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Effective Tacit Knowledge Transfer: A Leadership Perspective

- The Case of the "Toyota Way"

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Abstract

Knowledge is viewed today as an organization's main resource. This regards foremost tacit knowledge, which is hard or almost impossible for competitors to imitate. In order to be able to transfer tacit knowledge from one facility to another, within international organizations, the leaders have to take an active role. In order to investigate the leadership role, a case study of the implementation of the Toyota Way has been conducted to examine the knowledge transfer from a parent organization to one of its offshore production facilities. A qualitative research method was used where interviews with managers and observations of the facility were carried out at the offshore production facility.

The conclusion of this research was that leadership presence is crucial and without supporting leadership the tacit knowledge transfer will not even be possible. It was found that the most significant factor for the leader to take into account in the knowledge transfer process, is his or her attitudes towards the philosophy; as these attitudes will be directly transferred to the employees.

Furthermore, from the findings and previous theories a new model was created, which explains the leadership role in the tacit knowledge transfer process. The model consists of four steps, which the leader should constantly follow and those are; clear visualization, understanding, learning by doing and recurrence.

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1 Introduction

“Toyota’s way is to measure everything- even the noise that car doors make when they open and close as workers perform their final inspections on newly manufactured automobiles” (Stewart & Raman, 2008, p.2). The Toyota Way can be seen as Toyota’s deeply rooted tacit knowledge. Tacit knowledge is easily described as the knowledge that one can only get through practice, and cannot easily be identified (Buckley & Ollenburg, 2013). Organizations that are trying to implement the Toyota Way strive to distribute the philosophy throughout the whole organization, but transferring knowledge which is hard to identify is a complex task. Therefore, an important question arises; what is the role of the leader and leadership in this complex tacit knowledge transfer process?

1.1 Background

The Toyota Way is a value system created by Toyota in 2001 (Liker, 2004). It is based on communication and plans to ensure that all employees in Toyota’s divisions and subsidiaries are conscious of the values of the Toyota Way and committed to work according to them (Saruta, 2006). The Toyota Way stresses high quality as well as productivity and is therefore used as a way to conform to the required measurement standards.

In the beginning, Toyota only produced cars in Japan and then exported them to other countries, in order to ensure that they could keep the high quality standard and customer loyalty and trust in the brand (Ichijo & Kohlbacher, 2008). As Toyota became globalized it also became more and more decentralized and eventually started to operate across multiple borders. This forced Toyota to take local market demands and customer needs into account. They also realized that if they operate over multiple borders this includes different kinds of employees, who also have to be informed and trained according to the Toyota Way (Stewart & Raman 2008). Toyota officially stated that they were not willing to compromise the Toyota Way as the organization went global; they saw the Toyota Way as their DNA and their main competitive resource (Liker & Morgan, 2006).

In this research a case study has been made on the off shore production facility, OPF¹, which is a daughter company to its parent organization, PO². OPF has its main office in Sweden, whilst PO is situated in Japan. All the processes, strategies and logistics of OPF are currently being changed and adapted step by step to the Toyota Way, and have been ever since PO bought OPF in 2000.

Furthermore, The Toyota Way can be seen as a phenomenon and it is built on five core principles, first stated in 1935, by Toyota's original founder Sakichi Toyoda, but was not officially documented until 2001 (Stewart & Raman, 2008). The five principles are; *Challenge*, *Kaizen*, *Genchi Genbutsu*, *Respect* and *Team Work*, where the first three principles are all included in the category of continuous improvement and the last two principles are under the category of respect for people (Stewart & Raman, 2008). Firstly, *Challenge* states that it is of great importance to have a long-term vision, which will enable the company to tackle challenges with courage, since one can see the future ahead. Continuous improvement is in Japanese directly translated to *Kaizen* and it means that the company should always strive for improvement in all its operations. Further, *Genchi Genbutsu* means "go and see for yourself" and this principle puts emphasis on actually going to the source of a problem or issue to find the information needed to make further decisions. *Respect* means that each and everyone within the organization have the responsibility to respect and try to understand each other. Lastly, the final principle, *Team Work*, stands for the sharing of knowledge and a development to grow both as a team but also individually (Stewart & Raman, 2008). Knowledge sharing is today of great importance and Ichijo and Nonaka (2007) state that the Toyota Way is the specific knowledge which Toyota wants to transfer to all its organizations.

In this research the Japanese PO is transferring the Toyota Way to one of their offshore production plants, OPF in Sweden. Because of difficulties such as the geographical distance between Sweden and Japan, and also differences in cultures, the host and home country have different values and norms (Chang, Kao, Kuo & Chiu, 2012). Because of this, the knowledge can be hard to implement. Therefore, in order to have an effective

¹ The manufacturing company will be referred to as OPF throughout the report.

² The parent organization will be referred to as PO throughout the report.

knowledge transfer and to be able to implement it to everyone and every operation, the attitude and characteristics of the leader play an essential role (Swee, 2002).

1.2 Problem

The move from the industrial age, where capital was the most important resource, into the new age, where knowledge instead is crucial, has made the phenomenon of knowledge management one of the vital sources of organizational survival (Bresman, Birkinshaw & Nobel, 2010). Thus, the process of the knowledge transfer between various business units is essential (Bresman et al., 2010). Many researchers discuss the need to have a good knowledge management in order to stand out against the competitors, as it is “considered a key part of the strategy to use knowledge and expertise to create a sustainable competitive advantage in today’s business environment” (Yi, 2009, p. 65). Organizations can spread their tacit knowledge internally and it will be close to impossible for competitors to imitate, (Lubit, 2001). According to Lubit (2001), tacit knowledge is the information which an organization possesses that is hard to express, formulate and to share. Therefore, one cannot find this information in manuals or computer data; this kind of knowledge is spread from person to person, or by repeating the process learned many times.

Previous research has studied the processes of knowledge transfer in multinational corporations³; what kind of barriers that can exist, and the relationship between the MNC and its subsidiary (Bresman et al., 2010; Lubit, 2001; Massingham, 2010). The challenge to transfer knowledge is highly complex when there is a large geographical and cultural distance (Bresman et al., 2010). Correspondingly, Massingham (2010) investigated the relationship between parent-country nationals and host-country nationals, and what problems that may arise when transferring knowledge in an international business. There are several barriers that can exist during a knowledge transfer. The employees may not have the ability to value and apply new knowledge, nor have the motivation or ability to transfer the knowledge (Massingham, 2010). This is where leadership and the leader can facilitate and foster motivation and trust (Swee, 2002).

³ Multinational Corporation will further on be referred to as MNC.

Yang (2007) studied how the knowledge sharing is affected by collaboration and different leadership roles. He suggests that culture is the controller of behavior, thus it is: “the norms of behavior, values and beliefs that the leaders wish to encourage in their subordinates” (Yang, 2007, p. 530).

After examining previous studies, it is clear that there is a lack of research on the actual process of how to adapt to and implement the knowledge in a subsidiary or an offshore production and more importantly; the role of leadership during this process. The geographical distance between PO in Japan and OPF in Sweden is a good example of the difficulties in transferring tacit knowledge, as argued by Bresman et al. (2010). The Toyota Way is the tacit knowledge that the parent organization uses to spread its values and philosophy. However, in order for the implementation to work, the leaders are an important part of this process, which is to motivate the employees and to constantly communicate this new way of thinking and its new values (Denehy, 2008). Therefore, this research will investigate the transfer of tacit knowledge with regards to the role of leadership; how the leader can support and help while implementing the Toyota Way into the offshore production facility.

1.3 Purpose

The purpose of this paper is to investigate the role of leadership in the process of effective tacit knowledge transfer from a parent organization to its offshore production facility. How do leaders affect the success of the knowledge transfer process and what obstacles might they encounter while dealing with it? More precisely, how important are the attitudes and characteristics of the leader to foster commitment among employees and motivate them to find value in the new knowledge?

1.3.1 Research Questions

RQ1: What role does leadership play in the implementation of the Toyota Way?

Sub questions:

- In what way can the leader facilitate the tacit knowledge transfer?
- How can the knowledge and attitudes of the leader affect the success of the transfer?

1.4 Contribution

This thesis contributes to both the development of the subject of tacit knowledge transfer, as well as to the companies investigated in the case study. Firstly, this study is addressing the research linked to exploring the process of tacit knowledge transfer through an in-depth case study. Existing research lacks studies within the process of tacit knowledge transfer; however, exceptions are found in a few similar studies (Bresman et al., 2010; Lubit, 2001; Massingham, 2010). In addition, this study contributes to the theory of leadership and its role in the effective knowledge transfer, another area where very little is known (Yang, 2007; Swee, 2002). Various theories, such as knowledge transfer, leadership and knowledge-based view, help create an understanding of the complex phenomenon of the knowledge transfer process.

Furthermore, the research is beneficial for both OPF and PO, but also to other organizations which are working with knowledge transfer. Through this research, OPF receives valuable information of how to successfully implement the Toyota Way, at the administrative side of the organization, through the influence of the leader. Having someone to investigate the process and the strategy might make the employees and managers at PO reflect upon the strategy in the future, and see it from another perspective. In addition, it is beneficial for PO to have an investigation and analysis made of the implementation of the Toyota Way in one of their offshore productions. Moreover, only one case study was included in this research, which made it more focused and enabled an in-depth investigation into not only the company but also its strategy. This specific case study is a good contribution to other subsidiaries of PO, as well as other organizations dealing with similar knowledge transfer processes.

2 Theoretical Framework

The theoretical framework in this research is based on the resource based view (RBV) and one of its outgrowths, which is according to Grant (1995), the knowledge based view (KBV). Furthermore, the leadership perspective is used to explain the background behind the leader's role while transferring knowledge. This chapter starts by introducing the RBV and KBV, to explain the reason behind knowledge being the organization's most valuable resource. The next section studies the role of leadership and what specific characteristics the leader should have in order to foster successful knowledge transfer. By the end of the chapter the different knowledge conversion modes will be described and a brief introduction to knowledge transfer is given. This will clarify the basic idea of how knowledge is transferred and, in addition, how leadership takes part in those processes. The ground pillar behind all the other theories is RBV and this theory will be explained more in detail in the coming section.

2.1 The Resource Based View

Resources are according to Wernerfelt (1984) the strengths and weaknesses of a firm; these can be for example brand names, capital and specific knowledge. RBV states that an organization has sustained competitive advantage if the resources and capabilities that the organization possesses are valuable, rare, impossible to imitate and if there are no substitutes (Barney, Wright & Ketchen, 2001). The organization has to build their strategy on these specific resources and the company has to understand what their specific value adding resources are.

Moreover, the resources held by the head office have to be highly transferable to other units in order for the organization to be able to gain sustained competitive advantage (Grant, 1996). If they cannot be transferred, then only parts of the organization benefit from them and this will not foster long-term sustainability. As previously stated, knowledge is today one of the most critical resources for a firm to gain sustained competitive advantage and Nonaka and Takeuchi (1995) argue that knowledge is no longer *a* resource; it is *the* resource. This fact gives rise to the knowledge based view.

