

# Determinants of Reverse Marketing Knowledge Transfer Potential from Emerging Market Subsidiaries to Multinational Enterprises' Headquarters

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**ABSTRACT**

Emerging markets are becoming increasingly important for multinational enterprises because of their high growth potential and future prospects. The unique circumstances in emerging markets lead to increased pressure to offer creative marketing solutions that can be leveraged across the multinational network. Setting up subsidiaries to tap into these markets offers companies the opportunity to integrate in the local community and access its knowledge-base for local and global innovations. Literature, however, reveals that emerging market subsidiaries have been largely ignored concerning their potential for reverse knowledge transfer, and marketing initiatives are expected to be developed in mature, developed markets. Our paper fills this gap in research and contributes to extant literature by identifying factors at unit, relationship, and knowledge levels influencing reverse knowledge transfer potential specific to marketing knowledge from emerging market subsidiaries. The conceptual discussion leads to study propositions and conceptual framework.

**Key words:** Reverse knowledge transfer, emerging market subsidiaries, headquarter-subsidiary relationships, organisational dynamics, marketing knowledge, multinational enterprises.

## INTRODUCTION

The prosperity of a multinational enterprise (MNE) competing in the global market has long been linked to its ability to share strategic knowledge across its operations (Cantwell & Mudambi, 2005). Emerging markets (EM) offer great growth opportunities for western MNEs, but operating in these volatile environments requires firms to learn to survive in their unique conditions (Zhang *et al.*, 2010). Local subsidiaries are in a position to tap local knowledge reservoirs, acquire business critical information, and transfer it back to their headquarters (e.g. Monteiro *et al.*, 2008). Previous studies have also found a strong link between marketing specific knowledge management, and firm performance (Wang *et al.*, 2009), but reverse knowledge transfer (RKT) has proven to be a difficult process. Global marketing requires global knowledge, but many organisations struggle with using the knowledge they already have in their local pockets.

Accenture, one of the world leaders in the business of knowledge, found that its vision of “one global firm” was hindered by the organisational barriers of transferring knowledge from its East Asian offices back to the corporate headquarters (HQ) in the United States (Paik & Choi, 2005). Thus MNE’s internal factors influence RKT, but the matter is made more complex when introducing knowledge transfer within a function designed to reach outwards to the external environment (Schlegelmilch & Chini, 2003). Marketing representatives in subsidiaries typically create knowledge and strategies in their own socio-cultural context, which can be leveraged globally. Moreover, this knowledge can be useful in other EM subsidiaries, where the MNE may not have a direct presence or lacks significant experience. Yet no studies, to our knowledge, address the key factors influencing marketing specific RKT potential from EM subsidiaries.

Marketing strategies in EMs differ significantly from developed economies by emphasising the role of network structures and the dynamics between the actors involved in marketing (Shapiro & Varian, 2013). Gaining knowledge from external sources can be a difficult and costly process in EMs, where both formal and informal institutions are in the process of development (Xu & Meyer, 2013). It is thus important for researchers and practitioners alike to understand knowledge transfer in the EM context separately from the infrastructures of the developed markets, where much of the existing work on RKT has been carried out.

Because EM marketing knowledge is socially complex, culturally dependent and highly tacit, transferring it takes considerable effort from the subsidiary, which is the main focal unit of this

paper. However, the HQ as well as the relationships and processes between the units will affect marketing knowledge transfer (Argote *et al.*, 2003; Minbaeva *et al.*, 2014). Therefore, this paper aims to address all these factors as key determinants of marketing knowledge RKT from EM subsidiaries. We offer conceptualisations specific to the EM subsidiary unit; the relationship between HQ and EM subsidiary; characteristics of knowledge to be transferred; and the mechanisms of knowledge transfer for the development of study propositions.

