



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Project in International Business and Trade

Transfer of Organizational Practices

The influence of institutional environments and individual agents

Filip Sjöstrand and Carl Borgwing

Supervisor: Ramsin Yakob
Master Degree Project No. 2016:4
Graduate School

Abstract

This study contributes to the understanding of the headquarters (HQ) - subsidiary relationship by investigating the transfer of organizational practices, employing an institutional perspective. In institutional theory, it is recognized that how practices are transferred and adopted will be affected by the institutional environments where the HQ and its subsidiaries are located. By adhering to recent developments within institutional theory, this study examines the role and mindset of individual agents in the transfer of organizational practices across different institutional environments. To accomplish this interest, a multiple case study investigating the transfer of four organizational practices from the HQ to three different institutional environments is presented. This study found evidence of the existence of certain agents, who were especially influential in the transfer process. Depending on the perceptions and motivations of such agents, they could both act as facilitators, and be potential gatekeepers, to the transfer of the practices. Evidence was also found to confirm that the regulatory, normative and cognitive pillars of the local institutional environment affected how the practices were perceived and how they were adopted.

Key words: transfer of organizational practices, multinational corporation (MNC), headquarters (HQ) - subsidiary relationship, institutional environment, individual agency, influential agents.

Acknowledgements

There many people we would like to extend our gratitude to for giving support throughout this thesis project, and without your contribution, this would not have been possible. Though, it is not possible to mention everyone that have been part of the process, there are some that have been particularly influential who deserves a special note. First, we would like to thank GreenCarrier and all the people that we have interviewed. We would like to direct a special thank you to Svante Johansson, who has had a positive attitude and made it all possible. Additionally, we would like to thank Torgeir Mauritzen, Arkadiusz Prejna and Heather Yang for your contributions and your hospitality during our visits. We would also like to thank Johan Jakobsson, for your insights and for keeping an open door. Last, we would like to extend our gratitude to our supervisor, Ramsin Yakob, for pushing us, keeping us on track and for your invaluable insights from the beginning to the very end.

Gothenburg, June *2nd*, 2016

Carl Borgwing

Filip Sjöstrand

List of Abbreviations

CFO	Chief Financial Officer
HQ	Headquarters
MD	Managing Director
MNC	Multinational Corporation

Table of Contents

Abstract	i
Acknowledgements.....	ii
List of Abbreviations	iii
1. Introduction	1
1.1 Background.....	1
1.2 Problem Discussion	2
1.3 Purpose and Research Question.....	4
1.4 Delimitations.....	5
1.5 Disposition	5
2. Theory Section	7
2.1 Literature Review - Transfer of Organizational Practices.....	7
2.1.1 The Process of Transferring Practices	8
2.1.2 Transfer of Practices across Borders	9
2.1.3 Communication and Boundary Spanners.....	10
2.2 Theoretical Framework	11
2.2.1 The MNC's Institutional Environment	11
2.2.2 The Intra-Organizational Environment and the Local Environment.....	12
2.2.3 Practice Adoption and Adaptation	13
2.2.4 Two Streams of Research in Institutional Theory.....	14
2.2.5 Contemporary Application of Isomorphism.....	16
2.2.6 Agency and Power in Institutional Theory	17
2.2.7 Readdressing the Research Gap	18
3. Methodology	19
3.1 Research Approach.....	19
3.2 Research Design.....	20
3.3 Case Selection	21
3.4 Data Collection and Interview Design	22
3.4.1 Interviewee selection	23
3.4.2 Interview Process	25
3.5 Data Analysis.....	25
3.6 Qualitative Assessment.....	26
3.7 Ethical Considerations.....	28
4. Empirical Findings	29
4.1 Company Presentation	29
4.1.1 Initiation	30

4.1.2 Communication.....	31
4.1.3 Implementation	32
4.2 Oslo - Norway.....	33
4.2.1 The Local Environment	33
4.2.2 Communication and Decision-Making.....	34
4.2.3 Implementation	35
4.2.4 Integration	35
4.3 Warsaw - Poland.....	38
4.3.1 The Local Environment	38
4.3.2 Communication and Decision-Making.....	38
4.3.3 Implementation	40
4.3.4 Integration	40
4.4 Shanghai - China	43
4.4.1 The Local Environment	43
4.4.2 Communication and Decision-Making.....	45
4.4.3 Implementation	46
4.4.4 Integration	46
5. Analysis.....	50
5.1 Initiation	50
5.2 Local Institutional Environment	51
5.2.1 Regulatory Influence.....	51
5.2.2 Normative Influence	52
5.2.3 Cognitive Influence.....	52
5.3 Implementation.....	53
5.3.1 Differences in Implementation	55
5.4 Integration	56
5.4.1 Influence from the Institutional Environment and the Role of Influential Agents.....	58
6. Conclusion	61
6.1 Findings and Theoretical Contribution.....	61
6.2 Managerial Implications	63
6.3 Recommendations for Future Research.....	63
7. References	65
Appendix.....	71
Interview Guide	71

1. Introduction



In this chapter, an introduction to the research area will be presented, followed by a description of the problem area. After this, the purpose and the research question are stated, ending with the study's delimitations.

1.1 Background

The importance of understanding the relationship between the headquarters (HQ) and its subsidiaries has for long been recognized as a central issue in research on the multinational corporation (MNC) (Nohria and Ghoshal, 1994). Perhaps the popularity of the topic can be explained by the complex nature of the relationship, where there are forces that constantly create pressure between HQ and its subsidiaries. Since the MNC has undergone a rapid evolution during the last few decades, research does not have a full picture on how to manage it (Ciabuschi, Dellestrand and Holm 2012). Still, the body of knowledge concerning the relationship between HQ and its subsidiaries is vast. One stream of research has focused on issues regarding the role of HQ in the MNC, how the subsidiary can be coordinated and controlled, and the power relation between the two (Nohria and Ghoshal 1994; Andersson, Forsgren and Holm 2007; Bouquet and Birkinshaw 2008a; Alfoldi, Clegg and McGaughey 2012; Ciabuschi et al., 2012). Another stream of research has focused more on how to alter the relationship in order to foster development within the MNC; on innovation, knowledge creation and knowledge transfer (Foss and Pedersen 2002; Kostova and Roth 2002; Björkman, Barner-Rasmussen and Li 2004; Jensen and Szulanski 2004; Fong Boh, Nguyen and Xu, 2013). Some scholars have even argued that the ability to transfer knowledge is the very reason to why MNCs become successful (Kogut and Zander 1992; Grant, 1996).

One activity that has the potential to both transfer knowledge and increase coordination within the MNC is the transfer of organizational practices (Edwards, 2004; Szulanski, 1996, Kostova 1999). Transfer of organizational practices are, in essence, a dyadic exchange of organizational functions, or organizational routines, between a source and a recipient (Szulanski, 1996; Kostova 1999). The transfer of practices is a potential source of enhanced efficiency and is imperative for coordination within the MNC network (ibid). Transfer of practices enables

utilization of organizational capabilities worldwide (Kostova, 1999), which is an important source of an MNC's competitive advantage (Kogut and Zander, 1992; Grant, 1996), and is particularly important in today's increasingly global and interconnected world (Friedman, 2006). On the other hand, national states, local regulations and individuals still play an important role (Dicken, 2015). For the transfer of organizational practices, it is particularly important to take the complex regulatory, normative and cognitive institutional components into consideration (Kostova, 1999). Unravelling this complexity, would unlock one of the key components to what makes an MNC successful.

1.2 Problem Discussion

During the last few decades, there has been a shift from describing the MNC as a strictly hierarchical entity, towards describing it more as a network structure, where flows of knowledge permeates through the entire MNC (Foss and Pedersen, 2002; Andersson et al., 2007; Bouquet and Birkinshaw, 2008b; Foss, Foss and Nell, 2012). This shift has contributed to the discourse by shedding new light on the complexity of the HQ-subsiary relationship in the contemporary MNC, which has also had implications for the transfer of organizational practices (Hoenen and Kostova, 2015). Since exchanging practices within the MNC network improves the organizational knowledge, enhances efficiency, and is a key tool for sharing core competencies throughout the entire network, it is crucial to ensure that such transfers are executed successfully. It might seem trivial to transfer a practice that is already well established within one part of the organization to another. However, in reality, this might prove to be a daunting task (Szulanski, 1996; Kostova, 1999; Edwards, 2004; Michailova and Mustaffa, 2012).

There are two main problems that emerges for MNCs when the transfer is not successful. One is that the subsidiary is not complying with the new practice and is thus not acting in accordance with the best interest of the HQ. The second problem being high transferring costs; that a lot of resources, mostly in the form of additional time and effort spent, both at the HQ and in the subsidiary. These two problems might have several organizational roots, however, they can be summarized as either communicative or motivational issues. Motivational issues usually arises from a perceived incongruence between the strategic agenda of the subsidiary, and the one of the HQ, or that the practice is not fully applicable at the subsidiary (Szulanski, 1996; Kostova and Roth, 2002). Communicative issues can be compartmentalized into misunderstandings

between entities and insufficient communication channels (Arrow, 1969; Szulanski, 1996; Gupta and Govindarajan, 2000; Schotter and Beamish, 2011). According to Drogendijk and Holm (2012) and Fong Boh et al., (2013), both communicative and motivational types of issues are especially likely to emerge when the parties involved do not share common beliefs, perceptions and assumptions. These beliefs, perceptions and assumptions, in turn, resides within the individual, but are to large extent influenced by the institutional environment in which a transfer is taking place (Edwards 2004).

Undoubtedly, transfer of practices within the MNC is a complex endeavor where there is a need for a wide understanding of the phenomenon. Therefore, institutional theory, which incorporates a wide array of different aspects can provide a suitable base for understanding these issues. Applying institutional theory to the study of MNCs allows for multiple levels of analysis, which is essential for MNC research (Scott, 2001: Ch. 1; Kostova, Roth and Dacin, 2008). Institutional theory concerns the regulatory, normative and cognitive factors, which can both encourage and constrain individuals' behavior. The institutional environment in which practices are transferred, have previously been found to have a strong impact on the transfer process (Kostova, 1999). A cornerstone of the institutional perspective has been that organizations that operate in the same environment, will employ similar practices and in turn become "isomorphic" with each other (DiMaggio & Powell, 1983). For an MNC operating in a multitude of institutional environments, organizational practices are usually different and varying from country to country, since regulatory, normative and cognitive elements tend to be dissimilar between countries (Gooderham, Nordhaug and Ringdal, 1999). However, not all individuals, or organizations, respond similarly to institutional pressure (Oliver, 1991), and when transferring an organizational practice, some individuals might try to resist and impede the transfer (Kostova and Roth, 2002; Ferner, Edwards and Tempel 2012; Hoenen and Kostova, 2015). In addition, some of the studies employing the institutional perspective have theorized that in addition to isomorphism, individual agents can have a role in shaping both the corporate and intra-subsiary institutional environment, which in turn, can affect the transfer both positively and negatively (Oliver, 1991; Hirsch and Lounsbury, 1997; Kostova and Roth, 2002, Ferner et al., 2012; Hoenen and Kostova, 2015). However, this is something that has been largely overlooked during the last two decades. Therefore, there is a gap in the literature where there is a need for a more thorough understanding of how this interplay between individual

agents and institutions affect the transfer of organizational practices (Hoenen and Kostova, 2015; Kostova, Marano and Tallman, 2016).

The phenomenon of transferring organizational practices within the MNC certainly has evoked a lot of interest in the literature, and many scholars have hitherto put strenuous effort into uncovering factors that affect the transfer process. However, there is still a lack of understanding of how agents and institutions simultaneously affect transfers of organizational practices. Therefore, there is a need for a deeper contextualization in order to tap the mindset of the individuals operating in these different institutional environments, and unravel how they simultaneously affect the transfer process (Oliver, 1991; Hirsch and Lounsbury, 1997; Kostova and Roth, 2002; Hoenen and Kostova, 2015; Kostova et al., 2016).

1.3 Purpose and Research Question

The purpose of this study is to examine the role and mindset of individual agents in the transfer of organizational practices across different institutional environments, which will contribute to the understanding of the HQ-subsidary relationship. To accomplish this interest, a comprehensive understanding of the individual agents acting in different institutional environments is imperative. Therefore, a multiple case study will be conducted, investigating how a large Swedish MNC within the transport industry, transfer practices from the HQ to three of its foreign subsidiaries, active in different institutional environments. With this in mind, the following research question has been formulated:

How do institutional environments and individual agents simultaneously affect the transfer of organizational practices within the MNC network?

1.4 Delimitations

During the thesis research process several delimitations were made. *First*, this thesis has focused on one single multinational firm, where transfers of organizational practices have been investigated by collecting the primary data from the Swedish HQ in Gothenburg, and from three of its subsidiaries in Norway, Poland and China. Due to time constraints it was deemed impractical to conduct research on all of the company's 14 subsidiaries. Therefore, only three subsidiaries that were of special interest were chosen to be able to attain the necessary contextualization. *Second*, cultural differences that were taken into consideration were only identified through the interviews and by being on site. The advantage of this approach was that focus was put towards the cultures and individual differences in cognition that had developed within the MNC itself and within its different subsidiaries. However, the interviewees' description of their national cultural environment were also taken into consideration. *Last*, this thesis studied how practices were transferred through an institutional perspective. However, one should note that transfer of practices could also be studied by employing different perspectives, such as organizational, cultural, knowledge-based and so forth. The institutional perspective was chosen since it was considered suitable for studying intra-MNC transfers, which took place in different institutional settings. Also, the institutional perspective was broad, and not alien to borrow useful concepts from other perspectives which was advantageous for building a broad picture of the issue.

1.5 Disposition

The thesis is outlined into six chapters including the first chapter, *Introduction*. The disposition is structured in the following manner:

Theory Section

This chapter intends to cover the previous research about transfer of organizational practices. It presents an overview of the most general literature about the research area. The chapter thereafter continues with a theoretical framework which treats the transfer of practices phenomenon through an institutional perspective. Here, a theoretical discussion regarding recent developments within institutional theory is presented, as well as its implications for the transfer of organizational practices.

Methodology

This chapter outlines the methodological approach that this thesis take in conducting the multiple case study. It thoroughly describes the techniques used in gathering and managing the empirical data.

Empirical Findings

This chapter presents the results collected through interviews and observations, conducted at the thesis' case company; GreenCarrier. The chapter first presents the gathered empirical data at the HQ and thereafter, presents the results from GreenCarrier's three subsidiaries, outlined in three separate cases.

Analysis

This chapter presents both a within-case, and a cross-case analysis of the different cases, where the theory presented in theory section is applied to the empirical findings.

Conclusion

This chapter outlines the thesis' findings, theoretical contributions and an answer to the research question. In addition, the chapter discuss managerial implications and presents suggestions for future research.

Figure 1: Model of the Thesis Disposition



Source: Authors' own.

2. Theory Section



This section intends to provide an overview of previous research conducted in the field of transfer of practices in international business. In order to provide a greater understanding of the subject, the chapter begins by looking deeper into the wider perspective on transfer of practices. This is followed by looking at transfer of practices through an institutional perspective where recent developments within institutional theory and its implication for transfer of practices are discussed.

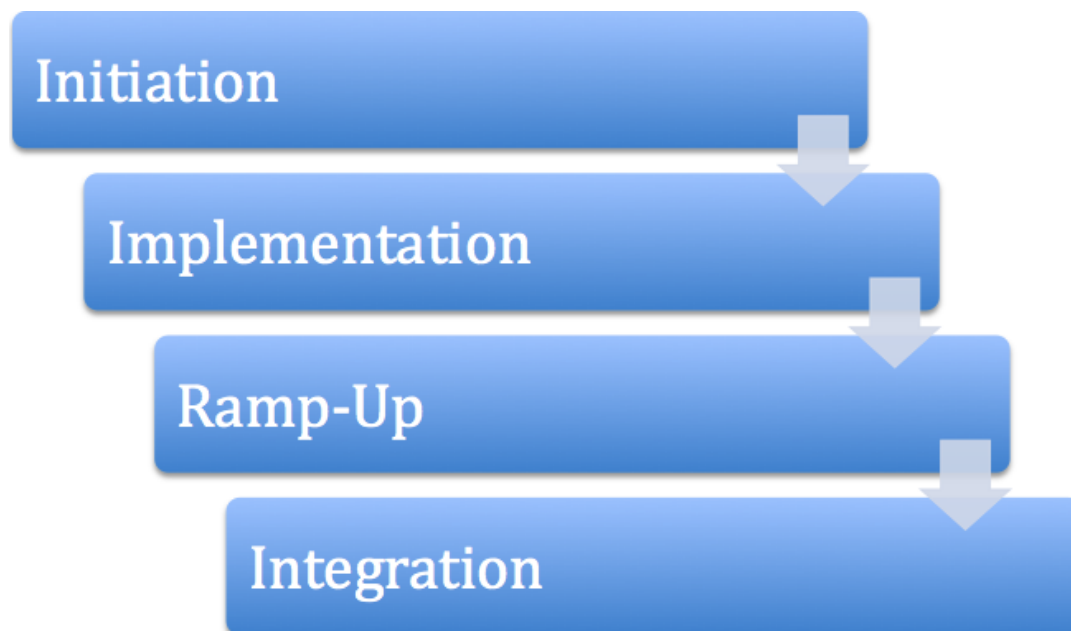
2.1 Literature Review - Transfer of Organizational Practices

Organizational practice refers to the routine use of knowledge. Cumulatively, an organization's practices constitute the shared knowledge and competence of the organization (Kostova, 1999). Organizational practices can be defined as “*particular ways of conducting organizational functions that have evolved over time under the influence of an organization's history, people, interests, and actions, that have become institutionalized in the organization*” (Kostova, 1999: p. 309). They can be explicitly outlined in written form, but often has tacit components. These tacit components are embedded partly in individual skills and partly in collaborative social arrangements (Szulanski, 1996). Successively, the transfer of a practice is a dyadic exchange of organizational functions, or organizational routines, between a source and a recipient. These practices has a set of written, or unwritten rules that can be exactly, or partially replicated, so that a different but similar set of resources are coordinated in a similar way (Szulanski, 1996; Kostova, 1999). Similarly, Edwards (2004) describes it as acknowledging expertise developed in one setting, packaging it into a practice which is then transferred to another intra-MNC setting. Thus, the transfer of a practice is essentially an attempt to recreate knowledge and organizational behavior in another part of the organization. The nature of practices can vary widely. Some are narrow in scope, referring to specific tasks within a functional area, e.g., a firm's practices for employee evaluation. Others are broader, including larger tasks spanning across multiple functions, e.g., total quality management (Kostova, 1999).