2.2 The Knowledge Based View

According to Nikolai (2005) the tacit knowledge is one of the main resources for a firm to gain competitive advantage and this is what KBV stands for. KBV comes from RBV, but instead focuses only on the organization's knowledge as the valuable resource it possesses, or rather more specifically, how the specific knowledge held by the individuals within the organization is integrated and distributed (Grant, 1996).

According to Kodama (2006), KBV forms dynamic corporate strategies from a knowledge aspect. This means that organizations can take advantage from their knowledge, not solely from the content of the knowledge, but also to use this specific knowledge in different strategical contexts. Returning to what Barney et.al (2001) stated about organizations obtaining sustained competitive advantage through their resources being rare, impossible to imitate and without substitutes; if a resource has no substitutes it means that the organization or other organizations cannot exchange that specific resource with another, since it would not add the same value to the organization. Tacit knowledge, which is very difficult for organizations to transfer and integrate into new facilities, can be seen as an organization's specific resource being rare, valuable, impossible to imitate and without substitutes. KBV covers both explicit and tacit knowledge; however the main focus is on tacit knowledge because of the difficulty in transferring it (Grant, 1996). Since explicit knowledge can more easily be transferred through written or oral communication it is not seen as valuable as the tacit knowledge, from a KBV perspective.

Tacit knowledge is often illustrated as the part of the ice berg that is hidden under water and as Polanyi puts it: "We can know more than we can tell." (1966, p. 4). This explains the basic idea of the complexity of tacit knowledge. Lubit (2001) further defines tacit knowledge as something that is hard to formulate, express and describe to other people. Tacit knowledge is said to be distributed only through learning by doing and it is the "knowing-how" knowledge (Nonaka, 1994). An example could be a person learning how to ride a bike and the person learnt how to do it by practicing many times. On the other hand, it might be hard for the person to explain to someone else how to ride the bike and the person might not even be aware of what kind of knowledge he or she possesses to be able to do it. This means that people within the organization might not even

be aware of what their organization's tacit knowledge really is and this makes tacit knowledge hard for others to see and hard for competitors to copy or imitate.

Furthermore, it is hard to substitute something that you cannot describe and if this knowledge would not be rare, people would in general be aware of it and clearly, it would no longer be tacit knowledge. All these facts make this knowledge very valuable to a firm, but it is not until it is properly integrated and distributed throughout the organization that it actually adds value. In order to transfer the knowledge to the whole organization, the leader will have to be a big part of the transfer process, and thus transfer the knowledge to his or her employees. Therefore, not only awareness of the organization's most critical knowledge is vital; the leadership style and characteristics of the leader are also crucial.

Correspondingly, Swee (2002) states that leadership can facilitate the knowledge transfer and the leader has to foster trust, innovation and collaboration among other practices to secure the success of the knowledge transfer. In order to be able to build trust it is of great importance that what the leader says is also reflected in what he or she does (Pendleton & Furnham, 2012). The leaders themselves have to know which knowledge should be transferred, find value to it and then know how to distribute it effectively throughout the firm. Thus, according to Swee (2002) the leadership's role in the tacit knowledge transfer is important, and his or her leadership characteristics can be helpful in the implementation process; when transferring the knowledge to everyone in the organization.

2.3 Leadership

According to Moran, Harris & Moran (2011) a leader is someone who is supposed to guide others and lead them in the right direction, whereas leadership is more about the actual ability to guide and direct others. They further state that because of today's changing business world, with organizations globalizing and a constantly changing environment, the leader has to be open for change. He or she also has to influence the employees to change by articulating the change to come and also involve the employees in the change process (Herold, Fedor, Caldwell & Liu, 2008). This is a complex task, which requires a strong leader who knows the change needed, and who can motivate and guide the employees into the right direction.

According to Maxwell (2007) a leader with confidence will be able to believe in others, since he or she has confidence to do so and the most powerful combination, as a leader, is the combination of confidence with direction, guidance and past success. These are all factors of a strong leader, with past success in his or her field. Consequently, people will believe in the leader and be willing and motivated to follow him or her. In addition, Larkin (2008) states that the role of the leader is to make sure the level of competencies, commitment and motivation is as high as desired within their team. Their main aim is to empower their employees in order to find the highest level of potential in everyone. This is in order to reach the productivity, quality and efficiency which are desired and this is illustrated in figure 1 below.



Figure 1. Larkin (2008, p.30)

Moreover, Larkin (2008) states what qualities a leader has to possess to be able to foster the three components above and those are; the concern for others, empathy, openness, being honest and supportive. This requires the leader to know his or her team, to be able to feel if someone is unhappy and to be able to relate to others and empathize with them. If the leader has these qualities the team will eventually feel respect towards him or her and want to work with them and follow them as a leader. If not, there can easily be a lack of honesty which can create distrust. It is said that if the employees do not trust their leader, the probability of being committed to work is just one out of twelve (Rath & Conchie, 2008). Furthermore, Weiss (2005) also states three qualities that a leader should possess in order to be successful; these are:

1. *Understanding* – of what it is you are trying to change or influence.
2. *The ability to adapt and change* your own behavior – to fit the complexities of the situation.
3. *Communication skills* – to be able to communicate what is needed in a way that is easily understood by the followers.

The qualities of a leader stated by Weiss (2005) are similar to the ones mentioned by Moran, Harris & Moran (2011), Maxwell (2002) and Larkin (2008). The authors all agree on the fact that the leader has to understand the knowledge or change that is going to be implemented and after this being able to transfer this further to his or her employees. He or she also has to motivate the employees and guide them in the process and this requires good communication skills as previously stated. The leader act as the change agent and it is important that he or she does not only communicate what is going to be changed, but also why a change is needed (Battilanaa, Gilmartin, Sengul, Pached & Alexander, 2010). Picturing the change in the mind of the employees and making up plans for how the change will be implemented decrease the likelihood of resistance and increase the willingness of people to participate.

Denehy (2008) suggests how the leaders should work and plan the transfer process. He states that leaders build up visions of a future state that is desired to be reached and then make up the action plan to be able to reach it. Moreover, he also says that the leader has to motivate others to feel that they want to work towards the same vision and also make it clear for the employees what that vision is. It is thus essential for a leader to constantly communicate the vision and he or she should always attempt to communicate a message as it was the first time doing it, since some people need more time to be able to grasp the vision (Cartwright & Baldwin, 2006). The leader will therefore have to make the message clear and have a good communication towards his employees and also consider the fact that some people need more time than others to understand the knowledge or change. Similarly, Anderson (2010) also mentions the fact that the message has to be repeated several times in order to be fully transferred and understood by the employees: “effective leaders must be seen and heard – for their leadership message to be believed, they must be repeated remorselessly” (Anderson, 2010, p.101). In addition, he says that a leader does not communicate the message enough until he feels like he is doing it too much.

Additionally, according to Larkin (2008), the message which the leader sends out reflects the leader’s own emotions and therefore it is of great importance that the leader can support the message and feel good about it. The leader is the role model and what he or she visualizes is what the followers will grasp and what will permeate the organization and this regards everything from attitudes to work to knowledge transfer process-

es. As previously stated by Pendleton and Furnham (2012), what the leader says has to be reflected also in his or her actions, since otherwise double standards will be created, which in turn leads to distrust. Therefore, trust has to be present for the followers to be motivated to align to and be part of any kind of change process. Hence, when organizations are dealing with tacit knowledge transfer processes, the leader has to constantly visualize the organization's most valuable knowledge, more specifically their tacit knowledge.

Ichijo and Kohlbacher (2008) made two case studies and from these they came to the conclusion that knowledge has become crucial for firms in order to gain competitive advantage. Therefore, in order for firms to be successful, leadership has to become knowledge-based. The connection between knowledge and leadership will be further explained in the coming section.

2.3.1 Knowledge and Leadership

The concept knowledge leadership is the attitudes or actions that create new knowledge to be distributed throughout the organization and this eventually leads to a change in how people think and act (Mabey, Kulich & Lorenzi-Cioldi, 2012). The leader has an essential role in trying to reach the aimed attitudes and foster the environment where knowledge can be distributed. Nahapiet & Ghoshal (1998) talk about three dimensions; relational, cognitive and structural. These will facilitate the sharing of tacit knowledge and they have to be fostered by the leader. The relational dimension stands for the creation of trust, respect and friendship among members. The second dimension, cognitive, looks into creating systems of shared meaning trying to make communication more effective within the organization. Lastly, the structural dimension, or structural capital, refers to the existence of network ties that work to assist the interactions taking place among employees. These three dimensions all point at the importance of finding a commitment.

Similarly, Nonaka (1994) suggests that commitment is one of the main issues when dealing with new knowledge creation and, according to him, there are three factors encouraging individual commitment and those are; intention, autonomy and fluctuation. Intention has to do with the individual being aware of creating new knowledge and finding value in it and the autonomy factor stands for each individual being different. Thus,

flexibility and openness have to exist, in order for the organization to be able to take different peoples' viewpoints into account. The third factor, fluctuation, means that if there is some kind of discontinuity or change in patterns within the organization, this might lead to the creation of new interactions between individuals, which in turn can create new knowledge.

According to Nonaka (1994) the knowledge is transferred through the interaction between people and the knowledge itself is created through an interaction between tacit and explicit knowledge. The theory of knowledge conversion is further explained below.

2.4 Knowledge Conversion

Gooderham and Nordhaug (2003) say that the core to competitive advantage for a multinational organization is its ability to combine geographically specific resources with firm-specific resources. The firm-specific competencies are not only the core competencies of the MNC itself, but also individual competencies of the employees and those are the foundation for core competence development. Nonaka (1994) argues that new knowledge is developed by individuals through interactions between them. However, it is up to the organization to make sure that the new knowledge is efficiently distributed.

Knowledge creation is defined by Regnér and Zander (2011) to be "...the process by which multinational companies (MNCs) continuously combine and recombine knowledge in order to generate a competitive advantage" (p.821). Another definition of knowledge creation is knowledge conversion. In their book, Gooderham and Nordhaug (2003), outline the model of knowledge conversion, first illustrated by Nonaka and Takeuchi (1995). The model consists of four different transitions that knowledge can take from existing knowledge to new knowledge. The four conversion processes are: socialization, externalization, internalization and combination. The model is illustrated below in figure 2.

		Knowledge conversion	
		To	
		Tacit knowledge	Explicit knowledge
From	Tacit knowledge	Socialization	Externalization
	Explicit knowledge	Internalization	Combination

Figure 2. Gooderham and Nordhaug (2003, p.230).