This paper contributes to the existing literature on RKT by concentrating to the increasingly important EM context from the point of view of marketing. The lack of studies in international marketing literature addressing the topic is acknowledged (Monteiro *et al.*, 2008), although EM subsidiaries increasingly hold a key role in the global strategy of MNEs. Scholars have also stressed that very few attempts have been made to explain the reasons for success or failure of reverse knowledge flow from subsidiaries located in EMs (Ambos & Ambos, 2009; Bouquet & Birkinshaw, 2008). Therefore, it is important for international marketing researchers to enhance understanding in this area by specifically addressing this topic. This paper will first provide a literature review on existing research in the arena and then presents eight propositions to act as a basis for future studies in this field.

## **THEORETICAL BACKGROUND**

Emerging markets are the business frontier of this century and of growing strategic importance to developed country MNEs. While the developed countries are struggling with saturated markets, aging populations and dwindling birth rates, emerging markets are opening up new opportunities with their vast populations and unmet market needs. However, the EM context presents also challenges, such as whether the marketing measures, methods and theories applied in the developed world are applicable there (Ahlstrom *et al.*, 2014; Batra *et al.*, 2014). Understanding marketing in the EM context is imperative for penetrating these lucrative markets, and accessing and transferring marketing knowledge is the key to turning the market expectation to a competitive advantage.

Typical characteristics of an EM include uncertain business and institutional environment, poor infrastructures around legal and intellectual rights protection; complex bureaucratic systems; and underdeveloped capital, labour and commercial markets (Brouthers & Dikova, 2010; Chiao *et al.*, 2010; Contractor *et al.*, 2014; Meyer *et al.*, 2009). EMs are, however, far from homogenous, and the marketing strategies applied there should be equally diverse (Bang *et al.*,

2015). While there are considerable differences between discrete countries and areas, there is also great variance within them as some of the world's richest people reside in the same countries hosting urban slums, conflict zones and/or deep rural areas (Anderson *et al.*, 2010). Thus, marketing in EMs must take into account the socio-economic context that provides simultaneously opportunities for branded luxuries, the world's largest and fastest growing middle class, and a vast population of poor people with unfulfilled needs but limited means to satisfy them.

Conditions of resource scarcity and market heterogeneity breed innovation (Agnihotri, 2014). For example, the Mexican Grupo Bimbo has a long-standing history in its home market, and it was able to leverage a nostalgia effect in sales to the sizeable Mexican emigrant group while simultaneously investing on new product development both in new and existing markets (Lewis, 2009). In contrast, the Chinese Lenovo has built strong distribution networks and relies heavily on distribution partners in its marketing efforts (Vizard, 2014), while it has constructed its domestic base by respecting the needs and limitations of its customer base by offering latest technologies at competitive prices (Xie & White, 2004). MNEs from developed countries are increasingly facing a reality where success at home is dependent on the success at EMs (Immelt *et al.*, 2009), as EM competitors are leveraging their success at vast home markets abroad.

MNEs from developed countries are also utilising opportunities in EMs through innovative approaches to market conditions. Ranging from developed country products extending their lifecycle in EMs, such as Volkswagen's Santana model in China, to products developed in and for EMs finding market potential in the developed countries, like Nokia's reduced phone model, Zedtwitz *et al.* 2015 identify 16 different global innovation flows of which all but one encompass the EM context. Moreover, innovation initiated in EMs with spill-over effect to developed countries is vital for the success of MNEs, leading to such products as GE's low-cost ECG and ultrasound machines to serve the large Indian and Chinese low-income markets (Immelt *et al.*, 2009).

In order to bring the innovations on the ground level together with the strategic decisions of the company at HQ level, the subsidiary must engage in RKT activities. In this paper, subsidiaries are defined in line with Birkinshaw and Hood (1998) as single entities in a host market or non-headquarter entities in home market. Furthermore, since the focus here is specifically in knowledge related to marketing, the subsidiaries considered are sales and marketing operational units. This distinction is relevant because the knowledge generation

focus of a sales and marketing subsidiary is outward-bound on a local level, which is especially important in an EM context where the role of networks and relationships is heightened.

