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**EXPLORING THE ROLES OF MARKET-DRIVEN CAPABILITY AND
FUNCTIONAL DIVERSIFICATION IN MARKET KNOWLEDGE
TRANSFER WITHIN MNCS**

Abstract:

Drawing upon theory from transnational management and market-driven organization literatures, this study uses both survey and case study data of 162 respondents who works in three multinational corporations (MNCs) to examine the influence of functional diversification, market-driven capability, and cultural distance on a transfer of market knowledge from foreign affiliates to headquarter. The empirical results indicate a strong positive influence of both functional diversification and market-driven capability on a transfer of market knowledge, i.e., customer and competitor intelligence. The qualitative data collected through in-depth interviews with top executives were then leveraged to provide further explanation and support empirical results. Implications for academics and practitioners are also addressed.

Keywords:

knowledge transfer in MNCs; actor network theory; market-driven; functional diversification

JEL Classification: F23, C30, M10