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MSc in Economics & Business Administration

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TITLE

**Multi-domestic MNCs that undertake global integration:
HRM convergence and knowledge sharing?**

Candidates:

Ariola Cela

165980

Silvia Gatto

164370

Supervisor:

Paul N. Gooderham

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Authors

Silvia Gatto

Ariola Cela

Executive summary

The main purpose of this thesis is to analyse how changes in internationalization strategy affect human resource management (HRM) convergence and the degree of knowledge sharing within MNCs. In order to answer our two research questions, we collaborated with the Telenor head office and two Telenor subsidiaries. We had the opportunity to interview people from different business units (BUs) and to derive a general picture of how HRM functions in the company. During our research we found evidence that HRM convergence was affected by two main external factors: cultural and socio-economical factors and institutional factors. We found evidence that these dimensions foster the need for local adaption of practices cascading from the group level. Furthermore, we concluded that: 1) a low degree of similarity between a subsidiary and parent's HRM practices is shown as the company has moved from a multi-domestic to a more globally integrated strategy; 2) knowledge sharing has increased remarkably as the company has moved from a multi-domestic to a more globally integrated strategy; 3) the increase in the degree of knowledge sharing was driven by alternative, management-initiated practices (i.e. transmission channels) that happen independently of HRM convergence.

It has been perhaps a first attempt to understand how and if HR represents a function that is likely to be centralized and it offers fresh insights on how to foster knowledge sharing when multi-national corporations (MNCs) are moving from a multi-domestic to a more globally integrated internationalization strategy. It is a remarkable theoretical development in the field of internationalization and MNCs and opens up a new agenda for future research. Furthermore, our research offers noteworthy implications for MNC managers as it provides guidelines on how better to approach changes in the internationalization strategy as well as on how to foster knowledge sharing within MNCs.

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Chapter 1- Introduction

Many firms that become multi-national corporations (MNCs) do so on the basis of a multi-domestic approach, i.e. foreign business units (BUs) have considerable latitude to adapt to local market conditions. Another aspect to this is that they also have latitude to develop their own local approaches to Human Resource Management (HRM). In this thesis we ask the question of how likely it is that, HRM converges on a corporate norm when a MNC changes its multi-domestic strategy to a more globally integrated strategy, or is it the case that changes to HR systems are hindered by cultural, socio-economical and institutional forces? If this is the case, then the process of integration in the sense of enhanced social capital and knowledge sharing could be significantly affected. A related issue that we aim to investigate in our thesis is whether the change towards a globally integrated strategy results in a change in the role and status of HR function.

Bartlett and Ghosal (1989) have described the move from a “multi-domestic” to a “transitional” internationalization strategy, but do so in a very general manner. However, Elter F. et al (2014) find that while the purchasing function may be integrated, other aspects of multi-domestic companies are hard to integrate. They advise that the issue of global integration is studied at the level of specific, high-potential, value-chain activities. We believe that HRM is critical to effectively aligning the business units in a new strategic direction and for achieving social capital, which is fundamental for MNCs confronting changes to technology and their markets. Therefore, analysing if and how HRM responds to changes in the internationalization strategies of MNCs is extremely valuable and a key point for MNCs that aim to stay competitive and to continue their international growth.

With the purpose of gaining a rich understanding of the context of the research and the processes being enacted (Morris and Wood 1991), this master thesis is a case study of Telenor, a multi-domestic company in the telecommunication sector. The first aim of our thesis is to answer the following research question:

“To what extent have the HRM practices in Telenor converged as the company has moved from a multi-domestic strategy to a more globally integrated strategy?”

Telenor after nearly 160 years of experience in the telecom sector is one of the world’s major mobile telephony operators with 179 million mobile subscriptions. Three phases can be identified in Telenor’s internationalization process. Analysing the three phases, we identified two common

denominators that seem to have shaped Telenor's internationalization choices over the years: technological development and changes in telecommunications regulation. In addition, new factors have been playing a substantial role in the third phase: a desire to increase the efficiency of purchasing and knowledge sharing (Gooderham et al., 2016). The first internationalization phase was characterized by internationalization through joint ventures (JVs) with the main purpose of exploiting Telenor's comparative technological competitive advantage and limiting its financial exposure. From 2000 Telenor's strategy was to have wholly-owned business units around the world, with the objective of retaining control in all operations by holding a majority of shares in the JVs. The company withdrew from those markets where reaching a majority position was not possible and reinvested in emerging markets such as Pakistan and Myanmar. In the last decade Telenor has entered the third internationalization phase, with the main focus on achieving global integration of its business units. Our analysis will focus on analysing this third phase.

Headquartered in Oslo, Telenor currently has mobile operations in 13 markets in Europe and Asia. The group operates in contexts that differ significantly and led the company to pursue a multi-domestic strategy. In order to gain a rich and accurate understanding of such markets' differences, our analysis is conducted in three different Telenor business units: the Telenor group headquarters in Oslo, Norway; Telenor Pakistan; and Telenor Serbia.

The significant differences between these countries in the culture, socio-economy and institutions might increase the challenges to meeting the new strategic ambitions of Telenor. According to Hofstede' four dimensions model (1983), the cultural distance between Pakistan, Serbia and Norway is substantial. However, socio-economical and institutional differences are also significant.

A second related theme in our thesis is based on the notion found in Elter et al (2014) that when multi-domestic MNCs integrate, they may develop knowledge sharing capabilities. Therefore it is possible that while we may find little convergence in terms of HRM, we may find development of knowledge sharing capabilities. Hence, in this thesis we intend to investigate another important company activity - knowledge sharing - and how and if this has changed within Telenor. In particular, we aim to research if it is the case that knowledge sharing is dependent on the convergence of HRM or if it may increase without any convergence of HRM practices. Thus, our thesis aims to answer the following second research question:

“To what extent has the knowledge sharing increased in Telenor as the company has moved from a multi-domestic strategy to a more globally integrated strategy?”

While managing and pursuing different internationalization strategies, MNCs have to consider the extremely important role of knowledge as a company resource. As noted by Kogut and Zander (1992) and others, the most valuable resource to competitiveness today is knowledge. This knowledge, if properly shared and utilized, might contribute to the creation or maintenance of a sustainable competitive advantage (Snell, Youndt & Wright, 1996, p. 68).

Following this introduction, chapter two is dedicated to reviewing the internationalization theories, the strategic human resource management, the HRM practices, the knowledge and social capital as strategic resources. Chapter three explains the research design and methodology that will be used for the empirical part of the thesis and chapter four presents the case study of Telenor. Chapter five analyses the data collected from the interviews and focus on the comparison between Pakistan, Serbia and Norway. Chapter 6 discusses the results and main findings of this paper. Finally, chapter 7 presents theoretical and managerial implications as well as limitations and suggestions for future research.

Chapter 2- Theory

2.1 Introduction

The overall goals of this chapter are firstly to establish the significance of our field of study. Secondly the following Literature Review provides a detailed analysis of existing literature and builds a framework for our research. Furthermore, it identifies a place where a new contribution could be made to the area being investigated.

In the following sections we aim to examine the relevant literature for the following reasons:

a. The internationalization theories

Our master's thesis is a case study of Telenor, a multi-domestic MNC in the telecommunication sector. Over the years Telenor has gone through different internationalization phases guided by internal and external needs. Having a clear understanding of the internationalization theories developed so far is essential to be able to clearly identify the changes in the internationalization strategy of Telenor and to be able to analyse such changes.

b. Human resource management (HRM)

As Disney discovered upon opening its theme park near Paris, practices working well in one context is no guarantee that they will transfer effectively to a new one (Thomas D. C. & Lazarova M. B., 2014). MNCs operate in extremely diverse contexts that require the ability of determining the extent to which the company should be centralized or adapt to the local environments in which it operates. Furthermore, as organizations are systems of people that are intentionally structured to achieve goals, changes in the organizations implicitly involve the necessity of adapting and promptly responding with proper strategic international human resource management (SIHRM). Our focus is on investigating how the HR function responds to changes in Telenor's internationalization strategy. We aim to develop a better understand of how and if HRM practices have converged within the Telenor group as a result of the changes in its internationalization strategy.

e. Knowledge sharing within MNCs

The literature analysis will contribute to: 1) understand the strategic value and importance of knowledge sharing within MNCs and its dynamics; 2) investigate the impact of alternative, management-initiated practices (i.e. transmission channels)

This chapter will then present an analysis of Norwegian, Pakistani and Serbian markets, where differences in culture, socio-economy and institutional factors will be highlighted. Moreover, HRM practices will be analysed taking into consideration these factors.

2.2 Internationalization theories

Four generic international strategies can be identified according to the degree of global integration and local responsiveness the MNC chooses to exercise over its BUs. These are: the simple strategy; the multi-domestic strategy; the global strategy; and the transnational strategy (Gooderham, Grøgaard, & Nordhaug, 2013)



Figure1. Source : Gooderham et al (2013)

In the simple international strategy, the foreign subsidiary is not integrated in any of the company business units (Gooderham, Grøgaard , & Nordhaug, 2013). Products cannot be adopted to any extent. There is only one way of sharing knowledge between the parent company and the subsidiary. The joint ventures strategy is perhaps the most popular type of simple international strategy and international collaborative arrangement (Schuler & Tarique, 2006). As described by the Oxford English Dictionary, strategic joint venture is a “a commercial enterprise undertaken jointly by two or more parties which otherwise retain their distinct identities”. Several have been the reasons pointed out by previous researchers in favours of JVs such as to gain and transfer technical and administrative knowledge, gain local knowledge, gain rapid market entry, expand the market, spread risk, support company strategies for internationalization. Nevertheless, by some estimates up to 70% of JVs fail. Five main reasons have been identified: the relative importance of the JV to partners; divergent objectives; control problems; comparative contributions and appropriations; and differences in culture (Thomas D. C. & Lazarova M. B., 2014).

The two main internationalization strategies are the multi-domestic strategy and the global strategy. MNCs that are characterized by significant differences between the parent firm and subsidiaries, often adopt a multi-domestic strategy. Adopting a multi-domestic strategy leads to a lack of

common vision across the MNC and trust is generally underdeveloped between units, increasing the risk that over time the subsidiary management will take decisions that will not favour in any form the parent MNC (Gooderham, Grøgaard, & Nordhaug, 2013). Moreover, in multi-domestic firms knowledge is typically developed and implemented locally (Gooderham, Grøgaard, & Nordhaug, 2013).

By adopting the global strategy, the firm approaches the world as a single market. Goods and services have become more and more standardized over recent decades, driven by the globalization phenomena. Differences in national tastes are gradually disappearing, moving the competition to a global level. In this scenario, MNCs might be guided by the aim to exploit differences between nations, such as low-wages and lower cost of materials, to develop scale economies or scope economies. Furthermore, the concentration of the production activities in foreign markets might represent an opportunity to ensure visibility against competitors in different markets.

In the late 1980s, Bartlett and Ghoshal (1987,1989) introduced the transnational model of the multinational company. Transnational companies, supported by an integrated network organization, combine the global integration with local responsiveness with the aim to foster the worldwide learning and the regular transfer of local best practice while seeking to achieve a cost-efficiency global integration and value-adding local responsiveness. According to Bartlett and Ghoshal, some products and process must stay centralized whereas other processes and products must be developed locally in order to fulfil the local demands (1987, 1989).

Birkinshaw (2000), stated that for the majority of MNCs the internationalization strategic choice is a *question of choosing the least-bad structure* and to subsequently figure out how to better adapt it to the MNC necessities. Nevertheless, as researchers have pointed out, MNCs might change the internal organizational and internationalization strategic processes to better exploit or adapt to the market dynamics as learning takes place (Bartlett & Ghosal, 1989; Eisenhardt et al, 2000).

According to the literature, technology and regulation drivers are causing multi-domestic or federative MNCs to aspire to more global integrated operations and functional activities (Yamin & Sinkovics, 2007; Buckley & Ghauri, 2004). However, other authors such Elter, Gooderham and Ulset argue that the primary drivers for an MNC to re-arrange its internationalization strategy are cost-saving and best practice sharing. The MNCs can save costs by avoiding duplication of purchasing activities. At the same time best-practise sharing allows the MNC to maintain its core competencies and competitive advantages. Nevertheless, the goal of adopting a transnational internationalization strategy might be significantly challenging. This is particularly true for MNCs operating in sectors where the local preferences still significantly matter (Gooderham P., 2012).

First of all, multi-domestic firms are likely to develop a strong institutional logic of self-interest given the subsidiaries' autonomy and self-sufficiency promoted by the multi domestic strategy (Kostova et al., 2016). Indeed, being able to complete the transition from being a multi-domestic company to a transnational one means overcoming significant barriers such as political power (Bouquet & Birkinshaw, 2008; Doorrenbaocher & Geppert, 2006; Vahlne et al., 2011), the lack of bonding social capital (Adler & Kwon, 2002; Burt, 1992; Edelman, Bresnen, Newell, Scarbrough, & Swan, 2004), path dependency (Vahlne et al., 2011), the lack of inter-business unit social networks (Martin & Eisenhardt, 2010; Nahapiet & Ghoshal, 1998; Tsai, 2000), the local embeddedness of business units (Forsgren, Holm, & Johanson, 2005), and the socially embedded nature of knowledge (Dimaggio & Powell, 1983; Hakkarainen, Palonen, Paavola, & Lehtinen, 2004; Lave & Wenger, 2016; Vygotsky, 2012). However, this transition is expected to happen at the level of particular functions rather than to the entire MNC (Malnight, 1995). We believe that, given the importance of HRM within MNCs, analysing if the HRM has been affected and how it responded to the changes in the internationalization strategies of the MNCs is extremely valuable and a key point for MNCs that aim to stay competitive and continuing their international growth.

2.2.1 Zooming in the telecommunications industry

The telecommunication industry in Europe for a long period up to the 1980s was organized mainly on the basis of national networks and most of the companies were operated by states as monopolies. The monopoly model was challenged by the technological changes in new equipment (computers, multiple telephone handsets, fax and telex terminals) and in value added services (mobile networks and phones, email, fax and audio-visual conferences). Due to the technological developments, national authorities felt the need to introduce changes and reorganize the organisation of the telecommunications industry, launching privatization, liberalization and deregulation (Clifton, Fuentes and Comin, 2011).

The new regulatory framework revealed new business options for telecommunications companies. Previously companies being owned and controlled by the state did not consider expanding into foreign markets, having as their main goal to serve the home market. Now companies were seeking expansion into foreign markets and eventually a significant number of national incumbents emerged as huge multinational corporations.

Nowadays, however, the telecommunication industry is facing the necessity to reconsider its internationalization strategy, driven by a new technological challenge. The debate about digital

transformation has significantly intensified recently, driven by disruptive innovations introduced by entrepreneurial firms. Indeed, *by changing the interface between the physical and digital value chains and the interface between the firm and its customers, they have challenged the dominant business models in existing industries by creating business models with novel value propositions* (Gooderham P., 2017, p. 12). This represents a challenge as well as some opportunities for current incumbents in the telecommunication industry. This is particularly true for MNCs that implemented a multi-domestic internationalization strategy. Indeed, multi-domestic corporations can develop global synergies by exploiting digital technology, which will enable scale and network advantages. However, the achievement of any of these will typically require a change in the MNC internationalization strategy (i.e. moving to a more centralized and integrated business model). Moreover, Elter, Gooderham and Ulset (2016) suggest that the main reasons for an MNC to change their internationalization strategy is purchasing and best practice sharing. Purchasing is the department that allows an MNC to become more efficient and reduce costs while best practice allows the company to have competitive advantage and maintain core competencies simultaneously.

2.3 Human Resource Management

In this part of our literature review we will focus on Human Resource Management. HRM consists of the activities, policies, and practices of attracting, engaging, developing, and retaining the employees that an organization needs to accomplish its goals (Thomas D.C & Lazarova M.B, 2014, p.2). The section is divided in two main subparts. In the first subpart the main HR practices are presented. In the second subpart the strategic international human resource management (SIHRM) framework is discussed in detail.

Organizations engage with a dynamic and complex global environment. They do this developing and better shaping their strategies through different configurations of people, processes and structures. HRM represents an importance source of competitive advantage to the extent which the organization recognizes the fundamental role of organizational capabilities, managerial policies and practices across the several business units (Kostova and Roth, 2002; Thomas D.C & Lazarova M.B, 2014). In line with this, we argue that, given the significant changes in the environment which, among other consequences, have eroded traditional sources of competitive advantage, HRM represents an incredible resource for companies competing in the international scenario. The main source in the development of this chapter is the book International Management by Gooderham et al (2013).

2.3.1 HRM practices

The human resource (HR) function has considerably evolved over the years. Particularly, its role has changed from being mostly administrative to being “Strategic Business Partners,” “Players,” and “Talent Leaders” in organizations (Ramlall S. J., 2011). In its strategic role, HRM is fundamental to create value and to enhance the business results of the organization (Ulrich, 2001) as well as to maximize profitability, quality of work life and profits (Cascio, 2003).

Dave Ulrich's business partner model was published in 1997 in the book *Human Resource Champions*. The HR business partner (HRBP) position is responsible for aligning business objectives with employees and management within business units. The use of HRBP model, which is increasing nowadays, aims to strategize HR and add more value to the organization.

The HRBP role requires a profound knowledge of the business, while more specifically providing high-quality HR services to line managers (Lambert, 2009). This, in turn, enables leaders to manage personnel accordingly and significantly contribute to the success of both organizational performance and HR strategies (Ulrich et al., 2009).

In this section we are going to focus on describing the theory available on HRM practices and its challenges. The section is mainly based on the literature provided by Thomas & Lazarova, 2013 in their book: *Essentials of International Human Resource Management: Managing People Globally*.

HR practices are the most important components for creating an integrated organization and allowing MNC to have a competitive capability (Wenchuan, 2004). Aruprasad (2017) argued that HR practices can create a rare, valuable, inimitable and non-substitutable HR which helps the company to maintain its competitive advantage. HR practices can be viewed along four main dimensions: recruitment and selection (i.e. talent acquisition); performance appraisal; compensation and benefits; and learning and development.

2.3.1.1 Recruitment and selection

Recruitment is the process of assembling a pool of potentially qualified applicants for a specific job, while selection is the process of evaluating and deciding among these candidates (Thomas & Lazarova, 2014, p. 118). Recruitment and selection incorporates building the right teams and making sure there is a balanced skills mix (Minbaeva, 2005). Human resource acquisition is the process of recruiting individuals internally and externally. It is also about temporary and long-term employment and external consulting. It is an aiding tool for companies to structure efficiently their organization, although this process is not easily transferable and integrated.