The subsidiary is transferring knowledge about the unique circumstances of its EM environment in terms of the heterogeneity of the markets; the characteristics of its socio-political institutions; the competition from local, largely unbranded players; dealing with a lack of resources; and coping with weak infrastructures (Sheth, 2011). Simultaneously, it is receiving support and resources from the HQ and must find ways to best leverage these to create value in the local market place (Ernst *et al.*, 2015). For example, Coca-Cola tends to operate closely with franchisees, offering them marketing and management support (Firstbrook & McManus, 2011), while the company has benefited from local knowledge in adapting to tastes. This may have meant re-branding, such as the company's market leading soft drink Thums Up in India, which outperforms the flagship brand.

To address the issue of RKT from EMs, an analysis is structured around a classification presented by Argote *et al.* (2003) as:

1. Properties of the units
2. Properties of the relationships between the units
3. Properties of knowledge

The classification has been drawn based on the authors' review of knowledge management literature, and attempts to group the different viewpoints in knowledge management research. Using it as a framework, therefore, should provide a reasonable balance of perspectives in order to gain a well-rounded understanding of the phenomenon. However, subsequent scholarly work has identified areas of interest not included in the original model, such as the role of the individual in the process and external contextual factors (Minbaeva *et al.*, 2014), as well as the interactions between knowledge transfer mechanisms (Michailova & Mustaffa, 2012). These factors are therefore discussed in tandem.

Combining the company strategy, subsidiary marketing RKT and market-led innovation is the knowledge-based view as the theoretical foundation of this paper. This is visualised in Figure 1.

\*\*\*Insert Figure 1 here\*\*\*

The knowledge-based view considers knowledge as the primary resource of the company and thus the crucial element for its success. This paper utilises this approach to explore the factors influential in knowledge transfer specifically in the context of the marketing knowledge of EM subsidiaries.

## **STUDY PROPOSITIONS**

The propositions presented in this study are grouped in *properties of units*: Establishment mode, age and autonomy; *properties of relationships between the units*: External embeddedness, trust and internal embeddedness; and *properties of knowledge*: Generalizability and transfer mechanisms. While an endless list of factors could be drawn relating to each of these properties, marketing in EMs requires understanding the unique characteristics of these heterogeneous markets (Bang *et al.*, 2015). Thus the factors chosen here focus on the access to, utility, and depth of relationships enabling this comprehension. Consequently, they also portray the theoretical heart of the work as relating to the strategic importance of the knowledge, its innovative value, and subsidiary's RKT, leading to a competitive advantage for the MNE. The propositions highlight the potential for RKT rather than the realised RKT because the potential for RKT means that the given property of units, relationships between units or knowledge is favourable for RKT but the ultimate realisation must also include the joint effect of all the properties, which is outside the scope of this paper.

### *Properties of Units*

*EM Subsidiary Establishment Mode*: The need for local knowledge influences a fundamental choice of the company's entry: Whether to establish a greenfield or to proceed through acquisition. A greenfield operation will have limited access to local knowledge but its structures and processes can be organised for effective and secure knowledge transfer. A long-term view in knowledge acquisition can be implemented, such as SABMiller did in South Africa, where the company uses a lot of expatriates but with a direct mandate to train replacements from local area, securing talent for the future from the company's historical core market (Borchardt, 2009). The company thus benefits from gaining insights about the local environment from committed employees, as well as building a reputation within the community as a socially responsible company. However, companies may not have the luxury of growing knowledge access but rather require it immediately. Thus, greenfields can be optimised for knowledge transfer but they can only offset some of the issues related to knowledge sourcing.

An acquisition strategy will provide a quicker access to local knowledge and talent, but the pre-existing company structures, attitudes, and possible talent loss during the acquisition process may make knowledge transfer more difficult (Brouthers & Dikova, 2010). However, in seeking partners for alliances, MNEs are likely to look for intangible assets which are tacit and inimitable, and especially unique competencies in market knowledge and access (Ahlstrom *et al.*, 2014). As such, it is reasonable to assume that organisational learning is also a priority in subsidiary establishment, leading to a willingness to establish channels for RKT.