The socialization process is when tacit knowledge turns into new tacit knowledge and this occurs as a result of interaction between individuals. The interaction can occur either in a formal context, for example through training or in an informal way, which could be for example interactions at meetings or similar gatherings (Adaileh, Moh'd, Khadra & Ishaq, 2012). This interaction does not necessarily have to be done by talking; it is also a process of observing and imitating how others work (Nonaka, 1994).

The process of externalization, turning tacit knowledge into explicit knowledge, has to be done through a dialogue and it refers to tacit knowledge being expressed so it gives explicit meaning to others (Gooderham & Nordhaug, 2003). It can be expressed through metaphors, hypothesis, models, dialogues or similar (Adaileh et al. 2012) and it is about trying to create an understanding of the knowledge among the employees.

The third knowledge conversion process, internalization, is about converting explicit knowledge into tacit knowledge; this is the process of learning by doing (Gooderham & Nordhaug, 2003). It is where the individual absorbs new knowledge and skills on a cognitive level (Xiaoyu, Dong Hyun, Wenwen, Seok-Won, William & Remco, 2009) and eventually the person sees this new knowledge from his or her own viewpoint. Internalization has to do with organizational learning (Nonaka, 1994) and it can even lead to a change in the organizational culture.

The fourth and last conversion process, combination, is the process of explicit knowledge turning into new explicit knowledge and this is done through social interactions such as meetings (Nonaka, 1994). This kind of knowledge is easier for people to grasp, since it can be expressed easily in words and it is more theory grounded; it is the know-about knowledge (Grant, 1996).

Moreover, Nonaka (1994) suggests that all the four processes of conversion should be used, in order not to lose any of the valuable knowledge that can be captured. The combination of the four is called the spiral of organizational knowledge creation (Nonaka, 1994) and it is illustrated below as figure 3.

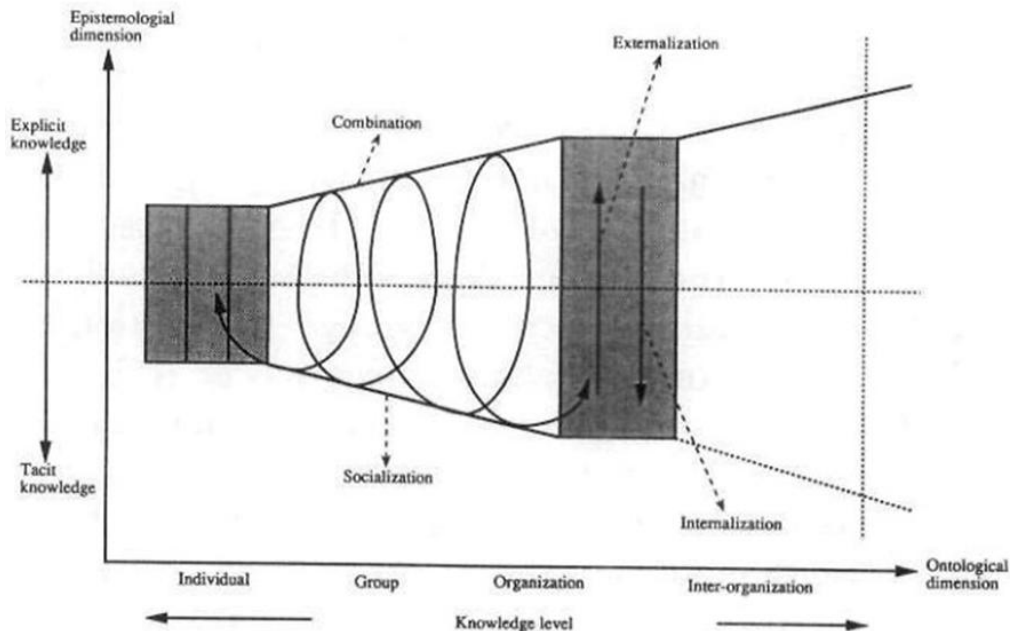


Figure 3. Nonaka (1994, p.20).

This model shows that organizational knowledge creation starts at the individual level, and then reaches a group level where some people are part of the process. Lastly, it ends up in the organizational level or even the inter-organizational level. The inter-organizational level represents informal communities with for example customers and suppliers. According to this model the knowledge flows back and forth between explicit and tacit, through all the various conversion modes. Combination and socialization processes occur only at individual or group level, but it leads to the more complex processes of turning explicit to tacit and tacit to explicit, which occurs only at organizational and inter-organizational level.

2.5 Knowledge Transfer

According to Gooderham and Nordhaug (2003), the success of an MNC will in the end be determined by the organization's ability to reproduce advantages held in the domestic market to its foreign locations. Since knowledge is seen as an organization's main

resource to competitive advantage, the transfer of knowledge should be in focus. As previously stated, the transfer of tacit or explicit knowledge differs and tacit knowledge is said to be very difficult to transfer, since it is part of an organization's standards, and this cannot easily be communicated (Augier & Vendelø, 1999). The complexity of this knowledge is therefore also what makes it, if obtained, more valuable to a firm, since it is hard for competitors to imitate.

Moreover, Kostova (1999) made a study of internal knowledge transfer and tried to define how a company can determine whether or not the knowledge has been successfully transferred. He argues that the knowledge has been integrated successfully if it has become a practice that is taken for granted within the organization and employees can feel symbolic meaning to this practice. This is where, according to Swee (2002), the leader has to support and foster collaboration and trust among employees, in order to enable them to share and absorb new knowledge.

Therefore, it has been investigated in this research how the tacit knowledge transfer is performed through the influence of leadership. Moreover, how the leaders can make sure that the employees feel symbolic meaning to the practices was examined. This has been executed through the use of previously mentioned theories, combined with collected data. As a finalizing step, this research gave ground for an extended model of the knowledge conversion process internalization and the influence of the leader in this process.

3 Method

3.1 Qualitative Research

Due to the complexity of the subjects tacit knowledge and leadership, a qualitative research method was the most appropriate way to approach this study (Insch, Moore & Murphy, 1997). The main reason why a qualitative research was chosen was because it generated flexibility and therefore was able to uncover unexpected aspects during the research (Conger, 1998). Due to the many different characteristics of leadership and the intangibility of knowledge as well as their dynamic nature, a quantitative method could not have provided the depth needed in order to perform an accurate conclusion to the problem. A quantitative research would instead only have led to a set of generalized descriptions (Conger, 1998; Insch et al. 1997), and was therefore considered to be of no use in this research. With qualitative research, on the other hand, by using case studies and observations, a greater understanding of all the aspects regarding the issue could be obtained (Insch et al. 1997). Therefore, a qualitative research method made it possible to combine the empirical and analytical aspects in order to catch otherwise elusive pieces of the research sphere. This generated a detailed study where both tangible and intangible aspects were considered (Van Maanen, 1979).

3.1.1 The Research Strategy

3.1.2 Case Study

The research was performed through a case study which is common when it comes to researches regarding subjects with a high degree of complexity, as is the case with both tacit knowledge and leadership as well as when it is a theory-building type of research (Ghauri, 2004). This allowed for a thorough examination of a phenomenon that was still unclear due to limited prior research at the same time as it retained focus on the importance of real-life events (Phelan, 2011).

The main reason to employ a case study research was because the subject of interest was difficult to study outside its natural environment (Ghauri & Grønhaug, 2010). Leadership is one of the subjects that can only be properly understood when the researchers are able to examine how the leadership unfolds in the working area, depend-

ing on personal relations and general organizational atmosphere. Thus, whether a case study is appropriate for the research depends on the research problem and its objectives. In a theory building research, using a case study is preferred because “how-” and “why-questions” are answered (Ghauri & Grønhaug, 2010). Therefore, a case study was used in this specific research.

Furthermore, when choosing to execute a case study or not, it was considered whether a *single-case study* or a *multiple-case study* was most suitable. For a single-case study, only one case is examined which requires a degree of uniqueness in order to provide a credible research or if it deals with a subject that has not been heavily researched before (Yin, 2009). For this reason, single-case studies are sometimes seen as a risk and multiple-case studies are instead preferred. However, if a solitary case fulfills the criteria of enough uniqueness, a single-case study is justified (Yin, 2009).

OPF is one of the first facilities outside Japan that has implemented the Toyota Way to a great extent, especially since the philosophy is to be found both within the administration and the production. In order to be able to study the importance of leadership within this framework, it was required that the firm had fully absorbed the philosophy. The Toyota Way is indeed used within an extensive number of firms around the world, but not to the same extent as of OPF. Therefore, OPF could be considered as a unique case, to be studied exclusively, within the field of tacit knowledge transfer.

3.1.3 The Interviews

Interviewing is probably known as the most used method within qualitative research and is a great tool since it allows the research to develop a deeper understanding than would otherwise be possible with for example questionnaires (Ghauri, 2004). The advantage of using interviews as a source for primary data collection is that it provides the flexibility of changing and adapting the questions asked depending on how the interview is progressing (Saunders, Lewis & Thornhill, 2007). According to Sekaran (2003), there are two forms of interviews; structured and unstructured. During the unstructured interviews there is no pattern of questions to follow and the main aim of the interview is to localize variables that need more investigation through more structured interviews where there is an issue that will be targeted (Sekara, 2003).

The interviews carried out in this research were implemented with five people from different departments at manager level of OPF, both from the administration and the production. In order to capture the whole organization, the interviews were distributed among the Human Resources department, the purchase department, the technical support department as well as two different production units. By using five interviews, a majority of the departments could be covered and a general picture of how the knowledge transfer process worked through the entire organization could be obtained. Furthermore, an interview with an HR manager in PO was carried out through email due to language barriers and the geographical distance. This strategy led to an understanding of how the knowledge transfer is visualized within the OPF as a whole and it minimized the risk of obtaining opinions from one party only.

The first interview that was carried out was unstructured. The interview with Allan, who is one of the HR managers and is responsible for transferring the Toyota values to the European production and administration facilities, lasted for 120 minutes and took place at the offshore production facility. At that point, it was of interest to obtain an overall picture of the problem area. Therefore, the interview was focused on providing a broad picture of what the offshore production facility really is. Points of interest during this interview were on how the relationship with the parent organization is built up as well as the current situation regarding the knowledge transfer from the parent organization.

For the later interviews the problem variable had been identified; in our case leadership. Therefore, the interviews took a more structural approach. For structured interviews the aim is to uncover more information about the problems that were identified in the unstructured interview (Sekara, 2003). A sequence of questions circled around the variable of interest and the questions were asked in the same manner to all the interviewees. However, depending on how the interview unfolded, the researcher may have stepped away from the interview plan and added more questions that were relevant to the topic and the situation (Saunders et al, 2007).

Furthermore, for the structured interviews, the questions were focused on leadership within the managers' departments. Focus was placed on the perceptions of what the Toyota Way is and how this is conveyed to the staff members. Furthermore, additional questions turned up during the interviews, hence extended the original interviewee plan.