2.1.1 The Process of Transferring Practices

According to Szulanski (1996), there are four stages to the process of transferring a practice. The first is the initiation stage, which involves the events that led up to the decision to transfer a practice. After both the need and the knowledge to meet that need coexist within the organization, the actual transfer can be initiated. Second is the implementation stage, where resources flow between the source and the recipient. Social ties specific to the transfer are established and the practice itself is often adapted to fit the needs of the recipient to preempt possible problems that has been identified (*ibid.*). The existence of social ties between the HQ and the subsidiary will most likely decrease the transferring costs and facilitate implementation of the practice at the recipient (Björkman and Lervik, 2007). According to Szulanski (1996), the third stage, ramp-up, begins when the recipient starts using the transferred practice. During this stage, the recipient will predominantly be occupied with resolving unexpected problems. The recipient is likely to use the new practice ineffectively, but to gradually ramp-up and improve its performance. The fourth and last stage is integration, where the use of the practice gradually becomes routinized. Albeit, some authors make a distinction between the actual organizational integration and the internalization of the practice (Kostova and Roth, 2002; Björkman and Lervik, 2007). Here, integration concerns to what extent the practice is linked up to the existing functions in the subsidiary (Björkman and Lervik, 2007). Internalization, on the other hand, concerns whether a shared meaning to the practice is developed, and whether the practice has become institutionalized and part of the presumed reality of the organization. Thus, internalization is a concept that describes the level of institutionalization of a practice that has been transferred within the subsidiary. Internalization makes the behavior related to the practice understandable and predictable. If the practice is internalized, the subsidiary employees will see the value of the practice and become committed to it (Kostova and Roth, 2002; Björkman and Lervik, 2007). Moreover, shared meanings and acceptance of decisions are more likely to be transferred to the subsidiary if the subsidiary managers have been involved in the early initiation process (Björkman and Lervik, 2007). Furthermore, in the study conducted by Kostova and Roth (2002), the transfer of quality management practices from a large U.S. MNC was studied focusing on subsidiaries in ten countries in Europe, Asia and North and South America. The result indicated that high levels of internalization are unlikely to exist without the transfer being properly implemented in the first place. Thus, proper implementation should be seen as a prerequisite for the integration and internalization of the transferred practice (Kostova and Roth, 2002).

Figure 2: The Transfer Process



Source: Authors' own, based on Szulanski (1996)

Moreover, the entire process, from initiation to until it becomes integrated at the recipient unit, will inevitably result in transfer costs. If there is resistance at the receiving unit or that the transferred practice is not used to its full extent, the process of transferring practices might result in even higher resource costs for the MNC (Teece, 1981; Persson, 2006). Hansen, Mors, and Løvås, (2005) further state that reasons to why the costs are intensified are largely due to the extended amount of time and effort spent at HQ counteracting this resistance.

2.1.2 Transfer of Practices across Borders

In a study by Gooderham et al., (1999), it was found that due to varying regulative and political conditions, and cultural differences between countries, MNCs are likely to implement different organizational practices in order to tailor the practices to the specific environment. When transferring practices across borders, cognitive processes of imitation dominant in each country, are seen as important factors that can shape organizational practices (ibid.). Imitation, or isomorphism, in turn, is a result of the cognitive processes that emerge by adopting a common perception of a situation that stems from the importance of achieving legitimacy (Scott, 2001, Ch. 3). Thus, when transferring organizational practices from HQ to a subsidiary, it is likely that they will not be designed in a way that will be considered legitimate at the local subsidiary.

According to Edwards (2004), if the practice is believed to alter the culture developed at the national level where the subsidiary is active, the practice is more likely to face resistance. In addition, even if countries have similar cultures, and are geographically closely located, cross-national practice adoptions might vary significantly. With this in mind, it has been found that it is not only the cultural distance that might explain the variations of practice adoption, but also that certain specific cultural characteristics, can determine whether a practice will transfer with ease or not (O'Dell and Grayson, 1998; Kostova, 1999; Drogendijk and Holm, 2012). For example, organizational cultures that does not promote learning and change (Kostova, 1999), or cultures valuing personal expertise rather than knowledge sharing (O'Dell and Grayson, 1998), are both cultural factors constraining the transfer of an organizational practice.

Another factor that has been found to create variations in cross-national practice adoption is power structures (Gooderham et al., 1999). Acknowledging that there has been a transformation in the contemporary MNC, from being a hierarchical entity into a more networked structure, where power not necessarily resides solely at the HQ, the subsidiary's ability to gain influence has, in most cases increased (Andersson et al., 2007; Bouquet and Birkinshaw, 2008b; Ambos, Andersson and Birkinshaw, 2010). Therefore, subsidiaries are not necessarily restrained to HQ policies. Sometimes, foreign subsidiaries have their own power to influence the transfer of an organizational practice (Ferner et al., 2012). According to Oliver (1991), the power capabilities now circulates within different levels of the organization as well down to individuals, which in turn, can create various pressures to the transferred practice.

2.1.3 Communication and Boundary Spanners

Multinational operations stemming across the globe requires great communication between HQ and its foreign subsidiaries (Bartlett and Ghoshal, 1987), and when transferring organizational practices, the need for effective communication is even further intensified (Szulanski, 1996; Schotter and Beamish, 2011). In order to accomplish an effective communication, it is important to minimize unclear directives from the HQ, to increase the subsidiaries' understanding of the content and its strategic importance for the MNC network (ibid.). Although, having effective communication is difficult in the MNC, especially when there is a large physical distance between HQ and subsidiary, constraining the natural transmission channels necessary for efficient transfer of practices (Arrow 1969). Gupta and Govindarajan (2000) argues that in the MNC, much attention needs to be directed towards to the quality of

the intra-MNC transmission channels. However, maintenance of such transmission channels are costly. In fact, channeling knowledge between the HQ and its subsidiaries inevitably result in transferring costs, and with regard to cross-border knowledge transfers, Teece (1981) found the resource costs to be nontrivial. Moreover, Hansen et al., (2005) found that when a subsidiary is reluctant to receive knowledge, the time and effort increases from the HQ side, which in turn even further increases the transferring cost.

In addition to transmission channels, effective communication can be difficult to maintain due to the possible difference in perception between the individuals at HQ and in the subsidiary due to their institutional differences (Edwards, 2004). In the article of Schotter and Beamish (2011), an iterative qualitative study was conducted where utilizing boundary spanners, most commonly in the form of expatriates, was argued to be useful when there is a difference in perception between the HQ and the subsidiary. Boundary spanners are, in essence, individuals who facilitate relationships between different organizational entities across dissimilar contexts (Friedman and Podolny, 1992; Mudambi and Swift, 2009). Boundary spanners can act as mediators, creating a linkages between different entities, which facilitates the understanding of this difference in perception. When understanding these differences in perception, the boundary spanners may influence the problematic issue between the entities and thus decrease the differences in perception to achieve a higher level of organizational effectiveness. The boundary spanning roles are usually taken on by sales representatives, R&D managers and human resource managers (Schotter and Beamish, 2011).

2.2 Theoretical Framework

2.2.1 The MNC's Institutional Environment

Institutions are social structures that have attained a high degree of resilience and have become part of the taken for granted reality. They can operate at multiple levels and can influence everything from the global, to localized interpersonal relationships (Scott, 2001: Ch. 3). They are inherently difficult to grasp and explicate, just because they tap the taken for granted parts of human action (Zucker, 1987), but essentially, institutions are the more enduring features of social life (Giddens, 1984). They tend to be maintained and reproduced, and they can be transmitted across generations (Zucker, 1977). Institutions have the capacity to control behavior by imposing, legal, moral, and cultural boundaries by having the supremacy to define

legitimate, and illegitimate behavior. There are three types of boundaries, which constitutes the three pillars of institutional theory. These are the regulatory, normative and cultural-cognitive pillars, which are used to explain social phenomena (Scott, 2001: Ch. 3).

For an organization, it is recognized that it needs more than material resources and technical expertise if they are to thrive in their social environments; it also needs legitimacy. To achieve legitimacy, an organization needs to behave in a desirable, proper, or appropriate way to conform to regulations, social norms, values and beliefs (Scott, 2001: Ch. 3). For the MNC, this becomes even more complex since it has to gain legitimacy in different contexts simultaneously. When transferring practices, subsidiaries within an MNC are dually exposed where they are not only affected by the institutional environment in the host country, but also to the institutional environment within the MNC itself, and therefore, needs to act isomorphic to both these institutional environments simultaneously. This dilemma that subsidiaries are confronted with is recognized as “institutional duality” (Rosenzweig and Nohria, 1994; Kostova and Zaheer, 1999; Kostova and Roth, 2002). Hence, the subsidiary is shaped to varying extents, by dissimilar forces, stemming from both its internal and external institutional environment. The implication of this duality is that the subsidiary needs to make a tradeoff between achieving legitimacy in the host country and from the HQ (Kostova and Zaheer, 1999).

2.2.2 The Intra-Organizational Environment and the Local Environment

In the MNC, its subsidiaries are also dually exposed to institutional pressure, where they need to act isomorphic with pressure both from the intra-organizational environment and from the local environment. The intra-organizational institutional pressure, which is sometimes termed the micro-institutional environment (Ferner et al., 2012), usually originates from demands and expectations from the HQ (Kostova and Zaheer, 1999; Hillman and Wan, 2005). Internal legitimacy is achieved when the subsidiary receives acceptance and approval from the HQ. For cross-border transfers of organizational practices, legitimacy will most likely be attained when subsidiaries embrace the practices that are institutionalized within the MNC. Thus, due to the intra-organizational institutional pressure, subsidiaries are likely to use similar practices as the HQ, granted that they can be transferred internally (Hillman and Wan, 2005). Moreover, Kostova and Roth (2002) argue that the three cognitive characteristics of dependence, trust and identity, will affect how the transferred practices will be adopted. First, a perceived dependence is manifested when the managers of the subsidiary hold a belief that the subsidiary relies on the

HQ to provide resources. Second, trust is established when the subsidiary believe that the HQ is honest and will not opportunistically take advantage of the subsidiary. Third, identity is the degree members of the subsidiary feels that they are a part of the entire organization and the extent to which the associate themselves with the entire firm. These cognitive characteristics will affect how the transferred practice will be adopted, i.e., how it will be implemented and integrated.

As subsidiaries strive for legitimacy in the intra-organizational setting, they simultaneously strive for legitimacy from its host country institutional environment. The institutional environment in the host country also consists of regulatory, normative and cognitive components. The regulatory pressure that subsidiaries experience comes from the host country's laws, regulations and requirements, which usually applies its pressure to the subsidiary coercively (Meyer and Rowan, 1977; Rosenzweig and Singh, 1991; Kostova and Roth, 2002). Albeit regulative components are straightforward and easy to understand, the normative and cognitive components are more difficult to grasp. Normative components consist of values, beliefs, norms and assumptions held by individuals, which makes individuals act in a conforming manner. While the cognitive components consist of shared social knowledge and the individual's understanding of reality which makes individuals act mimetically to each other (Kostova and Roth, 2002). These cognitive components are sometimes termed cultural-cognitive, due to their close resemblance (Scott, 2001: Ch. 3). However, culture is an elusive concept that sometimes is on the border towards the normative dimension, which signifies the interrelatedness between the cognitive and normative components of institutions (Kostova et al., 2008).

2.2.3 Practice Adoption and Adaptation

The difference between the MNCs different institutional environments and the need for local legitimacy have important implications for practice adoption. When a practice is to be transferred from HQ to a subsidiary, it has to some extent, be adapted to the subsidiary's local institutional environment, and when there is a large institutional distance, the need for adoption increases. Furthermore, differences in the institutional environment create barriers to the acceptance and implementation of the new practice. Differences in the cognitive institutional environment can, for instance, make it difficult for the subsidiary to understand the nature and purpose of the new practice (Jensen and Szulanski, 2004). Although all institutional

environments should to some extent be taken into consideration when developing a practice, not all are equally important for the MNC. Usually, some institutional environments will be more salient and impose more pressure on the MNC (Oliver, 1991). Therefore, Marano and Kostova (2016) have proposed that the relative economic dependence should be taken into consideration when determining the impact from various national institutional environments it faces. In other words, the more economically dependent the MNC is on one particular environment, the greater the importance of local legitimacy becomes.

Additionally, even if there is sufficient understanding of the practice, Meyer, Rowan, Powell and DiMaggio (1991), argue that the isomorphic pressure present for the subsidiary can lead to “decoupling”, where they choose not to conform to directives from HQ because they have different processes locally that are perceived as superior. Still, the isomorphic pressure makes them act in a way that makes HQ believe that they are conforming, when in reality, they are not. This phenomenon of trying to portray that a practice is adopted, when in reality the subsidiary’s old ways persist, has also been termed *ceremonial adoption* when discussed in relation to the transfer of an organizational practice. When a practice is adopted ceremonially, the subsidiary is portraying that it has been implemented, however, the practice has not become internalized at the local subsidiary (Kostova and Roth, 2002). Internalization, in turn, can be defined as the state when employees attach meaning to the practice, accept the value of using it, and when it becomes a part of the employees’ organizational identity. Thus, from this institutional perspective, whether a practice transfer is successful or not, will not only be determined by the degree the formal rules inherent in the practice that are being diffused at the subsidiary, but also by the transmission and creation of meaning to the rules. I.e., if the practice itself becomes internalized and becomes part of how the subsidiary conducts its business in a taken for granted way. This internalization should be seen as a part of the integration process. Therefore, to determine whether a practice have attained sufficient integration, both the extent to which the practice is implemented, and the extent the practice is internalized in the cognition of the practitioners has to be taken into consideration (Kostova, 1999).

2.2.4 Two Streams of Research in Institutional Theory

Over the last few decades, there has been a controversy within institutional theory between the old action oriented perspective and the new, more structuralist perspective. Old institutional theory views institutions as dynamic social constructions that can be altered by individual

agents. It focuses on understanding these changes; on social construction and values of agents to explain the dynamics of institutions. Here, institutions are products of human design and the outcome of purposive actions and influence of individuals (Hirsch and Lounsbury, 1997). The neoinstitutionalists, on the other hand, see institutions as more rigid structures of society, focusing on statics, cognition, and how the dominance and continuity shape behavior. Although neoinstitutionalists certainly also recognize that institutions are the products of human action, these actions are not necessarily purposive or conscious in nature (Meyer et al., 1991; Hirsch and Lounsbury, 1997).

The neoinstitutional perspective was sprung out of a dissatisfaction with the old way of describing individuals as rational actors, and instead recognizes that the institutions observed in the real world does not solely reflect what can be expected from observing the power structures and preferences active in the units studied, and instead claiming that it is the institutions themselves, who shape these power structures and preferences (Meyer et al., 1991). At the same time, excluding the old more individually focused perspective, also excludes the phenomena of endogenous change, process violation, organizations as units, informal relations, conflict, attitudes, and unanticipated outcomes, which certainly can have institutional repercussions (Hirsch and Lounsbury, 1997). In other words, neoinstitutionalism as depicted by Meyer et al., (1991), disregards that institutions can be constructed and changed endogenously through the actions of individual agents (Hirsch and Lounsbury, 1997; Zucker, 1987; Selznick, 1996).

The role of organizations are also quite different between the two conflicting views. In the old, classic institutional theory, organizations are embedded, and a part of, local communities, where they are bound by the allegiances of its personnel and by organizational treaties, established through interpersonal interaction. Whereas neoinstitutionalism focuses more on the macro level institutional environments, such as organizational sectors, industries, professions or national societies, and how these create the lenses through which actors view the world. This, in turn, is what shapes structure, action and thought (Meyer et al., 1991). From a neoinstitutional perspective, successful transfer of a practice to a different institutional environment, as defined by Kostova and Roth (2002), would essentially be impossible, since it would lead to either, inefficiency as the new practice would deviate from the local institutional environment, or it would lead to decoupling and ceremonial adoption. The neoinstitutionalist argument here, is

that institutions are so prominent, and so resilient, that organizations that deviate from the norm will be inefficient in their local market (Meyer and Rowan, 1977; Meyer et al., 1991). But as argued by Hirsch and Lounsbury (1997), not all institutions are completely taken for granted, nor are all organizations homogenous, and institutionalization is typically a matter of degree. Recognizing this fact, and taking into account that MNCs operate under institutional duality, warrants that the neoinstitutional perspective does not completely match with reality when studying the MNC (Hirsch and Lounsbury, 1997; Kostova et al., 2008).