The acquisition of a local company will also present marketing with the challenges and advantages of dealing with existing local branding. The use of local brands can be a helpful strategy for foreign MNEs looking to avoid the liability of foreignness, especially as this may be higher in EMs (Arslan & Larimo, 2012). A good example of this is the case of Tesco's acquisition of Turkish retail firm Kipa, where local marketing knowledge and a known retail brand helped Tesco to stabilise its market position (Lowe & Wrigley, 2009). However, brand names from developed markets can be a significant competitive advantage in many EMs because of their country of origin effect (Batra *et al.*, 2014), which may be used to lend gravitas to the local subsidiary. Choosing the appropriate marketing strategy requires the kind of knowledge that tends to be tacit and not codified in formal legislation, regulations or guidelines. Hence, we propose that

***Proposition 1: EM subsidiary establishment mode influences marketing knowledge RKT, where subsidiaries established via acquisition mode have more potential for RKT than subsidiaries established via greenfield mode.***

*EM Subsidiary Age:* MNE managers are unfamiliar with the environmental conditions of EMs and may approach it burdened with preconceptions. However, as the internal relationship develops, the legitimate position of the subsidiary is strengthened (Bouquet & Birkinshaw, 2008), and hence the age of the subsidiary is a factor in determining its role in the global value chain (Cantwell & Mudambi, 2005).

Aging does not, however, deterministically define the role for a particular EM subsidiary. Where time has a significant impact is in adjusting the knowledge stocks of the subsidiary and moving them gradually to a desired level (Rabbiosi & Santangelo, 2013). While this may mean an initial period of active RKT, a younger subsidiary will have less value to offer for the network and therefore may struggle to receive central support and attention for knowledge related development activities. As its capacity to add new knowledge to existing knowledge

stocks grows, its possibilities to produce innovations increases (Cohen & Levinthal, 1990), leading to positive enforcement for RKT. Furthermore, an older subsidiary has had time to invest in internal integration and has experience in influencing HQ's policies to its own advantage (Mudambi & Navarra, 2004). Thus, we propose:

***Proposition 2: EM subsidiary age influences marketing knowledge RKT, where older subsidiaries have more potential for RKT than younger subsidiaries.***

*EM Subsidiary Autonomy:* The unique circumstances of EMs mean that the HQ typically has less knowledge about the external surroundings of the EM subsidiary than it would in a developed country context. Yet the market risks and high uncertainty in these environments mean the MNE is in greater need of local knowledge (Li *et al.*, 2013). Moreover, the distance between the home and host countries may necessitate significant changes in the marketing mix to suit the needs of the market, as Colgate-Palmolive learned when it tried to market toothbrushes to rural India. People were used to brushing their teeth using their fingers and little water, which made the company to swift their product to toothpowder instead, accommodating local needs (Firstbrook & McManus, 2011). Thus EM subsidiaries with a marketing mandate require autonomy and development of expertise to respond to the hazardous surroundings (Luo, 2006). Autonomy to make local marketing decisions that benefit the company leads to the discovery of unique circumstances and thus benefits RKT.

The EM context of scarce resources drives innovation through bricolage, or the ability to improvise with the means at hand, embeddedness in the local environment, and the need to adapt (Ernst *et al.*, 2015). However, we claim that these market needs can only be realised if the subsidiary marketing has also the autonomy to forge local relationships, act on the knowledge gathered through them, and implement transformative changes in the marketing mix, rather than accepting integrated products and solutions with a limited mandate to localise them. Therefore we propose that

***Proposition 3: EM subsidiary autonomy in MNE network influences marketing knowledge RKT, where autonomous subsidiaries have more potential for RKT than highly integrated subsidiaries.***

#### *EM Subsidiary and HQ Relationship*

*External Embeddedness:* Social networks are more important in EMs than they are in developed countries because weak infrastructures force people to seek alternative support mechanisms (Danis *et al.*, 2011). Embeddedness in local networks is also more varied in EMs,

due to a greater mix in the business and socio-political spheres. This means that the role of institutions is greater; hence the need for businesses to work with them is equally enhanced (Sheth, 2011). Competitive forces may benefit from close institutional ties, such as the previously government owned business Gazprom in Russia which started out as a monopoly business. New entrants may not have similar ties, placing demands on them to find other means of reaching the market in order to succeed.