In the table below, details of the conducted interviews are listed. The respondents remain anonymous throughout the entire thesis in order to ensure openness and confidence. Their real names have therefore been changed into the pseudonyms Allan, Bruce, Christine, David, Eric and George.

Name	Position	Location	Date	Interview Style	Interview duration
Allan	HR Manager	OPF Sweden	February 18th 2013	Personal	119,93 min
Bruce	Department manager	OPF Sweden	March 20th 2013	Personal	8,54 min
Christine	Department manager	OPF Sweden	March 26th 2013	Personal	18,39 min
David	Production manager	OPF Sweden	March 26th 2013	Personal	8,04 min
Eric	Production manager	OPF Sweden	March 26th 2013	Personal	13,55 min
George	HR Manager	PO Japan	March 22d 2013	Email	-

Table 1.

3.1.4 Observations

A notion in the academic world is that there has been an over-reliance in only using interviews when conducting qualitative research regarding leadership in particular (Conger, 1998) In addition, observation is highlighted as a tool that together with interviews will be able to create an analysis with enough depth and also a higher level of credibility through the use of multiple methods.

Accordingly, by using observation as a complementing method together with interviews, the research was able to produce a more truthful picture of the problem by reducing bias and therefore receive more credible arguments. As a matter of fact, depending on what kind of research problem one focuses on, there are a lot of answers that can be obtained without even asking questions. Observation has been used for a long time within qualitative research and was explained by Sekara as a method where “people

[are] observed in their natural work environment or in the lab setting, and their activities and behaviors or other items of interest can be noted and recorded” (2003 pp. 252).

Points of focus within the observation can be everything from movements, language and work habits. Further, aspects of the general working environment may be of interest for the research, for example if there is a formal or informal atmosphere in general, how the workflow appears and the atmosphere in the lunch area (Sekara, 2003).

In this research, the observations have mainly been used as a supportive tool in order to strengthen our arguments and to reduce bias, which is due to the limited time that is provided for this research. Having observation as a support has many advantages and gives an extra layer to the research, though greater significance should be placed on what is heard than what is only seen (Van Maanen, 1979). For the observations, time was spent before or after the interviews walking around the facility observing the environment both at the administrative areas as well as within the production. Attention was placed on the feeling and atmosphere of the area as well as interactions between employees, in order to examine whether an obvious hierarchy exists or not. The observations were then combined with the statements obtained from the interviews in order to create a full picture of the issues.

The observations can be implemented as non-participant observations or participant observations. As can be understood by the names; during the non-participant observation the research does not interfere with the work but instead only observes from afar. In the participant observation on the other hand, the researcher takes an active role in the work team where the group dynamics and the general atmosphere can be observed from a closer setting (Sekara, 2003).

During the research, non-participant observations were used due to the complex and skill-required tasks that are mostly undertaken in a technical production facility. The first observation session took place in the production area itself and all of the different areas were visited. As this was the primary visit at OPF the aim of the observation was to understand the feeling and the atmosphere of the production facility and study how the shop floor workers moved and behaved during “business-as-usual”.

The observations complemented the interviews in a beneficial way, by facilitating the process of finding patterns in the research (Conger, 1998) and also to better analyze

statements and behaviors of people who were interviewed. By using more than one research method, the shortcoming of just using interviews was balanced and more data could be found and analyzed.

3.1.5 Limitations

The first most apparent shortcoming when utilizing a qualitative research method in general was that it requires a lot of time and energy; the interviews have to be transcribed, analyzed and the findings recorded and the same process is to be repeated for the observations. There is also the issue of transferring information gathered from interviews and observations into actual scientific information, especially when generalized conclusions are to be drawn (Ghauri & Grønhaug 2010). Therefore, this process needed a lot of precision and took time.

Even though qualitative research methods are known to be reliable, there is always the issue of respondent bias and this is especially evident when it comes to research regarding leadership. The interviewee may want to enhance their image of their leadership style or do not dare to speak of any negative aspects regarding their leader. Van Maanen (1979) discusses this issue of credibility and presents two different sorts of data; operational data, being the genuine data that comes spontaneous from the person interview or observed; and the presentational data, that is created by the interviewee in order to maintain an image.

Furthermore, the line between presentational and operational data can sometimes be very diffuse. Even though the researcher might observe an interesting behavior, it might be hard to assess its contextual meaning. Van Maanen (1979) emphasizes this difficulty and clarifies it by stating that “often one only sees (and hence, understands) what is happening after having been first told what to look for” (Van Maanen, 1979 p. 541). A way to minimize bias and limiting presentational data is through providing a more realistic picture of the issue and therefore reducing pressure for the interviewee to uphold a certain image, aiming at minimizing presentational data. For this reason, different interview techniques were used in order to be able to ease any pressure that the respondents may have felt while discussing their own, and others’, leadership style and approach. By having different techniques in mind while interviewing, bias can be greatly decreased according to Ghauri and Grønhaug (2010).

In order to further keep objectivity and to eliminate any interviewer bias, all the researchers were present during the interviews. However, one team member was always in charge in order to avoid confusion and to ensure a certain flow, but everyone participated and was able to observe and come up with additional questions regarding areas of interest.

However, it has to be kept in mind that sometimes there is bias that cannot be easily identified and therefore not taken away. For observations, there are some behaviors that the observed people are not even aware of themselves, and this can lead to confusion for both the researcher and the informants (Van Maanen, 1979). According to Van Maanen (2011), no matter how detailed one analyzes, there is no possibility for any researcher to unlock the true perceptions and emotions of the people one studies, and in the end all one can do is make well-grounded guesses. Hence, the combination of observations and interviews in this research was able to strengthen the reliability in many cases.

Further, the complex nature of leadership created a big challenge when researching. Firstly, leadership is a very personal subject where the result of the analysis may vary depending on how the relationship with the leader and his or her followers change over time, or if the general working environment changes. Leadership often changes together with organizational change, meaning that events that are a natural part of businesses, such as failures, accomplishments or crisis will naturally lead to some difference in the leadership as well as in the perception of the leadership for the followers. When analyzing leadership, the issue was analyzed in a static moment in time and therefore might not truly mirror the dynamics nature of the leadership (Conger, 1998). The field of study for this research did therefore require a high level of analysis and also a great extent of creativity when the results were analyzed, in order to be able to present a truthful picture.

3.1.6 Validity and Reliability

When doing research, there is always the issue of validity in order to be able to accurately interpret the results from the data collection. Basically, validity refers to the extent that the research method is measuring what it claims to measure (Sekara, 2003). For qualitative research it is important to understand that the validity of a study is only as good as the researcher is at interpreting the collected information. The interpretation can

be done in many different ways and for the validity to remain high, the researcher must be careful when choosing sources and when examining the truthfulness of information gathered during the research (Andersen & Skaates, 2004). Therefore, the research team behind this study has put extensive effort in valuing the truthfulness of the sources used; both already academically published information as well as the data collected from the interviews.

Subsequently, in order to ensure that the validity of the measures is high; the authenticity of the measures has to be tested and Sekara (2003) mentions three broad categories in which the measures can be tested; content validity, criterion-related validity and construct validity. To ensure that the measuring instrument (that is, the questions asked in the interviews) is content validate, the questions that are asked have to touch a vast set of aspects important to cover the investigated topic in whole. Criterion-related validity, on the other hand, measures how efficient the research method is in differentiating individuals depending on their subjective perceptions. That is, if individuals are known to be different they should also score differently in the measure (Sekara, 2003). The last category, construct validity, refers to the fit between the results obtained from the research and the theories that the research are circling around. Thus, validation of a research can be reached in different ways and in the end the analysis will only be as good as the measures it uses. Qualitative research, as opposed to quantitative, will uncover a subjectivity, meaning that the researchers must understand that an answer formed by values and beliefs cannot be quantified and used as hard facts, and instead provide and understanding of the whole concept (Thomson, 2011). These three categories of validity were in focus when creating the questions used in the interviews of this study. The main aim was to cover as many aspects of leadership and the knowledge transfer of the Toyota Way as possible. At the same time it was of great importance that the questions opened up for subjective opinions and unique cases that might come about.

Ensuring validity in researches where international parties are involved, as it was in this study where Japan and Sweden were the international partners is especially important since the cultural assumptions can differ between researchers and informants. In addition, validity is a social construct which value and importance may vary across cultural and institutional borders (Andersen & Skaates, 2004). The central issue when it comes to validity in qualitative research is, however, that there is limited access to the interpre-

tation process for the readers. To ensure transparency was therefore a central objective when doing this research. In order to accomplish this, the data collection aimed to be presented as thoroughly as possible as well as the methods for acquiring it. A distinct line should also be drawn between previous research and the results from the current study in order to not create confusion (Andersen & Skaates, 2004). In the coming section, the technique of how the data was analyzed will be presented.

3.2 Data Analysis

In order to draw a legitimate meaning from the collected data, a practical method of communication was created. The benefits from using qualitative data for a study are that it is one of the most reliable sources that have proven to be convincing to the reader, if collected in a reliable way (Miles & Huberman, 1994).

As a start in this research, all the interviews were transcribed by the research team. Since the interviews were performed in Swedish, the transcriptions were then translated into English. However, this was done with great care in order to overcome the language barrier with accuracy and to avoid confusion.

Early in the data analysis, focus was addressed to find patterns in the data. *Pattern codes* are defined by Miles and Huberman (1994) as explanatory codes that identify as certain themes among the data. The process of pattern coding for this study was to organize the data and the respondents into different groups, based on the respondents' answers. The advantage from using this technique was that it made the data more manageable, by reducing it into smaller clusters. It can also allow for more focused fieldwork later in the process, since the analysis started already in the data collection; thus the patterns are thought through already in the beginning (Miles & Huberman, 1994). In order to not focus too much on patterns that later on proved to be incorrect or misunderstood, the researchers always kept the importance of flexibility in mind.

The analysis was structured in accordance to finding the most important aspects regarding tacit knowledge transfer. From the data collected in the research, four major factors that were considered important in a transfer were identified. These later became the cornerstones in the model that arose as the outcome of this research. In the following section, the findings generated from the interviews and observations will be presented.

4 Empirical Findings

4.1 Observations

During the two visits at OPF in Sweden, the researchers were open to reflect about any observations that could be seen or heard. Throughout this chapter, the findings are extended with specific observations made and those observations are to be found in grey text boxes in order to extend or clarify the data collected from interviews.

4.2 The Case Study and Interviewees

PO is a manufacturing company located in Japan. The company has production bases and subsidiaries all over the world, such as in North America, Europe and Asia. PO works for sustained innovation and creativity.

In 2000, PO bought OPF which is a Swedish manufacturing company and has a wide production line and a good reputation in engineering innovation in material handling. PO works with the value system the Toyota Way, and OPF has implemented the Toyota Way mainly into the production side, and it is now about to be implemented into the administrative side as well.