2.3.1.2 Performance appraisal

“Performance appraisal is a formal, structured system of measuring and evaluating an employee’s job, related behaviour and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization, and society all benefit” (Schuler R. S., 2003). Motivational techniques are a psychological term that refers to stimulate the psychological processes of human behaviour (Maslow, 1954). They are used to promote employees’ motivation stimulating their enthusiasm, initiative and creativity (Miner, 2005). Performance appraisal includes different strategies to evaluate individuals and teams (Minbaeva, 2005).

2.3.1.3 Compensation and benefits

Compensation is a strategy used to motivate personnel to achieve a company’s goal through reward systems (Minbaeva, 2005). This practice is also known as compensation and reward in the literature but in our paper we are going to address it as compensation and benefits. Compensation management, especially determination of the base salary, begins with the process of ‘job evaluation’ (Ayman Z., 2005, p. 1104).

It is important to highlight that business units are not in charge of compensation schemes for expatriates (Fox, 2003).

2.3.1.4 Learning and development

Learning and development creates strategies for career management, by creating a win-win situation for the company and employees (Minbaeva, 2005). In literature, this practice is also known as training and development. The strategies link a company’s goals with employees’ long-term career goals. An effective learning and development strategy promotes collaboration between the business units and parent companies and changes the role and organization of expatriates (Minbaeva, 2005; Fox, 2003).

2.3.2 SIHRM framework

The strategic international human resource management (SIHRM) comprises human resource management issues, functions, and policies and practices that result from the strategic activities of multinational enterprises and that impacts the international concerns and goals of those enterprises (Taylor et al., 1996, p. 961).

Gooderham et al (2013) in their book presented an adapted model from Taylor (1996) for the SIHRM framework. The framework is particularly useful to understand and evaluate how the

headquarters orientation might be reflected in the degree of similarity with a singular subsidiary. According to the model, several factors both from the corporate and the subsidiaries side can contribute to the similarity or the difference of the HRM systems.

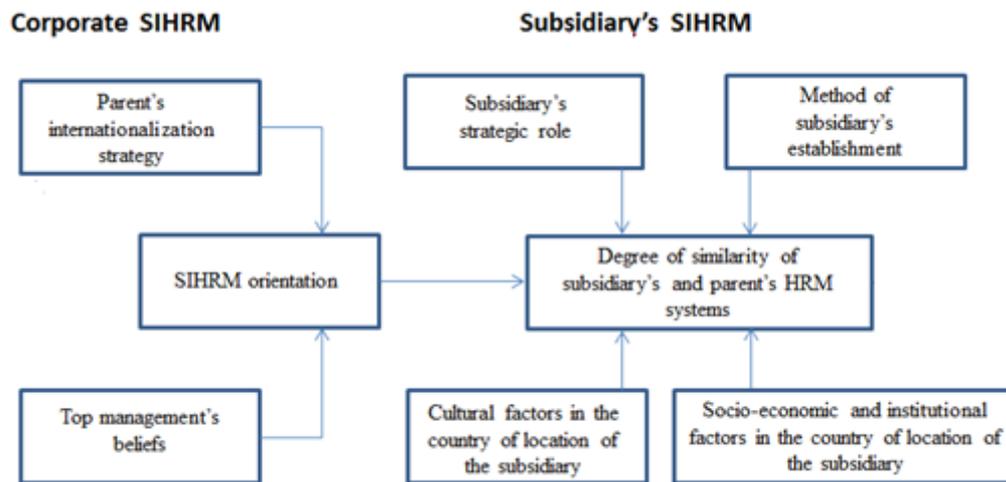


Figure 2. Source : Gooderham et al (2013)

As clearly stands out from the model, changes in the SIHRM orientation might be driven by changes in the MNCs international strategies and are meaningful in order to understand the direction that HRM at the subsidiary level will take. Taylor et al (1996) stated that the internationalization strategy choice, coupled with top management's beliefs, will shape the SIHRM orientation. We further argue that such SIHRM orientation is also shaped by the degree of coherence and coordination between what the top management believes and the MNC international strategy.

First of all, it is fundamental to underline how different internationalization strategic choices bring challenges and needs that differ significantly. While firms that are adopting a simple international strategy do not require local adaptation (Hollensen,2016), companies that choose a multi-domestic strategy will adapt locally - not only on the product and service that they provide but also in bringing HRM in line with their local needs. We, therefore, expect that HR practices are significantly different from BU to BU and from the headquarters itself. However, the multi-domestic strategy does not allow for a well-integrated communication among subsidiaries and it is therefore difficult to share the best practices with a country that might have a similar cultural and political situation (Gooderham et al, 2013). When looking at companies that have implemented a global strategy, the degree of similarity in HRM is expected to be significantly higher, with principles, practices, products managed globally by the headquarters.

Top management beliefs are a key factor in shaping MNCs strategies. Indeed, they significantly contribute to determining the HRM system and the degree of similarity between BUs. It is, hence, more likely that lack of manager beliefs with regard to the relevance of practices and principles beyond the national borders, will be reflected in a multi-domestic MNC (Gooderham et al, 2013). Vice versa, if they believe that the practices developed in the domestic market can be transferred in the foreign market, the MNCs is expecting to have approached a Global Strategy (Gooderham et al, 2013).

MNCs might change strategy due to recent technological change or to gain competitive advantage (Gooderham, Grøgaard, & Nordhaug, 2013). In the past emerging markets did not have the same acceptance level of technology creating the need for MNCs to create local solutions to reach the market effectively (Harvey, Buckley, & Novicevic, 2000). At the present time, consumers are becoming more globally connected leading MNCs to re-develop their international strategies (World Economic Forum). Trends that arise in the market affect the way a MNCs operates in the global market (Harvey, Buckley, & Novicevic, 2000), thus influencing the way organizations structure and the way they operates with subsidiaries (Harvey, Buckley, & Novicevic, 2000).

Based on a choice of strategy and management belief the SIHRM will have three different parent orientations: adaptive; exportive; and integrative. *Adaptive* orientation means that the subsidiary will be managed according to the local environment. If companies utilize this approach very little, HRM practices and process will be transferred from the parent or another foreign subsidiary (Gooderham, Grøgaard, & Nordhaug, 2013). This approach is very much present in the multi-domestic MNCs and will therefore help us to understand how HRM worked in Telenor.

When the MNC prefers to transfer a major part of the HRM system to the firm's foreign subsidiaries we are dealing with *exportive* SIHRM orientation. In this orientation we have a high degree of global integration and low degree of local adaption and responsiveness. Moreover, the corporate headquarters have major control on the HRM system at the subsidiary locations. This orientation is mostly present when MNCs choose a global strategy especially at the early stages (Gooderham, Grøgaard, & Nordhaug, 2013).

An *integrative* SIHRM orientation means that the MNC will integrate the HRM best practices giving no importance of whether they were developed by the parent firm or the subsidiaries. The firm will take the best practices and implement them through the entire organization thus creating a global HRM system while allowing subsidiaries to have some local responsiveness. This SIHRM orientation allows companies to create a better integrated system that allows subsidiaries to communicate with one another and also communication with the parent firm. Integrative SIHRM

orientation is seen in companies that follow the transnational strategy (Gooderham, Grøgaard, & Nordhaug, 2013).

Taylor's model contends that the SIHRM orientation of MNCs changes through the lifecycle of MNCs. Top management belief might change as the company will grow and gain more competence in the international market.

Proposition 1:

Top management beliefs are key factors in sharing MNCs internationalization strategy. That is the degree of coherence between the top management beliefs and the MNC internationalization strategy impact on SIHRM orientation.

Another important part in the SIHRM framework is the subsidiary's HRM system. The SIHRM framework given by Gooderham et al. deals with the subsidiary level of influences meaning that the SHRM orientation will not be implemented at the same level to all the subsidiaries. This ununiformed adaptation is related to the degree of knowledge resources that a subsidiary has and also the learning contribution of the subsidiary to the MNC (Gooderham, Grøgaard, & Nordhaug, 2013). Moreover, a second subsidiary level factor affecting the degree of similarity between the headquarters and the BU HRM systems is how the subsidiary had been established. Indeed, we expect to observe a more significant degree of similarity in the HR systems in greenfield BUs. That is, HRM practices coming from the headquarters are expected to be easier introduced and implemented in greenfield than in subsidiaries that have been acquired.

While considering the host country characteristics, the culture, the socio-economic dimension and the institutional factors all play a crucial role. These are macro-environmental factors that contribute significantly in shaping the HRM systems and practices (Gooderham et al, 2013). By looking at such factors, internal and external organizational environment factors might be identified. Internal factors include, for instance, the management beliefs and preferences as well as the organizational culture. External national and international conditions where the firm operates include, for examples, government economic and trade policies, labour market conditions, regulations about employee health insurance.

2.5 Cultural, socio-economic and institutional distance

In order for an MNC to benefit from the advantages that a robust HR system offers it needs to understand the limits of their international strategy and host country cultural and political environment. However, by looking at the singular HRM practices, the influence of such macro-environmental factors might differ creating, therefore, different conditions that might favour or

impede centralization (i.e. diverse degree of similarity) within diverse HR functions. Our main point of reference to analyse this issue was Hofstede’s model; however, we have used additional sources when we saw the need for thorough information.

Our work involved the analysis of three different BUs: Norway, Pakistan and Serbia. According to the SHIRM framework, cultural, socio economic and institutional factors might play a significant role in the degree of similarity of subsidiary and parent’s HRM system. Therefore, in this section such macroeconomic factors will be discussed and framed. The four cultural dimensions model of Hofstede (1983) has been used to frame the diverse culture of Norway, Pakistan and Serbia. Moreover, the differences between the countries’ socio-economic and institutional factors are presented. Institutions are the structure and activities that provide stability to a society; they consist of family, education, economic, religious, social and political systems (Thomas & Lazarova, 2014, p.36). For this purpose, the country profiles provided by the World Bank together with other sources such as reports provided by the United Nations Development Programme and the United States Agency for International Development have been used.

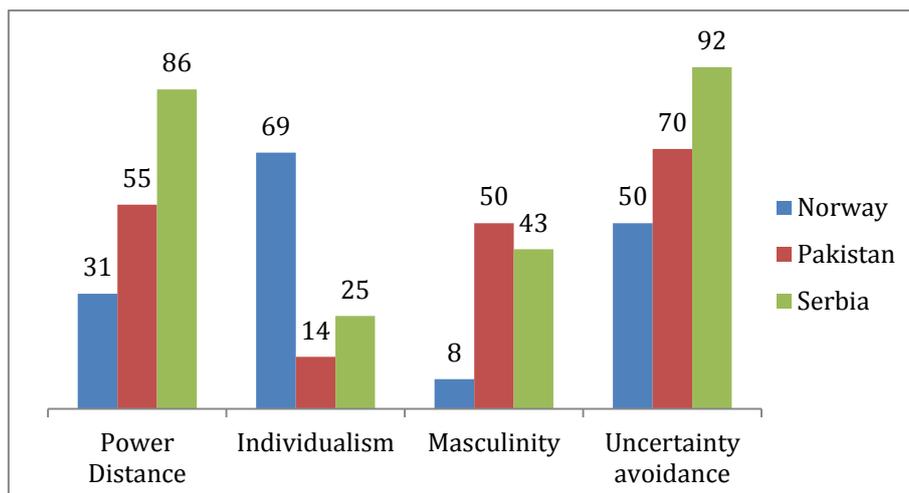


Figure 3. Source: Hofstede Insights. (2018). Country Comparison - Hofstede Insights. [online] Exploring Norway, Pakistan and Serbia’s culture through the lens of the four dimensions model of Hofstede, provide a good overview of the differences between the countries. Table 1 provides definitions of the Hofstede’s dimensions used in the comparison of the three countries.

TABLE 1- DEFINITION OF HOFSTEDE’S DIMENSIONS

Cultural dimension	Definition
Power distance	The degree to which members of an organization or society expect and agree that power should be unequally shared.
Individualism-collectivism	The degree to which organizational and societal institutional norms and practices encourage and reward collective distribution of resources and collective action. The extent to which people place importance on extended families or clans, which protect them in exchange for loyalty. The ‘in-group’-‘out-group’ difference is salient.
Masculinity	The degree to which people in an organization or society value interpersonal harmony more than money and achievement; gender roles are fluid.
Uncertainty avoidance	The extent to which people in an organization or society consider uncertainty inherent in life as a continuous threat that must be fought. There is high avoidance of deviant and different persons and ideas

The model underlines how Norway differs in all the four dimensions from Pakistan and Serbia. Particularly, the differences in individualism and power distance that characterize the Norwegian, Pakistani and Serbian society are substantial and significantly affect HRM practices. The following insights are derived by the contents provided by Hofstede Insights (2018).

Norway is considered an individualist society where the individual and his personal opinions are valued and expressed through explicit communication and direct feedback is encouraged. However, privacy is an important component of daily life and work and private life are separated. Individual growth and career is important and job mobility is high given also the fact that employer-employee relationship is based on a contract. Furthermore, nepotism is discouraged. On the other hand, Pakistan and Serbia are considered collectivistic societies where long-term commitment to the group is fundamental. Therefore, loyalty and responsibility to the family, extended family and extended relationships within the work place is a paramount that over-rides most other societal rules and regulations. In collectivist societies direct feedback and explicit communication is limited and

discouraged. For example, negative feedbacks often lead to shame and loss of the face rather than to performance improvements. Norway scores low in power distance. The Norwegian society based on the social norm Jante Law values equal rights, discourages individual success and sets average as the goal. Therefore, power is generally decentralized, and managers count on the experience of their team members. Employees have a voice and feedback is top down as well as bottom up. Control is disliked and attitudes towards managers are informal and contact is on a first name basis. On the other hand, Pakistan and Serbia scores higher on this dimension. It is, therefore, likely that hierarchy is accepted, and roles are clearly identified and structured. Power is generally centralized, and subordinates expect to be told what to do and feedback is generally unilateral (i.e. top down).

2.5.1 Socio economic and institutional distance

2.5.1.1 Norway

Norway's unemployment rate is low and labour-force participation among women is high, among the highest in the world. Furthermore, the Norwegian labour force is one of the most educated in the world: over 70% of the population has upper secondary education, among which 30% have higher education (Statistics Norway, 2016). This is favoured also by the significant amount of budget that the Norwegian government allocates every year to education. Norway is a relatively equitable society. Poverty rates are among the lowest in the world and salaries are often set largely through centralized bargaining processes and collective agreements (Sverdrup U. & all., 2017). Norway has an extensive health care system, with high-quality services. About 12% of GDP is on health care expenditures, a third more than the OECD average (Sverdrup U. & all., 2017).

2.5.1.2 Pakistan

Pakistan's has been accelerating its growth, but macroeconomic imbalances are widening (The World Bank, 2018). For instance, among the South Asia Regions, Pakistan's performance on human development indicators continue to be extremely low, especially in education. Within the education sector as well as in health and economic sectors, substantial gender disparities persist. Factors that contribute to the extremely low female labour force participation rate. Moreover, when looking at Pakistan's GDP, only 3 percent of it is spent on health, nutrition, and education.

2.5.1.3 Serbia

Serbia experienced a rapid growth in 2001–08, driven mainly by domestic consumption. The government formed in 2016 has emphasised the attention on reforming state administration, public finances, and the economy, along with pursuing the European Union (EU) accession process

(World Bank, 2018). In 2015 Serbia scored 0.776 in the Human development index, which put the country in the high human development category (66 out of 188 countries and territories). When it comes to education and gender equality, in 2016 the 82.3 percent of adult women had at least a secondary level of education (UNDP, 2016).

2.5.2 The impact of culture, socio-economic and institutional factors on HRM practices

While analysing HRM, a previous section was dedicated to the description of HRM practices. The section presented four dimensions: recruitment and selection; performance appraisal; compensation and benefits; and learning and development. The presented four dimensions of HRM practices shaped by the culture as well as by the socio-economic and institutional factors of the BUs (Thomas & Lazarova, 2014). In the following sections we are going to study how the four dimensions of HRM practices are affected by cultural, socio-economic and institutional factors in Norway, Serbia and Pakistan.

2.5.2.1 Recruitment and selection

Recruitment and selection are culture-bound (Aycan Z., 2005). Talent acquisition might be dramatically challenged by the national institution systems as well as by traditions or ethical norms; all factors that significantly affect the size of the local pools of qualified individuals.

In Norway recruitment and selection process are generally carried out on the base of criteria such as education, past experiences, personality traits and cognitive skills. However, few studies have shown how selection can be more interpersonal than individual (Aycan Z., 2005). For instance, in India belonging to the same 'in-group' as the manager e.g. the same family or homeland (Sinha, 1997); in Islamic Arab countries, agreeableness, good interpersonal relations and trustworthiness (Ali, 1989) are among the most commonly used selection criteria (Aycan Z., 2005, p. 1088). Such examples might apply also to Pakistan, given the culture vicinity with India and the position of Islam in the country. Moreover, given the five centuries of Ottoman rule in Serbia, the role played by interpersonal factors in the selection process might be similar to the Islamic Arab countries.

Pakistan and Serbia score high in power distance compared to Norway. Norway is an extremely non-hierarchical country. Norway's famous interpersonal code of Jante Law has contributed to shape a country where people are expected to be egalitarian in their approach to all aspects of life. On the contrary, in Asian countries, hierarchy is important and "candidates are likely to defer to the seniority of the interviewer, or the most senior member of an interview panel" (Bryant S., 2018). However, given the extremely high score of Serbia in power distance, we expect hierarchy to play a similar role in Serbia, if not more significant.

Another significant difference that contributes to shape the recruitment process is the formality of the processes. While in Norway the process is generally clearly defined, and treatments are overall equal for all the candidates, in Pakistan and Serbia the situation might differ. Job openings often come via mutual contacts and favouritism is the norm (Bryant S., 2018). This is line with Budhwar and Khatri (2001) who suggest that collectivistic and high power distant countries tend to adapt recruitment criteria, such as ascribed status and socio-political connections, rather than “hard criteria” such as knowledge, skills and abilities. Given the Pakistani economic situation, jobs are not sufficiently available in public sector as well as in private sector, increasing the likelihood of favouritism during recruitment and selection process (Sadozai A.M. & all (2012). Moreover, this is also the case for Serbia, where power distance and high collectivism lead to non-standardized selection processes and methods, “which rely on face-to-face interactions, recommendations by in-group member, unstructured interviews, personality tests and informal meetings” (Milikic B.B., 2009, p. 108).

