could you tell us about your experience there? The information received, the people you socialized with?
8. Do you meet regularly with representatives from Nudie? How often and for what reasons?
9. How would you characterize your relationship with Nudie Jeans HQ?
10. How do you usually communicate with Nudie? How often do you communicate with the? What kind of information is being communicated?
11. How do you feel that your relationship is to Nudie?
12. Do you feel there are barriers in communication with Nudie Jeans and how do you feel those could be improved?
13. How do you and your colleagues accustom yourself with the Nudie Jeans products? What about new products or the new season collections?
14. How do you spread the Nudie Jeans brand throughout Australia/South Korea?
15. How could you contribute to putting into practice Nudies directives/instructions for a more successful outcome? Do you receive any specific directives/instructions that you have to follow?
16. Do you have a process of implementing/applying information received from Gothenburg?
17. What contributes as a motivational factor to perform well?
18. As an external partner, how do you feel Nudie Jeans fits within your organization?
  - a. Is Nudie Jeans adapting to your way of doing business? What are the challenges?



#### 4. Interview guide for store staff

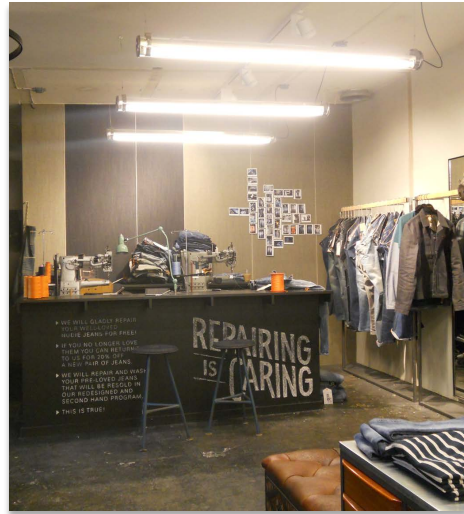
1. What does your position entail? Describe a typical day at work.
2. Have you received on the job training? What did it entail?
  - a. *South Korea only*: Did you learn about all the different brands separately, or were you trained in the denim industry overall?
3. What do you know about Nudie Jeans?
4. How familiar do you feel you are with the Nudie brand?
5. Do you feel Nudie Jeans are different than other products in your store? How do they differentiate from other brands you carry?
6. How did you accustom yourself with the Nudie brand and its products?
7. How do you learn about new products/new season collections?
8. *South Korea only*: How do you feel the fact that you carry multiple jean brands is affecting the ability of employees to understand and sell Nudie Jeans?
9. Do you have any sales specific techniques to selling Nudie Jeans? *South Korea only*: How do these differ from selling other jean brands?
10. Do you have any control mechanisms in place, in terms of how jeans should be sold or having sales quotas?
11. Is there any specific information from Nudie Jeans that they want you to follow?
12. What contributes as a motivational factor to perform well in terms of Nudie Jeans?



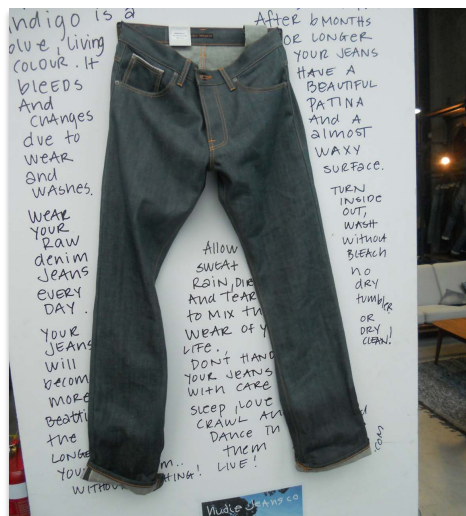


## 5. Photos

### Sweden



### Australia





## South Korea