In order to investigate the importance of the leader's role in the implementation of the Toyota Way, six managers were interviewed; the HR manager at OPF, two department managers at OPF, two production managers at OPF, as well as one HR manager at PO in Japan. The interview process started with an interview and short introduction about the Toyota Way with the HR manager Allan at OPF in Sweden. He is the one responsible for distributing the knowledge of the Toyota Way at OPF, and possesses extensive knowledge about the philosophy. At this interview the researchers received even more information about the Toyota Way and information regarding the implementation at OPF. A guided tour was also offered in the factory, where the researchers could observe the production lines and the overall environment in the production.

A few weeks later, two department managers on the administrative side were interviewed, one female and one male. The Toyota Way has not yet been fully implemented in the administrative side and therefore the main goal, with these two interviews, was to investigate these managers knowledge about the Toyota Way and their interpretation of

it. In addition, two production managers from the factory were interviewed. The Toyota Way has been implemented into the production side of OPF and therefore these two interviews were focused more on how the managers thought about the implementation. The questions were asked in a way as to find out what they think has been positive and negative and what role they as managers have had in the implementation process.

Observation 1

The first observation in the factory was that everything was very structured and clean. It seemed that everything had its own place and there seemed to be no evident stress. Instead, everyone seemed to have their own responsibilities and worked accordingly. All over the production site, one could find boards with information about things that have broken down and need to be fixed. Here, one part of the Toyota Way was found – namely locating the problem from the start and go to the source of the problem to solve it. OPF is very thorough that all the products that leave the factory should be spotless.

In addition, the structural atmosphere was even more evident looking at all the boards that were put up with responsibilities of the workers, as well as what needs to be done. The boards were structured in a way which made the information very clear. For example, the mistakes that had been found in different parts or on the machines, were illustrated with a picture so that it was clear what reparations needed to be done, and where the problem was located. This way, there might be less written misunderstandings and the problems can be solved more easily.

In the production site, as well as at various places at the company, one could find boards with images representing words from the basic values of the Toyota Way, such as “Respect” and “Kaizen”. In addition, these texts were also found on the machines, thus working as a reminder about the basic values for the workers.

In addition, an HR manager at PO in Japan was interviewed by email. In order to obtain a wider perspective, an input from PO in Japan was thought to be beneficial, in order to have some input about the leader’s role in the implementation from Japan as well. The cultures differ rather much between Sweden and Japan, and therefore, the view of the leader’s role could potentially differ between Japan and Sweden as well.

Table 2 below shows the main themes and some connecting statements from the interviewees, to make the structure of the empirical findings clearer. These statements are then followed by a more detailed explanation of what has been found within each theme.

Statements Within Main Themes

Names	Definition of the Toyota Way
Allan	<i>"the values are more than just words of value"</i>
Bruce	<i>"it stands for different kinds of basic values; like for example showing respect for each other, but also to always go to the reason to an issue and look up what is correct"</i>
David	<i>"to have respect for others and to co-operate with all kinds of people"</i>
Eric	<i>"it is a good way of producing, to get smooth flows within the production"</i>
	Influences from Japan
Allan	<i>"a big adjustment for us, to get into something that is more organized and has a clearer purpose"</i>
Christine	<i>"if they think we do something bad they step in and tell us how to do it in order for it to be good"</i>
David	<i>"they have a lot of requirement and rules that have to be followed"</i>
Eric	<i>"we have someone coming to visit like two times a year, from Japan, and they present their views on everything, which they put down in a document...with some changes to be made"</i>
	Implementation from the Top
Allan	<i>"The most important part, as we say, is that the management is on one's side. Because if the management does not support this, it will never happen"</i>
Christine	<i>"If one now needs a change somewhere it will not happen if it does not come from the management and downwards so to say"</i>
David	<i>"it is up to the company to show to the workers that "this is what we stand for" and push a little bit more for it"</i>
Eric	<i>"it is impossible as a production manager to come and say that we are going to do things this or that way, since the board decided so or since Japan decided so, since this is still not a purpose enough for the employees to understand the meaning of it"</i>
George	<i>"the manager should always be a good example, then the values will work its way down"</i>
	Training of the Toyota Way
Allan	<i>"We are about to start a big program here now, for the administrative side, and it will be a huge change when it comes to culture and how we work"</i>
Bruce	<i>"We have not really been given any training in the Toyota Way yet", "when the actual training is starting there will be specific people within each department being specialized within it, just like us managers will be"</i>
David	<i>"the knowledge has sort of been obtained bit by bit during my time here... I have not had any special courses or so. It was only a small introductory course just when I got hired"</i>
Eric	<i>"some things we have only been going through once, even though I have been a production manager for four and a half year now"</i>
	Learning Process

Bruce	<i>“you cannot just learn everything by reading about it, it is more a mentality that arises when you work according to something in many years and eventually it can be seen in all the operations within the organization”</i>
Christine	<i>“it is allowed to grow into the organization so to say and that one absorbs it and all the time brings it up consciously and unconsciously and clearly and unclearly maybe but that it is always there, because then it becomes one of the value foundations”</i>
Eric	<i>“when the employees have been working with it for a while and realizing that this was not too bad as previously believed”</i>
	Success Factors and Obstacles
Allan	<i>“if one doesn’t understand why, and doesn’t understand the whole foundation of it then it will fall very fast”</i>
Bruce	<i>“The hard part is to understand everything in detail, since it is different if you come from a Japanese culture to a European or a Swedish culture”</i>
Christine	<i>“It is very important that we as managers understand and that we really understand that this is how we should work and act from these values and have them in mind the whole time”</i>
Eric	<i>“I think it is important that one informs, to try to create understanding and make people understand the purpose behind it”</i>
George	<i>“it takes time, especially for the company which has its own long history”</i>

Table 2.

4.3 The View of the Toyota Way/Tacit Knowledge – Training

4.3.1 Notions of the Toyota Way

Since the Toyota Way is the framework for transferring the tacit knowledge from the parent organization, PO, it was important for this study to establish what the Toyota Way really means for all the workers and if the top managers at PO have been able to convey the intended meaning of the framework.

When interviewing the respondents, there seemed to be two different opinions of what the Toyota Way is for the different workers; either it was the emotional aspect , for example the respect and behavior towards other people and colleagues. The other point of view was more concentrated to the level of efficient production where Toyota Way was mostly a tool to maintain full and efficient capacity in the production process.

As for the more emotional viewpoint, David commented that the Toyota Way was something he felt that he could stand for and be proud of even in his everyday life; *“to have respect for others and to co-operate with all kinds of people”* or as Christine put it;

that it is a framework for how to behave in certain situations. Regarding this view, factors such as feeling of belongingness and family were emphasized. Christine also said that the Toyota Way creates the foundation of who we are and how we act and to make that a common feeling in the company. This focus aimed towards assisting people making a better job, and as David stated regarding people; they tend to do better when they get along with their colleagues and tries to find aspects within their job that will make them happier at work in the long run.

However, Allan explained that, *“PO is an extremely production focused company; that is what they know and are world champions in”*. Therefore, for many people working within the parent organization and the offshore production facility, focus has been put on production and efficiency. Eric clarified this focus by stating that *“for me it is a good way of producing, to get smooth flows within the production and not to produce if the following unit does not have demand for it”*, he also said that the Toyota Way was mostly visible in the consumption-driven production. Within this view, focus was put more on the performance of the firm than on the individual emotional wellness. Eric emphasized the importance of finding the right tact time in production to distribute work evenly in the production process as this *“leads to the company making money and the employees can keep their jobs. If the company does not earn money, then the employees will no longer have a job to go to”*.

4.3.2 The Change According to the Respondents

The Toyota Way is already implemented to a great extent in the production and both Er-

Observation 2

While observing the production facility it was clear that the framework of the Toyota Way is not limited by any national or cultural characteristics; the highly standardized procedures would be easy to adapt anywhere. Even though the highly controlled working speed may seem unusual from the typical western standards, all the workers have proven to adapt quickly. However, stress seemed to be a risk factor, especially for new employees. In the ceiling of the production area, large boards were stating today's targeted production in units and how many units that has been produced that day. The boards also stated today's *stop time*, that is, how many minutes production is behind in order to reach the targeted production. The research team reflected that this could be an eventual source of stress for the employees. However, the highly standardized, almost mechanical, way of working is very applicable to all geographical areas and creates a very effective production where the employees are deeply involved in all aspects of the production process.

ic and David felt a great change in the production processes since the Toyota Way was introduced in 2001; mostly it has to do with practical issues and follow-ups. For the administrative departments the change was not that apparent, but the values connected to the Toyota Way can be linked to the values and principle used in the firm before it was bought by PO, as noted by Bruce. As a change agent, he also considered the daily exchange and discussion with other production facilities in other European countries to affect their way of working. This will result in more similar working procedures. For Christine, the Toyota Way is something that reconnects all actions taken and that it, at all times, is present in the background even though it is something that people are not really aware of. David, on the other hand, stressed the point of people reacting differently to the change and especially to the implementation of new processes and mentioned that people that are newly employed tend to more easily adapt to the new changes. Eric, on the other hand, experienced the changes mostly because of his change in position within the company, since this change in position made him see the whole production from a different perspective.

4.3.3 Training Within the Toyota Way

All respondents answered that they had no official training within the Toyota Way apart from a short introductory course, but that the knowledge about the framework had come bit by bit during their respective employment. Both within the administration and the production, the respondents felt that even though the Toyota Way flows through all processes, more information is needed in order to be able to convey it to others. As David said, there should be a course so that all employees from the beginning of their employment learn what the company really wants and why. Both Christine and David felt that they mostly could work as role models by always having the values in mind and that the way one behaves at work is what will be transferred. Since the Toyota Way is more of a philosophy than a certain way of working, it is harder to create a specific and clear way of transferring it to the workers and Bruce agreed that one cannot learn it only by reading for example course material. It is namely more of a mentality that one adapts to after working in the company for a longer time and eventually the phenomenon can be seen in all the operations at the organization.

4.3.4 Influences from Japan

The influence from Japan over the operations at the offshore production facility, OPF, can be noticed easily, even though the influence is more visible at the standardized production processes than at the administration. Eric, who works within the welding department in the factory, felt that the influence was most evident within follow-ups and quality assurance procedures. Whereas for Bruce, an administrator, the values that were present in the company before the takeover of Toyota felt similar to the new ones and therefore let them work a little bit in their own, personal way. Another interviewee, Christine, mentioned that all processes are somehow linked to the Japanese demands and especially since there are representatives from Japan working at OPF whom are reporting to the head quarter. But she was quick to clarify that *“but it is really nothing strange, they are really respectful and of course, if they think we do something bad they step in and tell us how to do it in order for it to be good”*. She also felt that it is just some processes that has been changed and that these differences has only been noticed the last couple of years.