The talent pool available represents another challenge when it comes to recruitment. In Norway the high education level of the population together with the high gender equality level contribute to create a diverse and vast talent pool. More women than men have a higher education, and a significant number of women between 25 and 39 years have completed studies at tertiary level (Statistics Norway, 2016). On the other hand, as reported by Deloitte (2012), the talent landscape across Asia is characterized by an overall scarcity of talent. Moreover, when considering the gender inequality index (UNDP, 2015), such scarcity of talent is worsened. Indeed, particularly in Pakistan, the education and personal development of women is limited due to the level of masculinity in society. Central to it, is the notion of power, exemplified by the patriarchal relationship between a man and a woman (USAID, 2016). “A very common social practice is that after graduation males start their research for internship or job, while most females are getting ready for marriage and settle down” (USAID,2016). Such challenges appear to be minor in Serbia and Norway, respectively ranked 66 and 1 in the Gender Inequality Index developed by UNDP.

When considering the talent pool availability within MNCs contents, it is also necessary to highlight that expatriates can contribute to fulfil the scarcity of talents. “The top reason for sending expatriates remains filling positions for which no local skills are available” (Thomas D.C. & Lazarova M.B., 2014, p. 116).

Proposition 2:

Recruitment and selection is a practice which is difficult to centralize and integrate within the company due to culture and socio-economical and institutional factors.

2.5.2.2 Performance appraisal

The use of performance appraisal and, with it, performance-related pay, is an HRM practice that is considered to be particularly sensitive to socio-economic, institutional, and cultural conditions. (Gooderham P. et al, 2013, p. 175). Therefore, performance evaluative criteria and methods may significantly vary across countries.

In an individualistic country such as Norway, the evaluation system is likely to be based on employee productivity, timeliness, quality of output and job-specific knowledge and proficiency. The individual work and outcomes are emphasised rather than the group and work process (Aycan Z., 2005). Performance criteria are more objective, quantifiable and observable (Harris and Moran, 1996). In collectivistic countries such as Pakistan and Serbia, social and relational factors such as harmony in interpersonal relations, trustworthiness, a respectful attitude, loyalty and deference towards superiors, awareness of duties and obligations, gratitude, conformity and contribution to team maintenance are important performance appraisal criteria (e.g. Kim et al., 1990; Negandhi, 1984; Singh, 1981; Sinha, 1990; Tung, 1984; Triandis, 1994). Indeed, while work outcomes are important, loyalty to the in-group as well as social and relational criteria are weighted more heavily in evaluating employees (Aycan Z., 2005). Ramamorthy and Carroll, (1998), underlined how high collectivism is negatively related to preferences for promotion systems based on merit.

Moreover, while in Norway the low power distance allows performance appraisal to be bilateral (i.e. top-down as well as down-top), in high power distance cultures such as Pakistan and Serbia, the 360-degree performance appraisal method might not be appealing (Davis, 1998). Indeed, seeking feedback from subordinates undermines supervisors' authority in high power distance cultures (Gregersen et al., 1996). Furthermore, while in Norway self-appraisal is encouraged, in countries such as Pakistan and Serbia are neither desirable nor appropriate (Aycan Z., 2005).

Finally, in countries where income inequalities are significant, performance appraisal is expected to be mainly on compensation base. Oxfam's report titled Commitment to Reducing Inequality (CRI) ranks Pakistan at number 139, Serbia at number 104 and Norway at number 4 out of 152 countries.

Proposition 3:

Cultural, socio economical and institutional factors characteristics will affect how performance appraisal is organized in MNC's business units.

2.5.4.3 Compensation and benefits

Schuler and Rogovsky (1998) by relating Hofstede's dimensions to compensation outcomes based on individual performance, ownership plans, and social benefits, found each culture dimension was correlated with one or more compensation outcome.

Firstly, significant differences exist between high power distance countries and low power distance countries. Therefore, remarkable differences are expected to be found in the analysis of low power distance Norway and high power distance Pakistan and Serbia. In high power distance countries compensation is seen as a projection of power and is generally determined by the subjective evaluation of managers or by on criteria other than performance, such as seniority or being on good terms with the management (Mendonca and Kanungo, 1994; Hui and Luk, 1997; Leung, 1997; Smith and Bond, 1993). However, seniority-based compensation systems are preferred also in societies with high levels of uncertainty avoidance (Schuler and Rogovsky, 1998). Such results determines that, considering the Hofstede model, seniority-based compensation systems might be more favoured than to skill-based compensation system not only in Pakistan and Serbia but also in Norway.

Based on Huo and Von Glinow work (1995), collectivistic countries such as Pakistan and Serbia are likely to positively evaluate flexible benefit plans, workplace child-care practices, maternity leave programmes and career break schemes (Aycan Z., 2005). Other benefits for collectivistic cultures include welfare programmes such as housing, contribution to education of children or heating support (e.g. Quinn and Rivoli, 1991; Sparrow and Budhwar, 1997).

Finally, it is important to consider how diverse types of rewards might suit best one country compared to another. That is, cultural context together with needs and values defines what is regarded as a reward (Aycan Z., 2005). For example, reward programmes such as 'employee-of-the-month' that potentially work in a very positive way in Norway, may not be effective in collectivistic cultures. However, non-economic rewards such as 'social rewards' that satisfy needs for affiliation and recognition may be more satisfying in collectivist and high power distance cultures such as Pakistan and Serbia (Mendonca and Kanungo, 1994).

Proposition 4:

Differences in cultural, socio economic and institutional factors would limit the integration of compensation and benefit practices.

2.5.4.4 Learning and development

Learning and development can be dramatically constrained by failings in the local education system, at the institutional level or by cultural factors. For instance, learning and development practices might be drawn while considering the local values and status linked to an increase in personal competencies and knowledge. Moreover, different countries might have different learning styles and, therefore, the application of standardized practices might be ineffective.

When considering the four dimensions of Hofstede, learning and development in collectivistic cultures such as Pakistan and Serbia might serve the additional purpose of increasing loyalty and commitment to the organization. Furthermore, given the high power distance, decisions on who will participate in learning are likely to be based on criteria other than job performance such as good relationship with the senior managers (Aycañ Z., 2005). On the other hand, it is likely that, given the low power distance and the significant uncertainty avoidance, in Norway learning will be assigned on the basis of job performance or seniority.

Lastly, it is important to highlight how in high power distance or high uncertainty avoiding cultural contexts, role modelling, hands-on learning and in-house trainings conducted by managers are preferred to interactive, participative and computer-facilitated trainings (Aycañ Z., 2005, p. 1104).

Proposition 5a:

Learning and Development convergence is significantly limited by differences in education systems and in the talent pool available.

Proposition 5b:

The organization and the tools used for Learning and Development is significantly driven by cultural dimensions.

2.4 Knowledge sharing within a multinational company

In this section we aim to address the role of knowledge sharing and, in particular, how management-initiated practices affect the degree of knowledge sharing between BUs and headquarters as well as among BUs.

The knowledge-based interpretation identifies knowledge as the most significant strategic resource. (Grant G, 1996). Indeed, this asset is suitable for generating possible competitive advantages. Barney (1991) suggested that resources are leveraged to create competitive advantages, which in turn confer performance advantages. According to the resource based view (RBV), a strategic resource is an asset that is valuable, rare, difficult to imitate, and non-substitutable (Barney, J. B.

1991). Nevertheless, although knowledge is a crucial factor of competitive advantage, having valuable knowledge assets somewhere in the company cannot show that every place in the organization can get the same advantage from the same knowledge (Szulanski S, 2000).

Internal knowledge sharing should be considered in order to provide value for organization. According to Davis and Mayer (2004), MNCs seek not only a competitive advantage in terms of locations of the foreign subsidiaries, but they are investing abroad to protect or augment their core competencies. However, once that these competencies have been generated, they need to be transferred across spatial and national boundaries.

2.4.1 Social capital

The application of social capital theory has contributed important insights into the processes underlying knowledge sharing within the MNC. Furthermore, several international management scholars (Kostova & Roth, 2003; Tsai and Ghoshal, 1998) have asserted that social capital is extremely important to effectively coordinate and control MNC's business units as well as to the MNC ability to learn faster than competitors.

Social capital may be defined as those resources inherent in social relations *of individuals, communities, networks, or societies* which facilitate collective action (David Garson¹, 2006; Leana and Van Buren III, 1998: 538-539). Social capital includes active connections among people; the trust, mutual understanding, and shared values and behaviours that bind the members of human networks and communities and make cooperative action possible Cohen and Prusak (2001).

New exchanges may require contributions by individuals who have not been previously part of the network and who are geographically and culturally distant. Yet these employees have to be motivationally predisposed to participate (Kostova & Roth, 2003, p. 303). Consequently, it is essential that the holders of the knowledge are willing to exchange the knowledge they have with others within the company and among different business units. This implies that the degree to combine and exchange knowledge might be significantly different among the MNCs, according to the pressure and priority that the HQ exercises. In other words, the degrees of interdependence or resource flows varies from very low in the multinational model, with few technologies, people or products flowing between units, to very extensive, multidirectional and unstable flows in the transnational model (Kostova & Roth,2003).

¹ "Resource-Based Theory", section 4.1 from the book Strategic Management: Evaluation and Execution (v. 1.0)

Significant levels of interdependence within MNCs generally implies higher levels of concern with regards to resource flows, of knowledge or product. A desirable degree of social capital will, with great probability, reflect in a smoother and more efficient knowledge flow. Indeed, the phenomenon acts as a motivation for social actors to maintain relationships and presents a valuable driver of knowledge flows within the firms, such as a perceived obligation to reciprocate past favours from other social actors, an expectation that other social actors will reciprocate, a psychic comfort in asking others for resources and in using those resources once acquired, and the perceived likelihood of providing, receiving, and asking for help from the other social actors (Kostova and Roth, 2003: 301). In the last decade the necessity of knowledge exchange and, hence, an improved communication flow between business units has increased significantly. This is because MNCs, while operating in a worldwide context characterized by rapid and discontinuous changes, are becoming increasingly complex in their interdependence and management.

Having assessed the crucial importance of the social capital dimension, we are now going to focus on the role of management-initiated practices in enhancing knowledge share. A theoretical framework for our analysis is the model proposed by Gooderham P. et al (2013).

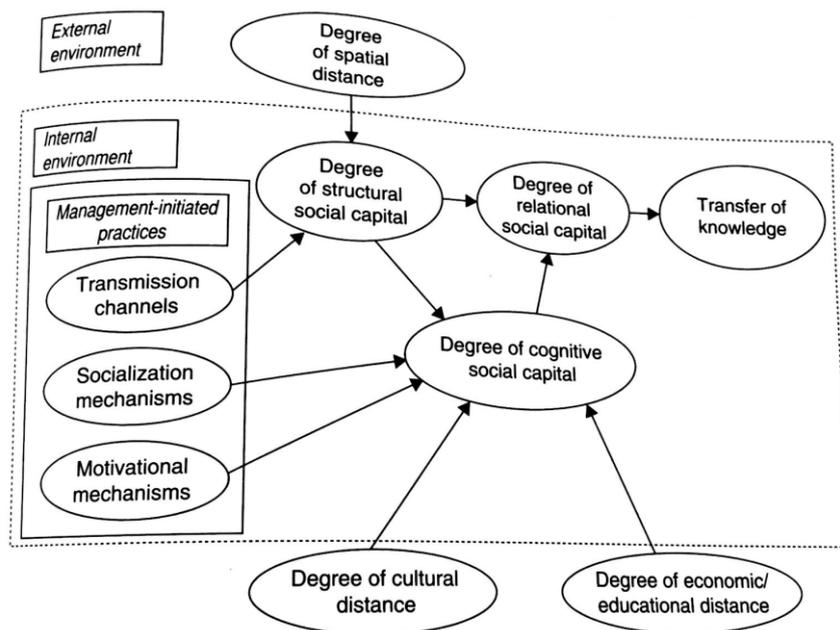


Figure 4. Source: Gooderham (2013). A dynamic capabilities-driven conceptual model of the determinants of knowledge sharing in MNCs.

In line with Nahapiet and Ghosal (1998), the model underlines, first of all, the three dimensions of social capital, their interactions and their impact on knowledge sharing. Furthermore, the model shows how external factors (i.e. degree of spatial distance, degree of cultural distance, degree of economic/education distance) might affect the transfer of knowledge by impacting on the structural and cognitive social capital. In particular, the degree of spatial distance has been shown to

negatively affect the competence transfer because time and money cost increases for the transferor and the receiver. Cultural distance, defined as common language and a common administrative heritage (Ghemawat and Mallick, 2003) might also have a negative effect on the social capital, even if differences among MNCs located in different countries have not been previously proved (Gomes and Ramaswamy, 1999; Ruigrok and Wagner's, 2003). Economic distance, measured in terms of per capita income, has also been pointed out as a factor affecting the knowledge flows between parent and subsidiaries: "the flows is actually significantly more challenging when the subsidiary is an acquisition in a country with a relatively high per capita income" Gooderham P. et al., 2013, p. 224).

The model underlines how the ability of transferring and sharing knowledge within MNCs is, not least, affected by well thought-out and planned actions and investments of company managers. Three sets of practices or mechanisms have been identified by Gooderham P. et al (2013): transmission channels, socialization mechanisms and motivational mechanisms. Taking inspiration from Gooderham P. et al., (2013)'s work, managers may significantly contribute to enhance the efficient intra-MNC transfer of knowledge through a set of activities. These include combining design, selection and different transmission channels such as liaison personnel, intuit task forces, permanent international committees, organizing diversity trainings, job transfer to corporate headquarters and participation in corporate mentoring programs (i.e. using appropriate socialization mechanism). Furthermore, these initiatives/activities must be coupled with motivating people, for example, by rewarding certain types of behaviour (motivation mechanisms). While socialization mechanism and motivation mechanism are part of HRM practices, transmission channels represent an alternative management-initiated practice to enhance knowledge sharing. We want to investigate to which extent improvements and changes in the transmission channels might contribute to enhanced knowledge sharing and if such contributions depends on HRM practices convergence within MNCs. In the previous section we focused on explaining HRM practices in detail; in the next section transmission channels are studied.

2.4.2 Transmission channel: an alternative management mechanism to enhance social capital transfer

Transmission channels are an integral instrument for knowledge sharing between subsidiaries. To affirm this statement, we refer to the research conducted by Gupta & Govindarajan (2000), who asserted that knowledge outflows from a subsidiary and inflows into a subsidiary are positively associated with the richness of transmission channels (Gupta & Govindarajan, 2000). Using empirical data, Gupta & Govindarajan, (2000) argue that existence, quality and cost of transmission

channels along with value of knowledge possesses by subsidiary and motivational disposition of the subsidiaries to participate in knowledge sharing process directly impact the level of knowledge that will be shared between them. To reinforce the importance of transmission channels, we refer to the case of Siemens' ShareNet, a global knowledge sharing system implemented by the organization, which has been referred to as a benchmark for effective use of transmission channels for knowledge sharing (Voelpel & Davenport, 2005). The key aspect of the ShareNet was the that it not only enabled the employees to share the explicit or codified knowledge but it also provided the opportunity to externalize their tacit knowledge and moreover respond to users' requirement for information on immediate basis (Voelpel & Davenport, 2005). The company's effort in rolling out the program globally and encouraging employees through a reward-based system to participate in this knowledge sharing system helped the company to consolidate crucial information and knowledge throughout the subsidiaries (Voelpel & Davenport, 2005).

Proposition 6:

Transmission channels, once established, are efficient and valuable mechanisms to foster Knowledge Sharing within MNCs. That is to say, they are not dependent on common HRM across the MNC.

2.4.3 Expatriates

Expatriation is the process of assigning employees to a different location for a given period, usually for two to five years. According to Thomas & Lazarova (2014), expatriates can play different roles. They can be agents of control, ensuring that employee behaviour is in line to the expectations of the organization as well as Boundary Spanners playing the role of bicultural interpreter and favouring the information exchange between units. According to Gooderham et al (2013), MNCs allocate employees into different location for three main reasons: filling a position when local talent is lacking, developing the organization and developing the future leaders. In this section we will focus on the analysis of expatriates as mechanism to facilitate and enhance knowledge sharing. In other words, we focus on expatriates as drivers of better communication and coordination by facilitating transfer of organizational systems, processes and technologies across the geographically dispersed organization (Gooderham et al, 2013, p. 251-252).

According to Gooderham et al (2013), even if challenges and alternatives to expatriates exists, it is unlikely that such alternatives will satisfy the needs for knowledge transfer. Moreover, in agreement with Harrison M. (2016, p.1), even if the evolution of global communications and technology was predicted by many to reduce the need for expatriates, the reality has proven very

different. We aim to understand how expatriation has changed in Telenor and how and if expatriates are efficient mechanism that contribute to knowledge sharing across the group.

Preposition 7:

Expatriates are enhancer of Knowledge Sharing and their strategic role has not changed among the years

Chapter 3 – Empirical literature

This chapter explains the history of Telenor and how internalization evolved in the company.

Telenor's internationalization process can be distinguished in three main phases that will be explained in detail in the chapter. The data for this chapter were collected by an interview that we held with Frank Elter in Oslo and his valuable paper about Telenor.

3.1 The Telenor case

Frank Elter has analysed Telenor's history in detail. In this section we use his analysis, supplemented with other publicly available resources such as Telenor's website. Telenor provides a good example of how organization and strategy evolve driven by different dynamics. Our particular focus is on the future organization of Telenor in terms of Human Resource Management (HRM). HRM plays a strategic role in managing people and the workplace culture and environment. An effective management of human resources can dramatically contribute to the overall company direction and the accomplishment of its goals and objectives. Hence we believe that assessing how and to what extent the HR function changed in response to Telenor's internationalization will significantly contribute to the internationalization literature of MNCs by underlining the implications of the market dynamics on the organization and strategy within the telecommunication sector.