Embeddedness also encompasses community engagement, especially in areas where living standards are low. Corporate social responsibility efforts, such as Vodafone Essar in India working with NGOs in health and cultural projects or Celtel in Nigeria co-operating with village and religious leaders (Andersson *et al.*, 2010), can be used to signal commitment to the market. Community engagement in providing infrastructures, like SABMiller did in paving the roads connecting distributors to its plant (Borchardt, 2009), can also enable the business to operate more efficiently. While CSR may be a management decision more than a marketing one, the light in which the company wishes to present itself and the market implications of providing distribution, promotion, product and pricing aid for the market fall squarely under the purview of marketing.

Local embeddedness in institutional level, in social networks, in communities and with various stakeholder groups is imperative in EMs for success, but only if the knowledge reaped from these sometimes unconventional channels is transferred to the level where decisions can be made about it. Therefore, we propose that:

***Proposition 4: External embeddedness of the EM subsidiary marketing influences RKT, where externally embedded units have more potential for RKT.***

*Trust:* For EM subsidiaries, gaining trust in the internal network may offer challenges due to being in distant, complicated locations, which are not understood by the HQ or are viewed negatively by them (Sundaram & Black, 1992; Wang *et al.*, 2013). It can also be difficult to find skilled employees whose abilities would engender trust, and holding on to such employees in volatile markets without a culture of company loyalty may be hard leading to issues in building relationships (Kuznetsov *et al.*, 2000). Furthermore, the subsidiary's organisational identity may be fragmented due to strong local pressures and its reputation may have been damaged due to institutional corruption and/or organised crime (King & Whetten, 2008; Luo, 2006). As marketing personnel must make use of local opportunities in reaching customers,

they are likely to find themselves in situations where the company values clash with external pressures, such as bribery or extortion.

If the HQ trusts the EM subsidiary to be able to apply corporate ideals locally, as the HQ expects, whilst adapting to the local institutional environment (Bouquet & Birkinshaw, 2008), the level of formal control can be assumed to be lower. If, however, the HQ wants to ensure corporate alignment, it may implement control mechanisms, such as home-country nationals overseeing operations or moving decision-making to HQ (Spencer & Gomez, 2011). It is therefore possible that lack of trust will yield RKT potential through formal control and reporting; however, trust as a concept goes both ways.

We argue that in a mutually trusting relationship there is more potential for RKT because both parties in the HQ and subsidiary can benefit from sharing knowledge and finding common solutions to problems of corruption. If the HQ is merely trying to outsource blame to the local level whilst benefitting from “skimming the cream” off the market, this dynamic is unlikely to constitute a mutually trusting relationship. If, however, the subsidiary’s marketing staff has management’s trust to make decisions regarding routes and offers to the market, marketing representatives are more likely to seek HQ attention for innovative solutions through RKT. Therefore, we propose that

***Proposition 5: Trust between the EM subsidiary marketing managers and their HQ counterparts influences RKT, where trusting relationships have more potential for RKT.***

*Internal embeddedness:* The question of embeddedness in internal networks is especially important to EM subsidiaries because they often do not have access to resources that would provide them with influence. However, in the network of the MNE, a central location may yield increased value from the resources they do have, based on the knowledge transfer opportunities that position enables (Bouquet & Birkinshaw, 2008). For EM subsidiaries the possibilities increase embeddedness may be limited, as their communications may be through an intermediary on a regional level. Their lateral communications with other subsidiaries may also be marred by their unique external context, which may be hard to translate into actions in other markets. This may well be true even between subsidiaries in different EMs, as institutions in them are likely to be as different from each other as they are from their more developed counterparts (Bang *et al.*, 2015).