Observation 3

It was noticeable that the interviewees working in the production felt unease when talking about the Japanese influence. The demands from PO were perceived to be high but the respondents tried hard not to sound too negative even though they had some critique. This is a common problem when researching leadership. Therefore, the questions had to be adapted and changed in order for the respondents to feel safe while telling exactly what was on their mind.

In addition, the organizational structure of OPF was perceived to be very flat with no obvious hierarchy. Employees from different hierarchal levels communicated informally with each other, both within the production and the administrative departments. In fact, it was found, from the first occasion of observation, that some meetings with the managers are held within the production area which allows for a constant blending of all employees and managers, which further underlines the flat hierarchal structure.

4.4 The Leader's Role in the Tacit Knowledge Transfer

According to Allan, the HR Manager at OPF, the training of the Toyota Way is about to start in the administrative side at the production plant in Sweden. Furthermore, he stated that it will be a: *“huge change when it comes to culture and how we work”*. The reason for the implementation of the Toyota Way is to share the Toyota values and in order to

do that there will firstly be training for the leaders. The implementation will have to start with the leaders, who will teach the Toyota Way to their employees. The interviewed managers all shared the same opinion that the leaders are important in the implementation process and that it should start from the top and go downwards.

4.4.1 Implementing the Toyota Way

Bruce and Christine work in the administrative side of the company, and since the training of the Toyota Way has not yet started within this area, Bruce said that one cannot completely transfer it already today, whereas Christine said she always tries to have the philosophy in mind when working. In that way she tries to be a role model for the employees. She said that she, as a manager, has to think about the philosophy and have it more in mind compared to her employees, in order to be able to transmit the philosophy to her employees.

The managers at the administrative side were aware that the directives come from Japan. However, they said that the directives at the company itself have to come from the top, in order to be well implemented into the company. Bruce meant that it is not until the whole introduction and training has started that one can really understand the overall view of the Toyota Way. However, the organization is already now trying to work more and more according to the Toyota Way, not only in the production side, but also in the administrative side. Christine stated that the implementation comes from the top by having briefings with the managers. By having managers' forums, one goes through what will be taught and how. That way the foundation is created and everyone will work according to that and under the same conditions.

Eric stated that the implementation of the Toyota Way has to come from the managers. It would otherwise be hard to implement it, if saying that the directives come from the board or from Japan. That way the employees would not understand the meaning and purpose of it. They instead need to understand what it means for them, and that there will be a smoother working load as a result of the implementation.

Furthermore, in order for the Toyota Way to be implemented well into the company, it was found that it is important that the employees, and foremost the managers, feel that they support the philosophy and the way of working. All the interviewed managers felt that they support the Toyota Way, especially since: *"it is something most people can*

stand for in their everyday life; to have respect for others and to co-operate with all kinds of people”, according to David. Therefore, aspects such as teamwork and respect were, according to Christine and David, factors that are needed in everything we do, in both our private lives and working lives. Eric, however, focused mainly on the efficiency in the production: *“the consumption-driven production is what I am proud of and I think it works incredibly good we have the right stuff ready in the right moment and we are not over producing, which would lead to waste”*.

When a manager should introduce the Toyota Way into his or her department it was stated as important, according to Bruce and Christine, to make it clear and easy to understand. According to Christine one should: *“talk about what can be transmitted and remake the words that are written in the small prints”*. She stated that one as a manager has to transfer the philosophy connected to what benefits there are to the employees, and what it actually means for them. Similarly, Bruce stated that one has to repeat it over and over again, in order to fully implement it in the department. Otherwise, there is a risk that the employees somehow create their own version of the values and how to work according to them. Therefore, Bruce meant that through repetition of the values, the Toyota spirit will eventually be present amongst all the employees. Similarly, Eric said that it would be good with some repetition maybe after half a year or every year, so that one receives a reminder of the philosophy and the values.

The implementation of the Toyota Way in the company seemed, according to the respondents, to have been positive so far. Bruce meant that it can of course be hard to implement it in Sweden, since the Japanese culture differs rather much from the Swedish or European. That way, it could be hard for the employees to fully understand it and the implication of the philosophy. Christine stated that it is positive for the company to have a common value ground and work according to that. In addition, she stated that the values they had before were not as clearly communicated and clearly visualized as it is now with the Toyota Way. Therefore, according to her, the Toyota Way has been positive so far.

4.4.2 Managers as Role Models

Bruce and Christine both stated that it is very important that the managers really understand the importance of the Toyota Way in order to be able to teach it to their employ-

ees. Christine meant that the implementation will not happen, if it does not come from the top: *“it will not happen if it does not come from the management and downwards”*. The managers really have to understand the basic values and in that way be role models for the employees. If the managers do not work according to the Toyota Way and support it, then neither will the employees. David agreed that one should, as a manager, act as a role model for the employees: *“you have to think more about what you say and how you express yourself when being a manager”*. He also stated that one as a manager in that way has to think about what is being said and done by him. In addition, he believed that it is important that the employees feel comfortable in the group and there is a good team spirit in the group. Eric, on the other hand, was not as assured concerning the values of the Toyota Way, and did not feel fully confident with implementing the Toyota Way, since it was, according to him, a very broad field.

According to George, it was important for managers to communicate to the associates according to the Toyota Way, and have those values in mind when working. This way, everyone has a *“common language”* and a better understanding of the philosophy.

4.5 The Knowledge Transfer Process

From the interviews conducted one could clearly see that the managers felt like the head office in Japan has a great influence on their organization and most directives come from there. David said that one can notice a great influence from Japan in the production system and he says that *“they have a lot of requirements and rules that have to be followed”*. Eric said that there is a lot of influence from Japan and he understood that this has to be the case since they are the owners and: *“one understands that they want to be here and observe and improve what is needed and they have a lot of experience within it”*. There is always a risk and difficulty in transferring knowledge across national boundaries, which makes PO want to keep control.

4.5.1 Knowledge Today

OPF is seen as the absorptive production facility and they have had training programs for their employees and all the respondents said that in one way or another they have been given training within the Toyota Way. However, all of them also said that more training is needed and is something they would like. David said that it would be good if “*you get reminded constantly*” of what the values are and stand for. Eric said that “*one could need a reminder about some things, some parts of the philosophy*”.

Observation 4

It was evident that most of the respondents felt insecure when answering the question regarding what they know about the Toyota Way today. The answers obtained also turned out to be very different. This was considered an interesting observation since OPF and especially the HR department mentioned the importance of having the same perception of the philosophy among all the employees. Small signs of this aim for a coherent view of the Toyota Way could be noticed around the facility. An example is that signs and pictures with the five principles *Challenge*, *Kaizen*, *Genchi Gengbutsu*, *Respect* and *Team Work* could be found on the walls as well as printed on the forklifts in the production area. This may work as a cognitive tool to make the philosophy of the Toyota Way visible in all the firm’s undertakings by planting small pieces of the philosophy in places allowing for unconscious interception for the employees. However, since the majority of the respondents felt insecure when describing the philosophy and also indicated that more training of the values was needed, other more effective methods for this constant reminders might need to be created.

Both Bruce and Eric came to the conclusion that the risk when excluding continuous reminders is that people come up with their own idea of the concept and think this was what they were taught originally; Bruce said: “*the case is often times that you introduce something, but then it is so easy to forget about it and eventually one creates one’s own version of it*”. All respondents from OPF knew to some extent what the Toyota Way stands for, even though their knowledge within the field was quite different and some of the managers were more focused on the values in accordance with the production and other managers were more focused on the values in respect to people and relations and some managers had a mixed view of the focus.

4.5.2 Training Programs from the Top

Allan, who is working in the HR department at OPF and is in charge of the training of the Toyota Way, said that there is a training program planned for this spring 2013. This training program is supposed to be a deeper introduction of the Toyota Way in the administrative part of the company, which is still not sufficient and it will start with training of the managers and work its way down.

According to Allan, Bruce, Christine and Eric the training and directives around this philosophy has to come from the top management, since otherwise people will not accept it and as Allan put it *“if the management does not support this, it will never happen”*. This is also what the manager in Japan thought is the best practice; to start by talking with the company’s representatives or as he called them: the *“potential evangelists”*. Similarly, Christine stated that: *“if one now needs a change somewhere it will not happen if it does not come from the management and downwards so to say”*.

4.5.3 Learning Process

On the other hand, Eric said that: *“it is impossible as a production manager to come and say that we are going to do things this or that way, since the board decided so or since Japan decided so, since this is still not a purpose enough for the employees to understand the meaning of it”*. The respondent instead suggested that people will eventually find value in working in a specific way, if they realize that it is for the best of the company and this will in turn result in the company making money and employees can keep their jobs. This can somewhat be connected to a statement made by Bruce, that this change in company values is something the company has to work with for a long period of time and he said that: *“you cannot just learn everything by reading about it, it is more a mentality that arises when you work according to something in many years and eventually it can be seen in all the operations within the organization”*. He further said that this means a change in the company spirit and even though all respondents thought, from what they know today about the Toyota Way, that these values are not that different from the company’s previous values, that this change will not be completely implemented until after many years.

4.5.4 Success or Failure of Transfer

Before the values were about to be introduced to the offshore production facility, the HR manager at OPF had a thorough discussion with the managers at the parent organization, PO. During the interview, he made it clear that the parent organization is the one in charge of the implementation. The managers at PO asked: *“What can we do to help you with the implementation?”* and the HR manager answered *“No, it’s the opposite! It is what I can do for you to help you with the implementation, because it is you that implement it”*. This once again traces back to the importance of directives and rules to come from the top and work its way down.

Allan, Bruce and Christine put a lot of emphasis on clarity in the transfer process; to make sure that people understand the underlying purpose of implementing it and Christine said that as a manager it is important to have the values: *“in mind the whole time and try to be a role model to always think about these things”*. Eric focused mostly on the importance of creating understanding among employees, saying that it is: *“important that one informs, to try to create understanding and make people understand the purpose behind it”* and that this will facilitate the transfer process, since from previous changes in production people have reacted with resistance towards the changes and the main reason for this was their lack of understanding. Allan said that: *“if one doesn’t understand why, and doesn’t understand the whole foundation of it then it will fall very fast”*. Eric said that when people had been working with the changes for a while, they realized that it actually worked well and, according to him, this framework is supposed to be a good base, so that if employees encounter the same obstacles over and over again they will know from the framework how to handle it, the so called learning by doing.

When it comes to other potential reactions and obstacles encountered while transferring knowledge like this, Bruce talked about the risk of cultural differences, and said that it might be hard for everyone: *“to understand everything in detail, since it is different if you come from a Japanese culture to a European or a Swedish culture”*. According to him, this is another reason that the philosophy has to grow its way into the company and cannot become fully integrated until after many years working with it. George, the Japanese manager, said that the main issue while transferring their knowledge from the head office to other production facilities has been the fact that people do not actually

follow the values until after a longer period of time, since: *“it takes time, especially for the company which has its own long history”*. He stressed the importance of always having the right values in mind and for managers to use key words rooted in the philosophy in their language to make the values part of the common language and common manner.