Telenor was founded in 1855 under the name Telegrafverket. In the same year the company was entitled to develop the first Norwegian telegraph line that connected Christiania (Oslo) and the city of Drammen. A few years later, in 1858, the company employed its first women. The company was able to enlarge its service area to the Lofoten islands in 1861 because of the important fishing industry and in 1870 Norway was linked up with a telegraph line from north to south. The first telephones reached Norway in 1877, and the opening of the first Norwegian telephone company followed in 1880. Two years later Norway was one of the world leaders with the highest density of telephones per inhabitant. Norway did not stop its development in this sector, becoming in 1906 the second nation worldwide with a wireless telegraphy line. The system allowed connections between islands. In 1920 Telegrafverket opened the first automatic telephone exchange in Northern Europe. In the following decades the Norwegian telecommunications industry continued to develop by providing telephone connections between Norway and USA (1928), by launching the first world combined telephone device which obtained world recognition (1932), by setting up the first red telephone booth in Oslo (1933). In 1955, Telenor was already celebrating its 100th anniversary, being one of the oldest telecom companies in the world. Five years later, the television service was officially launched in Norway. Norway development continued apace and in 1966, Telegrafverket launched the first manual mobile telephone in Norway under the name of "OLT". Three years later, after the establishment of a cooperation between the Nordic countries to create a common standard under the name of Nordic Mobile Telephony (NMT), a new name was assigned to the company: Telegrafverket became Televerket. Despite the level of progress in its telecommunication sector, Norway was one of the last countries in Europe to launch colour TV (1972). Two years later, with

the purchase of Andebu, Televerket gained control of the monopoly on telephone and telecommunications services, a position it retained until the 1990s. 1994 and 1995 were two remarkable years for the company: after becoming a public corporation, the company became “Telenor” as it prepared to extend its international operations. In 1995, the company won a license for establishing a GSM-based mobile network in Montenegro, which brought Telenor to join the European Telecom Luxembourg (ETL) consortium. The following year Telenor acquired a 51 percent stake in GrameenPhone, in Bangladesh, and by 1997 had launched commercial mobile telephone services in the country. Into the 2000’s, Grameen Phone remained the only mobile phone provider offering nationwide coverage in Bangladesh. But Telenor did not stop, conversely it continued in the hunt for deals as the full deregulation of its domestic market approached which would have been completed in 1998. The company joined consortiums acquiring licenses and building GSM-based networks in Germany, Ireland, Greece and Austria in 1997 alone, intensifying its effort to reposition itself among Europe's major telecom groups. After the failure of a tentative merger with the Swedish company Telia, in 2000 Telenor was privatized with the largest ever public offering in Norway. Being listed on the Oslo stock exchange and the NASDAQ meant a reduction of the Norwegian government’s stake to the 77 percent. The Norwegian government’s stake would have soon decrease to help facilitate Telenor's ability to make cross-border deals, reaching less than 53 percent by the end of 2004. Telenor became an active deal-maker in the 2000s. Despite the unhappy conclusion of the attempt to take over the Ireland's Esat group, the company succeeded in the acquisition of the majority control of Sonofon, the second largest mobile service provider in Denmark which, some years later, would become entirely control by Telenor. It followed the acquisition of a 30 percent stake in TAC/UCOM as well the purchase of a 33 percent stake in the country's DiGi mobile network that allowed Telenor to enter respectively Thailand and Malaysia. Furthermore, other countries such as Ukraine and Russia were part of the Telenor expansion and reconstruction which continued into 2004 with the formation of the Starmap alliance composed by nine mobile service providers in Europe and the entering of the Pakistani and Serbian market (2004, 2006). As it clearly stands out, Telenor was remarkably aggressive to transform itself from a single-country monopoly into a fast-growing global mobile telecommunications group.

Three phases can be identified in the Telenor’s internationalization process as a mobile telephony operator. Analysing the three phases, we identified two common denominators that seem to have shaped the Telenor internationalization choices over the years: technological development; and changes in telecommunication regulation. This is no surprise considering the well recognized, intensive role that technology plays in shaping growth in society. In other words, modern growth is driven mostly (2/3) by the increase in productivity and efficiency arising from innovation of

technology and processes (OECD, 2007). Furthermore, taking the notion that firms do not operate in a vacuum but are embedded in national contexts as the point of departure, we believe, in agreement with Clifton J. et al (2011), that the regulatory frameworks might play a crucial role in influencing firms' later position and approach to the opportunity to internationalize. Nevertheless, by looking at the Telenor case, we believe that other market dynamics have contributed in each phase of the Telenor's internationalization process.

Three significant interdependent changes have driven Telenor in its first internationalization phase as well as transformed the whole telecommunication industry. According to Elter F. (2004), the three key dimensions were: the dramatic change in the fundamental technology for the telecommunication industry; the consistent change in Telenor's own organization internally and in relation to the government; and, last but not least, the considerable changes in the regulatory regime. The transformation process was remarkable and brought the company from being not capable of delivering regular phone subscriptions in accordance with demand to be a commercial and competitive organization operating several modern telecom networks. The basic services that Telenor was offering from 1970 entered a strong modernization phase, guided by significant improvements in the fixed network which significantly contribute to the improvement of Telenor services. Meanwhile a radical new change in the regulatory regime, started in the US and UK in the late 1970s, was happening around the world and would have soon reach the Norwegian market. The new regulatory regime opened up national monopoly businesses and new options for the telecommunication companies' managers. Under state ownership and control, expansion into foreign markets had been neither feasible nor necessarily even desirable (Clifton, Comín & Díaz-Fuentes, 2007). The unfolding new regulatory framework opened the door to enterprise expansion abroad and, indeed, many telecommunications companies seized the opportunity to internationalize. So did Telenor. Nevertheless, firms' paths from national monopolies to multinational corporations varied significantly country by country and the Norwegian telecom market's deregulation process has been gradual, with the market reached free competition only in 1998. The market dynamism and competitiveness led to a need to eventually develop processes to cope with this complex situation internally. Telenor's ownership structure changed considerably in this first phase and saw the entrance of new stakeholders from the financial market who also brought new expectations to the firm. Tormod Hermanses became CEO in 1991 and fostered structural changes by establishing a divisional structure of Telenor. Some divisions were organized as limited companies, while others were placed under corporate leadership. The decentralization of power represented an immediate consequence of such organizational changes. The main aim of Tormod was to nurture various

organizational cultures and be close to the customers. At the turn of the century Telenor was pursuing an international growth strategy which started by pursuing strategic joint ventures (JVs). In this initial phase Telenor partnered with various companies with local market knowledge mainly providing technological capabilities. The main purpose of adapting such an internationalization strategy was to exploit its comparative technological competitive advantage to limit its financial exposure. In 2000 Telenor's JVs spanned Hungary (1993); Russia (1994); Ireland (1995); Montenegro, Austria and Bangladesh (1996); Greece and Germany (1997); Ukraine (1998); Malaysia (1999); Denmark and Thailand (2000) (Gooderman P. & Elter F. (2017)).

This first phase allowed Telenor to gain enough knowledge to move beyond its cautious, minority-ownership JV approach to internationalization, blazing the trail for Telenor's second internationalization phase and leading the company to have wholly/owned business units around the world. 2000 was a significant year for the decision of quoting the firm on the stock exchange, a decision that drove a lot of corporate management actions. *The firm had to be presented in the best possible way to the financial market and the public* (Elter F., 2014) and this involved the necessity of restructuring Telenor which was seen by the financial market as a company too diversified. This led to the organization being simplified in 2000 into four core business areas: Mobile Communications; Telecom Solutions; Broadband Services; and Internet/Nextra. In addition, the stock market listing brought a necessity for corporate management to show the company's international growth ambitions even more. New companies had already entered the Norwegian market at that time and growth possibilities in the domestic market were bottoming out. Telenor entered its second internationalization phase with the objective of obtaining a majority stake in all the operations where it had pursued a JV strategy so far. Such a strategic decision led to Telenor withdrawing from Ireland (2000), Germany (2000), Greece (2004), Austria (2007), Russia and Ukraine (2010). The profits from the sale of these stakes were reinvested in the emerging markets of Pakistan (2005), India (2009), Myanmar (2014), Sweden (2005), Serbia (2006) and Bulgaria (2013). All the investments characterizing this second phase had in common the proximity of the market. In other words, from 2000 Telenor entered foreign markets where the liability of physical distance was limited.

According to the information available and the research conducted so far, Telenor seemed to have entered a third internationalization phase in the last decade where the main focus appears to be the achievement of global integration of the business units that, during the first two phases, was weak. Indeed, because of Telenor's multi-domestic strategy, each business unit was responsible for delivering mobile telephony services using the business model that was fitting best the local environment on the basis of local market knowledge (Gooderham P. & Elter F., 2017).

Given the multi-domestic strategy that Telenor was pursuing until 2010 and the challenge to compete by integrating their operating and functional activities while retaining their ability to respond to local market condition (Kotabe & Mudambi,2009; Yenyurt et al., 2013), we claim here that this is likely to have affected the responsiveness of Telenor to new challenges and, hence, contribute to raise the necessity of a more centralized organization within the company. This appears also to be in line with the transnational model of the multinational company introduced in the late 1980s by Bartlett and Ghoshal (1987, 1989).

From the analysis above, it is clear that Telenor has adjusted its internalization strategy over the years. Initially developing strategic joint ventures and gaining enough knowledge, strong and diverse linkages with various buyers, customers and end users within the different markets, Telenor employed a high-resource commitment mode and sought majority stakes in all its operations by implementing a series of strategic acquisitions in new markets as well as in markets where it was already presented. The main reason for this, in agreement with the literature, might be linked to Telenor's technological know-how; joint ventures as well as licensing are not advisable because of the risk of losing control of the technology. Telenor's partnerships were, indeed, among other factors, relying on the company's technological knowledge.

Aware of the differences with regards, for instance, to consumer taste and preferences, competitive, political as well as operating conditions among its operations around the world, Telenor decided to pursue a strategy where key operating and strategic responsibilities were assigned to the national subsidiaries, adapting, therefore, what is commonly known as the multi-domestic strategy. As the previous analysis of Telenor as well as the existing literature about MNCs internationalization brought to light, a multi-domestic strategy requires generally a relatively low degree of control.

The last decade, however, has been characterized by a convergence in tastes and preferences among customers from different nations, driven especially by globalization. Moreover, the actions in one of the subsidiaries in 2011 showed that Telenor lacked integration, with a lack of communication within the organization even though the company had created a central Knowledge Management Information system (KMIS). KMIS was supposed to share the best practices within the organization and lead Telenor to the belief that the decentralized manner in which they were operating was affecting the degree of implementation of best practices. (Elter, Gooderham & Ulset, 2016). It was not only affecting the implementation of best practices but also purchasing efficiency. Telenor realised that if they had closer communication, the company would reduce purchasing costs significantly. Such factors are driving the company to modify its internationalization strategy, abandoning its multi-domestic strategy in favour of the transnational Strategy

MNCs follow different communication paths for each internationalization strategy, and this has a relevance for human resource management. Taking this into consideration, we argue that Telenor's global integration is likely to occur in relation to a specific high-potential, value-chain activity which we believe being, among others, human resource management. For many years, the field of international human resource management (IHRM) has struggled with the question of whether or not it is better for an MNC to integrate its IHRM function across the various geographies in which it operates. According to the literature discussed above, there are different emerging trends and dynamics in the market that are creating a strategic imperative for greater IHM integration. We, therefore, expect to be able to underline significant changes within the HR division among the three phases of Telenor's internationalization and particularly in the last phase where we expect a significant modification of this division in line with the company's tentative goal of increasing centralization within the company

Chapter 4 - Methodology

This chapter explains the research design and method that will be used for the empirical part of the thesis. The research onion provides an effective basis through which we designed our research methodology (Saunders, Lewis & Thornhill, 2012). The method chosen for this study is case study research, which is of particular interest to gaining a rich understanding of the context of the research and the processes being enacted (Morris and Wood 1991). This chapter is composed of the research philosophy and approach, the choice of method, research strategy, methods of data collection, sample selection and sample limitations and ethics on data collection. Chapter 2 is based on the literature provided by Saunders, Lewis and Thornhill (2007) in their book: *Research Methods for Business Students*. This thesis is based on applied research, thus improving the knowledge on a particular issue related to the business or management and useful and valuable findings for managers and organization

4.1 Research philosophy and research approach

The research philosophy term is related to the development and nature of knowledge. This term is divided into three main terms ontology, epistemology and axiology (Saunders, Lewis and Thornhill, 2007). Our research is based on the interpretivism - ontology philosophy. This viewpoint is linked with the nature of reality, that is researchers question how the world is organized. The ontology is divided into two main aspects, objectivism and subjectivism, and for our research purpose the second aspect will be taken into consideration. “[A] subjectivist’s view would be that culture is something that the organization ‘is’ as a result of continuing social enactment (Saunders, Lewis and Thornhill, 2007). Interpretivism encourages researchers to conduct studies on humans rather than on machines and trucks because it is compulsory to recognize the role of humans as social actors (Saunders, Lewis and Thornhill, 2007). A multinational’s strategy derives from the headquarters to the business units and the social actors hinder strategy integration within the organization. As it mentioned in Chapter 1, the purpose of the thesis is to understand how HR practices change when companies undergo transformation in their internationalization strategies. Therefore, taking subjectivism-ontology philosophy into account, we will focus on collecting qualitative data.

Deduction and induction are the two possible research approaches to follow. Deduction is about testing theory, induction is about building theories (Saunders, Lewis and Thornhill, 2007). In this paper, both deductive and inductive approaches will be combined. Hypotheses are developed, and research strategies are created, at the same time data are collected and theory is developed taking into consideration the results of data analysis.

4.2 Choice of method

The aim of this empirical research is to provide insights in HRM in relation to changes in the internationalization strategies within MNCs. Indeed, the purpose of the thesis is to understand how HR practices change when companies undergo transformation in their internationalization strategies. According to Ghauri and Grønhaug (2010), as the goal of our study is to provide insights into a complex phenomenon within the telecommunication industry, a quantitative research method is appropriate. Furthermore, this research topic is still fairly unexplored and further understanding of this field is needed to add depth to this dimension of HRM within multinational corporations.

An effective tool to investigate how and if such changes occurred in the HR practices given certain changes in the company internationalization strategy, is to conduct in-depth interviews. Such a tool allows us to explore in depth our area of interest. Indeed, there is not a fixed, predetermined list of questions, although a certain number of questions to discuss have been prepared to give a clear idea about the aspect that we want to explore. The interviewee is given the opportunity to talk freely.

The interviewer will not only be questioning the interviewee on the pre-prepared questions but will also build questions based on the interviewee's answers.

4.3 Research strategy

This research adopts a case study strategy. The case study strategy is particularly suitable for our masters' thesis as we wish to gain a rich understanding of the context of the research and the processes being enacted (Morris and Wood 1991). Even though the research is concerned with a single organisation as a whole, given our focus on the HR function, this is defined as embedded case study. The company studied is Telenor, a multinational company in the telecommunication sector. A single case study strategy has been selected because it provides an opportunity to observe and analyse a phenomenon that few have considered before. The data collected are qualitative and the result of analysis of previous research on Telenor; document analysis; in depth interview with Frank Elter, vice President of the management team in Telenor Research responsible for Telenor's research strategy; semi structured interviews with Telenor employees from the business units: Pakistan, Serbia, Oslo.

4.4 Method of data collection

In this masters# thesis the chosen method is the qualitative approach as it fits with the research philosophy and approach. The interviews are conducted within a multinational firm, Telenor, and are not limited to the headquarters but also to the firm's business units. The qualitative approach is all the non-numeric data that are born through research strategies (Saunders, Lewis and Thornhill, 2007). The qualitative data are vital for understanding changes in HR practices while there is a shift in international strategies. We conducted semi-structured interviews with the purpose to of gathering a 'narrative account' (Saunders, Lewis and Thornhill, 2007). Semi-structured interviews are 'non-standardized interview' and also known as 'qualitative research interviews' (Saunders, Lewis and Thornhill, 2007, p.300). The semi-structured interviews were conducted after we had a clear understanding of the situation and environment on the MNC. Such understanding has been developed not only by the analysis of the existing literature, but also having in-depth unstructured interview with Frank Elter. The data that we gather from such exploratory interviews were fundamental to the design our questions for the semi-structured interviews and to gain detailed information with regards to Telenor and its BUs. The interview was conducted face to face in Telenor offices at Fornebu in Oslo.

4.5 Semi-structured interview

Semi-structured interviews are appropriate for an explanatory research and exploratory. The reasons why we choose qualitative interviews are: the purpose of the research; the significance of establishing personal contact; the nature of the data collection questions; and the length of the required and completeness of the process. Furthermore, in an exploratory study, semi-structured interviews can be very helpful to ‘find out what is happening [and] to seek new insights’ (Robson, 2002:59).

It is very necessary for the research to understand the reasons for the changes, if any have occurred, and also to understand employees’ attitudes and opinions on this issue. A semi-constructed interview leaves opportunities to create open-ended question, for further investigation on answers that interviewee gives. Moreover, you can establish a personal contact, with a manager for example, that is more likely to agree to be interviewed than to fill in a survey (Saunders, Lewis and Thornill,2007). In addition, the nature of the questions that we wanted to be answered were open-ended questions and , therefore, complex to be addressed through a survey or a questionnaire. The questions differed among interviewees and semi-constructed interviews allow the interviewer to create an order and logic in the questions. The interviews started with general questions about the subjects’ background and progressed to more specific questions building on interviewee’s answers as well as questions previously prepared. The interviews were 40-60 minutes long, conducted by video-conferences via the Internet and were audio recorded. After having explained the context of our research, how the interview would be conducted and the intended duration, permission was always sought to audio record the interview (Healey and Rawlinson, 1994). Furthermore, accurate notes were taken during the interviews. Table 2 presents the interviewees schedule.

Table 2-INTERVIEWEES SCHEDULE	
Norway	
Interview 1	5 th March 2018
Interview 2	6 th March 2018
Interview 3	14 th March 2018
Pakistan	
Interview 1	8 th February 2018
Interview 2	14 th February 2018
Interview 3	15 th February 2018
Interview 4	15 th February 2018
Interview 5	16 th February 2018
Interview 6	22 nd February 2018
Serbia	
Interview 1	27 th February 2018
Interview 2	7 th March 2018
Interview 3	15 th March 2018

4.6 Choice of sample

In order to answer the research question, we need to interview not only employees from the headquarters but also employees from the business units. We interviewed three people in Telenor Oslo. In Pakistan (Asian business unit) we interviewed six people and in Serbia (European business unit) we interviewed three people. The people that were interviewed had worked for Telenor for more than three years and had experienced the change in internationalization strategies.