2.2.5 Contemporary Application of Isomorphism

MNCs have complex internal environments, with spatial, cultural, and organizational distance. In addition, there are language barriers, power struggles, and possible inconsistencies between the interests, values, practices, and routines used in the different parts of the MNC. This fundamental difference between the MNC and the regular organization, has important implications when trying to apply neoinstitutional concepts. The most prominent difference being the application of the concept of isomorphism (Kostova et al., 2008). According to Kostova et al., isomorphism requires a distinct organizational field. For MNCs, however, the HQ and its subunits face multiple, fragmented, and conflicting institutional environments and thus cannot fully conform to all environments simultaneously. Such conditions overshadow sufficient inter-organizational interactions locally, which are fundamental to the formation of organizational fields in its traditional sense. Thus, the MNC as a whole is to some extent excepted from the expectations to conform to local practices, other than the legal and regulatory requirements. Although pressures from the local environment can have implications for the MNC, these pressures rarely come in the form of isomorphism. On the other hand, if MNCs are considered as a special organizational group, some form of isomorphism can be found within that broader field, and the single subsidiary unit can experience some isomorphic pressure locally. However, Kostova et al., argues that since MNCs enjoy a rich institutional landscape consisting of a multitude of diverse practices and patterns of activity, the MNC can choose the practices that suits them best even though it might have implications for the local subsidiary. Thus, the practices that MNCs adopt are the result of active agency and conscious choices rather than pure compliance with external isomorphic pressures. Adhering to the call from Oliver (1991), Hirsch and Lounsbury (1997) and Kostova et al., (2008), the institutional perspective employed in this paper is shifted toward a blended institutional perspective, bringing back some of the old institutionalism. From the neoinstitutionalism, the influence of social embeddedness

of organizations are recognized and taken into account, but is also intertwined with the old institutional ideas of agency, social construction, and power.

2.2.6 Agency and Power in Institutional Theory

Rather than seeing institutions solely as exogenous constraints that organizations have to consider, institutions can also be conceived as socially constructed, shared understandings within the MNC. Such institutions are the outcome of social processes, in which both the HQ and its subsidiaries are involved. They can create internal institutional environments within the MNC and sometimes even within the subsidiary, which are termed micro-institutions. In this process of institutional construction, power relations and individual agency will be a part of the construction of this micro-institutional environment (DiMaggio, 1988; Kostova et al., 2008; Ferner et al., 2012). The application of the concept of agency in this study does not refer solely to the traditional positivist agency theory where the principal agent relationship gives rise to issues such as self-interest, bounded rationality and risk aversion (Arrow, 1967), but to the broader agency literature simply asserting that agents do play a part in shaping institutions (Hirsch and Lounsbury 1997; Hoenen and Kostova, 2015). Here, it is recognized that while success or failure of a transferred practice does not only depend on the self-interest of the agent, or the principal's ability to monitor the agent, but also on issues such as the cognition or honest incompetence of the agent, or the principal's lack of communicative ability (Hoenen and Kostova, 2015). In this view, agents have the power to influence institutions that will affect the transfer. For example, charismatic leaders might be able to build a strong corporate culture within the MNC, which as noted by Kostova et al., (2008), can trump local country specific cultures. Additionally, the very act of transferring an organizational practice, might entail changing the norms and values at the recipient unit (*ibid.*). Furthermore, influential agents at the subsidiary might also employ entrepreneurial resources, which in turn can shape and empower institutions. In line with their interests, these agents can support the creation of micro-institutions that they reckon to be appropriate. Thus, these agent's own values and interpretations can, in turn, shape the implementation and integration of a practice that is to be transferred (Dacin, Goodstein and Scott, 2002).

Acknowledging the influence of individual agents, the power capabilities stemming from different MNC actors need to be taken into account and how these can, give rise to, or solve, problems in relation to cross-border transfers. The power capabilities deriving from individuals

at HQ can influence institutional components such as cognitive and normative aspects. For example, by creating and changing organizational practices, or a firm's culture, or standard procedures, which thereafter become new micro-institutions (Ferner et al., 2012; Drogendijk and Holm, 2012). At the same time, drawing on Oliver (1991), Ferner et al., (2012) point out that subsidiaries have the capacity to challenge the transfers and thus protect their own institutional environment. In line with this, Geppert and Williams (2006) argue that a subsidiary that is active in a highly integrated business system can increase its power depending on the level of social embeddedness in the MNC. The greater it is, the greater the power of the subsidiary will be, and consequently, the greater its ability to influence the transfer process will be. In addition, according to Ferner et al., (2012), resistance from the recipient can be predicted when the transferred practice consists of institutional norms that disturbs the effective function of the subsidiary. Often times, however, subsidiary managers are often supportive of the directives from HQ, because of their own opportunity to advance their own careers (Kostova et al., 2008). In line with this, there might be a divide within the subsidiary, where managers promote the transfer, while employees try to resist it (Ferner et al, 2012).

2.2.7 Readdressing the Research Gap

In this emerging blended institutional perspective employed in this study, agents are neither completely rational, nor only completely constrained by its external institutional environment. Instead, they are boundedly rational and this rationality is influenced by the agent's own cognition, which in turn is influenced by institutions. This means that institutions shape the way agents use information, evaluate decisions, and explain their actions, which is particularly relevant in the MNC since it is embedded in multiple dissimilar contexts. At the same time, certain influential agents are able to shape the micro-institutional environment, which in turn, affects the transfer of organizational practices (Hoenen and Kostova, 2015). However, who these agents are is not self-evident, which makes it important to identify where these agents are active. When these agents have been identified, the literature does not yet sufficiently explain how the interplay between individual agents and institutions affect the transfer of organizational practices (Kostova et al., 2016). In order to understand this interplay, there is also a need to understand of how institutional environments in which agents are embedded, shape their cognitions, understandings, and values, since it determines their course of action. However, this is neither yet sufficiently explained in the literature (Hoenen and Kostova, 2015).

3. Methodology



This chapter outlines the methodological approach that this thesis take in conducting the study. It thoroughly describes the techniques used when gathering and managing the empirical data.

3.1 Research Approach

This study aims to increase the understanding of how individual agents can shape the corporate and subsidiary environment, and are shaped by, their local institutional environment, and how that affects the transfer of organizational practices. Previously, extensive research has been conducted, both on the issue of transfer of organizational practice, and on the effects of firms operating in different institutional environment. Although, as noted by Hoenen and Kostova (2015), researchers do still not have a sufficient understanding of how individual agents are affected by institutions. Thus, this study will employ an exploratory approach to be able to increase the understanding of this phenomenon since the exploratory approach is suitable when trying to increase the understanding of a phenomenon which can later guide further, more rigorous and specific research (Collis and Hussey, 2009).

The ontological position employed in this study lies close to the social constructivist worldview, where social phenomena and their meanings are produced by social actors and are in a constant state of revision. In this view, culture and organizations are not seen as statics. Although they act as a point of reference and have a very real meaning for the perceptions and actions of individuals, they are constantly changing and can be altered through human action and interaction (Bryman and Bell, 2015: Ch. 2). In this ontological perspective, individuals can develop multiple and varied subjective meanings of their experiences. Thus, it becomes the researcher's task to look for the complexity of the phenomenon, relying on the participant's view of the situation (Creswell, 2014: Ch. 1). Therefore, a qualitative research method is employed to be able to tap these different views that will affect the transfer of organizational practices. Since these different, subjective views will subsequently be interpreted when analyzing the findings, the epistemological position arguably lies close to the interpretivist perspective (Bryman and Bell, 2015: Ch. 2). However, the constructivist and interpretivist positions in this thesis, as in much other qualitative research, are not utilized to its extremity

(Collis and Hussey, 2009). Although individuals' perception and the context will be emphasized, these different perceptions will subsequently be aggregated and interpreted to create a combined view of the phenomenon for each subsidiary, not solely focusing on the individual.

The research approach employed in this study is of the abductive type. The choice of abduction was made in order to overcome the issue of not being able to, on beforehand, select the specific parts of theory that might be relevant and to formulate research hypotheses needed for deduction (Bryman and Bell, 2015: Ch. 2). At the same time, the formulation of the research question has clear theoretical roots, which would not be suitable in an inductive approach. This study seeks to explain the puzzle of the transfer of practices phenomenon in a territory where the literature does not yet provide a sufficient understanding, and abduction is suitable for understanding the conditions that would unravel the pieces to this puzzle (ibid.). A crucial advantage of the abductive approach is that it enables research to take new directions and allows for the possibility of being surprised by the findings, instead of only using them to confirm the theoretical pre-understandings (Alvesson and Kärreman, 2007). This abductive approach has allowed the authors to revisit the literature, in an iterative process, in order to develop the theoretical framework from its nascent stage to make it more applicable in its final form.

3.2 Research Design

The purpose of conducting a research design is to ensure the data is collected in a way that facilitates for answering the research question. It is also important to organize the study in a proper way and to minimize potential biases to achieve validity and reliability, which increases the quality of the study (Bryman and Bell, 2015: Ch. 3). This study has chosen to collect and present the empirical material in three separate cases, in a multiple case study design. Usually, a study of one organization is considered as a single case study (Bryman and Bell, 2015: Ch. 3). However, this study puts an extended focus on how the subsidiaries implement and integrate the transferred practices. Since the subsidiaries are the main units of analysis, a multiple case study has been chosen, which according to Bryman and Bell (2015: Ch. 3), is how qualitative research can be formed to create a comparative design. This comparative design is suitable since the purpose of this study is to examine the role and mindset of individual agents in the transfer of organizational practices across different institutional environments.

Previous research has recognized that a practice will not be perceived and adopted in the same way in different institutional settings (Kostova, 1999). Hence, in order to capture how the practices are adopted differently, a multiple case study is conducted. Additionally, how individual agents simultaneously can shape, and are shaped by, their institutional environment, and how that affects the transfer of organizational practices, is a rather unexplored research area (Hoenen and Kostova, 2015). Therefore, a multiple case study will be particularly useful due to its ability to create depth and detail needed to answer research questions that capture the “whys” and “hows” (Tsang, 2014). The multiple case study design will enable the research to explore the phenomenon in its real-life context, and allow this study to use multiple forms of evidence, such as corporate documents and interviews. In addition, this study will conduct face-to-face interviews, which will facilitate the understanding of subjective factors such as feelings and reflections (Gibbert, Ruigrok and Wicki, 2008).

3.3 Case Selection

The sampling process was made through a mixture of several types of purposive sampling, namely criterion and critical case sampling, and according to Bryman and Bell (2015, Ch. 18), it is common for qualitative studies to employ several purposive sampling methods. Early on, it was decided that one criteria for the focus company should be that they have clear connections to Gothenburg in order to allow for easy access. Contact was made with GreenCarrier, a Swedish MNC in the transportation industry, with its HQ located in Gothenburg, Sweden, that had two business areas; Freight Services and Liner Agency. The gathering of empirical data, however, was focused on GreenCarrier Freight Services, which was the largest business area, represented in 14 countries in the world (GreenCarrier, 2016c). Choosing GreenCarrier seemed to allow for a thorough study of the phenomenon of interest. The company had during the last several years tried to implement four organizational practices, which had also been defined and summarized into four corporate documents, namely, the Financial Manual, the Credit-Risk Policy, the company Code of Conduct, and the Anti-Bribery and Corruption Policy. In addition, the outcome of the transfer of the four practices had not yet been evaluated within the company, which allowed for a novel perspective on the studied phenomenon.

GreenCarrier was present in countries where large variations in institutional environments were expected, which was imperative for the thesis’ purpose. In addition, the company was founded in the year of 2000 and had a rapid growth strategy, which was interesting since this increased

the probability of finding organizational practices that were being transferred for coordination purposes. According to Eisenhardt (1989), it is important in the selection process to find cases that are relevant to the research, and since GreenCarrier as a focus company was suitable for making logical inferences about the phenomenon of interest, it qualified as a critical case (Bryman and Bell, 2015: Ch. 18).

The three cases in this thesis have been created by studying three subsidiaries within GreenCarrier, which were located in Norway, Poland and China, more specifically, in the cities of Oslo, Warsaw and Shanghai. The choice of subsidiaries was made in collaboration with the Chief Financial Officer (CFO) through a process which can be described as maximum variation sampling (Fletcher and Plakoyiannaki, 2011), or deviant case sampling (Bryman and Bell, 2015: Ch. 18). Since one aim of this study is to explore the impact from institutional factors, variation in the institutional environment was selected as the dimension of interest. The Norwegian subsidiary was selected since it was believed to operate in the institutional environment most similar to the one of the Swedish HQ. The Polish and Chinese subsidiaries were selected since they were believed to have the most deviant institutional environments. Previously, there have been discussion about the difficulty for westerners to conduct interviews in China, due to the lack of transparency and openness in the Chinese society. In order to overcome this issue, it has been suggested that great attention has to be directed to the quality of the data, to emphasize context interpretation, and to carefully compare their replies with those from interviewees at other subsidiaries on the same questions as another form of unit triangulation (Tan and Nojonen, 2011).

3.4 Data Collection and Interview Design

The primary data for this study was collected through 18 interviews with both managers and employees without managing status. Since another aim of this study was to explore institutions' influence on individual agency, and *vice versa*, and how they collectively affect transfer of practices, it was considered imperative to try to tap the mindset of the individuals active in the transfer process. In accordance with the constructivist view, people's behavior can be explained by their own perception of the context, and individuals develop subjective meanings of their experiences (Creswell, 2013: Ch. 1). Therefore, it was important to create questions that kept the interviewees on topic, but at the same time, allowed them to open up and give their own perspective on the different issues. Thus, to collect the primary data through semi-structured

interviews, was considered suitable, because this method allowed for attitudes, perceptions and meanings of the interviewees to surface (Yin, 2013: Ch. 4). The semi structured questions enabled comparability between interviews and between the different subsidiaries, but at the same time allowed the interviews to take new directions (Bryman and Bell, 2015: Ch. 20). This is in line with the explorative approach and keeping the possibility of being surprised (Alvesson and Kärreman, 2007).

In addition to the actual words spoken by the interviewees, attention was directed towards the context in which they were spoken. An understanding of the context was improved by being on the site observing the general atmosphere and how the day to day business was conducted. This has not been made in order to manipulate the findings, but rather to capture other people's meanings to provide a more comprehensive understanding (Bryman and Bell, 2015: Ch. 20). This also stems from the constructivist view that research should focus on the specific contexts in which people live and work in order to understand the historical and cultural settings of the participants (Creswell, 2013: Ch.1). Additionally, according to Bryman and Bell (2015: Ch. 22), two ideas are central when analyzing conversations. The first is the indexicality, which is the meaning of an act, the spoken words, or other gestures, have different meanings depending on the context in which it is used. The other is the reflexivity which highlights that the spoken words are constitutive of the social world in which they are spoken.

3.4.1 Interviewee selection

The choice of interviewees was made through another selection process which can be described as criterion sampling (Fletcher and Plakoyiannaki, 2011), where the first criterion was that the interviewees needed to have been involved in the implementation of the practices in focus. In the initial discussion with the company CFO, it was determined that the company's treasury manager, as well as the group financial controller would be relevant to interview since they had been to some extent involved in the creation of the financial practices, and had also been involved in the implementation process. At the subsidiaries, the aim was to interview all the managing directors (MD). However, the Norwegian MD was absent during the time of our visit and due to the saturation of data, it was decided that another method of interview such as Skype or telephone was not needed. In collaboration with the local MDs, other managers whom had been involved in the implementation process was selected. The second criteria was that at least one of the interviewees had a non-managerial position at the subsidiary. This second criteria

was employed in order embrace different perspectives on the issues as a form of triangulation and to decrease biases in the findings (Brannen, 2011).

Table 1 below demonstrates the interview selection by showing which position or department the respondent belonged to. Additionally, the location where the interviews were held, the date of the interviews, and which type of interview method that was used are presented.

Table 1. The Interviews

Position/Department	Location	Date	Interview Method
Chief Financial Officer	Gothenburg, Sweden	March 1, 2016	Face-to-Face
Chief Financial Officer	Gothenburg, Sweden	March 3, 2016	Face-to-Face
Group Financial Controller	Gothenburg, Sweden	March 3, 2016	Face-to-Face
Treasury Controller	Gothenburg, Sweden	March 4, 2016	Face-to-Face
Chief Financial Officer	Oslo, Norway	March 8, 2016	Face-to-Face
Accounting Manager	Oslo, Norway	March 8, 2016	Face-to-Face
Road Freight and Short Sea Manager	Oslo, Norway	March 8, 2016	Face-to-Face
Sea Operator	Oslo, Norway	March 8, 2016	Face-to-Face
Human Resources	Warsaw, Poland	March 23, 2016	Face-to-Face
Chief Financial Officer	Warsaw, Poland	March 23, 2016	Face-to-Face
Managing Director	Warsaw, Poland	March 23, 2016	Face-to-Face
Air Freight Operator	Warsaw, Poland	March 24, 2016	Face-to-Face
Air Freight Manager	Shanghai, China	March 30, 2016	Face-to-Face
Finance Department and Human Resources	Shanghai, China	March 30, 2016	Face-to-Face
Managing Director	Shanghai, China	March 31, 2016	Face-to-Face
Financial Manager	Shanghai, China	March 31, 2016	Face-to-Face
Sea Operation Manager	Shanghai, China	March 31, 2016	Face-to-Face
Sales Manager	Shanghai, China	April 1, 2016	Face-to-Face

Source: Compiled by authors.

