The current study of Scandinavian multinational corporate subsidiaries in the rapidly growing Eastern European market, due to their particular organizational structure, attempts to gain some new insights into processes and potential benefits of knowledge and technology transfer. This study explores how to succeed in knowledge transfer and to become more competitive, driven by the need to improve transfer of systematic knowledge for the manufacture of product and service provisions in newly entered market. The scope of current research is exactly limited to multinational corporations, which are defined as enterprises comprising entities in two or more countries, regardless of legal forms and field of activity of those entities, and which operate under a system of decision-making permitting coherent policies and a common strategy through one or more decision-making centers. The entities are linked, by ownership, and able to exercise influence over the activities of the others; and, in particular, to share the knowledge, resources, and responsibilities with others. The research question is “How and to which extent can knowledge-transfer influence a company’s technological competence and economic competitiveness?” and try to find out what particular forces and factors affect the development of subsidiary competencies; what factors influence the corporate integration and use of the subsidiary’s competencies; and what may increase competitiveness of MNC pursuing leading position in entered market.

The empirical part of the research was based on qualitative analyses of twenty interviews conducted among employees in Scandinavian MNC subsidiary units situated in Ukraine, using structured sequence of questions with open-ended answers. The data was investigated by comparison case analyses to literature framework. Findings indicate that a technological competence developed in one subsidiary will lead to an integration of that competence with other corporate units within the MNC. Success increasingly depends upon people’s learning. The local economic area is crucial for understanding competition and industrial performance, as there seems to be a clear link between the performance of subsidiaries and the conditions prevailing in their environment. The linkage between competitive advantage and company’s success is mutually dependent. Observation suggests that companies can be
characterized as clusters of complementary activities such as R&D, administration, marketing, manufacturing and distribution. Study identifies barriers and obstacles in technology and knowledge transfer that is relevant for the subsidiaries’ competence development. The accumulated experience can be implemented in new entered market with simple procedures, and at a low cost under specific circumstances, by cloning. The main goal is focused to support company prosperity, making more profits and sustaining an increased market share by improved product quality and/or reduced production cost of the subsidiaries through cloning approach.

*Keywords: multinational corporation; technology transfer; knowledge transfer; subsidiary competence; barriers and obstacles; competitive advantage; Eastern European market*