In order to guarantee the anonymity and the privacy of the respondents, the interviewees' names were not revealed. Furthermore, the position covered by the interviewees was randomly listed

together with the units were the interviewees are currently working. Without linking title and unit we avoid risking the chance that the combined title/unit would reveal the person. Table 3 summarizes the interviewees' details.

TABLE 3 – INTERVIEWEES DETAILS

Unit interviewed	Interviewees title
Norway (n=3)	Head of global talent management
Pakistan (n=6)	SVP and CHRO
Serbia (n=3)	SVP and CHRO
	HR business partner commercial
	Manager analytics and shared services
	HR business partner marketing
	SVP and Head of people strategy and organizational development
	HR business partner corporate affairs
	HR business partner corporate functions
	Manager total rewards and policies
	Assistant Manager talent and culture
	Manager talent culture

Legend:
 SVP: Senior vice president
 CHRO: Chief human resource officer

4.7 Ethics on data collection

“In the context of research, ethics refers to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it” (Saunders, Lewis and Thornhill, 2007, p.183). In the development of this piece of work, we never justified the use of research which is unethical. Therefore, the chosen philosophical approach with regards to ethics is the deontological view. A number of key ethical issues may arise across the stages and duration of the research project. Specifically, interviews may be potentially intrusive and provoke anxiety or stress in participants or involve stress. In order to reduce such ethical issues, we guarantee the

privacy of the participants; the right to withdraw partially or completely from the process; the maintenance of the confidentiality of data provided by individuals and their anonymity. These according to NHH Norwegian School of Economics' code of ethics, as well as with the Focus programme code of ethics. Furthermore, before each interview, an email was sent to each subject explaining in brief the topic that they would be interviewed about in order to minimize the likelihood of causing harm to the participants, by reducing social anxiety and increase the interviewees awareness with regards to our research. Moreover, in order to increase the quality of our research, and to avoid missing some of the conversation's details and expressions, the interviewees needed to be recorded. The interview subjects were asked if they would agree to be recorded and they were promised that tape would be remained anonymous.

Chapter 5 - Data analysis

In this chapter, we present the results of our analysis in four sections. The first three sections present the findings of specific business units respectively: 1. Norway; 2. Pakistan; and 3. Serbia. The fourth section will present and summarise the overall findings. The data presented are the results of twelve interviews conducted within Telenor.

The dialogues with employees working in Norway, Pakistan and Serbia were conducted in English. All of the respondents were currently employed and working in the HR division in Telenor, though in different roles. It took four weeks to transcribe and analyse all the interviews and find relations and differences between the answers. Analysing the data involved a process of summarizing and categorizing data collected from the interviews even, if though the analysis occurred during the collection of data as well as after it (Kvale 1996). In the first phase of the data analysis the contents of the interviews were categorized by using a simplified version of the SIHRM framework presented in the literature (i.e. the adapted model from Taylor (1996)) in order to identify important themes, patterns and relationships. The identification of this framework has been guided by the purpose of our research as expressed through the research questions and objectives.

Categorising data consist of two activities: developing categories; and, successively, assigning to these categories meaningful data (Saunders, Lewis and Thornhill, 2007). This allowed us to investigate our research questions as well as to draw conclusions. The categories are meaningful in relation to the data and in relation to the other categories (Dey I., 1993). In this chapter, we will first analyse Norway, providing insights on how the interviewees currently see HRM and how headquarters views the strategic role of the subsidiary. We will then analyse Pakistan and Serbia. Each country is analysed in four sections: the first section provides an overview of the HR department and the changes that have occurred; the second section investigates the role of culture, values, socio economical and institutional factors; the third section provides a description of the HRM areas of change; and, finally, the fourth section analyses knowledge sharing. Therefore, the analysis of each country focuses first on analysing research question n.1 (three first sections) and, secondly, research question n.2 (fourth section).

5.1 Norway

Norway is the parent country of Telenor, where the initial operations started in 1855. Telenor is currently the leading Norwegian supplier of tele and data services with a total revenue of NOK 25.926 billion (2017). Headquartered in Fornebu, Oslo, Telenor's service portfolio includes fixed-line and mobile telephony, broadband, TV and datacom services as well as a broad range of wholesale services.

The analysis of Norway is divided as follow: firstly, we investigate research question n.1 focusing on HRM along the first three sections and then we focus on the analysis of research question n.2 investigating the development of knowledge sharing.

Research question 1

According to the interviewees conducted, while the HQ has a higher voice in guiding the BUs through the HRM practices, a significant level of local adaptability is still present. The interviewees stated that the degree of adaptability varies among HRM practices. In other words, while for some HRM practices and activities the HQ provides guidelines allowing adaptability, for others the group does not allow adaptation.

“There is a stronger central government, subsidiaries can (locally) adapt practices such as performance management while in areas such as learning and development they will have to implement them.”

Furthermore, the interviewees pointed out that significant improvements are occurring in regard to communication among the BUs. Telenor has created clusters to enhance the sharing of best practices within the group and to improve communication within the subsidiaries in the same cluster.

“Clusters are working very closely with one another, for product development and so on.”

A fundamental part of the SHIRM model is represented by the senior management beliefs. In order to gain deeper insights on the Telenor senior management beliefs with regards to SHIRM, we investigated the matter with the three interviewees. Generally, all the interviewees acknowledged how Telenor was trying to move from a multi-domestic internationalization strategy to a transnational strategy. Moreover, there is an overall belief that significant changes are occurring

within Telenor at the HR level. However, there are still factors impeding standardization of practices.

“All our learning and development programmes have been centralized. So, the BUs do not have separate budgets for learning and development. There is an international sector that will provide all the courses for all the BUs... Regarding compensation and benefits, the core principles are all over the organization, it depends on the current price on the market place and individual performance”.

“There has been a big change, I think the big change came in autumn 2012, when we got a new EVP (executive vice president) for people and he has taken that role for six years and also has played a major role for Telenor to become more centralized and have more power in HQ”.

The interviewees stated how the HR functions have been going through changes in the last decades driven by Telenor strategy to become a more integrated company. Two of our interviewees had common views on this issue, however we had one interviewee who had a different belief in regard to Telenor SHIRM orientation. The interviewee suggested that it was not the main purpose of Telenor to centralize HRM. The common practices that the organization shares now, happened to yield better result and not to become a more centralized and integrated company.

“We have seen that for Telenor the winning recipe has been the local adaption. We have not been the one size fit all company...We do integration only if it adds value not for centralized reason. If we see that a process is not well done, we integrate and cooperate to make it better.”

5.1.1 Overview of the human resource department and the changes that have occurred

Initially, Telenor had two human resource divisions, a local and an international one. As Telenor was at the initial phase of internationalization they did not have an established human resources division for the outbound operations. The international division was just composed of four people and the employees were mainly only overseeing the subsidiaries without any authority or power. One of the interviewees stated that:

“We did not have any common policies in the beginning, it was sort of an international office.”

“In the first period, we had a voluntary cooperation. The Business Units used to have formal position, power authority”

Initially, as the quote states, the subsidiaries had the freedom to create and implement their own HR policies and practices. In 2001, the first common HR process was implemented. The group created an employee survey which was spread across the BUs. The survey became more popular year by year until it became a common practice for all the business units.

“The employee survey was the first common process that we had at that time.”

“The employee survey is still common nowadays, and it is still conducted in the same manner and at the same time.”

In 2004 the group started to have some common policies regarding leadership performance appraisal, but the BUs still had the freedom to adapt accordingly to the country's culture and political situation.

“We wanted leadership performance to be the same across the entire organization, but it was something constantly changing because there are so many requirements due to different cultures and political situations.”

According to one of our interviewees, Telenor's situation changed when the company started to realize that it would have benefited if there was more communication and integration across the organization.

“Over the last years we have had a better and more collaborative culture because we see if we utilize all our resources, we will get better results for everyone.”

Moreover, after introducing the employees survey, more and more practices of HRM have been subject to changes aiming to become more common within the company. For instance, there have been significant changes in performance appraisal and learning and development practices. The group has created a common learning and development practice and is introducing a common policy for performance appraisal.

“For the last couple of years, I think we have had a stronger focus in HR control and also creating to a larger degree a more formalized talent management processes and performance management...instead of having a strong division between the group and BUs, we now have a much more cooperative culture to use our resources together.”

Such changes are a consequence of Telenor becoming more integrated, Some processes remain local, however, with recruitment policies, for example, still mainly managed locally. Indeed, even though the overall policies for recruitment align with one another, there has been no standardization yet due to different institutional and cultural aspects among the countries in which Telenor operates.

“Recruitment at the local level for the majority of the organization has remained a local process.”

Another significant change presented by the interviewees in Oslo was the creation of cluster within HR. The headquarters’ and subsidiaries’ need to communicate and share knowledge and best practices drove the initiative. In fact, even if the initiative was group driven, all the subsidiaries have benefited from its introduction as the clusters helped in implementing efficient communication within HR.

“One year ago, we have divided the companies into clusters, that helped them to discuss and share best practices among one another. The clusters, are a way to make it more local and unified at the same time.”

From the interviews conducted, a clear trend of gradual integration emerged within the HR function. As previously presented, while the HR department was initially completely autonomous in each business unit (i.e. the HR division in the headquarters had no authority over the HR divisions at the subsidiary level), year by year the level of autonomy decreased until today where some of the HR practices are significantly centralized. Therefore, while in the past the business units had different policies from the group, today Telenor sees the organizational benefit of having a more integrated approach throughout the HR department.

5.1.2 The role of culture, values, social, economic and institutional factors

Major points that hinder integration and communication in a MNC, are cultural, social, economic and institutional factors. Thus, during the interviews we investigated the role of cultural, socio/economical and institutional factors in shaping Telenor’s internationalization strategy, as well

as the organization and structure of HR and the HR practices. According to the interviewees these factors played a crucial role. Cultural, socio-economical and institutional factors have been dictating if HR practices would be cascaded or adapted to the local market. Such factors seem to affect HR practices particularly in Pakistan rather than in Serbia. Performance appraisal was used as example. According to the interviewees, culture played a fundamental role in the implementation of the new performance appraisal practice that Telenor launched. In Pakistani culture, people need their performance to be graded and they need to see how their performance is relative to other employees. Telenor previously used the nine-box matrix, which was changed into a more communication orientated and more opportunistic manner, which was very difficult to implement directly to the Asian market.

“In Asian countries, employees are differentiating between high performance and low performance where in Norway you would see little differentiation”

The necessity for local adaptation of HR practices was exhibited also in compensation and benefit practices. The bonus policies that Telenor is adopting in Oslo required a certain level of local adaptation within the subsidiaries. In the Asian countries bonuses are a key element to encourage people to enhance their performance. Therefore, the proposal of the headquarters to apply bonuses only for the senior level management faced concrete limitation at the subsidiary level followed by a greater level of flexibility.

“In bonuses, we give more guidance than absolute solutions because there are some differences in cultural expectations toward payments and bonuses. (speaking about Asian BUs)”

“In Asia we have a lot of bonuses and in Telenor Norway we do not have bonuses in levels that are below the top management. In some BUs they have quarterly bonuses. Bonuses are an important element in Telenor Pakistan and Bangladesh.”

However, compensation for the senior management is decided on the group level for the entire organization. What is left to developed locally is the compensation for lower levels and promotion policies, especially for Asia. Furthermore, the interviewees underline how the promotion procedures differ between Scandinavia and Asia.

“When it comes to performance, the way you promote people depends on the local culture. If you are an employee in Grameen Phone, the promotion part depends on when you started to work there and what is the expectation to become a manager and a director. The titles are much more important than what they are in Europe. In Asia they are much stricter, and they have rules and regulations on how to promote people in Norway we do not have that.”

The interviewees mention also how when it comes to HR compensation and benefit practices, it is important to consider expatriates. Indeed, the expatriate’s compensation packages are standardized across the group.

“Compensation and Benefit structure is very clear for the expats when it comes to the bonuses and salaries and how we pay them, that is all standardized. But when it comes to local employees, that is local. BUs use local benchmark with other companies, they see where they should place themselves to be attractive in the local market.”

Moreover, the interviewees stated how the implementation of new practices is easier in Europe compared to Asia due to *“the familiar cultural understanding”*. Such cultural and socio-economic and institutional differences were pointed out to also affect the approach that employees have towards career growth and hierarchical position.

“The most visible difference is that the Asian employees need to really show and demonstrate that they are growing in the company with regard to where in the hierarchy the employees are positioned.”

“In the Asian countries, the employees are very concerned with titles and role.”

According to our analysis, we can not only conclude that cultural, socio-economical and institutional factors matter, but also that their impact vary among the Telenor business units. In our particular case, within Telenor Pakistan the HR practices have remained more local comparing to the Serbian business unit.

5.1.4 Areas of Change

In this section we will discuss the main areas that have faced changes during this transition period for Telenor. Firstly, we are going to present the practices that have been standardized across the

Telenor group. Secondly, we will discuss those practices that the interviewees labelled as still local driven.

a. Common Practices

The employee survey, learning and development and people dialog are the practices that are developed commonly among the group. These practices are implemented within the group in the same way and are not subject to local adaptation.

“Now common we still have the employee survey and the post survey done in the same way and at the same time in all business units.”

“We have a common process that we called people dialects. All the employees have catch ups with their leaders. We have a special people forum which we run the same on all BUs and corporate level. Where we go through the development plan of each employee. Give the feedback based on their development. We have now, introduced strength-based development and growth mindset in the entire organization. That is a common process and there is no deviation. We also have talent management on a certain level, a common process. A talent management team in the corporate level deals also for the local senior level management”

Standardization of practices has become more common within the Telenor group in the last years, driven by the market and the organization’s needs. Indeed, as the interviewees have stated, these common practices were done with the purpose of facilitating operations in the business units because of the complex markets that they are facing.

“When we got operations and control in the different companies, we saw that it was an advantage to cooperate closer between the different HR functions in the business units.”

“These cooperation’s happened randomly within BUs because people met each other. But we saw that there was a need and also some of the business units wanted to have some more common processes and that we started to develop these common processes.”

b. Local Practices

What still remained local is compensation and benefits, recruitment and performance appraisal. When it comes to performance appraisal they have still implemented some common ground

rules for this practice, but the headquarters leaves room for local adaptation. Nevertheless, as remarked by an interviewee in Oslo, the future goal is to implement it as a common practice

“Performance appraisal practice; they used to have a traditional Performance appraisal, changed it through guidelines from the corporate level.

Interestingly, an interviewee underlined how the creation of a more integrated and standardized environment was significantly driven by the emergence of problems within the group rather than by the sole strategic new approach. The child labour scandal in Bangladesh was used as an example.

“An accident in one subcontractor in Bangladesh, led the corporate to be very strict. In Bangladesh, it was discovered that they were using child labour in one of the contractors of Grameen phone. And after that we got a huge department working on sustainability, getting the right kind of contract. All the BUs were obliged to build a department and have a team doing a lot of inspections among the vendors, the suppliers.”

The standardization of process of practices is, therefore, driven also by the necessity to match the stakeholder expectations. When considering this aspect, it is important not to forget that Telenor is a 53% state-owned company, which requires a certain level alignment in company culture, values and image among all the Telenor BUs.

By way of summary, we believe it is important to acknowledge how interviewees had different opinions with regards to the convergence of HRM practices. Some highlighted that changes were happening because of their new purpose to become more integrated, while others stated that this happened just because of facilitation purposes and that Telenor believes that the best option is to do things locally.

Research question 2

5.1.5 Knowledge sharing

An organization that had an effective communication system, yields better results. This was what the interviewees highlighted when asked about knowledge sharing within the organization. In the last years Telenor headquarters have seen a growing need to create common systems for employees across the organization to share knowledge. In order to encourage knowledge sharing, the

organization was divided in clusters making it possible for countries facing the same situation to share the best practices and to optimize the use of the resources.

“We are now a more global company, divided into clusters, we still do not have a fully integrated strategy. Clusters are helping a lot especially also for the technology division, making people to work much more closely together.”

On top of that one of the interviewees claimed that the group appreciates and utilizes the knowledge from the BUs. However, it has been underlined how the level of knowledge sharing might differ from BU to headquarters compared to BU to BU. The interviewee stated that knowledge sharing happens mostly from the BU to HQ and not within the BUs.

“At corporate level, we utilize the knowledge from the BUs. But it is not the same from one BU to another BU. “

As we can see there are opposing opinions in regard to knowledge sharing, even though Telenor has the same learning and development practices and has created the culture. Integration among the BUs is not that present according to one of the interviewee, while another suggested that the clusters are encouraging the communications among the BUs especially for topics related to technology.

5.2 Pakistan

Telenor’s Pakistani business unit was founded in 2005, following the Telenor group’s withdraw from Ireland (2000), Germany (2000) and Greece (2004). The Pakistan business unit has so far been a success story. It began as the fifth operator in Pakistan’s telecom market and has worked its way up to be the second largest operator in the country in terms of number of subscribers. In 2015 the subscriber base was over 36 million. Headquartered in Islamabad, Telenor Pakistan, while having the largest 3G network in the country, still generates significant profits as a voice services provider.

The analysis of Pakistan is divided as follow: firstly, we investigate research question n.1 focusing on HRM along the first three sections and then we focus on the analysis of research question n.2 investigating the development of knowledge sharing.

Research question 1

5.2.1 Overview of human resource department and the changes that have occurred

A total of six interviews were conducted in Pakistan within the HR function with employees with different backgrounds, level of experience, years spent in Telenor and who are covering diverse positions within the human resource department. A first question about the overall prospective of the interviewee with regards to changes within the HR department was asked in the beginning of each interview. Answering the question, the interviewees pointed out how not only the role but also the structure of the HR division significantly changed over the last ten years. Particularly, when in 2011 the HR focus and structure were significantly reformed when the HR Business Partner model was introduced in Pakistan,. The HR department shifted its focus from being mainly operational to being more strategic.

“HR function has completely transformed over the last ten years, we were looked more as a support department and our role was to do papers, to be more administrative, to make sure that the operation was running and all the years the importance of the role have been changed”

Furthermore, it has streamlined overtime: *“ It was a lot larger when I joined Telenor (2014), we had a lot more headcounts ”*.

Given the dynamism of the markets and the growing awareness of the importance to increase the speed to the market (e.g. responding to the market), HR was reorganized to be closer to the business. Each singular business partnering team (e.g. finance, corporate affairs, communication, commercial and technology division) was assigned with an HR team, transforming, hence, the HR department from a singular central team (HR operations) to a more decentralized department, composed by three main area (i.e. centre of expertise, HR business partner, HR operations).

“Now we have a three-area model where we have HR business partners, we have centre of expertise and then we have HR operations. So, it is the way we have set up that has changed over the years.”

The introduction of the HR business partnering model represented a significant change in the HR function that was not anymore required to be only competent in activities such as recruitment and in fostering the group culture, but also to understand the business.

“Is very important for an HR person to understand the business now, which was not so much back in 2007...In 2007 our focus was mainly on two things: one was the recruitment, how we were doing the recruitment and the second was how we were developing culture within the organization.”

Telenor Pakistan was one of the pioneers of such a model within the Telenor group. The model was tested in Pakistan and, given the extreme success, the group decided to apply it in the other business units.

The necessity of significantly restructuring the HR department was driven by both group and local necessities to face changes within the market, especially in terms of technological change. Particular phenomena, such as the digitalization process, not only increased the company’s need to be closer to the market in order to meet present and future goals, but also made available new tools that changed the HR processes.

“Our role was to understand HR and come back with the interventions but now we have to understand business and then to apply the HR knowledge to helping out the business. On top of that there is lot of digitalization that is happening, even in the HR field as well. Now we have tools, techniques that we can use to make more informed decisions. The way we are recruiting has changed, the way we approach trainings have changed, the way of manager talent has changed to among the years.”

According to all the respondents, remarkable changes have occurred in the last years within the HR departments also in terms of HR practices. Nevertheless, before describing in detail such changes, it is fundamental to underline what are the interviewees’ beliefs with regards to that. Indeed, while analysing the data, we realized that understanding the Pakistani managers beliefs is important as much as understanding the corporate managers beliefs. The main reason is that, given the autonomy and the strategic role that Telenor Pakistan has gained so far, the alignment of Oslo managers’ and Pakistani managers’ beliefs directly affect the degree of difficulty in applying, for instance, new practices. The quote below gives a good example of where not only the benefits but also the challenges of such changes are highlighted.

“There is no doubt that the ambition for Telenor is to move in the direction of a more globalized function in HR as well as in other areas (IT, Finance...). There are different areas that can benefit from more globalized standards and global execution. I would say that so far, the ambitions are

good, execute on them tend to be a bit more difficult than maybe we thought. What has been a significant part of Telenor, the bases for this success, has been the autonomy, the local autonomy that each company has had and the fact that they could operate quite independently in their own markets.”

5.2.2 The role of culture, values, socio-economical and institutional factors

Part of Telenor Pakistan’s success has been represented by the Telenor values and culture brought in the country since the first moment that not only have been a source of talent attractions but also have created a unique environment within the country.

“So, I truly believe that the reason why Telenor Pakistan is doing so good in Pakistan is because it has replicated a culture that probably was very unique and wasn’t available in Pakistan earlier.”

Even if the Telenor Pakistan principles and values appeared to have been always in line with the group, the different socio-economic and institutional settings as well as the diverse regulations and culture have always played a significant role in the level of autonomy that the Pakistani division has. The diversity of the society and the country cannot be underestimated even nowadays when the company is attending to pursue a more centralized internationalization strategy.

“It is a really good idea to globalize and standardize the transactional part of any business whatever is HR, IT,... And then the most difficult part where process, people, culture are involved, and this is where we kind of see that is more difficult than only draw up the books ology... There are huge differences based on how mature the society is as such and particularly in the digital space. I mean in our work environment we are digitalized but the rest of the society is not. And then how to implement this new modern way of working in these companies compare to Norway, in Norway we have 10-15 years ahead of development... To some extend you are running the HR function like within an industrial society in Norway in the 70s... Even though, it is obviously more digitized and more modern than in the 70s, in Pakistan is highly depended in some processes on the labour.”

Some examples were used to enforce such cultural differences and the impossibility, sometimes, to follow a strict decision of centralizing an HR mechanism, policy, activity. For instance, in 2005-2006 a new policy was introduced with regards to recruitment. In Oslo, it was decided that in every recruitment process the final candidates should have a 50-50 split gender wise. Such a policy *“in Pakistan in a significant number of job positions was simply not possible”*. Recently the policy was

reviewed to allow some flexibility to the business units such as Pakistan and Bangladesh. However, the talent pool available does not represent the only limitation when it comes to the feasibility of having a global approach to certain HR area, practices, policies and activities.

“Policies that remain pretty localized include those that have to do with local laws and regulations. So, for instance when we talk about labour laws and, let’s say, laws related to employers’ compensation and benefits, those remain localized because those are driven by local legal requirements... But whenever we do not see any local limitations in terms of the law and regulation, the group tries its best to globalize that aspect”

Another example is related to the employment of relative policy. Pakistani culture is extremely family oriented. Therefore, while in Norway *“companies and society instinctively feel that it is not right that you hire your sister or your brother or your daughter, in the Pakistani society you should definitely hire your brother, or your daughter because that’s family, that’s the only people you can trust”*. Such cultural frameworks cannot change from one day to another and require incremental and target-driven work.

“In some areas we need to work more targeted more kind of incremental changes and then try to sort of educated our organization”

Adding to that, the majority of the interviewees underlined how significant work has recently been done by HR to align people behaviours to the group direction and strategy. These efforts have allowed the Telenor group to build common policies and practices between the Pakistani business unit and the headquarters, as well as to develop common behaviours and orientation within the group. The work in that direction started already in 2011 when the HR business partner model was introduced.

“We have started to talk about how we can improve engagement in the organization in different captions, how we can work on leadership, how we can work on succession plan, how we can develop pipeline for leaders and for critical experts...how do we need to create talent management framework for team, how do we need to reward them, what sort of recognition framework do we need to have, what sort of behaviours do we need to inculcate”.

Moreover, it became even more significant after Telenor announced its strategy in 2016: to become a digital service provider by 2020.

“So, if we have to become a digital service provider, there was a cultural change that needed to happen. Because now when we talk about innovation, collaboration; when we talk about failing fast, about taking risks there was a need to new behaviours to avoid.”

Therefore, particularly starting from 2016 the strategy that Telenor Pakistan developed, with the support and guidance of the headquarters to shape behaviours within the business units, was articulated in two essential parts: to educate the employees on the desired behaviours; and to incorporate all of the desired behavioural elements in company policies. In order to ensure the success of such a significant change, a considerable focus was put on developing initiatives and activities on the field.

“The biggest inspiration that we got from the HQ was that in any behaviours changed program that the BUs will implement, focus more on the showing part rather than telling part and that was what we did.”

For instance, the “Innovation Day” was put in place with the goal of fostering innovation within Telenor Pakistan. On that day all employees were encouraged to come up with a brilliant idea. A panel was set up and funds were provided to support the development of the best ideas. Another example was provided with regards to the organization’s desire to foster the concept that “*is ok to fail*”. A panel session was organized by the group as well as on open public event in Pakistan where people were invited to discuss about their failures and what they learnt from it.

“Pakistanis are generally a very risk averse society as culturally they are brought up to be generally risk averse. So, the idea on how to be innovative, how to collaborate more breaking them downs ideals, HR did a lot of work in that... So, we are recognizing a behaviour that we want to see now.”

During the interviews, another important factor has been underlined: the availability of talents. According to the respondents such strategic changes require different figures, different talents that in Pakistan are not currently available. HR played a crucial role in trying to change such situation. For example, directly collaboration with universities.

“If you see our job market over here, if you see our talent pool in Pakistan, there is not a lot of talent available for critical roles that we now require. So, the last 2-3 years after the new strategy specifically for becoming a digital service provider was introduced, major work was done on developing critical competencies. We even contacted universities and discussing about introducing courses in there so that by the time that they graduate we have talent pool available. So, it was basically extending the supply chain back into the university and ensuring that we have talent available.”

Changes in the behaviours also included the need of moving from a more individual working style to a more collaborative one. This collaborative way of working is essential not only within Telenor Pakistan but most and foremost in the perspective of a more centralized HR function. Indeed, *“in the last year the global HR function was evolving meaning that lot of things that were happening locally were now been taken above market”*. Such changes significantly increased the need of collaborative behaviours. Together with actions such as rewarding behaviours that are more collaborative, rather than individual performance, the response of Telenor Pakistan included the creation of a global team (2014).

5.2.3 The areas of change

In this last section we want to focus on analysing how the changes in the group strategy affected the different specific areas of human resource department. Indeed, according to the data collected through the interviews, there have been areas that have been more centralized than others. The reasons behind this are mainly related to cultural, socio-economic and institutional limitations as well as by the strategic relevance of each particular area. That is, the interviewees stated as some specific areas such as learning and development not only were easier to centralize considering the culture, socio-economic and institutional differences but also represented a fundamental asset in shaping behaviours, capabilities and competencies that were now require to meet the group strategy.

“I think that the main reason to put Learning & Development as the first area of centralization it was because we were very clear on what we want to achieve, we were very clear on what skills and competencies are important for us as a company and we didn't want to risk.”

Learning & Development was mentioned by all the respondents as the area most standardized by Telenor. The convergence of Learning and Development involved, for example, a significant

change with regards to employees' trainings. Given the availability of new technological tools all the learnings and learning process of Telenor have been shifted online.

“I think that the biggest change is the advent of the online training, online learning, before that the expectation of learning were dependent from the organization... The organization will nominate someone on the training and then that person will go and get the training. And now the ownership is on the individual. So, you are responsible for your training.”

The area of learning and development moved from being a very operational and reactive area to be significantly proactive.

“We are talking to business and asking what capabilities the group need to build for the future. So how we can sort of creating this sort capabilities.”

Significant work has been done to attain centralization in the learning and development area because, even in this area, cultural limitations existed. Indeed, *“traditionally, over here in Pakistan people preferred class room training and the idea that now new modes of learning are available and self-learning is critical has been very important in our journey and lot of work has been done on that”*. However, flexibility is something that remains.

“There is no straight hard answer here. So, of course, Telenor believes in the role of empowerment so there is nothing that Telenor says you can only to this, in this way as long as the overall strategy is aligned, the overall objectives are aligned, end markets have always some flexibility.”

The interviewees provided also examples of areas where centralization is more difficult. For instance, recruitment is particularly difficult to centralize because all markets have different challenges in terms of talent availability and local laws. The same challenges have been highlighted for the reward and compensation area.

“Those are difficult areas (talking about recruitment and reward areas) and they can only do guidelines, they cannot have clear standard approach across different countries. But learning and development is an area where you can draw lot of standardization. Learning is an area where if you are clear on what you want, you can go and provide similar solutions.”

Moreover, the interviewees underlined how, since a more global approach has been taken by the headquarters, the number and the granularity of global policies, guidelines or initiatives have changed. In particular, in the last five to ten years, the human resources practices have had a stronger alignment throughout the group.

“I don’t think that there was any significant change in the way guidelines are given but I think in terms of number now, of course the guidelines are increasing, so as I said initially lot of processes that were locally driven at the beginning are now driven globally and it’s normal for companies to go to that stage”

“. . . they were less detailed. There were some more, or to a larger degree some autonomy up to 2010-2011. The last ten years, it’s not the action area that have been changed when it comes to policies from the HQ, is more the granularity of it.”

Further examples of global initiatives was provided in that regard: job architecture framework; and HR information systems. Nevertheless, while talking about such initiatives, the interviewees underlined how significant challenges might have emerged and how a global initiative might not be totally understood and shared by the managers in Pakistan. This is the case of HR information systems, for which Pakistan at the moment is using two different systems.

“Our local HR information system at the time was pretty much working well. Yes, there were some area of improvements, but it was holistically a good solution. But when this additional system came in, it had to replace certain aspect of the local system. But we couldn’t eliminate the local system completely because it did not support all the functionalities. For example, it didn’t support administrative motives such as flip management or travel arrangements... So that we still see as a challenge that we are running two different system for different things”

By way of summary, we believe that is important to remark how the interviewees still value flexibility and the autonomy of Telenor Pakistan. They remarked how changes should be supported by objective benefits from both the parties. Therefore, the group should be always able and ready to explain and motivate autonomy reductions.

“If something has been working well locally lead us to the questions why we have to change, and we need to be convinced of the benefits that, even seen at the group level maybe not be seen at the business unit level”

Research question 2

5.2.4 Knowledge sharing

In this section we will focus on the analysis of how knowledge is shared within Telenor group and on the changes occurred. Firstly, we will present the mechanism of global team that has been developed within Telenor Pakistan with the main purpose of working closer to the group and improving the communication and collaboration with the headquarters. Secondly, we will address how knowledge sharing has been evolved in the years taking a broader prospective.

5.2.4.1 The institution of global team: a new mechanism that drives centralization?

The global team is composed by seven to twelve people placed in Pakistan but reporting directly to the headquarters. Therefore, even if they are part of the Pakistani HR team, they are providing services to the group. *“It is basically services arrangement. They are not charged to us, they are charged to the group”*. During the interviewees, we asked what benefits and challenges the institution of such a global team brought to Telenor Pakistan and to the group. The interviewees highlighted talents, costs and global exposure.

“The HQ, they got access to good talents, they got access to talents that were producing high quality work at not so high cost”

“So, the benefits of the global position are that of course it gives you a global perspective, you get insights into how each of the different end markets operate and also you get exposure on how Telenor as a group operates”.

Nevertheless, we identified challenges. According to the interviewees, the global team was instituted with the purpose of fostering the collaboration between the Pakistani business units, the headquarters and the other business units. This appears to be completely in line with the objectives of the strategic changes pursued by Telenor group. However, a lack of a mechanism to ensure that such global perspective and exposure is spread within the Pakistani HR department has been underlined. People who are assigned to the global role perceived that such knowledge is only shared within people covering the same role in Pakistan and in the other business units. Furthermore, they

underlined how people in the global team are missing the local exposure, that they will eventually gain in case they will cover a new position in the future which is not part of the global team.

“You get insights into how each of the different end markets operate and also you get exposure on how Telenor as a group operates but the things that you don’t get, the development that is missing, the local prospective.”

“So, all the knowledge that I am sharing is with team seated in other countries. On the contrary, if I am in a local scene, in a local set up. So, my team is bigger in size and I can share knowledge with more people, but the knowledge will always have a local perspective.”

“I would say that there is no formal framework or structure on how we should share that information, but it is done informally number one, and as part of some responsibilities... But after that, that knowledge sharing will be not done through any formal channel but because I have that global exposure through my interaction, through my meetings, I will have a better understanding on how things are done in other companies in Telenor group.”

The above quotes presented a lack of formal mechanisms to share knowledge within the organization and appear to be common also when it comes to expatriation.

“In this area we are not good at all in Telenor. We have some ambition, hopes and dream but I think that we are very bad at actually following through. Because we would like to actually see more mobility and exchange of competencies and experiences, but we are not really good at it. We leave it to the different business units to gather and cover the costs; we are leaving to the individual to take the risk of having something sensible to go back after being out for few years, and we don't have any systematic follow through. For example, we are sending out people for 1-2-3 years but then there is no absolutely idea or thoughts through systems on how Telenor as a company will utilize the experience that these people have gained. There is no kind of requirements on these people going out, no requirements to kind of give something back when we came back.”

According to the data collected, the high costs of expatriation together with the advent of new technological tools have had a significant impact on the number of expatriates within Telenor. On the other hand, the institution of global teams within the business units is becoming more popular. Indeed, such a mechanism allows a reduction in the costs while offering the possibility of gaining a global exposure to the business units. Furthermore, a potentially higher number of people can work

on global assignments by supporting rotation between different functions within the same business unit and given the lower cost. However, when asked to underline eventual differences between the two mechanisms, limitations have been underlined.

“With a virtual set up we can easily have more rotation. The downside or the challenge is that in essence virtual employment has its limitations, it is never as smooth as a person relocate physically. There are communication challenges, in some roles that require feedback presentations there are enablement challenges as well. So, in short, the effectiveness of a virtual rotation as opposed to a physical rotation there are differences in that, but we make up for that by having more and more virtual rotation.”

5.2.4.2 Knowledge sharing – the institution of a global team

After having talked about knowledge sharing with specific regard to a global team and expatriation and having underlined the challenges that the absence of formal mechanisms has brought when it comes to global team and expatriation, we will analysis knowledge sharing from a broader prospective in this section.

During the interviews, the respondents were asked about the degree of adaptation of global and of other business units’ policies-activities-practices within Telenor Pakistan. Knowledge sharing has been mentioned several times as an essential element that contributed to significant changes such as the replication in Telenor Pakistan of the group management process. Moreover, the interviewee underlined how also the knowledge sharing’s procedures/tools changed remarkably. The respondents underlined how the amount of communication and knowledge sharing has been increased in the last years. The goal of becoming more globalized was mentioned as a reason by several interviewees. Another reason that was highlighted by the interviewees was the availability of new technological tools and systems that were putted in place and that encouraged and facilitated the sharing of knowledge and the communication overall.

“And that (increase in knowledge sharing) has also has to do with the software available, because there is centralized software that we use, there are centralized templates that we use.”

“The group representatives travel to a lot of BUs and if there is anything that is happening in one particular market they transfer that knowledge in other country as well. We are very actively using Facebook at work and that is also an avenue where people share best practice. We even have

forums for talent areas and rewards and that forum basically include all the talent managers in different countries”

“I think that Telenor always had that feeling, they did encourage knowledge sharing. I think in the recent years what we add was the technology and I think, even when you talk about the Head office, they talk about collaboration now, they talk about collaboration as a key behaviour to achieve our strategy”

According to the data collected, improvement in the communications tools has allowed Telenor to share and apply in an easier way the best practices around the different business units. For instance, Pakistan and Malaysia developed a mobile application that was aimed to provide to the employees’ information on themselves, their employment and the facilities, the office facilities and that then was taken up as a global initiative. The knowledge sharing, and the communication is very frequent within the group. For instance, Telenor Pakistan was recently contacted by Telenor Bangladesh to find out more about what kind of initiatives the Pakistani business unit was conducting with regards to diversity and inclusion. *“Very surprisingly even the CEO stepped in yesterday. So, you know, when you talk about knowledge sharing that is done at all levels”*. Another example provided during the interviews enforced the collaboration between the headquarters and Telenor Pakistan.