3.4.2 Interview Process

All the interviews, both at the HQ and at the subsidiaries lasted for approximately one hour. Some interviews lasted less than an hour and some extended the hour. The interviews started with an introduction of the authors' background and the research's focus. Thereafter, the interviewees were asked to present themselves, their background and their role at the company. In the first round of interviews at the HQ one set of interview questions were used in order to get a more thorough understanding of the different practices in focus; why and how they had been created, the expected outcome of the transfer etc. After deciphering what had been said at the HQ and what had been learned through company documents, a second round of theoretical inquiry was made. From this, the questions employed during the interviews at the different subsidiaries were created. The interviews at HQ were conducted in Swedish since it was the native language of both the researchers and the interviewees at the HQ, which was believed to allow the interviewees to express themselves with more nuance. Native languages were also used during the interviews in Norway for the same reasons. Using native languages was deemed to not have created any misinterpretations and has thus not affected the findings negatively. All other interviews were conducted in English to facilitate a mutual understanding. All questions were open ended, attempting to capture the perspective of the interviewee. In addition, to the predetermined questions, follow-up questions were also asked in order to clarify their statements, and to contrast their answers with each other. Accordingly, the follow-up questions were somewhat different during the first interviews at the Norwegian subsidiary compared to the ones in Poland and China. This is also attributed to the growth of the bank of perspectives, and since the understanding of the company and the different practices improved over time.

3.5 Data Analysis

All interviews were audio-recorded and as a first step of the data analysis, transcriptions were made after all interviews. The objective of transcribing all interviews was to conduct a thorough assessment of what respondents had said and to enable peers to review the interviews, in order to increase the quality and transferability of the study (Bryman and Bell, 2015: Ch. 24). The analytical process began immediately after the first interview was conducted. This approach corresponds with Bryman and Bell (2015: Ch. 20), which allows the researcher to discover and compare findings from newly held interviews with data gathered earlier. A non-quantifying method for data analysis was used in this study, which is common in qualitative studies (Collis and Hussey, 2009). Using a non-quantifying method with open-ended questions, some

inessential data was inevitably collected. Thus, to reduce the inessential accumulated data, it was sorted into different categories after all data had been gathered and transcribed. Although there are advantages of using software programs after transcribing interviews (Bryman and Bell, 2015: Ch. 24), this thesis has chosen a different path by not using any software programs. Instead, the authors chose to code and organize the data manually. This choice was made to not only consider what is written in the transcriptions, but also to adhere to the researchers' own interpretations derived from observations while being on site. Furthermore, coding the data and dividing it into categories created structure which assisted in the analytical process.

This categorization was conducted through using the theoretical framework. First, the data was divided according to Szulanski's (1996) stages of the transfer process, and subsequently, the data was sorted by communication, relationship to the practices and the three pillars of institutional theory. However, to even further enhance the quality of the analysis, the authors made sure that the research question was in focus, and also paid attention to essential data that did not completely fit into the categories (Yin, 2013: Ch. 5). Thereafter, a deeper within-case analysis of the data was conducted by interpreting what the interviewees had said and contrasted their statements in order to get a more nuanced picture of each case. In this process, the influential agents were identified. In addition, the researchers looked for the subjective meanings of the statements, where also the impressions from being on site were taken into consideration, in order to tap the perceptions and understandings of the interviewees. In this process, the findings were compared to the theoretical framework. Last, a cross-case analysis was conducted where the findings in the three cases were contrasted, and by applying the theoretical framework, a more thorough understanding of how the influential agents, the local micro-institutional environments, as well as the different external local institutional environments had impacted the transfers.

3.6 Qualitative Assessment

To assess the rigor and quality of a study, many scholars have proposed using common criteria in terms of validity and reliability (LeCompte and Goetz, 1982; Gibbert et al., 2008; Bryman and Bell, 2015: Ch. 17). However, since validity and reliability in qualitative research do not consider that there are no absolute truths in the social world, some writers such as Guba and Lincoln (1994) have put forth an alternative way of assessing qualitative research. These authors imply that there can be more than one account of a studied phenomenon. Therefore,

instead of only considering validity and reliability, researchers should demonstrate trustworthiness in qualitative research. This thesis has chosen to follow Guba and Lincoln's (1994) four criteria in order to achieve trustworthiness.

This thesis has created a triangulation of the accumulated data by using multiple data sources, whereas the respondents have had different backgrounds, positions and nationality. Every interview have also been complemented by the researchers' observations. Additionally, the study has undergone a cross triangulation where findings between the cases have been compared and also comparing findings together with secondary data from corporate documents. Triangulating the accumulated data demonstrates the first criteria: *credibility* (Guba and Lincoln, 1994). The second criteria concerns *transferability*, where this thesis has attempted to focus on creating thick descriptions, which emphasize on creating a broad understanding of cultural details. In qualitative studies it can be difficult to generalize findings to other cases, as qualitative studies focus on certain specific cases. Therefore, this multiple case study has taken into the consideration of cautiously describing the surroundings and settings where this research took place. Creating a thick description enables the opportunity for other researchers to easier understand the findings of the study and facilitate the transfer of the findings to other settings (ibid.). In addition, even though GreenCarrier was operating in the transport industry, the four practices studies were not specifically industry related which also enhances the transferability of the findings. Parallel to reliability in quantitative research is *dependability* (Bryman and Bell, 2015: Ch. 17), which is the third criteria of trustworthiness. In order to achieve dependability, Guba and Lincoln (1994) suggest that researchers adopt an "auditing approach". Throughout this study, all fieldwork notes, interview materials, and interview transcriptions have been kept and are available for others as well as the peers for this thesis to study and examine. The last criterion, following Guba and Lincoln (1994), concerns *confirmability*. As the researchers of this thesis have understood the impossibility of being completely objective, the enactment of acting in good faith and not having personal values interfere with the research findings are however fulfilled. Additionally, by being as objective as possible, aware of the position of a researcher in a study, and allowing the respondents to be open and freely talk about experiences, the authors have tried to achieve trustworthiness in this thesis.

3.7 Ethical Considerations

Before publishing a study it is the researcher's obligation to consider ethical issues related to the research (Gustafsson, Hermerén, and Petterson, 2011: Ch. 6). According to Bryman and Bell (2015: Ch. 6), there are four main aspects that needs to be considered when conducting sound research. These are that the participants should not be harmed in any way, that there is no lack of informed consent, that the privacy of the participants are not invaded and that the participant are not deceived in any way. To ensure that this study did not harm its participants physically or mentally, attention was paid to the interviewees during the interviews to make sure that they were comfortable answering the questions. Additionally, when creating the questions the authors tried to formulate them in way that they would not be troublesome to answer, and since the questions were open-ended, it was up to the participants whether they wanted to share intimate information or not. When taking these steps, the researchers also made sure that the privacy of the interviewees were not invaded in any way. In order to ensure informed consent and that the interviewees were not deceived during the data collection process the authors have followed the steps that Gustafsson et al. (2011; Ch. 2) deem advantageous in order to uphold a high ethical standard. Thus, during the interview process, the interviewees were informed about the purpose of the study at least two weeks before visiting the sites. In the beginning of each interview, the interviewees were reminded of the study's purpose an additional time, and told what aspects of their answers that were to be analyzed. Additionally, all interviewees were asked for consent before they were audio recorded.

4. Empirical Findings



In this chapter the empirical findings are presented, based on the primary data assembled by interviews and observations. The findings are presented in sections according to important themes and different stages of the transfer of practices process that have been presented in the theory section. The chapter begins with a brief presentation focus company, leading into a presentation of the findings from the perspective of the HQ divided into the sections; initiation, communication and implementation. Thereafter, the findings from the perspective of the three subsidiaries are presented, structured into the sections; the local environment, communication and decision-making, implementation and integration.

4.1 Company Presentation

GreenCarrier is an MNC in the transport industry specialized in customized transport with a special focus on transports to the Nordic market. GreenCarrier is a relatively small player in the global transport industry, but is still one of



northern Europe's largest privately owned transport companies. They offer transports by sea, air, road, and recently also by rail. The company has its roots in Gothenburg, Sweden, and apart from the their Nordic subsidiaries in Norway, Denmark and Finland, the company has subsidiaries in the UK, Estonia, Latvia, Lithuania, Poland, Ukraine and Czech Republic as well as in China. GreenCarrier has two business areas; Liner Agency where they handle part of the bookings for the Evergreen shipping line, and Freight Services where they offer full transport solutions. Altogether, the company has over 800 employees. The company was founded in the year 2000 by the two main owners Stefan Björk and Björn Eklund (GreenCarrier, 2016b; 2016a).

Freight Services, which is the business are in which this study has had its focus, has a special position in the market where they offer full transport solutions despite that they hardly own any own trucks, and no trains, boats, or planes. This enables them to be flexible, being able to choose the most suitable mode of transport, and being able to choose competitive partners to perform

the actual transports (GreenCarrier 2016a). During the last several years, GreenCarrier has focused more and more on creating synergy and coordination in the organization. Therefore, they have decided that they need common organizational practices, and common frameworks that are to be followed in all the subsidiaries, as well as at the HQ.

4.1.1 Initiation

The three cases that will be presented in this thesis will focus on the transfer of four organizational practices which were defined and summarized into four corporate documents. These four documents were called; Financial Manual, Credit Risk Policy, Code of Conduct, and Anti-Bribery and Corruption Policy. The initiation to transfer these practices and to creating these documents came from the board of directors and from a perceived need from managers. The common purpose for creating these documents was to create more congruence in their organizational practices, to decrease unwanted behavior that had been observed in the subsidiaries in the past. Prior to the creation of these documents, GreenCarrier had a Financial Manual and a Credit Risk Policy. However, these were only utilized in the Nordic countries and had to be adapted in order to be transferred to the other subsidiaries. GreenCarrier had also worked with their company values since the birth of the company, but there was no explicit code of conduct or policy regarding bribes or corruption.

The company CFO had the main responsibility for the creation of the documents. In 2012, approximately four years ago, when he was assigned this task from the board of directors, he was told that they had to be created fast. The CFO thought that the documents should be kept short in order for them to be straight to the point and to increase the probability of employees reading the documents in its entirety. In the creation of the documents, cultural differences were not explicitly taken into account. Although, for the Code of Conduct document and the Anti-Bribery and Corruption Policy, the CFO listened to the opinions of subsidiary managers to receive feedback on whether the practices would fit in the local environments. Additionally, during the creation of the Credit Risk Policy and the Financial Manual, the different financial regulations in effect in the countries where their subsidiaries are active, as well as the opinion of the financial controller, were taken into consideration.

The purpose of the Financial Manual was to provide a framework that ensured consistent, robust and timely financial accounting and management reporting within the GreenCarrier group. The

aim was to provide an up-to-date, comprehensive reference to corporate accounting and reporting policies and requirements, and to create a uniform practice for financial reporting that ensured frequent communication and improved understanding in financial matters between the operating units and the group functions. The purpose of the Credit-Risk Policy was to better control the company's credit risks, by having mandate over the risks that the sellers can take in order to lower their credit risks. The aim of the Credit Risk Policy was to establish different mandates for giving credit. This was done by stating the mandate that different managers had for allowing credit depending on the size and duration of the credit. The purpose of the company Code of Conduct was to express the company values and to give guidelines to how employees should behave towards each other, and in their business interactions. The Code of Conduct document summarized the corporate values, the company view on environmental issues and questions regarding HR. The aim was to explicate the company values and its Corporate Social Responsibility (CSR) stance, so that everyone understood and shared these values within the whole group. The purpose and aim of the Anti-Bribery and Corruption Policy was to set out the firm's policy in relation to bribery and corruption.

4.1.2 Communication

All interviewees at the HQ unanimously stated that an essential function of the HQ was the communication towards its subsidiaries around the world. They were all in some way in contact with their subsidiaries every day, and their daily communication were conducted either via e-mail, telephone or the company's internal communication program. However, the intensity of communication differed between each subsidiary. Norway, which is the largest subsidiary at GreenCarrier, did not require as much communication since they were quite self-driven and financially strong. Instead, other subsidiaries required more communicative attention. The CFO mentioned the Chinese subsidiary as an example, who had previously had some difficulties with their internal reporting, and the CFO was not sure that the Chinese had completely understood how they were supposed to conduct their internal reports. Moreover, the subsidiaries that required more communicative attention than others, were also those had more personal visits. According to the Treasury Controller these subsidiaries were those who faced difficulties, were not fully confident of what they were doing, had a lower competence level, and had language difficulties. One recurring issue was a difficulty to separate between internal and external transactions. It was strongly emphasized that the knowledge level resides more on the individual level, than at the subsidiary as a whole.

At GreenCarrier, there had been improvements in the communication when the HQ decided to rotate and relocate employees to different subsidiaries, especially to China. The two subsidiaries that had been receiving most expatriates were Shanghai and Hong Kong. The expatriates in China had mainly been from the sales department but also managers in other departments had been relocated. Deciding to relocate employees to China had to do with the cultural difference and to increase the flow of information. The main idea was to increase the feedback on how the subsidiaries was managing their business. However, even though GreenCarrier was promoting employees to relocate to other subsidiaries, they had problems getting managers to accept moving abroad. One issue was personal and family related matters hindering people to relocate, mostly due to the expectation of relocating for at least two years. Another issue was that it had proven difficult to find the right people that were qualified for the position that was available abroad.

4.1.3 Implementation

The implementation process started by e-mailing all MDs and business area managers for every subsidiary. Thereafter, each MD had the responsibility in communicating the practices to all employees within each subsidiary. In order to ensure that the practices had reached every employee, all MDs had to sign each document and thereby assuring that everyone acknowledged and followed the practices. Additionally, according to the CFO, there had been physical meetings afterwards with MDs where the practices had been on the agenda. In addition to sending out the documents, and relying on the local managers to do the implementation, GreenCarrier also had an e-learning tool, called E-Academy, which they sometimes used for these purposes. Three to four times a year every employee had to conduct a test through this system where occasionally, questions about conduct and environmental issues and behavior had been brought up. Moreover, every year, the CFO invited all financial managers for a yearly financial conference. One topic of the conference was to inform managers of changes and updates that had been made in the financial manual. During one of the interviews, the Group Financial Controller explained the benefits of the conference as a good opportunity to meet all financial managers face-to-face, where feedback could be received directly. Furthermore, the CFO highlighted that the Financial Manual was a “living document” and the conference was an important occasion where people could meet and discuss improvements. In addition to these measures, the HQ had not really conducted any follow-ups, or tried to measure whether the

practices really had been implemented. Instead, they simply hoped that every employee had read the documents and the only reference point they had was the signature of all MDs ensuring that all employees had received and read the documents.

4.2 Oslo - Norway

4.2.1 The Local Environment

In Norway, GreenCarrier was present in the 7 cities of Oslo, Drammen, Moss, Kristiansand, Bergen, Larvik and Stavanger. All of the Norwegian operations had been acquired, and the largest part was acquired after the financial crisis. Most branch offices in Norway were former small size specialized transport companies. As a result, the cooperation between the Norwegian branches had not been too extensive, and all the entities had mostly focused on their own business. However, since 2009 effort had been directed towards integrating these different entities to become more coordinated. They had gradually received more and more directives to mimic some of the routines employed in Sweden, especially during the last several years. Now, they felt like the last step of this process was that they will all adopt the same IT-system, CargoWise, which were soon to be operational. This integration was mostly welcomed in the organization, since some basic tasks were currently time consuming. For example, they used three different systems to create company invoices. When asked about their culture, the Norwegians thought that their culture and their values lied close to that of the Swedish HQ. However, compared to the Swedes, the Norwegians felt like they were more relaxed; not necessarily in business negotiations, but in their personal relationships at the office. Other than that, the Norwegian norms and their mindset lied very close to the ones at HQ. Their regulatory environment was to a large extent similar to the Swedish environment, especially regarding financial and accounting principles. However, one large difference was that Norway was not a part of the European Union.

What separated the business in Norway from the rest of GreenCarrier was that a large part of their business was in port logistics in five Norwegian ports, where they mostly handled oil from the Norwegian oil rigs. It was perceived that their port logistics business sometimes was overlooked and not recognized within the organization, despite that it constituted a large part of their revenue. Another thing that separated Norway was that they earned revenue differently in their shipping operations. Due to that Norway was not part of the European Union, they could earn revenue from handling import tolling on their shipments. This had resulted in them being

able to handle a larger proportion of short shipments, which they called short sea. In these transports, they sometimes accepted business that generated little, or no income on the actual transport and instead profited from the tolling.

4.2.2 Communication and Decision-Making

The interviewees explained that there were not that many physical meetings taking place between the Norwegian subsidiary and the HQ; that the communication was mainly conducted through e-mails and telephone. Travels to the HQ happened mostly during larger business meetings or conferences such as the annual financial conference. Furthermore, when communication was discussed with the interviewees, it became quite clear that the Norwegian subsidiary was autonomous in its decision-making and did not always have to receive acceptance from the HQ when making decisions. The employees in Oslo felt trusted and that they were allowed the autonomy to make their own decisions, which was imperative since one of their competitive edges lied in working close to the customers and in being flexible. When the Norwegian CFO reflected on why they were allowed such autonomy he said:

I think this to a large extent has to do with the fact that Norway is the country where GreenCarrier has the largest share of its business and is a very important subsidiary for the GreenCarrier Group.

This statement shows that the Norwegians were well aware that their operations were the largest in the GreenCarrier group, and that this was why they had been given such autonomy. In addition, the Norwegians felt like their opinion usually had a larger impact in corporate discussions. Moreover, both the communication and the decision-making were similarly structured compared to the HQ. If anything, the Norwegians thought that the Swedes were slightly more hierarchical and that having a good work environment was somewhat more important in Norway. They said that in Norway, it was easy to influence their superiors when they make decisions, and as a result, they felt like they were involved and could make a difference.

The communication between Norway and the HQ in Sweden were described as well-functioning and that the HQ was always open to listen if there were any suggestions for changes. In fact, when the credit-risk policy was introduced, the Norwegian subsidiary reacted quickly to the credit length that was about to be set in practice. They had requested a change in the

policy that enabled giving customers a credit length of 30 days, since this was a common practice in Norway. Not being able to give that would mean a lot of bureaucracy, constantly asking the HQ for permission. The result was that the Norwegians' suggestion was heard and the practice was altered. However, the Norwegian CFO still thought that they should get even more mandate, although, this desire had not been communicated to the HQ. Moreover, according to the Norwegian CFO, more communication should have been made regarding the practices. He believed that CSR issues incorporated in the Code of Conduct document was communicated well, especially through the IT-system E-Academy. However, regarding financial practices such as the financial manual, more communication should be made in order to improve awareness amongst employees.

4.2.3 Implementation

When asked how the implementation of all four organizational practices had been conducted, the interviewees were unanimous that they initially had received the practices through e-mail. At first, the MD had received the documents from the HQ through e-mails at separate times. Then it was the MD's responsibility to communicate the practices within the entire Norwegian market. When every employee had received the documents, the MD had to confirm that everyone had been notified of the new practices to the HQ. According to the Norwegian CFO, the most difficult practice to implement, was the credit risk policy. Initially, how to implement this practice was discussed among the board members. After that, all the outstanding credits had to be tracked, but this was found to be difficult since, at the time, they did not have a shared financial IT-system. When that was finished, all the large and long credits had to be accepted by the HQ and the whole process was time consuming. Moreover, the interviewees implied that using the E-Academy was a better way of implementing the Code of Conduct, compared to sending the practice in form of a document.

4.2.4 Integration

The four practices were now perceived as crucial routines for the Norwegian business. Today, they work and report according to the Financial Manual. In order to do this, they have had to some extent change how they work since prior to the implementation. For example, they have changed some of their accounting classifications and changed the way they account for currency earnings and losses. Now, they thought that the Financial Manual was good and that it was a great tool to use when in doubt regarding reporting issues. However, regarding the Credit Risk

Policy, there were mixed opinions about its applicability in the local environment. In the road department it seemed like they now followed the policy to its entirety. The Finance and Accounting manager described that new customers often want 30 days credit time, but that they then tell these customers that within GreenCarrier, 10 days is the standard for new customers and then refer to the policy. Some customers that they have had long and stable relationships with, would get 30 days credit time, but in accordance with the policy, they had to first ask for permission from the Norwegian CEO. The interviewees stated that their overall view on credit risk was similar to the one at HQ. However, the Norwegian CFO said that they did not always follow everything that was written and that sometimes the rules had to be bent, disregarding the credit mandates set up, especially with regard to their port logistics operations. The CFO thought that it was a problem that some people overstepped their boundaries and created their own rules, but he also said that sometimes, they simply could not do it any other way. In their port logistics business where they, in majority, handled oil shipments, their credits were often times over NOK 1,000,000. He continued to explain that because of the frequency of these large deals, and with the norm on credit time usually being more than 30 days, it would create a lot of bureaucracy to always ask for permission at HQ in these deals. Their overall turnover for this business area was over NOK 1,000,000,000, with only about one per mille in credit loss. Thus, one could suspect that the CFO would not be too fond of the credit limits set up by HQ. However, when asked about whether he thought the credit limits were necessary he said:

Yes, without them we would be completely exposed. Actually, one of the biggest problems we had in the old organization was that we were not careful about our credits.

This suggests that Norwegians were probably right in assessing that there were no larger difference between their views on credit risk, but that the Credit Risk Policy was simply not well suited for their unique port logistics business. Still, the CFO understood that it was important for the HQ to set these credit limits in order to have the same rules at all subsidiaries.

Regarding the Anti-Bribery and Corruption Policy, some of the interviewees stated that they had not seen or heard about any suspicious activity within the organization. However, the Finance and Accounting manager remembered that one colleague had been invited on a trip to Dubai, although that had been stopped within the organization since it was considered inappropriate. They did not have any specific way of detecting inappropriate behavior of this type, but the Finance and Accounting Manager thought that no shady business had been able to

go through. He thought that this policy was more directed towards those who do business in Russia. He explained that it would take a lot for someone to be able to do shady business in Norway, since there were always two persons that have to control and sign off on every payment. However, even if the Norwegians would not use bribes, he said that that Norwegians are a bit looser than their Swedish colleagues regarding the use of gifts. That it was more common in Norway to take a restaurant tab, or to send a bottle of wine during Christmas.

In relation to how they work with the Code of Conduct, they had one person responsible for HR in Norway. The CFO explained that the most important thing they did to ensure that employees followed the Code of Conduct was that they had an introduction month, where new employees could get acquainted to the GreenCarrier way. Considering environmental issues, GreenCarrier was in the forefront in the transportation industry, where CO₂ emissions of all their transports were calculated and presented in order for the clients to be able to choose the more environmentally friendly alternative. In addition, the Norwegian subsidiary had created a business structure that facilitated for a more swift transfer between the different modes of transportation to reduce CO₂ emissions. The manager of Road and Short Sea explained that they tried as much as possible to redirect traffic from road to sea transports. He continued to explain that his managing position, being responsible for both road and short sea, which were often competing alternatives, allowed them to reduce internal competition. This had created a special opportunity which allowed clients to choose the more environmentally friendly, sea transport alternative, if they wished to do so.

Furthermore, the interviewees seemed to have a positive attitude towards the Code of Conduct in general, although at the same time, they all stated that it had not really impacted much on their day to day operations. What they all seemed to be saying was that the Code of Conduct was merely an extension of their own values. The Short Sea Manager explained that the increased focus on CSR issues was a result of the industry trend. On the other hand, they were all able to recite the four GreenCarrier core values, Commitment, Involvement, Humor and Joy, and unanimously they thought that these values had shaped the organization.

4.3 Warsaw - Poland

4.3.1 The Local Environment

In Poland, GreenCarrier was present in seven locations in the cities of Warsaw, Dabrowka, Katowice, Gdynia, Szczecin, Poznan and Wroclaw. The Polish subsidiary was relatively small and all the Polish sites had been acquired by GreenCarrier. Poland offered road freight, ocean freight, air freight and rail freight. Unlike most other subsidiaries at GreenCarrier, Poland had a special focus on road freight which amounted to 75 percent of their revenue. Although, rail freight from China, was the mode of transport that had the largest growth during the last several years. The Polish subsidiary was a relatively small operation and since they had only been a part of GreenCarrier for a few years, the GreenCarrier brand was not that well recognized in the Polish market. However, this was something that the subsidiary had put effort in changing.

The business climate in Poland was something that the interviewees pointed out as a difference compared to the Swedish HQ. One difference was that the Polish Business climate was more bureaucratic. As an example, the MD said that he probably signs and stamps about 10 times more documents than the Swedish managers. Furthermore, it was more common for businesses to go bankrupt in Poland. Despite this, the norm for allowing credit was quite generous; usually between 30 and 60 days. The MD explained that the business climate was a big problem for the whole Polish economy. Moreover, the Polish interviewees thought that there was a cultural difference compared to Sweden. According to them, the main difference was that their Swedish counterparts were slower and more group oriented when taking decisions, and also that Swedes were somewhat conflict avoidant, whereas in Poland, people were more straightforward. The interviewees described the Polish organizations as more hierarchical. Thus, several components of the regulatory, normative and cognitive institutional environment were quite different compared to the HQ for the Polish subsidiary. How this affected the subsidiary will be more thoroughly described in the upcoming chapters.

4.3.2 Communication and Decision-Making

What could be both observed and confirmed during the interviews was that the Polish organizational structure was quite hierarchical. The Polish MD explained the disadvantages with the flatter Swedish organizations:

I think you in Sweden are sitting a lot in tables and discussing matters and trying to find a consensus where everybody will be happy. I think there is no way of making everybody happy, you have to compromise.

In essence, the MD's opinion about Swedes was that they are slow and time consuming when taking decisions, which also implies that he does not really identify himself with the Swedish communication and decision-making style. The MD thought that the Polish leader style created more speed in the decision process and that there is more power in the leader, allowing firms to be more agile, which also implies that he did not fully trust the Swedish way of doing business. On the other hand, he also noted that compared to other Polish firms, GreenCarrier Poland was more Swedish in its company culture. Furthermore, the interviewees mentioned several times that when they had an issue they mostly communicated this to their manager, who then took a decision on how to tackle the situation. Moreover, when the HQ had sent information that needed to reach all employees it was found that it was mainly two people distributing the message, the MD and the HR representative. This was also true when the four practices had been communicated. When receiving the documents, the MD along with the HR responsible distributed the information to the employees and thereafter requested a confirmation that they had read and approved the documents.

The HR representative was the only employee in Poland that was working with HR issues and the communication she had with the HQ was described as one-way contact where HQ told her what to do, and she responded by reporting when she was finished. Additionally, the HR representative and the MD both implied that the communication from the HQ was slow. They said that this was where the communication between the two countries differed the most, where the Polish communication was more straightforward. They explained that when they had questions to the HQ they usually had to wait a long time to get a reply. This was something that seemed to bother the interviewees and they wished the communication could be quicker. Moreover, when interviewing the HR representative and the Air Operator, they felt as though they were not prioritized by the HQ, and that they did not find it worthwhile to communicate feedback to the HQ. In relation to the four organizational practices, both the HR representative and the Air Operator implied that another reason for not giving feedback was a lack of time and that they had too much responsibility. The Air Operator took it a step further and mentioned that they had too much to do in their daily work that it was imperative that they had a clear focus on the business. Thus, it seemed as though the hierarchical structure, where the Polish

were used to receiving a lot of directives from higher up in the organization, meant that not receiving directives from the HQ made them feel under-prioritized. As a consequence, they did not find it worthwhile to develop an interest about what was going on at the HQ and chose to focus more on their own business.

4.3.3 Implementation

The process of implementing practices at the subsidiary in Poland was initiated by the MD. Although, for the Code of Conduct and the Anti-Bribery and Corruption Policy, the MD made use of the HR representative to implement practices. After receiving these practices from the HQ, the MD initiated contact with the HR representative, and it then became her responsibility to make sure the practices were implemented throughout the rest of the Polish organization. In addition, the HR representative translated the Anti-bribery and Corruption policy and the Credit-risk Policy into Polish, since the ability to read English was on a quite uneven level. The next stage in the implementation process was that the HR representative required that every employee had to sign the documents to make sure that they had read them. Moreover, the interviewees noted that Code of Conduct related issues such as the environment and company values had been brought up in the E-academy. In addition, the interviewees mentioned that there had been HR representatives from HQ coming to their subsidiary to host an event they called “Value day”. This was another attempt to implement additional HR practices that existed in the Code of Conduct.

4.3.4 Integration

In general, the interviewees understood why common practices were necessary and that some uniform standards were needed. On the other hand, some interviewees stated that they thought that the practices should have been more adapted to the local business environment, and that they should have been more specific. The HR representative pointed out that when the documents were not specific and adapted, it could create misunderstandings due to different interpretations of the language. Regarding the Anti-Bribery and Corruption Policy and the Code of Conduct, the MD said that it was important that GreenCarrier had these types of documents since it raised the awareness. In their international business operations, especially in Scandinavia, companies demanded that such policies were in place. With regard to the Anti-Bribery and Corruption Policy, the HR representative said that in the past, there had been an incident in the former Polish organization:

One of our clients sent us an e-mail that one of our employees is operating under a lower price. The thing was that the other half of the price was going into his bank account. This was not good and he was fired immediately.

Even though this incident occurred in the former Polish organization, it gives an indication that bribery and corruption certainly can happen in the Polish business environment. The Polish MD said that, “gifts” used to be common when doing business in Poland, especially in the public sector. In today’s organization under GreenCarrier, however, the only gifts they used were in the form of company material, such as calendars. The Financial Manager explained that having a policy against bribery and corruption counteracts such shady behavior. In addition, the MD said that the overall business climate was changing a lot for the better, both in the private and public sector.

Regarding the Code of Conduct, what they did to create a good work environment in the Warsaw office was to regularly host various weekend activities where they could build up relationships with their coworkers. The HR representative explained that she tried to get to know the employees, to find out what motivated them. Every employee had individual meetings with their manager where they discussed what could be improved at the office and how they could develop their career within the company. In addition, GreenCarrier Poland operated under ISO-regulations to set a standard for their work environment. However, the Polish subsidiary seemed to be under stress to produce good financial results. The HR representative expressed that they wish to do more, but that there were not enough hours in the day, and when the Air Operator was asked about the company values he said:

Yes, we have values. Of course, the best is joy, but actually this is not possible to use this because this is a very stressful job, but we try to remember it.

This gave a hint to one of the main issues; that the employees usually cannot find enough time to do everything according to practice. In addition, that they even mentioned ISO-regulations, implied that they were in a lot of cases only doing the bare minimum. Still, the Polish subsidiary had been able to accomplish some things, such as donating old computers to schools in the area. The MD said that CSR related issues are not as high up on the agenda as in Sweden and deducted this difference in attitude to the difference in societal development and social welfare system. Although, he said that compared to many other Polish companies, GreenCarrier was in

the forefront doing things like offering health insurance to their employees and giving rebated lunch prices. The MD described their main environmental contributions; that they provided statistics on CO2 emissions of all their transports to their clients, used a more environmentally friendly petroleum, and promoted the use of rail transportation. However, he also said that their clients were not that concerned about environmental issues compared to Nordic companies, and that a cheap price was what usually got them a deal.

The overall perception of the Financial Manual was good and it was used almost daily. Due to the large difference in financial regulation, they had to create one financial report for the local government, and one for internal group reporting. The Financial Manager said that the introduction of the new business system had made this easier. She also said that there were some issues regarding how they should report revenue from their warehousing operations which was a business that they only had in Warsaw. Regarding credit risks, the Financial Manager explained that they had to be extra careful and more “suspicious” in Poland. They used third party companies to do financial background checks to evaluate the credit situation. She explained that they only allowed small credits and short credit times if the client was troubled financially. These credit limits were integrated into the CargoWise business system, so that she got alerted if anyone was overstepping their boundary. However, even if they were aware, they had trouble sticking to the Credit Risk Policy due to the different business norms. When the MD talked about these differences he said:

...if I go to a customer and offer 7 or 14 days as in Sweden, they will start laughing and ask me if I am from the moon.

What the MD expressed in a comical way leaves little room for misinterpretation on what his thoughts were regarding the norms for giving credit, where he asserts that the Polish norms are a lot less restrictive. He continued to explain that 30 days were often seen as a minimum, and that 45-60 days was common credit time in the industry. To handle the situation, they had to occasionally bend the rules set up in the Credit Risk Policy. Sometimes, they had to allow clients to be late with their payments, and taking that into the calculations. He said that most Polish clients still required the original documents in their hands before they made the payment. So if a truck was going to Sweden, the driver had to get back to Poland before the client paid, which, if they were lucky, could happen within 30 days, but often it took more time.

4.4 Shanghai - China

4.4.1 The Local Environment

GreenCarrier China had 8 branches situated in Shanghai, (Hong Kong), Ningbo, Qingdao, Shenzhen, Xiamen, Dalian and Tianjin. Most of the Chinese transports went to the Nordic region, where Sweden was the main country. The Chinese subsidiary was the only one that had grown through greenfield investments. It had all started with a representative office that was set up in Shanghai during 2007, and had since then been able to grow quite rapidly. A key player in this development had been the Shanghai MD, albeit, she stressed the importance of the cooperation and support received from the HQ, and especially from the chairman and co-founder of GreenCarrier Stefan Björk. The Shanghai MD described that their recipe for success lied in the personal relationships that they had developed through countless meetings with clients and business partners. As a side note, the MD for the greater China was actually situated in Hong Kong. Still, because of their involvement in the development of the Chinese subsidiary, Shanghai saw itself as the flagship office and the employees at the Shanghai office saw themselves as role models for the other branch offices.

Since the subsidiary was a greenfield investment, they had been able to develop their own corporate culture. There was a special atmosphere in the office which would best be described as optimistic and everyone had large smiles on their faces. To exemplify this atmosphere, this was what the Air Freight Manager said when it was pointed out during the interview, that she was involved in many different projects:

Yes, because I love this company.

This demonstrates that she really enjoyed her job, and this was a reoccurring theme when talking to the employees at the Shanghai subsidiary. The interviewees seemed to be genuinely happy working for GreenCarrier, and many of them explained that they saw working for a Nordic MNC as a great opportunity to develop themselves and their careers. Many of the interviewees described themselves as a big family. Additionally, the Shanghai MD had been stressing the importance of sharing the same values. As a result, all interviewees identified themselves with the Swedish way and felt trust towards the HQ. She explained that this had worked for most, but not everyone, and that some people had left the company:

...Those who left did so for different personal reasons. Some of them simply does not share the values that we have here...

This quote pinpoints one of the key factors for their working environment; shared values. The MD also said that she thought that all of her employees enjoyed working for the company, and that this was imperative for creating a good working environment and building a good team. She said that enjoying work was so important that she usually confronted people who did not seem satisfied, and if the problem was that they did not enjoy the business and did not feel committed, she usually suggested that they should work somewhere else. However, this had only been one part of the story behind creating this workplace culture. After ensuring that the people who worked there was a good fit, they spent much time and effort in order to create this culture. When discussing why they prioritized the workplace environment so much, the MD said:

...We are almost 30 million people here in Shanghai, and we spend so much time at the office so I think that it is very important that you get to know the people and enjoy the company of the people that you spend a great part of your life together with. It is friends for life and you should take care of these friends.