Allan said that the Toyota Way is not something they are trying to hide from competitors, instead, they are proud of working with it and let people come and look as much as they want, but this was because he said that the Toyota Way is not easily copied. Many competitors or companies trying to copy the Toyota Way only takes some parts of the philosophy and tries to implement it or look at the implementation as a single point in time. According to Allan this is their pitfall, since: *“instead they’re trying to redo the more shallow things, without instead working with people’s attitudes and basic understanding around for example - what is really Kaizen?”*. Furthermore, he states that the Toyota Way is not just a buffet where you can pick what you prefer or something a company can implement over a night. The Toyota Way is according to him deeply rooted values and a state of mind, being part of the employees’ attitudes.

5 Analysis

This analysis will be built on the theories previously described; mainly the leadership perspective and internalization, which is the process of explicit knowledge turning into tacit. Internalization is part of the knowledge conversion model. These theories will be interlinked with the findings and put together into categories. Each category refers to a phase in the tacit knowledge transfer process and is combined with the role of leadership. The transfer of the Toyota Way is to be seen as an internalization process on the inter-organizational level, since the transfer takes place between different organizations.

5.1 Communication of Values

In the complex tacit knowledge transfer of the Toyota Way, from PO to OPF, the leader has various important roles in order to successfully implement the philosophy.

When summarizing the responses from the interviewed managers, it can be suggested that the implementation process starts by having a clear visualization of what the Toyota Way is. When something new, like this tacit knowledge in the form of the Toyota Way, is to be implemented into the company, it is important that the philosophy is spread across the whole organization. The leader's role in this step is to communicate to the employees what this implementation means and why this knowledge is to be seen as the organization's most valuable resource. The leaders cannot simply state that these are directives coming from Japan and will now be implemented in Sweden, instead, they can explain in what way it would be beneficial for the employees. Furthermore, it is important to visualize the future state, where the organization aims to be in the future, with the new knowledge and values. It has to be clearly communicated that in the long-run this new way of working will be beneficial and does not change much compared to how they used to work.

5.1.1 Resistance to Change

The leader's effectiveness is suggested by Caldwell, Chatman, Lapiz, O'Reilly & Self (2010) to be most important during a change in strategy in the organization. The implementation of the Toyota Way can somewhat be considered a change in strategy of OPF. When a new strategy like this is going to be implemented, there can of course be re-

sistance amongst the employees, and the leaders must therefore deal with this resistance and also convince their employees that the implementation is important (Caldwell et. al, 2010). When there is a new implementation of this sort, there is a risk that there will be extensive complaints to why it has to be implemented. Because of the changing environment for the organization and the turbulence that these changes can bring, organizations need to be able to change. An obstacle to this could be employees' resistance to change (Giangreco, Peccei & Sebastiano, 2011).

Moreover, resistance to change is said to be affected by the middle managers' perceived benefits of change and their involvement in the change process. In addition to these, there is the attitude towards change, (Giangreco et. al, 2011). The managers at OPF seemed during the interviews to have a positive view of the Toyota Way. They thus seemed to think that the benefits of change outweighed the costs, as well as seemed to have a positive attitude towards the change. When the managers have this positive viewpoint, it is probably easier for them to transfer it further to their employees. In addition, Caldwell et al. (2010) also suggest that the higher-level leaders can affect and influence the lower-level leaders in how they absorb the information about the new strategy. Therefore, it is important that there is a clear visualization not only among the employees, but also among the leaders themselves.

The managers agreed that the employees also seem to have a positive view of the implementation so far. This can be because of the fact that the interviewed managers are positive about the Toyota Way themselves, or simply because the Toyota Way is, according to the majority of the managers, based on values found in every-day life as well. Moran et al. (2011), suggest that the leader's role is to guide others and direct them. In this situation, regarding the implementation of the Toyota Way, the leader will encourage the employees to be part of the learning process and to be open to this new philosophy and way of working. The managers will work as role models for their employees, thereby acting as guides as to how to interpret the philosophy, as well as how to act according to it.

Since the interviewees agreed that it is their role as managers to make sure that there is a clear visualization of the Toyota Way, it is therefore very important that the leaders themselves understand the philosophy well. Therefore, in order to have a successful im-

plementation, it is not only important to realize that the implementation has to start with the leaders, but also make sure that they themselves receive a good understanding of the philosophy, before they can transfer the philosophy to their employees. Consequently, the process of the knowledge transfer has to start with the leaders, and then proceed to the employees. The implementation of the Toyota Way is about to start at the administrative side, where the managers will learn the philosophy first.

5.1.2 Leaders and Different Generations

Because of the fact that organizations hire employees that range from 20 years to 70 years old, it is suggested that one needs to take the possible difference in generations in mind when it comes to managerial practices (Cox, Gentry, Griggs, Deal & Mondore, 2011). This statement was also reflected upon as the interviews were summarized. David, one of the production managers, stated that he is trying to make his employees feel a sense of belonging in the group, and make sure that there is a good group work amongst his group members. This view is probably common for today's managers. In the younger generations it is more common to think of the well-being of the group, rather than production statistics and results, (Brenner, Collins, & Gilbert, 1990). Eric, on the other hand, mentioned nothing about the well-being of the group members, instead he thought of the Toyota Way as a way to increase the level of production and make the work more efficient.

This viewpoint probably differed because of the fact that David and Eric come from two different generations. According to Brenner et al. (1990) older leaders were growing up with stricter and more systematic systems. These older leaders were not working as much for group interaction as the younger leaders did, (Brenner et al., 1990). Thus, Eric probably still has the view that it is all about producing as much as possible and make the production efficient. David, on the other hand, put more emphasis on the actual values of the Toyota Way, and connects them to how he regards these values in his daily life as well. This difference between leaders depending on generations is connected to the fact that the business world is changing throughout the years. In the constantly changing business world, Moran et al. (2011), state that the leader will have to be able to adjust to the changing business world and find the best potential in each employee.

David's view can be connected to what Larkin (2008) states regarding what qualities he believes that a leader has to possess; some of them being openness, empathy and honesty. These are all probably really important characteristics for the leader to have, during the implementation of the Toyota Way. The leaders have to be open about the implementation to their employees, as well as have empathy to make the employees feel a sense of belonging. If the leaders can motivate and act as guides for the new knowledge, it will most likely make it easier for the employees to grasp and to implement the Toyota Way. In addition, the philosophy is supposed to be evident in everything the employees do, and thus it is important that they work according to the same goal and values, all of which should be demonstrated by the leaders.

5.2 Foster Commitment

The managers at the administrative side both stated that one as a leader has to make the philosophy clear and easy to understand. Since the Toyota Way should exist in everything the employees do, one should think about this way of working throughout the whole process. The leader's role should, according to the managers, be to make sure that the employees grasp the philosophy of the Toyota Way, and understand what it means. It is, according to the managers at the administrative side, very important that they themselves really understand the importance of the Toyota Way and what it is about. They said that if they do not understand the philosophy, it will be hard for them to transfer it further and show their employees. The leader's role in the process of understanding the philosophy and the way of working is to work as role models for the employees. It is therefore important that they do not communicate one way of working, while at the same time acting and behaving in another way.

Correspondingly, Larkin (2008) states that it is important that the leader supports the vision and message that he/she is going to convey to his/her employees. Larkin also states that leaders are role models and what he or she thinks will be transmitted to the employees. All the interviewed managers at OPF agreed that they support the Toyota Way, and felt that they can stand for its values. Therefore, it is not only important that there is an understanding about the new philosophy, but also important that the leaders themselves feel that they support the philosophy, otherwise they will not be able to make their employees have a positive view about it.

5.3 Learning Takes Time

Tacit knowledge is often said to only be transferrable through learning by doing, since it is the knowledge of how to do things (Nonaka, 1994) and this can also be referred to as internalization; turning explicit knowledge into tacit (Gooderham & Nordhaug, 2003). Knowledge is often referred to as an organization's main resource and this is especially concerning the tacit knowledge. If the tacit knowledge of a company is seen as its most valuable resource; it will also be rare, impossible to imitate and have no substitutes (Barney et al., 2001). This further indicates that this kind of knowledge will be very hard for an organization to transfer to all its divisions and plants and it will not happen over a night. When the leader has made sure the knowledge has been visualized and stated clearly for the employees they will understand it and also further on be committed to it. The coming step will be for the organization to work with this knowledge for a longer period of time. In this phase of the transfer it has been found that the leader's role is to make sure that one works with the same knowledge over and over again and also try to have the notions of it in mind all the time.

In this research it was found that many of the respondents actually think that the Toyota Way has to be worked with for a longer period of time for it to be completely integrated. It was also found that within some parts of the organization, where the Toyota Way was first implemented, it is more integrated compared to other parts of the organization. The offshore production facility and the parent organization are both production-focused organizations and therefore focus has in past years been on production efficiency. Therefore, this is most likely the main reason why the Toyota Way has been implemented more in the production, than in the administrative part of the organization.

Since the leader is the one supposed to lead and guide others (Moran et al., 2011) he or she will have to guide the employees on the right track and also foster commitment and trust so that people dare to try new ways of working without the fear of committing mistakes. The leader has to be aware of the transfer process taking time and people will not know the Toyota Way and the value of it just by reading a manual or by someone describing it to them. The employees will have to try and practice the philosophy for many years, as said by many of the respondents, and it is up to the leader to make sure this is

possible and that people are willing to try over and over again and work with it for a longer period of time.

5.3.1 Nurture Trust and Motivation

The three dimensions facilitating tacit knowledge sharing; relational, cognitive and structural, earlier presented by Nahapiet and Ghoshal (1998), all contribute to finding a commitment and this is well connected to how some of the managers felt about the knowledge transfer. Some respondents put a lot of emphasis on having a good climate in the work group, where everyone feels respected and where people can trust each other. Thus, the Toyota Way can be seen as the system which the organization tries to create in order for people within the organization to share the same meaning. Furthermore, this will also open up for interaction among employees, since the Toyota Way is to be seen as a common language; one that one should always bear in mind and this somewhat creates a network on its own.

The leader has to communicate the Toyota Way in a way which is clear, as previously stated, but also have in mind that it takes time for people to actually grasp what the values are and to find meaning to them. Therefore, the leader should constantly communicate the values as if it was the first time saying them (Cartwright & Baldwin, 2006). Furthermore, the leader has to know his or her team members well to be able to feel if someone is left behind or needs some extra support.

Some respondents even believed that this process of learning by doing might eventually lead to a change in the organizational culture and this statement is supported by Nonaka (1994). He says that internalization has to do with organizational learning and this can lead to a change in organizational culture. Therefore, by time, the previous explicit knowledge, where people could read about the Toyota Way and have others explaining it to them, has finally turned into tacit knowledge and can no longer only spread from one person to another.