“We worked a lot with the group in replicating their change management process because they have done lot of work with McKinsey and they had lot of learning and we wanted too. So along with the group last year we worked and replicated that model over here... And they were helpful in giving me their support and everything and teaching me so that I could replicate that across Telenor Pakistan”

Subsequently the process was shared among the other business units and became a global initiative. Furthermore, when the group is working on something that it aims to apply globally, the communication mechanism allowed a faster feedback process and a constant involvement of the Telenor business unit in the process.

“So, for instance, when Telenor brought this new information system workday, it was first agreed and endorsed by the entire management team across Telenor business units and thereby a decision was taken before and based on that it was implemented and mandated everywhere.”

However, the interviewees underlined also some limitations. First of all, it has been remarked that knowledge sharing is more common with the headquarters comparing with the other business units.

“There is still some way to go in this regard (knowledge sharing), we still want to ensure more transfer of knowledge across end markets and then also from local to HQ “

Moreover, when the knowledge sharing is done between business units, given the market differences, it is more likely that this happen between Asian business units.

“Pakistan, Myanmar and Bangladesh we have a very similar context in terms of talent challenges, in terms of business challenges... So, in a way we interact more in terms of knowledge sharing. But there have been times in the past that we had contact with other Bus, for guidance.“

“For instance, in emerging Asia with Bangladesh Myanmar and Pakistan and particularly between Bangladesh and Pakistan I am sure that there are local policies that we can benefit... both in Bangladesh and Pakistan we still run the company in a more traditional old fashion way. So obviously there could be area where we could benefit from running kind of similar policies across business units”

In conclusion, even if important changes have occurred when it comes to facilitate the knowledge sharing, the interviewees underlined how there is still significant room for improvement.

5.3 Serbia

Telenor has been present in Serbia since 2006 when it was acquired and rebranded Serbia’s first mobile provider, Mobi 063. Since then they have been the largest foreign investor in Serbia and the leading mobile group in Serbia (revenue and market share). Headquartered in Belgrade, Telenor Serbia has 910 employees, 3.2 million mobile subscriptions (2017) and total revenues of NOK 3.9 billion (all data include the Montenegro office).

The analysis of Serbia is divided as follow: firstly, we investigate research question n.1 focusing on HRM along the first three sections and then we focus on the analysis of research question n.2 investigating the development of knowledge sharing.

Research question 1

The Serbian subsidiary has still latitude to adapt its HRM practices in accordance with the local market, the business unit does not change the core meaning of the policies, but the way policies and practices are implemented changes.

“When it comes the policies that are cascaded we do not do anything in regard to changing the policies we just use different approach to implement those practices or policies. Different policies and practices that are made on a group level and they represent a sort of manual that we need to follow. That helps a lot, because it facilitates the communication with the BUs because you know what is going on in all the BUs.”

They have some local practices that are not shared with the cluster or the group. Some of local practice developed in subsidiary are the Christmas celebration for the kids, the New Year rewards for people that have worked for Telenor Serbia for more than ten or fifteen years, the health insurance practice, and finishing at 2pm on Fridays during summer. At the same time, the communication has increased within the organization. They have common practice for learning and development, and performance appraisal. The subsidiary also has common policies for recruitment and selection and compensation and benefit. Previously they used a nine-box matrix in performance appraisal, but the evaluation is no longer based on marks. In the new practice directed by the group the focus is to help the individual rather than just give grades, and to also include new voices in the performance evaluation in addition to the manager.

The role of the Serbian subsidiary is also changing and we see that they have latitude to develop resources which go under the multi-domestic server but at the same time communication within the group has increased a lot: the cluster helps in creating and sharing knowledge among the business units.

5.3.1 Overview of human resource department and the changes occurred

In Serbia, we interviewed three senior managers. When interviewing individuals working in Telenor, we made sure to ask, ‘How was HR functioning before this change and how does it work now?’ The interviewees saw significant changes in the way HR was organized, not only at the functional level but also at the behavioural level. The HR team now complies with multiple tasks.

“I see the progress from 10 years ago when we when I entered into HR to where we are today.”

“HR was primarily about managing resources, now the HR team have become experience designer implementing marketing methodology for the current and potential employees because of changing need on what we want from our employees.”

What we learned from our interviewees was that previously they had been focused on the local market and had their own local practices. The Serbian business unit had its own local practices and only a few common practices with the group, such as the employee survey. The group was playing a sort of consulting role, where they would recommend some practices but the business unit had the freedom to decide whether the practice would be implemented in their organization or not. The interviewees stated that over the last three years HR was becoming more integrated and efficient. In this phase, the group proposes new practices and the business units decide, taking in account various factors, if the policy or practice needs a certain degree of adaptation.

“We do have some practices created from the HQ ‘long term incentive’ and some created in the region.”

“We also have talent development coming from the HQ the key success, key roles that are identified here locally are enrolled in group practice of succession planning.”

“We never had any type of pressure to implement 100 percent or 50 percent. The group gave us the freedom to decide how it is going to be implemented.”

It is important to mention the creation of clusters where they share best practices. The employees have the chance to work together with colleagues from other business unit and they try to understand what practices should be replicated and what is a local market trend. An example of a common practice among the business units is the bonus policy implemented across all units in the cluster. An example of a local market trend is the case of the Bulgarian business unit, which is in the same cluster as the Serbian unit. When the Bulgarian unit started their operations, it was very difficult to find frontline employees but Serbia did not face the same situation. To sum up, there is a clear change in how HR used to operate and the way it functions now. There is clearly more communication across the organization especially between the clusters.

“For instance, we have been working very closely with the business unit close to our region in Bulgaria, Hungary and in Montenegro, in order to try to utilize in the best way the organization in the resources with the resources we have in all business units.”

Initially, based on the theory available, we assumed that the changes in Serbia’s HR system would have come as a requirement from the group level. In order to prove our assumption, we asked the interviewees how the changes happened in Norway. The interviewees provided similar answers in regard to the transformation that HR was experiencing. Our assumption was partially right, because most of the changes in the Serbian HR system came as a request from the business unit.

“The new trends and development made us realize the new organization and opportunities for the HR. Lead the group to rethink on how to restructure HR better.”

The trends in the market lead the business unit to demand an integrated HR system with the group level company. The necessities arose because the market is becoming a globalized environment. The managers in Serbia thought it was relevant to have a more integrated system on how to source and retain talent, on how to communicate with talents and on how to communicate such changes with current employees. At the same time for more than one year and a half, Telenor has divided business units into clusters, in order to foster the communication among markets that have almost the same conditions. The clusters were created because of a need that business units had to share best practices with other business units. One of our interviewee stated that the Serbian business unit had asked for a more integrated communication with the group and other business units. We included this question in order to understand how changes in the HR system were perceived by employees in the business units and to understand if that is what triggered transformations in Serbian HR system. In conclusion, we can infer that more collaboration between the business unit and the group was caused not only by the fact that Telenor was in transformation period but also by the needs and the environment where the business units is operating.

“A lot of changes happening all the time that require to deal with your employees and to prepare them for change management. We are continuously working on educating and developing our managers, experts and other employees.”

The subsidiary level was never pressured to implement a policy 100%; the group leaves them freedom to decide on how to implement the policies. An example in the recruitment and selection

practices, last year they received a new policy. The way it was communicated looked like a strategy direction, the subsidiary needed to apply the policy in order to be in the same organization strategy. However, there was no clear direction on how to implement it and how much were they allowed to adopt the policy. In the case of the recruitment practice, Serbia implemented the new policy gradually but they did not create any adaptation. They worked very closely with communicating the practice, where previously there had been no proper system in place for recruiting. The duration of some of the steps and phases changed so that they needed to communicate the benefits of the system to their colleagues.

“We never had any type of pressure to implement 100% or 50%. The group gave us the freedom to decide how it is going to be implemented.”

When they receive a new policy or practice in the subsidiary, a business case is created and the individuals involved will analyse the cost of implementing it. The local management will make the decision based on the best possible option for the local environment. However, the Serbian subsidiary usually applies the policies as they receive it from the group level, preferring to be on the same page as the group.

“How we implement the guidelines depend on the size of the policy. We can adjust how we they can communicate the policy but not the core message of the policy”.

5.3.3 The role of culture, values, socio-economical and institutional factors

The interviewees claimed that culture did not play a major role in adapting group HR practices. What they mentioned about the culture is that it does not create a need to adapt and change practice, but it creates a need to adapt communication of the practice to the employees. This was due to the fact that there are different types of personalities and the message needs to be adapted accordingly.

“You need to take into consideration the culture of the people and you need to change communication accordingly”.

It is important to emphasize that culture affects the way the message is communicated but not the core of the message.

“When you are communicating something that it comes from the group you always have to think about the fact that there are different types of personalities that you need to adapt not the message but how you communicate the message.”

An example is the case of the new performance appraisal system. Due to their culture it is easier for Serbian employees to understand their performance if it is graded. In this case, the Serbian team is working very closely to explain the performance appraisal system but not changing the practice that will be same as what the group level suggested. Even in gender equality issues Serbian culture did not play a role. Telenor Serbia has a gender balanced subsidiary, women employees account for 56% share in the entire company.

“We don’t have any culture barriers. Our gender balance is high around 47% and for the female colleagues that are in manager and director positions and in total company is 56% women. What we want is that when we do the recruitment process or other things we want to have the same number on the shortlist candidates between female and male colleagues.”

Serbian culture has affected the company practices only in the bonus policies. In the business unit they have a local policy for bonuses based on the company target. In general, Serbian culture does not pose a threat in implementing group directed practices only on rare cases such as the bonus policy.

“We wanted to avoid the explanations on the impact of target areas. Since it can’t be measured we decided to have bonus policy on company target only.”

In contrast to what we evaluated in the cultural factors, institutional factors play a vital role for local adaptation. According to the responses we collected, it is compensation and benefit that are mostly affected by the socio-economic and institutional factors.

“Especially in the case the compensation and benefit practice. It needs to be in accordance with the law and economic environment of Serbia. Here we have full ownership on the process”.

Compensation is an important part of retaining talents in Telenor Serbia, with a need to adapt it to the market level. Most of the time compensation is higher than the market level.

With regards to the compensation practice, there was a case where the Serbian team needed to react and adapt fast to the market level so they could retain talent. Over the last three years in Serbia there has been a high demand for developers. The salary for developers doubled, leading Telenor Serbia to react fast with compensation packages and adapt to the local market needs. Moreover, compensation needs to be in accordance with the local law. The Telenor group has directed a work-day compensation system, but Serbia could not implement that practice due to local law and regulations.

Maternity leave is another example how the legislation leads Telenor Serbia to have a different policy from the group. Maternity leave in Serbia is for one year and employees giving birth to their third child, the employee have the right to a maternity leave lasting two years. The socio-economic environment is not always the same among the clusters. When the Serbian unit was opened they did not have any problems in finding frontline employees, but the Bulgarian unit did. This was due to the fact of high unemployment rate in Serbia. In conclusion the socio-economic and institutional factors play a crucial role in transferring HR practices especially in the compensation and benefit part. As we can infer, it is closely related to the economic environment and law and regulations.

5.3.3 Areas of change

After analysing the interviewees conducted in Serbia we can conclude and divide the practices into two main categories. The first one is the category of the practices that are identical to the group and the second category are the practices which need to be adapted in accordance with local market need in order to be implemented.

“We also have talent development coming from the HQ the key success, key roles that are identified here locally are enrolled in group practice of succession planning”

According to the interviewees, learning and development is one of the few practices that is totally developed at the group level and subsidiaries implement the practice as it is dictated by the group. The training and materials are available for every employee of Telenor. However, one of the interviewees stated that there is also some sort of localization in learning and development.

“The learning and development is a combination of both standardization and localization. We take what is on the group level and standardized but there are some things that are created only for Serbia when we see that we need to upskill people on certain aspects that are not required in other

business units or corporate level... let's say it is 50 /50 . We also have practice sharing that is how they function."

Another practice important to mention is recruitment. This practice now is conducted following the guidelines the HR team receives from the group.

"Recruitment model through the workday was another practise that came from HQ. It was launched last year an initiative from the group and the subsidiary because we were not satisfied with the local policy"

On the other hand, an example of practice that did not change is compensation and benefit. It is a very local practice; the HR team has to analyse closely market characteristics and to be in compliance with the law and regulations.

"Especially in the case the compensation and benefit practise. It needs to be in accordance with the law and economic environment of Serbia. Compensation and benefit we have full freedom, because the factors that are interfering make it very clear that we cannot have the same comp and ben in each country. Here you have ownership on the process".

By the way of summary, we believe that is necessary to remark how the interviewees believe that collaborating more with the group and clusters have positive impact in efficiency. They highlighted the fact that this integration came as result of their demands to have more common policies and practices to foster the communication with the group and the efficiency of Telenor Serbia.

Research question 2

5.3.4 Knowledge sharing

As we have mentioned before, technology, digitalization and the global environment helped in increasing communication between Telenor headquarters and the business units. These factors played an important factor in creating a common learning and development practice where online training and videos are available.

“It is also about; can you actually support the development of people. This is becoming even more important in the in the last couple of years because of the new digital areas. People want to educate themselves to be in line with the market needs”.

Employees needed effective and efficient material to educate themselves and stay in line with the market. Furthermore, Serbian team needed help to upskill their employees because the new trends were requiring the development of different working skills. For this issue, they have been working closely with their regional cluster. Furthermore, they work closely with the cluster in order to utilize organizational resources in the best way. Telenor Serbia benefited in having a common linkage with group where they have the opportunity to share best practices and also benefit from having access to a larger database.

“Maybe the biggest change, for my experience communication with other business units changed dramatically with the formation of clusters...before that have we had these people community headquarters online conference calls with Representatives”

Nowadays Telenor Serbia has significantly increased communication and cooperation with the Central and Eastern European cluster. Initially communication was present but to a minor degree and was supported by some communication channels such as online conference calls with the BU representatives. Today, transmission channels have increased and improved. For example, interviewees mentioned the use of Facebook, regional cluster and talent forums.

The Serbia interviewees pointed out that as the knowledge sharing is now driven by the new digital tools available, it is easier and less costly than relying on expatriates to foster knowledge sharing. The number of expatriates has in fact decreased in the Telenor Serbia.

“In the first year when Telenor bought Mobi, here there was 30 expatriates and now we have 4 of them. It is a huge drop in the last 11 years, but it is a normal way”

Chapter 6-Discussion of results and main findings

This chapter is dedicated to discussing results and main findings of the analysis of the qualitative data retrieved from interviews carried out among HR managers in Telenor Norway, Pakistan and Serbia. The two research questions that have been answered explain the level of convergence of HRM practices and the level of knowledge sharing within Telenor. Moreover, thanks to the data gathered from the different interviews conducted, we can explain the relation between HRM and knowledge sharing and, in particular, if it is the case that knowledge sharing may increase without any convergence of HRM practices.

Following this introduction, section one is dedicated on the discussion of HRM convergence and of proposition n. 1-2-3-4-5, while section two focuses on the discussion of changes with regards to knowledge sharing and of proposition 6-7. The headquarters will be used as a point of reference in order to analyse the HRM convergence and knowledge increase within the two BUs.

6.1 Discussion on HRM convergence

The following section addresses the first research question. This thesis investigates HRM convergence by focusing on the analysis of four HRM practices. In order to investigate HR and HRM practices we adopted the SIHRM model of Taylor in the adapted version of Gooderham et al (2013). Firstly, we aim to study the first proposition where the role of manager beliefs in relation to MNCs internationalization strategy is addressed.

Proposition 1:

Top management beliefs are key factors in sharing MNCs internationalization strategy. That is the degree of coherence between the top management beliefs and the MNC internationalization strategy impact on SIHRM orientation.

Our analysis supports proposition n.1: given the scarce alignment of top management beliefs within the headquarters with regards to the internationalization strategic ambitions of Telenor on HRM, it appears that the SIHRM orientation lacks in clearness and unequivocal direction. This contributes to the low convergence of HRM practices between BUs and headquarters, which has been identified in our study (subsequently investigated in more details). Within the headquarters we did not find substantial alignment among all the interviewees with regards to the ambition of Telenor to increase the level of integration of HRM practices within the group. Particularly it was pointed out how the standardization of practices across the group came as a consequence of substantial necessities rather than from strategic ambitions.

However, in our analysis we investigated the senior management beliefs for the two subsidiaries (Pakistan and Serbia). Differences emerged within the BUs in the senior management beliefs. Interviewees in Telenor Serbia underlined that the BU was one of the subsidiaries that asked for more cooperation and integration within the group as they were seeing it as an opportunity to become more efficient and to be at part with the newest trends in telecommunication industry. In other words, the Serbian senior management values being as much as possible similar to the group level and supports the ambition of more globally integrated HRM practices. However, the senior management underlined how concrete limitations exist in such process given the socio-economic and institutional context of Serbia. On the other hand, according to the data collected, Pakistani senior management appears to be more sceptical with regards to the strategic ambition of Telenor to globally integrated HRM. Pakistan is substantially different from Norway as well as from Serbia. Indeed, while we found that cultural differences are consistent in Pakistan as well as in Serbia comparing to Norway, the socio economical and institutional factors revealed to be more drastic

within the Asian BU. The family and “in-group” belongingness, the remarkable gender inequality within the country, the role played by honour and the limitations in the talent pool available represent factors that top managers labelled as factors that make infeasible to replicate numerous HRM practices as it is across the group. Therefore, in Pakistan, the desire to become more connected appears to be driven from the headquarters rather than from the subsidiary.

To conclude, given our findings, the degree of similarity of subsidiary’s and parent’s HRM systems is not only impacted by the degree of coherence between headquarters senior management beliefs and internationalization strategy, but also the degree of coherence between headquarters and subsidiaries’ senior management beliefs. Based on our conclusion we propose the following adaptation of the Taylor et al. (1996) model.

According to the literature concrete challenges exist for the convergence of HRM practices within MNCs. In particular culture, socio-economic and institutional factors significantly challenge the integration of HRM practices among the different BUs. The analysis of the collected data is summarised in table 4.