This statement describes that she saw work as a large part of her life, which explains why she put so much effort into creating this workplace environment. Some of the things they had incorporated were to prepare gifts for each other during festivals, having Swedish “fika” time where they ate bakeries and gathered to have a laugh together in the conference room, they made birthday cakes for each other, bought gifts for each other’s children when they had birthdays and hosted various company outings to also get together outside of the workplace. When the MD was asked about how much of the culture that was derived from her own personality, and how much was derived from the influence of the HQ, she said that it was a little bit of both. When the Swedish HR department visited Shanghai three years ago and talked about the company values, the employees found that most of the company values were similar to their own. The Shanghai MD said that she has been to Scandinavia over 30 times, and many of these visits have been to the HQ.

Moreover, regarding the normative institutional environment, the interviewees said that other Chinese companies are quite hierarchical. Although, this was not the case for the GreenCarrier subsidiary, who had a rather flat organization, which will be discussed more later on. Regarding

the regulatory environment it was considerably different compared to the one at the HQ, where the main differences mentioned was that every city district had their own local regulations and authoritative institution that they had to conform to. In addition, the accounting and tax regulations was something that was also different.

4.4.2 Communication and Decision-Making

All of the interviewees were in some way in contact with the HQ almost daily within their respective departments. In the finance department, the communication intensified during monthly booking periods, and in the sales department they had extended weekly trade line meetings. All interviewees implied that it was important to have communication every day, although, the time difference was an obstacle. If they had questions that came up late during the day, the response could linger until the next day. Moreover, the Air Freight Manager explained that the whole office was very tight and close group and that everyone was open and could talk to one another. When discussing communication, the MD explained that her philosophy was that having good relationships will result in good communication, and having good communication means that everything will work better and more efficiently. Furthermore, something that was appreciated by all employees, were the Swedish expatriates that had been relocated to China. For example, the last few years there had been a Swedish manager in Hong Kong that the Shanghai MD had been reporting to. According to her, the Swedish expatriate had given the subsidiary a lot of support and he had contributed with a lot of experience from the GreenCarrier group. Moreover, when the interviewees were asked if there had been any thoughts of communicating feedback to the HQ regarding the four organizational documents, the financial manager said that during the annual financial conference, he had communicated some matters that he felt was good to update in the financial manual, and that some of these update had been considered by the group CFO.

The overall impression of the organizational structure was that the Shanghai office was rather flat. In regards to the decision-making authority, the employees thought that the work environment was open and everyone had the chance to make decisions if needed. Since the subsidiary organizational structure was rather flat, it had opened up room for all employees to be a part of the decision-making process. Additionally, they had manager meetings every month where managers discussed what had been done and how potential problems could be solved.

The decision-making process was then carried out together, however, in the end it was the MD that had the final say. Afterwards the outcome was shared with the rest of staff.

4.4.3 Implementation

One observation that was made during the interviews in Shanghai was that if something was to be implemented it initially went through the MD. Regarding the four organizational practices, they were first sent to the MD in Shanghai, with the exception of the financial manual where the Financial Manager also was included in the initial process. After receiving the documents, the MD forwarded them to all employees in the organization. Subsequently, the MD both held large meetings with the group and individual meetings with all employees, where the intention was to facilitate possible feedback or questions. When the MD was asked if she had made sure that everyone had acknowledged the documents, she explained:

...there are so many e-mail going around and I cannot make sure that everyone has read the documents. But the important thing is that I inform about these things in meetings and in the day-to-day work.

The MD's point here was that implementing the practices entailed doing more than solely sending out the documents, and that the most important thing was not that everyone had read the documents, but that they understood what the implication of the practices would be. Furthermore, the CFO said that the financial manual was implemented through multiple financial meetings. During these meetings, the main objective was to acknowledge the global financial rules within the group and to clarify the differences to their local financial policies. Considering all four documents, the Financial Manual was the only document that had been translated into the Chinese language. However, they also had an employee manual that treated some of the issues mentioned in the Code of Conduct document. The interviewees said that they have had a "value day", that they used the E-academy and that both of these tools were highly appreciated. However, according to the Sea Operation Manager, some employees had expressed that they wished that the online program was available in Chinese, since some colleagues could have difficulties of understanding the content.

4.4.4 Integration

The overall view of the Anti-Bribery and Corruption Policy amongst the interviewees was that they thought it was good that they had one. Although the Chinese business climate is improving,

the interviewees said that there were still companies that were quite permissive when it came to gifts and that there were a lot of grey areas, especially in the public sector. However, at GreenCarrier, they were strict when it came to company gifts. The MD said that every now and then, they came across companies that had “special needs”, to get an Ipad on the side, but in these situations she just had to tell them no. She said that sometimes they took clients to dinner and sometimes prepared baskets as a thank you, and that was where they drew the line. In receiving gifts, they were even more restrictive. The week before, there had been an incident, and how the employees reacted suggest that this practice seemed to be well integrated even amongst the employees. It had just been Chinese New Year and they had just signed a deal with a new trucking company. One morning a couple of employees found that they had 100 RMB of extra balance to use on their phones. Some employees had directly told their closest manager, and some had told the MD what had happened. When the manager of the trucking company was coming to the office the next day, she said that she had told him:

If you do things like this, we can no longer do business with you. So we gave back the money and he was very embarrassed.

This signifies that the Shanghai MD was not only meticulous in ensuring that they were not engaged in any suspicious activities, but that she was also willing to defy local norms which embarrassed the supplier. The MD continued to explain that the manager for the trucking company had said that this was the first time someone had refused such a small gift, and by the end of the meeting he had told her that he admired what they did and then they went on to form a good business relationship. However, even if this story had a nice ending, the MD also explained that being a straight player was not always an advantage. That when they were not able to fulfil the “special needs” of some clients, they simply went to someone else. In some cases, even if they got the contract, the client would not give them any business anyways. She said that some companies got large deals by doing business on the side, but that in these cases, they just had to let that business go.

Regarding the Code of Conduct, the company values were well imprinted and the employees actually seemed to be working with humor, joy, commitment and involvement. In their local community, GreenCarrier supported an organization that let children get heart transplants. To improve the environment, they did small things like turning off the lights during lunch and after the workday, they used both sides of the printing paper, they sorted their garbage, although one

interviewee explained that the cleaning company threw everything in the same container in the end anyways. They did not have the system for calculating CO2 emissions, and the MD thought the reason for this might be that HQ had prioritized the implementation of the new freight system, CargoWise, in the rest of the group. The manager of the Ocean and Rail department explained that the environment was a fairly new topic for most Chinese people. Despite that what they did was not much, the impression was that they genuinely cared. They talked about the environment in their company presentations to clients, and they sent information to their suppliers on how to create more eco-friendly offices. They had created two booklets, one that described their work for the environment and one that presented the company values. The booklets were not only kept within the subsidiary but also shared with current and potential customers. The MD explained the purpose of sharing the booklets externally was to present the company values and the GreenCarrier spirit, their work with CSR and environmental responsibility, their company background with Swedish roots, explain their network position and what products that they could offer. The creation of these booklets and how they worked with them, show that they had really understood what was written in the Code of Conduct and that they were committed to the practice and that it had been integrated to their everyday work.

In Shanghai they had created their own financial manual, written in Chinese. The Financial Manager explained that there were a lot of different rules that applied when they were to report to the local tax authorities. Thus, they had to create one book for the tax authorities, and one for internal group reporting. Both interviewees from the finance department said that they used their financial manual in their daily work. The Financial Manager explained that if people do not know how to report their local taxes well, they will end up paying excessive tax. When there was an update to the corporate Financial Manual, the subsidiary held meetings where they discussed the changes, and the local financial manual was updated in accordance. However, at HQ, they had noticed that the Chinese subsidiary did not always do their internal reporting as intended, at least in the past, and thought this was because they had not completely understood the directives.

Regarding the Credit Risk Policy, the CFO explained that they had never had any bad debt in Shanghai. 75 percent of their business was conducted through the incoterm “Free On Board”, meaning that the client had to pay before receiving the goods. The other 25 percent were the shipments where they offered credit. Moreover, the MD explained that she had the authority to

give 30 days. For longer credits she had to contact the greater China MD in Hong Kong. She explained that normal practice in China was 45-60 days credit time. The Hong Kong MD actually signed off on all credits, but had the main responsibility for longer or larger credits. Overall, it seemed like GreenCarrier Shanghai was following the policy as intended. However, according to the Shanghai MD, this could sometimes cause problems for them:

Some clients whom we do not give credit will simply not work with us. There are many other forwarders, who are willing to take the risk and give them credit to get the business.

In other words, the Credit Risk Policy made the subsidiary handle credit in a stricter way than what was normal business customs in China. In addition, what this quote tells is that despite that the strict credit limits were definitely creating some problems for them, they were willing to sacrifice the deals with higher credit risk to conform to the Credit Risk Policy and the HQ's strategy.

5. Analysis



This chapter presents both a within-case, and a cross-case analysis of the different cases, where the theory presented in theory section is applied to the empirical findings. The chapter is structured after the initiation, implementation and integration stages of the transfer process. In between, an analysis of the different institutional environments is presented. Last, an analysis of how these different institutional environments and individual agents simultaneously affected the transfers is presented.

5.1 Initiation

This study has focused on the transfer practices which has been defined and written down in four corporate documents. It could be argued that these documents contain more than four organizational practices since some of them are quite broad and span across different organizational functions. Although, since an organizational practice can span across different functions (Kostova, 1999), the documents will be treated the same way as GreenCarrier did, as four distinct practices.

What led up to the decision to transfer these four practices was a perceived need from the board of directors to create more congruency in the organization. The CFO then was assigned to create the four practices, and although he did not specifically take cultural differences into account, receiving counsel from subsidiary managers on whether the practices would be appropriate in their subsidiaries, meant that their fit with the different institutional environments was verified to some extent. On the other hand, the overall purpose was to create congruence, and not to be particularly well adapted to any of the institutional environments where the practices were to be adopted. This indicates that the practices were developed with a mentality more in line with what was argued by Kostova et al., (2008); that the MNC can choose the practices they think serve them best. In this case, the practices were to a large extent based on the norms of the members of the board, who in majority were Swedish. Hence, the documents were forged based on their values, their view on financial risk and on financial reporting that would make it easier to do the external group reporting.

In line with what is to be expected according to Szulanski (1996), the practices studied contained both tacit and explicit components. In the Financial Manual and the Credit Risk Policy, it was explicitly stated how to conduct the internal financial reporting and the different rules for giving credit to clients. In order to put this knowledge into practice, however, tacit basic financial knowledge is also required. In the Code of Conduct and the Anti-Bribery and Corruption Policy, the information provided was more ambiguous. Therefore, more tacit knowledge is required in order to decipher what is written. For example, where to draw the line between a bribe and a gift, or what it means to treat your colleagues fair and with respect. In other words, the two former practices require tacit knowledge in its application, whereas the latter two, to a larger extent, require tacit knowledge in its interpretation, to be able to comprehend what is actually stated.

5.2 Local Institutional Environment

Drawing on neoinstitutional ideas, a subsidiary strives to achieve legitimacy by conforming to institutional pressure both from HQ and from the local institutional environment by conforming to institutional pressure (Kostova and Zaheer, 1999). This pressure, in turn, usually have regulatory, normative, and cultural-cognitive components (Scott, 2001: Ch. 3). Therefore the analysis of the local environment will be divided into these three subcategories.

5.2.1 Regulatory Influence

From the interviews, it was evident that the local regulatory environment did affect the practice transfers in two of the three cases studied. In Norway, the fact that the country was not a part of the European Union had led to the subsidiary having a slightly different income structure on their operations. However, it did not affect the transfer of the studied practices much. In Chinese and Polish subsidiaries, on the other hand, it had a more direct impact on the transfers. In both of these countries, the local accounting and tax regulations had forced the subsidiaries to create two separate books, one for reporting to the local government, and one for internal reporting. By acting as they did, they tried to conform both to the intra-organizational, and the local coercively imposed regulations, which is an example of institutional duality facing the subsidiaries (Rosenzweig and Nohria, 1994).

5.2.2 Normative Influence

In all three countries, the interviewees reported that the norms regarding credit risk were less restrictive than in the Swedish HQ. As a result, all subsidiaries struggled with the credit risk policy, although, some more than others. In the Norwegian subsidiary, they reported that the credit terms set up were manageable, however, not suitable for their port logistics business, where the credit norm was different. In the Chinese subsidiary, the credit norms were also different, and as a result they sometimes had to let go of business that they otherwise would have handled. But, they accepted the credit terms set up by the HQ, and understood that having strict credit terms meant less credit risk, despite that they had not yet experienced any credit loss in Shanghai. The Polish subsidiary experienced issues adopting the Credit Risk Policy. In Poland, the norm for credit time was around 30-60 days, and the longest amount of credit time the Polish MD was allowed to provide without consulting the HQ was 30 days. As a result, they acted by decoupling from the practice (Meyer et al., 1991), and adopted the practice only ceremonially in an attempt to achieve both intra-organizational and local legitimacy (Scott, 2001: Ch. 3; Kostova and Zaheer, 1999; Kostova and Roth, 2002). Since they were not allowed to give more than 30 credit days credit time, according to the Credit Risk Policy, that was what they put in their contracts, despite having the knowledge that receiving the actual payment within 30 days was sometimes the absolute best scenario. The difference between how the Chinese and the Polish subsidiary acted as a response to the Credit Risk Policy is interesting for a cross-case analysis. Although, they both had to defy the local norms in order to comply with the policy, the former chose to do so, while the latter did not. In the Chinese subsidiary, they simply acknowledged that in order to be able to conform to the intra-organizational institutional pressure, they had to let go of some of their potential business. This choice could have been made in Polish subsidiary too, although it is not possible to tell exactly what the financial impact would have been from making such a decision, and if the consequences would have been greater than they were in China. The reasons to why the subsidiaries acted differently is something that will be analyzed further in the upcoming chapters.

5.2.3 Cognitive Influence

Aggregating the impressions from the interviewees in the three different environments, gives an indication that the cognition of the Norwegian employees were similar to employees at HQ, although as they themselves pointed out, slightly more relaxed. It was found that the Norwegians to a great extent trusted the HQ and could identify themselves with the HQ's ways

(Kostova and Roth, 2002). The Norwegian subsidiary was the one least dependent on resources from the HQ. Instead, there was a mutual dependence between the large subsidiary and the HQ. In Poland, the employees felt like there was a cultural difference where they were more straight to the point, and more hierarchical. Not receiving direct instructions from the HQ more often made them feel like they were not prioritized and they could not really relate to the Swedes. This implies that the Polish employees were somewhat low in both the cognitive components of identity and trust (Kostova and Roth, 2002). Regarding the dependence component (*ibid.*), no explicit evidence was found to determine the degree of dependence experienced by the Polish employees. That the HR representative was dependent on receiving tasks from HQ points towards a high dependence, while at the same time, she did not feel obliged to report feedback regarding the practices points towards a low dependence. What can be determined, to a large extent based on the size of the subsidiaries, is that both the Polish and the Chinese subsidiaries were more economically dependent on the HQ than the Norwegian subsidiary (Marano and Kostova, 2016). Moreover, to the astonishment of the authors, the Chinese subsidiary had developed a corporate culture that resonated well with GreenCarrier's core values; commitment, involvement, humor and joy. All interviewees expressed that they felt like a family where everyone cared for each other and had fun at the workplace. The Shanghai subsidiary had adopted Swedish "fika" time and had a rather flat organizational structure indicating everyone's involvement. It was found that the Chinese employees could both identify themselves with the HQ and had a high degree of trust (Kostova and Roth, 2002). How the different cognitions in the three cases affected the transfer of the practices will be more thoroughly discussed upcoming chapters.

5.3 Implementation

In Szulanski's (1996) second stage of the transfer process, implementation, resources should flow between the source and the recipient, and the practice is often adapted to fit the needs of the recipient. What was observed at GreenCarrier was that, initially, the resources that flowed from HQ was in the form of the four documents. As highlighted in the interviews at all the studied subsidiaries, the implementation started with two key persons coordinating the practices; the MD and the CFO. The keyword that came up for verifying the implementation was *signing* the documents. Moreover, comparing the three cases, it was found that all subsidiaries had followed the HQ's request by sending the practices to all employees. After the documents had been distributed and signed, the implementation was largely left for the

subsidiaries to complete. However, the Shanghai subsidiary had extended the implementation in comparison to the others, where the MD had multiple meetings and face-to-face encounters. There were also other ways of implementing some of the practices. In addition to the initial implementation efforts from HQ, they also held an annual financial conference, where they implemented changes and improvements for the Financial Manual and the Credit Risk Policy. Furthermore, they had the E-learning tool, E-academy, where the HQ attempted to implement CSR practices found in the Code of Conduct document. In addition, Value day was yet another way of implementing various HR practices sent from HQ. Thus, GreenCarrier did not completely follow Szulanski's (1996) process regarding implementation, especially regarding the implementation of the Code of Conduct practice. Instead, they employed a more gradual implementation, where the practice was not expected to be fully implemented over night. At the subsidiaries, they thought that implementation through the IT-system and through the company Value Day was a better way for implementing the Code of Conduct, and these methods were referred to as the primary ones in the interviews. Since the common denominator for these two practices was that they contained a greater proportion of tacit components, this finding suggests that practices containing a greater proportion of tacitness (Szulanski, 1996), require a more prolonged implementation process.

In the case of Norway, the subsidiary had a similar institutional environment as the one at HQ, and both the cognitive and normative mindset was recognized to be similar. The regulatory environment was somewhat different, however, the regulations that affected the transfer of the studied practices, such as local accounting regulations, was similar. As a result, the implementation of the four practices at the Norwegian subsidiary had no major complications. However, there was an issue regarding the implementation of the Credit Risk Policy, but this issue was derived from a difference in business structure, rather than differences in credit norms. In addition, this issue was communicated swiftly to the HQ, and the policy was to be adapted accordingly. This showcases that the Norwegian subsidiary's feedback towards the HQ was useful and that the HQ was susceptible for it. This is in line with Arrow (1969) and Gupta and Govindarajan (2000), who argue that transmission channels to the subsidiaries that lie in close spatial proximity are easier to maintain. Despite that not much effort was put into maintaining the transmission channels with the Norwegian subsidiary, they still were highly functional when more intense communication was needed.

5.3.1 Differences in Implementation

According to Gooderham et al., (1999) and Jensen and Szulanski (2004), MNCs should consider the institutional conditions at the locations where practices are to be transferred and adapt the practices according to such conditions. However, none of the four organizational practices studied had been explicitly modified to fit the local markets. Instead, the HQ had created standardized practices or organizational routines that every subsidiary had to follow. As a consequence, the Polish and the Chinese subsidiaries had to create their own routines for financial reporting to their local government. According to Gooderham et al., (1999), regulatory factors are the most common reasons for adapting practices when transferring them across borders, and not adapting the Financial Manual, which was the practice most affected by the regulatory environment, had the largest impact in this case as well. Not adapting the practice, was something that the interviewees in the Polish subsidiary did not appreciate. They thought that the documents ought to be more specific, tailored to fit the Polish business environment. The practice that had not been adapted, created inefficiency at the local subsidiary. Despite this dissatisfaction, no feedback was given to the HQ by the Polish subsidiary. However, in this case, the HQ's whole intention of the Financial Manual was that it should be a uniform practice within the GreenCarrier group. This indicates that the problem was not that the practice was not adapted, but rather that the dissatisfied employees had not fully understood the intention behind the practice, which is imperative for effective practice transfers (Jensen and Szulanski, 2004). If this dissatisfaction would have been communicated back to the HQ, the HQ would have had the possibility to suspect that employees at the subsidiary had not fully understood the purpose of the practice.

As previously mentioned, the initial implementation process was supposed to be straightforward and standardized, where the only requirement from HQ was that the documents were distributed and confirmed by signatures. However, in the Chinese subsidiary, the MD put extra effort into the implementation by hosting special meetings where the content of the practices were communicated. Why she chose to host these meetings is an interesting query. From the empirical material, a probable explanation can be proposed. The MD had a close relationship with one of the owners of GreenCarrier, which over the years, had helped her establish a strong connection, made her trust and identify herself with the HQ. The evidence suggests that this made her susceptible to directives from the HQ and increased her motivation to implement the practices. This finding confirms that trust and identity (Kostova and Roth,

2002) and strong social ties (Björkman and Lervik, 2007) facilitates the implementation of the transfer of practices.

5.4 Integration

According to Szulanski (1996), there should be a ramp-up stage between the implementation and integration stage, where the subsidiary gradually starts using the practice more and more. However, in this study, this stage was difficult to observe. Although, what was observed was that not all practices were used in its entirety right away. Perhaps the reason to why no clear ramp-up stage could be observed had to do with the nature of the practices studied. The Financial Manual and the Credit Risk Policy, are straight forward and either you follow it or you do not, and the Code of Conduct and the Anti-Bribery and Corruption Policy concerns the mindset of the employees, where it is difficult to tell when, or if there was any, change in mentality among the employees, without doing a more longitudinal study. What could be observed in this study, was more how the practices had manifested themselves at the different subsidiaries.

In Oslo, the findings suggest that there had not been much effort put into integrating the practices. Although, the Norwegian subsidiary operated in an environment that was similar to the Swedish HQ, and this meant that the subsidiary already acted in accordance with some of the practices. In the areas where the Norwegian subsidiary did not conform to the practices, it had more to do with organizational factors. The first was that the Norwegian subsidiary had a port logistics business that was unique in the group which required different credit terms, and the second one was that the subsidiary itself had only started to become internally integrated within the last several years which made it troublesome to control how credits were handled. Interestingly, the HQ chose to adapt its Credit Risk Policy since it did not fit the Norwegian port logistics business and gave them extended authority. In other words, the evidence confirmed Kostova et al.'s, (2016) findings that the economic dependence had implications for the practice transfer. However, in this case, this did not make the HQ give the local institutional environment special attention, as suggested by Kostova et al., (2016). Instead, it was organizational factors that had been taken into special consideration, and the institutional environment was not considered worthy of special attention since it was considered compatible.

In Shanghai, the evidence clearly suggests that the Credit Risk Policy, the Code of Conduct and the Anti-Bribery and Corruption Policy had been well integrated. It seemed like the Chinese employees really identified with what the practices stood for, and believed that acting in accordance with the practices was the right thing to do, which suggests that the Chinese had internalized the meaning of the practices which, in turn, is a sign of the practices being well integrated (Kostova and Roth, 2002). It could be argued that the Financial Manual had also been well integrated, since they had created their own Financial Manual where both the practices for internal group reporting and local government reporting had been integrated. When there was an update to the Financial Manual developed at HQ, the Chinese subsidiary had internal meetings where this information was communicated, and their local financial manual was updated. Although, HQ reported that there had been various issues, especially early on, and they were unsure that the Chinese subsidiary had really understood what they were supposed to do. However, the evidence suggests that this issue was not derived from a lack of motivation at the subsidiary unit, and was thus not an example of ceremonial adoption (Kostova and Roth, 2002). Instead, the issue probably derived either from initially unclear directives from the HQ, or from the honest incompetence at the subsidiary (Hoenen and Kostova, 2015). Although, the empirical evidence did not allow for a determination of which of the two that was the underlying factor. Due to these perceived issues, the HQ put extra effort trying to ensure that the internal reporting was done correctly, which also had resulted in a significant improvement. This highlights the importance of communication for transferring organizational practices. Despite the geographical distance, GreenCarrier had managed to maintain good transmission channels improving the communication (Gupta and Govindarajan, 2000). These transmission channels, in turn, had been maintained both through frequent visits, which are costly (Teece, 1981), however, also through using their internet-based video communication tool, which allowed them to have contact with less cost.

In Poland, the practices had been integrated fairly well. For example, the Financial Manual had been well integrated into the business and it was used in the daily operations. However, the employees had not fully internalized all of the practices (Kostova and Roth, 2002), and they did not entirely understand the motivations behind all of them. As an example, regarding the Code of Conduct practice, the subsidiary employees did not seem to identify themselves with the company's core values and mentioning ISO-regulations when explaining what they did to ensure a good workplace environment implies that the practice had not been internalized.

Furthermore, the hierarchical organizational structure put a lot of emphasis on the subsidiary MD for communicating the practices. He communicated what the employees should do, although, the reasons behind the practices were not thoroughly discussed. This hierarchical structure had also influenced the subsidiary employees, who were used to follow directives and not make as many own decisions. The implication of this hierarchical structure was that the subsidiary MD could act as a gatekeeper to the understanding of the purposes behind the practices, and according to Kostova and Roth (2002) and Schotter and Beamish (2011), practices are not fully integrated until they have been internalized and understood. What fanned the flames was that the MD was not fully convinced of the applicability of the Credit Risk Policy. He thought that what they already did locally, was more effective and better suited for their local environment. Since the perception of the Polish MD was not fully aligned with the perceptions from HQ, the Polish MD chose to give in to local institutional pressure and allowed the local norms and values determine how they were to conduct their business. To still achieve legitimacy from the HQ, they had to convey that the new practices had been adopted. However, the adoption was partially ceremonial (Kostova and Roth, 2002), and what actually happened was that their old way of handling credit risks persisted.

5.4.1 Influence from the Institutional Environment and the Role of Influential Agents

Comparing the Polish and the Chinese cases, both the local institutional environment was considerably different to the one of the Swedish HQ. These institutional differences created similar institutional pressures to the practice transfers to the two subsidiaries. For example, in both China and in Poland, environmental issues were not prioritized among clients or suppliers, the local norms for credit times were both longer, and gifts that could be considered bribes was sometimes part of the business culture. However, what was observed was that in China, more effort was put into really integrating the practices, which in turn, allowed for a deeper integration. One reason to why the Chinese put more effort into complying with the practices that was identified, was that they had developed a special workplace culture. Despite that other Chinese firms were usually hierarchically structured, the subsidiary had developed a flat organization where the employees felt like they made an impact. In addition, they strongly identified themselves with GreenCarrier and its values. They felt noticed and that what they did made a difference. Therefore, when they received directives from HQ, they followed through and did what they could in order to comply with the new demands from HQ.

How such a workplace culture was developed is a long and complex story which had happened gradually since the establishment of the Chinese subsidiary. What was found in this study suggests that there were several key factors. One was the strong influence from the Shanghai MD and her influence on the rest of the workplace. This finding confirms that individual agents really can play a role in shaping local norms and values, and create a culture that promotes the transfer of organizational practices (Hirsch and Lounsbury, 1997; Hoenen and Kostova, 2015). Another factor that had a strong impact was that all employees saw working for GreenCarrier as a great opportunity to advance their own careers. This factor has also been noted by Kostova et al., (2008). However, in this case, individuals trying to advance their own careers did not create a divide within the subsidiary. Instead, it made all employees motivated to adhere to directives from HQ. In doing so, they thought that doing well and adhering to the will of the HQ would be noticed either locally, or at HQ, which in turn would springboard their careers.

Both in China and in Poland, the two subsidiary MDs were identified as key players having a large influence. The difference between the two, was that the Chinese MD to a larger extent identified herself with “the GreenCarrier way” and talked warmly about what the company had accomplished, both internationally, and what they had accomplished locally, whereas the Polish MD only talked about what they had accomplished locally. If there are such key players, i.e. influential agents (Hoenen and Kostova, 2015; Kostova et al. 2016), they can act both as facilitators, and as possible gatekeepers for the transfer of organizational practices. Hence, the findings suggest that it is imperative to ensure that if individuals with such a strong influence exist, their perception has to be aligned with the perception at HQ. This had been done successfully in China, and by doing so, the Chinese subsidiary was able to transcend local norms and values, to fully integrate the practices into their everyday business life. How this can be conducted is naturally a complex issue. What was found in this study however, is that the Chinese MD had, throughout the years, developed closer social ties with the Swedish HQ. This had happened both when she had visited the HQ numerous times, and also through the use of boundary spanners at HQ (Schotter and Beamish, 2011), both in the form of expatriates, and in the form of executives visiting the subsidiary. This finding is in line with Björkman and Lervik (2007), who argues that the existence of social ties between HQ-subsubsidiary is an important factor for facilitating the transfer of practices, which in this case, had been done successfully with the Shanghai MD.

Another interesting finding from the successful practice integration in the Chinese subsidiary is that all factors discussed seem to add up, increasing the probability of a successful transfer process. Through extensive communication and developing a close relationship with the Shanghai MD, as well as through the use of expatriates whom she could ask for guidance, her values and perception was aligned with the ones at HQ. She in turn, could influence the norms and perceptions of the rest of the employees at the subsidiary unit, decreasing the difference in perception (Schotter and Beamish, 2011). This alignment of perception facilitated the communication regarding the practices which increased the understanding of the purpose of the practices. An increased understanding, in turn, increased the motivation to fully adopt and integrate the practices.

6. Conclusion



This chapter outlines the findings and conclusions of this study, which provide the answer to the research question. Additionally, the chapter presents a discussion of managerial implications and concludes with recommendations for future research.

6.1 Findings and Theoretical Contribution

The purpose of this study has been to examine the role and mindset of individual agents in the transfer of organizational practices across different institutional environments, which will contribute to the understanding of the HQ-subsidary relationship. In addition, the study has had its predominant focus on individual agents acting in different institutional environments and how this has affected the transfer of organizational practices. Through an in-depth multiple case study of GreenCarrier's subsidiaries in Norway, Poland, and China, employing an institutional perspective has brought a contextualized understanding of the phenomenon.

One factor that lead this study to combine an investigation of transfer of practices with attention to the institutional environment, is that a successful transfer will, by definition, prove the importance of individual agency for the transformation of micro-institutions (Hoenen and Kostova, 2015). If initiatives from individuals at HQ are able to change the taken for granted practices at a subsidiary through transferring organizational practices, agents are playing a role in creating and shaping institutions, since they change the social structures that have previously attained a high degree of resilience (Scott, 2001: Ch. 3). In this study, evidence of such transfers and such transformations were found. Previously, there has been a gap in the literature with regard to how such transformations happen, who the influential agents are, and what factors are important (Kostova et al., 2016; Hoenen and Kostova, 2015). Therefore, the research question that this study has strived to answer has been: *How do institutional environments and individual agents simultaneously affect the transfer of organizational practices within the MNC network?* Hereinafter, the findings that will aid to answer this question will be presented. The findings of this study point to several key components that are essential to the transfer, influenced both by the institutional environment as well as by particularly influential agents in the subsidiary units.

These agents can influence both the transfer process itself, and the preconditions that facilitate the transfer.

First off, practices that are transferred across dissimilar institutional environments can be difficult to implement due to differences in perception between the HQ and the recipient subsidiary. The findings suggest that when the practice contains a greater proportion of tacit components, the influence of this difference in perception becomes magnified, with the implication that such transfers might require a longer implementation process. Furthermore, previous studies have emphasized the need for adaptation of the practice transferred to improve its applicability in the local institutional environment. However, when the purpose of an organizational practice is primarily to achieve coordination within the MNC, the findings indicate that the practice might not be adapted, leading to enhanced efficiency for the MNC as a whole. Although, it might simultaneously create inefficiencies at the local subsidiary.

This study found evidence of the existence of certain agents, who were especially influential in the transfer process. Depending on the perceptions and motivations of such agents, they could both act as facilitators, and be potential gatekeepers, to the transfer of the practices. Evidence was also found to confirm that the regulatory, normative and cognitive pillars of the local institutional environment affected how the practices were perceived and how they were adopted. It was also found that the subsidiary micro-institutional environment affected the transfer. In this micro-institutional environment, the cognitive components of dependence, trust and identity were found to be of particular importance. This was because these components affected the perception of the practices, which in turn affected the motivation to implement and integrate them into the business. Therefore, this study also highlights the importance of communication, the use of boundary spanners, and developing strong social ties. By utilizing these tools, the HQ can establish trust at the subsidiary and make the employees identify themselves with the HQ, shaping the perceptions at the subsidiary making it more susceptible to the new organizational practices, decreasing the probability of ceremonial adoption. These tools were of special importance to make the influential agents trust and identify themselves with the HQ, aligning their perceptions. If the influential agents' perceptions were not aligned with the HQ, it was found that they could act as gatekeepers to the purpose behind the practices, increasing the probability of ceremonial adoption. However, if the influential agents felt trust and identity, they could facilitate the transfer by being motivated to facilitate the

implementation and integration of the practices. In addition, if the perceptions of such agents were aligned with the HQ, they could have a positive influence on the subsidiary's micro-institutional environment. By influencing the perceptions of other individuals at the subsidiary unit, the influential agents can play a major role in creating an auspicious workplace culture, stimulating the transfers. Since both these factors increase the probability of practice internalization, it becomes imperative to align the perceptions and motivations of influential agents to the strategic agenda at the HQ.

6.2 Managerial Implications

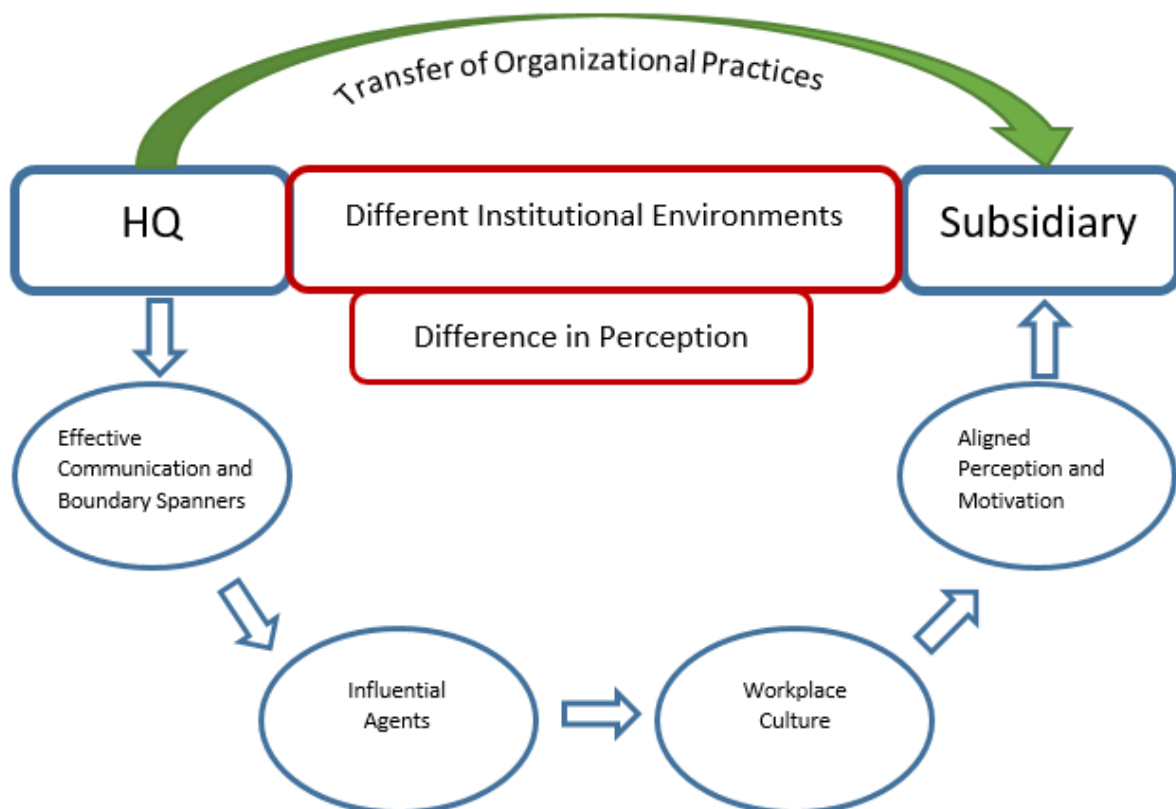
This study has shown that transferring practices across dissimilar institutional environments is a complex endeavor with many pitfalls. It has emphasized that local institutional factors will affect the transfer and the adoption of the practices. How these factors will affect the transfer is difficult to foresee on beforehand, especially when having subsidiaries dispersed in various locations around the world. Therefore, this study highlights the importance of identifying influential agents, who are better situated to understand the local environments and are in a position to truly affect the local workplace cultures. Thus, it becomes imperative to align the perceptions and motivations of those agents to the strategic agenda at the HQ. To accomplish this interest, developing strong interpersonal relationships with the identified individual agents are essential in order to decrease the differences in perception and develop a mutual understanding. Another important tool to align the perceptions among individuals, is the use of boundary spanning expatriate individuals. Expatriates situated at the recipient unit are in a better position to see the issues from the same point of view as the subsidiary employees, and can also facilitate their understanding of the HQ's perspective. Thus, the boundary spanning expatriates become a beneficial factor for both the subsidiary and the HQ. To sum up, attaining strong interpersonal relationship with key individuals, and the use of expatriates can lay the foundation to facilitate the transfer of organizational practices.