6 Discussion

Based on the interviewees' answers as well as previous research about leadership, we have found that the leaders' characteristics and attitudes are important in the implementation process of the Toyota Way at OPF. The interviewees agreed that the directions should come from the top, namely from the managers and go downwards, since otherwise the implementation will not even start in the first place. Therefore, leadership presence can be considered to be the core in the tacit knowledge transfer and even though this research is only based on one organization and the transfer of the Toyota Way, much of the research points at this being the case for any organization dealing with tacit knowledge transfer.

From the analysis of the data, we found that it all sums up to a process of tacit knowledge transfer, where the support of the leader is the most essential role. The model sums up to four steps and those are; clear visualization, understanding, learning by doing and recurrence. The leader is situated in the middle and the four arms stretching out from the middle represents the leadership influence in all the four steps. Without the leadership influence no changes or implementations can be made and therefore the leader has to be part in all the four steps for the tacit knowledge to be successfully transferred.

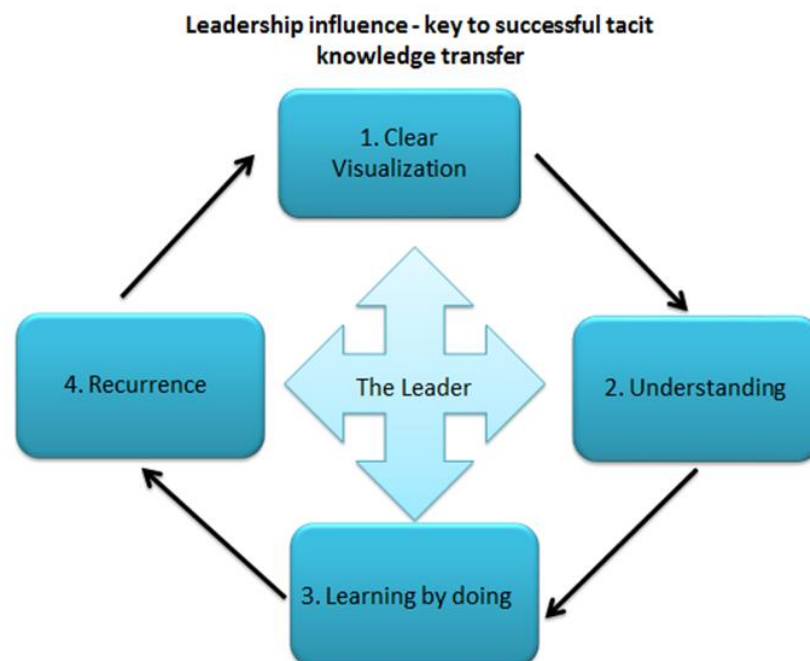


Figure 4. Authors' own visualization.

This model represents an extension of the internalization process, which is part of the knowledge conversion model, since it demonstrates explicit knowledge turning into tacit, but with the support and influence of the leader. Furthermore, since this tacit knowledge transfer takes place between organizations, the model operates on the inter-organizational level of the spiral of organizational knowledge creation model, which was illustrated and explained in the theoretical framework. In the coming section the four steps will be explained more in detail.

6.1 Clarifying the Model

The first two steps in the model; clear visualization and understanding has to do with the leader's communication in a clear way; to explain what the philosophy is and what it stands for and eventually the employees will feel meaning to it. As stated in the analysis, there will always be people who are more resistant to change than others and this is something the leader will have to have in mind.

One interesting factor that we discovered from the interviews was the notion that the characteristics of the leaders can differ according to the leader's age. The older production manager was mostly concerned about the statistics and level of efficiency, whereas the younger production manager was more concerned about the well-being of his employees. This can be a generation difference, and therefore also something to take into consideration when implementing the new strategy. One might have to approach new knowledge differently depending on what age the employees in the group have and also top managers might have to transfer the philosophy in a different way to middle managers, depending on their age.

As previously stated, a leader is needed as a person to guide, motivate and direct the employees. Accordingly, in today's society, it is probably more common that the leader works more as an inspiration and try to make the group members or employees feel confident in the group and with their work. In the past it was probably more common with a hierarchical structure, with the leader telling the employees what to do. The leader will have to be able to adjust to the changing business world and find their employees' best potential.

Another approach issue, which leaders need to have in mind, is the fact that it takes time to implement something new and some people might need more time to grasp the philosophy and new knowledge compared to what others do. Learning by doing is a process of working with something for many years and therefore the managers have to give it time and encourage people to try new things and also constantly repeating the values and ways of working within the philosophy. Converting explicit knowledge into tacit knowledge is an ongoing process, since the leader has to constantly communicate the vision and values of the Toyota Way. This way, it eventually becomes a state of mind. This is a general issue of transferring tacit knowledge and concerns leaders within all kinds of organizations dealing with tacit knowledge transfer. The Toyota Way is far from completely integrated and transferred to the offshore production facility, but it is in progress. Referring to the model, one could say that mainly the production is in the learning by doing phase, whereas the administrative part is currently in the phase between stage one and two.

Lastly, the stage of recurrence will be of great importance, since people need to be reminded of what the values are and what they stand for. Looking back at the example of learning how to ride a bike, this will be the case with the Toyota Way as well. First, you need someone to clearly visualize how riding a bike works, and try to convert this vision into an understanding of why it might be important to know how to ride a bike and what use one can have of it. When the person has commitment and motivation enough to feel like he or she wants to learn how to ride the bike then a period of practice starts and the person will have to try to ride the bike over and over again. Eventually, for example if the person does not practice how to ride the bike in a while, he or she might need some repetition of how to ride the bike properly. This is the process of learning and successfully transferring tacit knowledge and it is the same for everything from physical practices; such as how to ride a bike, to mental learning; a student studying for an exam. In this process, the leader will facilitate and help by teaching, supporting and reminding and to always strive to find a commitment and a common value base which everyone shares.

We believe that in order to be able to implement the Toyota Way into OPF, the leaders will have to follow the four steps in the correct order. The interviewed leaders all agree that the implementation should come from the top, and that they are the ones supposed

to help implement the philosophy to their employees. The leaders have to understand the philosophy and stand for its values, and when doing this, they can start the four-step model by firstly explain the philosophy clearly, and after that make sure that there is an understanding among the employees. When this is done, there has to be continuous reminders about the philosophy. The employees will eventually have repeated the process and been told about the values, that it will soon become a well-practiced philosophy in the company. The absorption of tacit knowledge takes place on a cognitive level, in the mind of people and therefore also unconscious reminders, like signs and symbols referring to the philosophy, will give the employees continuous reminders about it.

In addition, even though there are reminders for the existing employees, the leaders also have to make sure that the new employees really grasp the philosophy, and explain to them how it works. It is namely foremost important that all the employees know about the philosophy and by implementing it further into the administrative side, it might connect all the employees better, and create a better sense of belonging in the company, when knowing that everyone works according to the same philosophy.

6.2 Repeat the Process and Values

El-Den says that “information and communication technologies can only partly help the transfer of tacit knowledge, as much of that knowledge is transferred by observations, skills, body language, physical demonstration, doing, and repetition”, (2012, p.284).

It might be easy to think that when something has been implemented once the goal is accomplished and the company can move on to transferring new knowledge and be sure that what was once transferred will be kept, but this is not the case. From the conducted interviews it was found that most respondents put a lot of value in repetition and already today they think that what was once taught within the Toyota Way needs repetition. What the leader wants to send out and for the group to absorb has to be repeated over and over again, as said by Anderson (2010). If this is not done, people might start to build up their own idea about the concept, and the common values and philosophy will not exist among the employees.

Many of the interviewees thought that repetition could be good and some thought it is crucial, at least within some areas, since one easily forgets what was initially taught.

Moreover, one could observe that the respondents felt a bit insecure in answering the questions about what the Toyota Way stands for, which further strengthens the fact that more training and most likely also repetition is needed. According to the owners and the ones in charge of the Toyota Way, this philosophy is supposed to be a state of mind and what the organization stands for, or as Liker and Morgan (2006) puts it; the Toyota Way should be the organization's DNA. Thus, it is of great importance that the Toyota Way is not just worked with once and people find the importance of it at this particular moment.

The leader has to foster an environment where recurrence is a constant ingredient, not only in each process, but also in what the leader sends out to his or her audience. As Anderson (2010) states in his book; if the message is repeated over and over again it will eventually be heard by everyone and the message will win credibility by being repeated, leading to people feeling respect for the leader. According to Larkin (2008), the leader is the role model and what he sends out to his followers will be the leader's own emotions towards the values. If the leader is positive and ambitious about what he or she sends out, the followers will be more likely to find value and credibility to the information which is transferred. The final step in the transfer of tacit knowledge is thus the recurrence stage and even though the organization might then move on to visualizing new knowledge to be transferred, the recurrence should be an ongoing process, which is not seen as accomplished until the Toyota Way has been a state of mind for the employees and something that is taken for granted (Kostova, 1999).

6.3 Limitations

One of the main strengths with our work has been the close contact with the offshore production facility and their willingness to cooperate and give us information. This has made it easy for us to conduct as many interviews as needed and with the people we wished to talk to. Their openness and willingness to show their organization and how they work also made it possible to make a lot of observations and put them together with the interviews to further strengthen our research.

On the other hand, we realized while working with the material that there might be an issue of gender differences in how leaders think and act. We only conducted one interview with a female, which is not sufficient to be able to compare the male versus female

from the leadership lens, but this might therefore be a future field of study. Furthermore the issue of management styles depending on age might need some future research, since we have only somewhat touched upon this subject.

7 Conclusion

This research has investigated the role of leadership in tacit knowledge transfer, from a parent organization to one of its offshore production facilities. A qualitative research method was used where we conducted both interviews and observed the environment at the offshore production facility. Based on the results from the interviews as well as from previous studies we could answer our research questions.

The overall conclusion that was drawn is that leaders have a crucial role in the tacit knowledge transfer of the Toyota Way. Without active and influential leadership during the process, the tacit knowledge transfer will not be achieved. Without a supportive and present leader, the employees will not have incentives and understanding enough to work and act according to the philosophy. The leader can facilitate the knowledge transfer by making sure that there is a clear visualization and understanding of the philosophy.

Since many of the interviewed leaders felt that they do not know enough about the Toyota Way to be able to properly teach it, we reached the conclusion that the knowledge distribution has to come from the top. Furthermore, the leader's own attitude towards the philosophy is reflected in how the employees view the Toyota Way.

Lastly, for the success of the tacit knowledge transfer, the leader has to realize that the implementation takes time and some employees will find value in the philosophy before others. Likewise, time has to be set for repetition since otherwise there might be a tendency for employees creating their own image of the philosophy and disregard the original meaning of it.

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