Table 4 – CHANGES IN HRM PRACTICES		
HRM Practices	Pakistan	Serbia
Recruitment and selection	Low convergence	Medium convergence
Performance appraisal	Low convergence	Medium convergence
Compensation and benefits	Low convergence. However, convergence in the behaviours that the company is rewarding	Low convergence
Learning and development	Significant convergence	Significant convergence

As Telenor has moved from a multi-domestic strategy to a more globally integrated strategy, the HRM practices do not seem to have converged significantly. The BUs continue to maintain a significant level of autonomy and local adaptability of the HRM practices. However, differences in the convergence level of HRM practices emerged when comparing Telenor Pakistan and Telenor Serbia, in particular with regards to performance appraisal and recruitment and selection where

Serbia shows greater convergence of HRM practices than Pakistan. Moreover, different levels of convergence among the HRM practices have been highlighted within the same BU.

It follows a discussion of our findings were the four propositions on HRM practices previously proposed are analysed in detail.

Proposition 2:

Recruitment and selection is a practice, which is difficult to centralize and integrate within the company due to culture and socio-economical and institutional factors.

Our analysis supports proposition n.2: the global integration of recruitment and selection across the group is significantly challenged by culture and institutional factors such as the education level of the population, the gender inequality, the role played by the “in-group” in the society. However, differences emerged in the level of convergence of recruitment and selection practices between the BUs. Socio-economical and institutional factors, rather than culture, appear to play a substantial role in explaining such difference.

In Pakistan, substantial limitations in the available talent pool were underlined and it was highlighted how the lack of certain knowledge brought the company to collaborate directly with universities in the development of specific skills. Moreover, the data collected emphasized how recruitment in Pakistan can be guided by factors such as family belongingness and how trust in the working environment is directly connected to the different relationship existent among people. Moreover, according to insights collected in Pakistan, the performance evaluation needs to be in comparison with other people rather than a report that provides recommendation for improvements. The group now wants a performance appraisal that it has a recommendation approach rather than just telling employees facts about their performance. The data collected highlighted also how maintaining the desired level of gender balance in certain positions is impossible in Pakistan, partially due to limited education and personal development of women. On the other hand, Serbia is integrating diverse activities and policies coming from the headquarters within recruitment and selection. For instance, the integrated, headquarters practice of recruitment through the workday. Moreover, the gender balance is remarkable: 56% of total employees are female and 47% of the managerial and top managerial positions are covered by females.

Proposition 3:

Cultural, socio-economical and institutional factors characteristics will affect how performance appraisal is organized in MNC's business units.

Our analysis supports proposition n.3: the global integration of performance appraisal across the group is challenged by cultural, socio-economical and institutional factors. However, differences emerged in the level of convergence of performance appraisal between the BUs. While from the data collected from the Pakistani BU the systems to measure and evaluate employee's job remain local, the Serbia BU showed a greater convergence in such practices. An example is the new performance evaluation system that substituted the traditional evaluation system based on grades.

Proposition 4:

Differences in cultural, socio economic and institutional factors would limit the integration of compensation and benefit practices.

Our analysis supports proposition n.4: the global integration of compensation and benefit across the group is significantly challenged by cultural factors such as collectivism in the society. Significant challenges emerged in the countries, which depicts low level of convergence of compensation and benefit practices within both the BUs.

Compensation and benefit remain significantly local within both the BUs driven by local laws and regulation. Telenor Serbia underlined how these practices play a crucial role in retaining talents. For instance, the high demand for developers in the last three years caused their salaries to double. Telenor Serbia had to promptly and autonomously react to such a market change. Telenor Pakistan remarked as well how laws and the economic environment in Pakistan play a crucial role in the need for the local adaptation of compensation and benefits practices. However, in Telenor Pakistan we found diverse activities that have been recently developed with the purpose of aligning behaviours towards the new strategic goal. These diverse activities included fostering innovative thinking, corporate entrepreneurship and acceptance of the failure. Moreover, through compensation and benefits, Telenor Pakistan is working on fostering a more collaborative performance rather than individual.

Proposition 5a & 5b:

Learning and development convergence is significantly limited by differences in socio-economic and institutional factors

The organization and the tools used for learning and development is significantly driven by cultural dimensions.

Our analysis does not support propositions n.5a & 5b: the degree of convergence of learning and development is significant within both the BUs and the tools used are standardized across the group.

Learning and development represents the only HRM practice where we have found significant levels of convergence in both countries. Training processes and tools have been standardized and each individual is responsible for his own learning and development. According to the interviewees limitations in this HRM practice were minor and the headquarters were clear and determined in what skills and competencies they wanted to achieve. As per our analysis we did not find a significant relationship between learning and development convergence and differences in education systems or the talent pool available. Furthermore, our data do not demonstrate that cultural dimensions are so strong as to impede standardization of the tools used for learning and development. Within Pakistan, for example, the interviewees underlined how traditionally Pakistani preferred classroom training. However, by the consistent work of HRM, Telenor Pakistan now shares the same learning and development tools common to all the BUs.

To conclude is important to underline how both Pakistan and Serbia emphasised that even if significant level of convergence has been reached within learning and development, markets have always some flexibility.

As a way of summary, even though differences emerged in the degree of convergence in HRM practices, our analysis still confirms a low overall degree of convergence. This is in agreement with the first three proposition of our thesis that cultural, socio economic and institutional factors impact the degree of convergence in HRM practices. However, we could not find significant evidence to support our fourth proposition. In contrast, we found significant convergence of learning and development practices within both Telenor Pakistan and Serbia. Moreover, the tools used to develop and enforce the employees' knowledge and skills appeared to be common between the headquarters and the BUs.

Furthermore, even if no significant convergence was been found in HRM practices, convergence has been found in the HR role within Telenor. However, this has not been part of our research and it emerged as interesting insight from our study. Substantial changes have been underlined from both the Pakistani and Serbian business units with regards to HR's role and its organizational structure. Both the Pakistani and Serbian BUs underlined how the role of HR has been changed from an administrative role to a more strategic one. Moreover, changes in the organizational structure occurred in both the BUs. However, while the interviewees in Pakistan underlined how changes in the organization and role has been driven by HR business partner model, Serbia pointed out that a

big role in this has been played by the institution of cluster. An institution that was never mentioned in the interviewees with Telenor Pakistan employees.

6.2 Discussion on knowledge sharing increase

The following section addresses the second research question. This thesis investigate knowledge sharing within MNCs by focusing on analysing whether the degree of knowledge sharing increase when a more globally integrated internationalization strategy is pursued by the firm.

It is followed by a detailed discussion of our findings, where the sixth and seventh propositions on knowledge sharing previously proposed are analysed in detail.

Proposition 6:

Transmission channels, once established, are efficient and valuable mechanisms to foster knowledge sharing within MNCs. That is to say, they are not dependent on common HRM across the MNC.

Our analysis supports propositions n.6: transmission channels are found to be efficient and valuable mechanism to foster knowledge sharing independently from the convergence of HRM. From the data collected within Telenor Norway, Pakistan and Serbia we can conclude that: 1) knowledge sharing mechanisms are emplaced in the group; and 2) knowledge sharing have been increasing significantly in the last years. The headquarters as well as the Pakistani and Serbian BUs highlighted how substantial work has been done to foster knowledge sharing between the headquarters and the Bus, as well as among the BUs. Nevertheless, the interviewees pointed out how a more significant level of knowledge sharing exist between headquarters and BUs rather than among BUs. Clusters have been implemented on a regional base to foster the sharing of best practices and the communication. Four main clusters were developed: the Scandinavian cluster; the emerging Asian cluster; the mature Asia; and the Central European cluster. The data collected highlighted how a more substantial degree of knowledge sharing exist among BUs that belong to the same cluster. For instance, the Pakistani BU underlined how often they have been in contact with Telenor Bangladesh for the purpose of exchanging best practices on different areas such as ensuring diversity and inclusion.

The institution of clusters together with other mechanisms and platforms mentioned during the interviews can be identified as transmission channels. For instance, the information system workday was implemented and mandated across all the BUs in 2012. Another example is the use of Facebook at work as a platform where communities have been made on different topics and

knowledge sharing has been facilitated. Similarly, Pakistan and Malaysia collaborated on the implementation of an internet application that provides employees information on themselves, their employment and the office facilities and that subsequently become a global practice. Together with these, we identified different transmission channels (as presented in table 5) that are facilitating knowledge sharing within Telenor. According to our findings, the institution of a diverse set of transmission channels is facilitating and enhancing the knowledge sharing within the group. This was particularly emphasized in Pakistan where diverse examples of successful knowledge sharing have been provided. Apart from the above-mentioned transmission channels, the institution of a global team that was in charge of working on global assignments was presented and highlighted as a successful mechanism to enhance knowledge sharing, particularly between headquarters and the subsidiaries.

To conclude, knowledge sharing is enhanced by the presence and improvement of transmission channels independent of convergence of HRM practices.

Table 5 – EXAMPLE OF TRASMISSION CHANNELS
Transmission channels
Knowledge management information system (KMIS)
Facebook at work
Talent forums
Internet application
Global team
Regional clusters

Preposition 7:

Expatriates are enhancer of knowledge sharing and their strategic role has not changed among the years.

The Pakistani and Serbian BUs have mentioned expatriates as a common knowledge sharing mechanism over in the past years but that has been now decreasing. New innovative tools have substituted the high number of expatriates previously present within Telenor. For instance, Serbian interviewees pointed out that the number of expatriates had decreased from 30 to 4 over the last

years. As remarked by both the BUs, new transmissions channels such as talent forums or the institution of global teams represent a cheaper and easier way to share knowledge and best practices within the group. The significant decrease of the number of expatriates justifies the fact that the practices was not mentioned by the headquarters as a mechanism to foster knowledge sharing. Moreover, given the low number of people to who such role is accessible, this does not appear to be the most efficient transmission channel. Therefore, we can conclude that expatriates no longer represents a key transmission channel in pursuing the goal of increasing knowledge sharing within the company and that the above presented transmission channels represent more efficient and cheaper alternatives to enhance knowledge sharing within the organization.

Chapter 7 – Conclusions and limitations

7.1 Theoretical Implications

The purpose of this thesis was to investigate: 1) to what extent HRM practices have converged; and 2) to what extent knowledge sharing has increased in Telenor, as the company has moved from a multi-domestic strategy to a more globally integrated strategy. Our case indicated that at the HR function-level, multi-domestic MNCs are significantly challenged to achieve global integration. However, the degree of knowledge sharing increased within Telenor, pointing out that higher level of knowledge sharing within MNCs is still possible to achieve when HRM practices do not converge within the group.

The theoretical framework of our work is represented by three main models. Firstly, we analysed the internationalization strategy of Telenor, adopting the model proposed by Gooderham P. et al (2013). Given our findings, and in agreement with Kostova et al. (2016), changes in the internationalization strategy can be significantly limited by the MNC's internationalization history. That is, according to our study of Telenor, multi-domestic companies are significantly challenged in their attempt to become more globally integrated. Particularly, we saw how the loss of autonomy and power need to be justified and clearly explained by the HQ to the BUs. This is in agreement with Kostova et al (2016), who state that multi-domestic firms are likely to develop a strong institutional logic of self-interest. In our work we focused on analysing the shift from a multi-domestic strategy to a transnational one. According to the theory, some products and process will remain local while others will stay centralized (Bartlett and Ghoshal's, 1987, 1989). Elter F. et al (2014) argue that purchasing is the most obvious function to global integrate because of the more apparent cost savings. However, we did not find further literature arguing what process an MNC is likely to centralize and what are instead more probable to remain local in the transition period. In an attempt to contribute to the literature, and given the strategic role that the function has been covering in the last years, our focus is on the HR function and on HRM practices. Moreover, given the role that Bartlett and Ghoshal's, (1987, 1989) assign to knowledge sharing in driving MNCs to a transnational international strategy and the findings of Gooderham P. et al (2016) within Telenor, we investigated if the degree of knowledge sharing within Telenor has been increasing over the last years. Two main models have been used as frameworks for the analysis. In order to investigate HR and HRM practices we adopted the SIHRM model of Taylor in the adapted version of Gooderham et al (2013). However, the analysis of the collected data suggest that managers' beliefs not only directly affect the parent orientation, but also affect the internationalization strategy pursued. In

other words, the degree of local responsiveness and global integration is also shaped by managers' beliefs. In order to investigate the degree of knowledge sharing, the model proposed by Gooderham 2007 was used as framework. Particularly, we focused on management-initiated practices. We categorized those practices in HRM practices (socialization mechanism and motivational mechanism) and in alternative practices (transmission channels). Gooderham P. et al (2013) argue that it's the combination of the different management-initiated practices the key to knowledge sharing. Our case study focuses on the impact of transmission channels on knowledge sharing and shows that such alternative practice can increase knowledge share level even when not supported by a convergence in the HRM practices within the BUs.

7.2 Managerial implications

In this section we will explain how our findings may be relevant to managers, not only in Telenor but also for other MNCs. In regard to HRM convergence, we found evidence that even though Telenor is shifting into a more global and integrated strategy, HRM was not affected that much. Cultural, socio-economic and institutional factors impact the degree of convergence for HRM practices. However, our analysis found that socio-economical and institutional factors represent a more powerful limitation in the global integration of HRM within MNCs. The greatest changes were observed in learning and development. This indicates that limitations in HRM practices' convergence can be more significant in certain HRM practices. Therefore, the ambition of greater integration within HRM should be guided by managers' awareness of the cultural, socio-economic and institutional challenges and should lead to a gradual process of integration. In other words, it is unlikely that a total convergence will be reached simultaneously in all the HRM practices, given the diverse degree of factors affecting them. It is important for managers to thoroughly understand a BU's home country context, to allow adaptation when it is necessary but at the same time to keep the general culture and goals of the company. In cases where full convergence is not possible, the management teams can provide guidelines and general policies to take into consideration for HRM practices. In recruitment and selection, for instance, Telenor Serbia followed the guidance and policies that suggested at the group level with regards to the number of interviews needed to be held, the steps and gender balance proportion. Furthermore, MNCs have to ensure that senior management beliefs are in line with the international strategy goal. In this way managers, would avoid blurred communication.

In the last part of our discussion, we concluded that knowledge sharing improved with the presence of transmission channels independent of the convergence of HRM practices. Managers should

acknowledge the fact that transmission channels are a powerful tool to use for knowledge sharing and facilitating the installation of such tools within the organization. Mechanisms to facilitate communications are needed in order to have future development in core competences and to build or foster competitive advantage. Furthermore, managers should acknowledge how technology offers significant room for improvement of knowledge sharing by installing updated transmission channels such as platforms or apps.

In conclusion, given our findings, it appears that managers who aim to foster knowledge sharing within the company can do so by developing and investing in transmission channels, regardless of the convergence of HRM practices. However, it is fundamental to assess the role of reputational capital for MNCs. Telenor is a Norwegian company where the government of Norway is the major shareholder. The government's ownership lay down clear expectations with respect to sector-independent companies. Therefore, the board of directors is expected to take into consideration certain matters in their deliberations such as health, safety and the working environment (HSE), ethics and gender equality (Norwegian Ministry of Trade and Industry, 2008). Over the last years Telenor has continued to build its stance on gender balance and diversity through its commitment to UN Sustainable Development Goal #10 (Telenor Sustainability Report, 2017). Gender balance and diversity standards and policies play a crucial role and contribute to determine Telenor reputational capital. In our study we have found differences in the level of female representation in senior managerial position. While Norway and Serbia appear to have similar percentage of men and women in senior managerial positions, Pakistan has still to improve significantly with regards to gender equality. Therefore, even if we have found the enhancement of knowledge sharing without any convergence of HRM practices, such convergence is a matter of legitimacy. Managers should therefore not only consider the business reasons behind the centralization of HRM but also should work towards ensuring legitimacy. Telenor has been a progressive company in Asia and should keep being a driver of progress with regards to this matter.

7.3 Limitations and agenda for future research

The thesis was based on data provided by Telenor. Although, the data and insights collected from the interviews are very relevant and useful in understanding the issue, the sample is relatively small to be applied in a broader concept. Indeed, conducting a single case study and having a limited number of interviewees does not allow the unequivocal conclusion that the results would apply to other companies. Therefore, there is still room for improvement by researching further on the issue. Firstly, the research could be broadened to different sectors or companies. Secondly, in certain

cases we were able to collect limited evidence as in the case of proposition n.3 on performance appraisal. Therefore, this leaves room for further investigation on how cultural, socio-economical and institutional factors affect how performance appraisal is organized in an MNC's business units.

Furthermore, further research might be conducted to investigate if and how the low level of convergence of HRM limits the strategic application of knowledge sharing within the organization. In other words, it might be possible that even if the level of knowledge sharing is increased independently from the HRM convergence, the strategic exploitation of such knowledge is limited by the non-standardized practices among the BUs.

In order to get a clear picture on how the situation had changed over the years, the ideal scenario was to interview people that worked for the organization for more than ten years. However, this was not always the case and might have limited the comparison between present and past situation. Moreover, the number of people that we interviewed in the subsidiaries and the headquarters represents a limitation. In Pakistan, we interviewed six people while in Serbia and Oslo; we only had the opportunity to interview three people respectively. In order to investigate the research questions within two different geographical markets in our analysis, we studied an Asian and an eastern European BU. However, it would be interesting to see, in future studies, whether the findings would apply to different BUs in Europe or Asia.

Another limitation that was faced during the thesis was the language barrier. Interviews were conducted online, and sometimes different accents might have affected the comprehension of details within sentences. Moreover, there were some quite interesting articles about Serbian culture in the Slavic language that might have contributed in the analysis of cultural, socio-economic and institutional factors affecting HRM practices. However, we managed to get a deep understanding of their culture thanks to the in-depth interviewees conducted with Serbian employees and by translating some of the material.

Reputational capital is an area that we encountered in our thesis, but we believe that there is still room for improvement in this topic. It was not our primary research goal to cover this topic and we can therefore conclude that our resources were focused on different aspects of the HRM convergence and knowledge sharing. However, we acknowledge the importance and the significant implications that it has for an MNC. That is why; there is still room for further detailed research.

In conclusion, despite the limitations, we believe this thesis offer interesting insights in the field of internationalization and MNCs. It has been perhaps a first attempt to understand how and if HR is a

function that is likely to be centralized when moving from a multi-domestic to a transnational internationalization strategy. The research was strengthened by the fact that we studied one of the biggest telecommunication MNCs worldwide and that BUs within different geographical markets were analysed together with the headquarters. Based on the above discussion we believe that this research is a first step towards substantially contributing to the internationalization literature. Future studies, backed by much deeper and richer empirical data, can further build on our research and contribute to the creation of strategic insights for MNCs.

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