Increasing internal embeddedness is, thus, a challenging task for EM sales and marketing subsidiaries and links back to the role and mandate of the subsidiary. However, location of the EM subsidiary with fast growing, large and lucrative markets can strengthen its internal position. For example, increasingly subsidiaries located in BRICS (Brazil, Russia, India, China and South Africa) are becoming central to global strategy of MNEs because of their size, importance, constant growth, as well as their increased global influence at policy level (Goldstein, 2013). Therefore, we propose that

***Proposition 5: Internal embeddedness of the EM subsidiary marketing influences RKT, where internally embedded units have more potential for RKT.***

#### *Properties of Knowledge*

*Type of Knowledge:* Large institutional and psychic distance may make messages from EM subsidiaries seem irrelevant to the big picture of the company's global operations. Equally, their knowledge is liable to lose relevance over time, because the EM environment is unstable and situations change rapidly (Li & Scullion, 2010). Thus, to overcome issues of knowledge stickiness, the knowledge itself needs to have some generalizable element that conveys the value.

In pursuing niche markets, segmentation value can be a generalizable element, such as Procter & Gamble found in marketing female hygiene products. Piloting an awareness campaign in the schools and communities of an African country enabled the company to use the same methods in India when they discovered similar cultural taboos there, though a continent apart (Egan & Ovanessoff, 2011). At the other end of the spectrum, big data is proving a highly useful tool in development issues and there is a growing access in EMs for it. The number of smartphones in China, for example, hit world highest levels in 2013 (Hidary, 2013), yielding an enormous volume of information. Mobile data is expected to provide and record information in such a variety of instances as helping farmers in identifying soil type and consequent seed purchasing requirements, or predicting needs in slums for hygiene product or clean drinking water needs (Kshetri, 2014). Managing huge data sets of populations in EMs can therefore identify wide-spread needs, and also allow predicting these needs in advance for companies, who are able to combine traditional and digital knowledge sources effectively.

***Proposition 7: Type of knowledge in EM subsidiary influences marketing knowledge RKT, where generalizable marketing knowledge has more potential for RKT than location bound marketing knowledge.***

*Knowledge Transfer Mechanisms:* Almeida *et al.* (2002) found in their study that all their company interviewees put heavy emphasis on the use of IT systems in communications. In the years since, the world has seen the launch of the likes of Facebook (2004) and Twitter (2006), as well as technologies such as the iPhone (2007) and iPad (2010). Technology is not only integrated in communications more closely than ever, but it is also actively influencing the way we interact socially. Separating formal IT systems from informal relationships is not as clear-cut as before, as shown in the Burson-Marsteller Global Social Media Check-Up 2012, which found that companies are engaging widely across platforms and creating content (Burson-Marsteller, 2012).

Inclusivity is beneficial also in the EM context. Social networking sites, including those internal to specific companies, enable knowledge sharing across geographic locations and hierarchies by removing knowledge transfer barriers (Ellison *et al.*, 2014). These barriers in EMs are presumably greater due to psychic distance and lack of existing knowledge stocks about the local context. Knowledge-seeking behaviour in social networks has also been associated with social capital (Ellison *et al.*, 2014), which is especially important for marketers in EMs, who may be in possession of vital market information but require support to implement changes based on it. Because social networks connect people through weak ties (Granovetter, 1973), actors in the network can seek resources through only a few initial connection points. Expatriation is a common method used to distribute organisational learning in EMs, but one person will only be in possession of a limited amount of knowledge. The expatriates can expand their role through acting as enablers for forging network ties for the wider organisation, and thus open a channel of both receiving and transferring information.

This is not to say that social networking is a quick fix for all organisational knowledge transfer problems. Cultural differences influence communications digitally as well as face-to-face (Gibbs *et al.*, 2015), and internet security is an issue especially in many countries where internet usage is limited by the government. However, as traditional IT systems such as customer relationship management tools can be difficult or costly to implement and do not always yield results (Rigby *et al.*, 2002), using them in locations where customer purchasing behaviour and sales culture are wholly different is likely to give limited benefit. Thus we propose that:

***Proposition 8: MNEs knowledge transfer mechanisms influence marketing knowledge RKT, where MNEs, whose technical knowledge transfer systems are integrated in the social dynamics of the company, have more potential for RKT than MNEs with concurrent but separate formal and informal knowledge transfer systems.***

Based on the above discussion, Figure 2 below shows the conceptual framework of the paper.