6.3 Recommendations for Future Research

One finding of this study was that the perceptions at the subsidiary unit can be altered to facilitate the transfer of organizational practices. However, when exactly these changes occur, and how that process plays out could not fully be observed. To explore that process, future research employing a more longitudinal perspective would be beneficial to better understand

how the perceptions evolve over time. Furthermore, the studied practices were uniform and not adapted to the local institutional environment, which enhanced the HQ's coordination of its subsidiary network. Since subsidiaries are active in different institutional environments, uniform practices may not always be in congruence with the subsidiary operations, which can have a reverse effect, decreasing the efficiency at the subsidiary level. Therefore, a similar study focused on practices that are adapted to each institutional environment would be fruitful. In addition, by adding more diverse institutional environments in similar in-depth contextual studies focusing on transfer of organizational practices, perhaps more factors that influence the transfer process could be found, and even further deepen the understanding of the phenomenon. Last, as illustrated in **Figure 3**, one interesting unexpected finding from the case of Shanghai, beyond the scope of this study, was that it seemed as the compound of utilizing boundary-spanners, and effective communication, to develop strong social ties with the influential agents, creates a favorable situation where differences in perception can be circumvented, establishing a nourishing foundation for a successful transfer process, which for future research, would be interesting to test.

Figure 3. Model for Circumvention of Differences in Perception



Source: Authors' own.

7. References

- Alfoldi, E. A., Clegg, L. J. & Mcgaughey, S. L. (2012) 'Coordination at the edge of the empire: The delegation of headquarters functions through regional management mandates', *Journal of International Management*, 18, 276-92.
- Alvesson, M. & Kärreman, D. (2007) 'Constructing mystery: Empirical matters in theory development', *Academy of management review*, 32, 1265-81.
- Ambos, T. C., Andersson, U. & Birkinshaw, J. (2010) 'What are the consequences of initiative-taking in multinational subsidiaries & quest', *Journal of International Business Studies*, 41, 1099-118.
- Andersson, U., Forsgren, M. & Holm, U. (2007) 'Balancing subsidiary influence in the federative MNC: a business network view', *Journal of International Business Studies*, 38, 802-18.
- Arrow, K. J. (1969) 'Classificatory notes on the production and transmission of technological knowledge', *The American Economic Review*, 59, 29-35.
- Bartlett, C. A. & Ghoshal, S. (1987) 'Managing across borders: New organizational responses', *Sloan Management Review*, 29, 43-53.
- Björkman, I., Barner-Rasmussen, W. & Li, L. (2004) 'Managing knowledge transfer in MNCs: the impact of headquarters control mechanisms', *Journal of international business studies*, 35, 443-55.
- Björkman, I. & Lervik, J. E. (2007) 'Transferring HR practices within multinational corporations', *Human Resource Management Journal*, 17, 320-35.
- Bouquet, C. & Birkinshaw, J. (2008a) 'Managing power in the multinational corporation: How low-power actors gain influence', *Journal of Management*, 34, 477-508.
- Bouquet, C. & Birkinshaw, J. (2008b) 'Weight versus voice: How foreign subsidiaries gain attention from corporate headquarters', *Academy of Management Journal*, 51, 577-601.
- Brannen, M. Y. (2011) 'Ch. 8. Using multiple case studies to generalize from ethnographic research', in *Rethinking the case study in international business and management research*. Gheltenham, UK, Edward Elgar Publishing Ltd.
- Bryman, A. & Bell, E. (2015) *Business Research Methods*, NY, Oxford University Press.
- Ciabuschi, F., Dellestrand, H. & Holm, U. (2012) 'The role of headquarters in the contemporary MNC', *Journal of International Management*, 18, 213-23.

- Collis, J. & Hussey, R. (2009) 'Business Research: A Practical Guide for Undergraduate and Postgraduate Students', 3rd ed. Hampshire, Palgrave Macmillan.
- Cresswell, T. (2014) 'Place: A Short Introduction', 2nd ed. New Jersey, Wiley Blackwell.
- Dacin, M. T., Goodstein, J. & Scott, W. R. (2002) 'Institutional theory and institutional change: Introduction to the special research forum', *Academy of management journal*, 45, 45-56.
- Dicken, P. (2015) 'Global shift: Reshaping the global economic map in the 21st century', 7th ed. NY, Guildford Publications.
- DiMaggio, P. & Powell, W. W. (1983) 'The iron cage revisited: Collective rationality and institutional isomorphism in organizational fields', *American Sociological Review*, 48, 147-60.
- DiMaggio, P. J. (1988) 'Interest and agency in institutional theory', *Institutional patterns and organizations: Culture and environment*, 1, 3-22.
- Drogendijk, R. & Holm, U. (2012) 'Cultural distance or cultural positions? Analyzing the effect of culture on the HQ–subsidiary relationship', *International Business Review*, 21, 383-96.
- Edwards, T. (2004) 'The Transfer of Employment Practices Across Borders in Multinational Companies', *International Human Resource Management*, 389-410.
- Eisenhardt, K. M. (1989) 'Building theories from case study research', *Academy of management review*, 14, 532-50.
- Ferner, A., Edwards, T. & Tempel, A. (2012) 'Power, institutions and the cross-national transfer of employment practices in multinationals', *Human Relations*, 65, 163-87.
- Fletcher, M. & Plakoyiannaki, E. (2011) 'Ch. 10. Case selection in international business: key issues and common misconceptions', in *Rethinking the case study in international business and management research*. Northampton, MA, Edward Elgar.
- Fong Boh, W., Nguyen, T. T. & Xu, Y. (2013) 'Knowledge transfer across dissimilar cultures', *Journal of Knowledge Management*, 17, 29-46.
- Foss, K., Foss, N. J. & Nell, P. C. (2012) 'MNC organizational form and subsidiary motivation problems: Controlling intervention hazards in the network MNC', *Journal of International Management*, 18, 247-59.
- Foss, N. J. & Pedersen, T. (2002) 'Transferring knowledge in MNCs: The role of sources of subsidiary knowledge and organizational context', *Journal of International Management*, 8, 49-67.

- Friedman, R. A., & Podolny, J. (1992). 'Differentiation of boundary spanning roles: Labor negotiations and implications for role conflict'. *Administrative Science Quarterly*, 28-47.
- Friedman, T. L. (2006) *The World is flat [updated and expanded]: A brief history of the twenty-first century*, New York, Picador.
- Geppert, M. & Williams, K. (2006) 'Global, national and local practices in multinational corporations: towards a sociopolitical framework', *The International Journal of Human Resource Management*, 17, 49-69.
- Gibbert, M., Ruigrok, W. & Wicki, B. (2008) 'What passes as a rigorous case study?', *Strategic management journal*, 29, 1465-74.
- Giddens, A. (1984) *The constitution of society: Outline of the theory of structuration*, University of California Press.
- Gooderham, P. N., Nordhaug, O. & Ringdal, K. (1999) 'Institutional and rational determinants of organizational practices: Human resource management in European firms', *Administrative Science Quarterly*, 44, 507-31.
- Grant, R. M. (1996) 'Toward a knowledge-based theory of the firm', *Strategic management journal*, 17, 109-22.
- GreenCarrier (2016a) 'Freight Services'. Available at: <http://greencarrier.com/> Accessed: April 8th 2016
- GreenCarrier (2016b) 'Front Page'. Available at: <http://greencarrier.com/> Accessed: April 8th 2016
- GreenCarrier (2016c) 'Our Group'. Available at: <http://greencarrier.com/> Accessed: April 8th 2016
- Guba, E. G. & Lincoln, Y. S. (1994) 'Ch. 6. Competing paradigms in qualitative research', in *Handbook of qualitative research*. CA, Thousand Oaks.
- Gupta, A. K. & Govindarajan, V. (2000) 'Knowledge flows within multinational corporations', *Strategic management journal*, 21, 473-96.
- Gustafsson, B., Hermerén, G., & Petterson, B. (2011). God Forskningssted Vetenskapsrådets rapportserie.
- Hansen, M. T., Mors, M. L. & Løvås, B. (2005) 'Knowledge sharing in organizations: Multiple networks, multiple phases', *Academy of Management Journal*, 48, 776-93.
- Hillman, A. J. & Wan, W. P. (2005) 'The determinants of MNE subsidiaries' political strategies: evidence of institutional duality', *Journal of International Business Studies*, 36, 322-40.

- Hirsch, P. M. & Lounsbury, M. (1997) 'Ending the family quarrel toward a reconciliation of “old” and “new” institutionalisms', *American behavioral scientist*, 40, 406-18.
- Hoenen, A. K. & Kostova, T. (2015) 'Utilizing the broader agency perspective for studying headquarters-subsidiary relations in multinational companies', *Journal of International Business Studies*, 46, 104-13.
- Jensen, R. & Szulanski, G. (2004) 'Stickiness and the adaptation of organizational practices in cross-border knowledge transfers', *Journal of International Business Studies*, 35, 508-23.
- Kogut, B. & Zander, U. (1992) 'Knowledge of the firm, combinative capabilities, and the replication of technology', *Organization science*, 3, 383-97.
- Kostova, T. (1999) 'Transnational transfer of strategic organizational practices: A contextual perspective', *Academy of management review*, 24, 308-24.
- Kostova, T., Marano, V. & Tallman, S. (2016) 'Headquarters–subsidiary relationships in MNCs: Fifty years of evolving research', *Journal of World Business*, 51, 176-84.
- Kostova, T. & Roth, K. (2002) 'Adoption of an organizational practice by subsidiaries of multinational corporations: Institutional and relational effects', *Academy of management journal*, 45, 215-33.
- Kostova, T., Roth, K. & Dacin, M. T. (2008) 'Institutional theory in the study of multinational corporations: A critique and new directions', *Academy of Management Review*, 33, 994-1006.
- Kostova, T. & Zaheer, S. (1999) 'Organizational legitimacy under conditions of complexity: The case of the multinational enterprise', *Academy of Management review*, 24, 64-81.
- Lecompte, M. D. & Goetz, J. P. (1982) 'Problems of reliability and validity in ethnographic research', *Review of educational research*, 52, 31-60.
- Marano, V. & Kostova, T. (2016) 'Unpacking the institutional complexity in adoption of CSR practices in multinational enterprises', *Journal of Management Studies*, 53, 28-54.
- Meyer, J. W. & Rowan, B. (1977) 'Institutionalized organizations: Formal structure as myth and ceremony', *American journal of sociology*, 340-63.
- Meyer, J. W., Rowan, B., Powell, W. & DiMaggio, P. (1991) 'The new institutionalism in organizational analysis', *The new institutionalism in organizational analysis*.
- Michailova, S. & Mustaffa, Z. (2012) 'Subsidiary knowledge flows in multinational corporations: Research accomplishments, gaps, and opportunities', *Journal of World Business*, 47, 383-96.

- Mudambi, R., & Swift, T. (2009). 'Professional guilds, tension and knowledge management'. *Research Policy*, 38(5), 736-745.
- Nohria, N. & Ghoshal, S. (1994) 'Differentiated fit and shared values: Alternatives for managing headquarters-subsidiary relations', *Strategic Management Journal*, 15, 491.
- O'Dell, C. & Grayson, C. J. (1998) 'If only we knew what we know: Identification and transfer of internal best practices', *California management review*, 40, 154-74.
- Oliver, C. (1991) 'Strategic responses to institutional processes', *Academy of management review*, 16, 145-79.
- Persson, M. (2006) 'The impact of operational structure, lateral integrative mechanisms and control mechanisms on intra-MNE knowledge transfer', *International Business Review*, 15, 547-69.
- Rosenzweig, P. M. & Nohria, N. (1994) 'Influences on human resource management practices in multinational corporations', *Journal of international business studies*, 229-51.
- Rosenzweig, P. M. & Singh, J. V. (1991) 'Organizational environments and the multinational enterprise', *Academy of Management review*, 16, 340-61.
- Schotter, A. & Beamish, P. W. (2011) 'Performance effects of MNC headquarters–subsidiary conflict and the role of boundary spanners: The case of headquarter initiative rejection', *Journal of International Management*, 17, 243-59.
- Scott, W. R. (2001) 'Constructing an Analytical Framework: Three Pillars of Institutions', *Institutions and Organizations*. 2nd ed., Sage Thousand Oaks, CA.
- Selznick, P. (1996) 'Institutionalism" old" and" new"', *Administrative science quarterly*, 270-77.
- Szulanski, G. (1996) 'Exploring internal stickiness: Impediments to the transfer of best practice within the firm', *Strategic management journal*, 17, 27-43.
- Tan, H. & Nojonen, M. (2011) 'Ch 24. Doing case studies in China: two perspectives', in *Rethinking the case study in international business and management research*. Northampton, MA, Edward Elgar.
- Teece, D. J. (1981) 'The market for know-how and the efficient international transfer of technology', *The Annals of the American Academy of Political and Social Science*, 458, 81-96.
- Tsang, E. W. (2014) 'Generalizing from research findings: The merits of case studies', *International Journal of Management Reviews*, 16, 369-83.
- Yin, R. K. (2013) *Case study research: Design and methods*, London, Sage publications.

Zucker, L. G. (1977) 'The role of institutionalization in cultural persistence', *American sociological review*, 726-43.

Zucker, L. G. (1987) 'Institutional theories of organization', *Annual review of sociology*, 13, 443-64.

Appendix

Interview Guide

Background

Tell us about yourself:

- Who you are
- Your background
- Your role at GreenCarrier

- How would you describe your relationship with the Swedish headquarters, and how often are you in contact with them?
- If you compare how you conduct your business here to Sweden, what is different?
- How would you describe GreenCarrier as a company? According to you, what is the structure of the decision-making and coordination of decisions at GC?

Purpose and Opinion

- Have you heard about, and have you read the documents (Code of Conduct, Anti-Bribery and Corruption Policy, Financial Manual, and Credit Risk Policy)?
- Have any of these documents ever affected the way you run your business? Have the documents given you more or less flexibility in terms of conducting business?
- What do you think is the purpose with these documents?
- What is your opinion on these types of documents/practices?

Process

- How did you go about implementing these practices/documents?
- What happened when you received the documents?
- How were these practices communicated within the organization?
- Are you continuously working with these documents? If yes, how?
- Did you ever feel that some of the content in the documents was not consistent with your way view of seeing things?
- If you have had any troubles, or had any objections with the documents, have you been in contact with HQ regarding those issues? If yes, how did you perceive that experience?

- Have there been any legal restrictions that you have had to take into consideration with regard to these practices?

Financial Manual

- Do you believe that the financial manual has been to any help or assistant? If no, do you think there are any other ways that might be more helpful?
- Has there been any change in how the financial communication is conducted after the introduction/update of the financial manual?

Credit Risk Policy

- This policy is developed after a Swedish perspective of seeing credit risks. Does this way of seeing credit risks also apply to your way of seeing it?
- Are you pleased with the levels of decision-making authority in the credit risk policy? Do you think it can be structured in a different way?

Anti-Bribery and Corruption Policy

- Have there been any suspicions about unwanted behavior that you have ever noticed, or that has been reported to you? What happened?
- Have you ever been involved or heard that a colleague had to say “no” to an offer or a deal that would have been classified internally as a bribe?
- In your opinion, what is the line between a gift and a bribe? Do you think your opinion is the same as it is at the HQ in Sweden, or at any other countries GreenCarrier conducts its business?

Code of Conduct

- Have you noticed any difference after the introduction of the document?
- Do you think that everyone in the organization knows about this document and has read it? If not? Why do you think that is?
- Did you know that GreenCarrier is setting aside part of its yearly profits to CSR project? Do you know what types of projects this money goes to?
- How are you working to improve the health and wellbeing of the staff?
- How are you working to develop the employees?
- Are you working to increase the environmental awareness among employees?

- How is work regarding environmental issues communicated (both internally and externally)?

- Is there something else that you want to add that you think we have missed or we ought to know?