*\*\*\*Insert Figure 2 here\*\*\**

## **IMPLICATIONS AND LIMITATIONS**

This paper addresses a little researched topic of marketing RKT from EM subsidiaries. EMs are becoming more and more important for MNEs due to their high potential, as well as a growing middle class keen to buy products previously unavailable or unaffordable to them (Kamakura & Muzzon, 2013). We offer an in-depth theoretical and conceptual review, which leads to the development of eight study propositions addressing the key factors influencing RKT potential from EMs.

Our paper offers implications for both academic and managerial audiences. The academic implications stem from the fact that our paper is one of the first to address marketing RKT in the specific context of EM subsidiaries. Hence, we contribute to the extant international and strategic marketing literature by offering conceptual propositions, as well as a framework that comprises of EM subsidiary, relationship, HQ and knowledge specific factors. We hope that future studies can build on this multilateral approach of incorporating both micro and macro factors in the analysis of RKT.

The practical implications of our paper signify the importance of EM subsidiaries to managers, in order to encourage incorporation of marketing knowledge and strategies from them. Moreover, MNE's dependence on EMs is expected to increase, and thus it is paramount for managers to understand EM contexts. Devising appropriate mechanism for RKT, as well as offering EM subsidiaries a more important role in the MNE network can be significant steps to this direction. Finally, our conceptual review showed subsidiary age to be an important factor for RK. This aspect has implications for MNE managers, who have long-established EM subsidiaries, and are looking forward to expand to new EMs in neighbouring locations. MNE managers can mimic the best practices for marketing RKT from their well-established older subsidiaries operating in similar context, so that this knowledge stock offers a useful competitive advantage in their new ventures in EMs.

Our paper also has certain limitations. Firstly, our study is conceptual in nature so the study propositions cannot be tested. However, we believe that the study offers a stepping stone in highlighting the importance of EM subsidiaries in the context of RKT, and other studies can

build on the propositions and framework presented by us. Secondly, our paper concentrates only on the RKT specific to marketing knowledge. However, we argue that marketing has a specific boundary-spanning role and thus merits special attention. Furthermore, the discussion can be extended to other functions with responsibilities reaching outside the company borders. As RKT from EM subsidiaries is an under-researched area, our paper offers a useful source analysing the existing stock of relevant literature, and draws propositions based on that.

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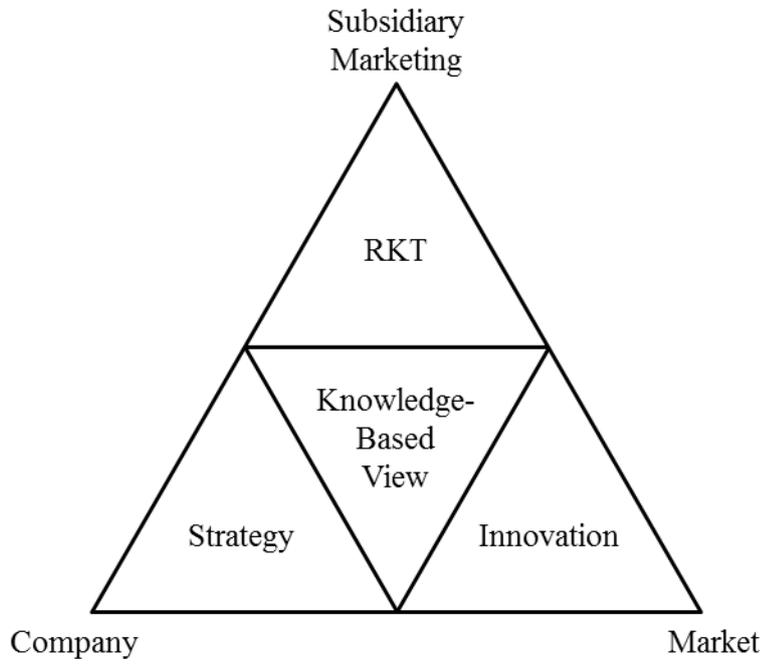
**Figure 1:**

Figure 2:

