



UNIVERSITY OF GOTHENBURG
SCHOOL OF BUSINESS, ECONOMICS AND LAW

Master Degree Thesis in International Business and Trade

Change? - Yes we can

A study analysing the implementation of structural changes in a multidivisional
MNC

Gustav Andersson and Robin Jönsson

Supervisor: Roger Schweizer

Master Degree Project 2017

Graduate School

In loving memory of Mikael Jönsson

1960 - 2017

Abstract

As Multinational Corporations (MNCs) grow and expand the importance of how to manage the headquarter-subsiary relationship has grown, and evermore when adding into the equation the centralisation of different units and tasks. Centralisation studies in international business (IB) studies has often been directed towards companies, which have a greater level of homogeneity. This study aims to investigate further how the implementation of centralisation is done in a multidivisional structured MNC where aspects are far more heterogeneous, and what factors affect the outcome of this process. An embedded single-case study approach has been adapted for the thesis which has been based on 13 semi-structured interviews performed with participants from four countries. The findings of this study bring forth that centralisation can be performed in different manners in the same company depending on the nature of the task and unit being changed. Further, the results show that local managers acting as change agents, greatly impact the change process and the outcome of a centralisation project.

Keywords: *Multidivisional Structure, Change Management, Organisational Practices, Control, Centralisation, Strategic Change.*

Acknowledgements

We would like to start by extending our deepest gratitude to the multiple individuals within Getinge who have provided us with the opportunity to perform this study and facilitated the entire process. Without their input and openness towards this study, it would not have given the aspired outcome. In addition, this project would not have been possible without the cooperation of Niclas Sjöswärd whose support and has been of great value to the authors.

Special thanks is to given to our supervisor Roger Schweizer, whose knowledge and guidance have been of great value for the creation of this thesis. His constant mentoring from the beginning of this project with well-placed comments and direction, has enabled us to perform in a more efficient manner.

Finally, we would like to give thanks to friends, family and the treasury team at Getinge, who have been giving us insightful comments and critique throughout this study and facilitated our work.

Gothenburg 2017-05-31

Gustav Andersson

Robin Jönsson

Abbreviations

BA	Business Area
CD	Consent Decree
ERP	Enterprise Resource Planning
FS	Financial Services
FTE	Full Time Equivalent
HQ	Headquarter
HRM	Human Resource Management
IB	International Business
IC	Infection Control
M-form	Multidivisional Form
MNC	Multinational Corporation
MS	Medical Systems
NIH	Not Invented Here
QRC	Quality Regulatory Compliance
R&D	Research and Development
SSC	Shared Service Centre

Definitions

Consent decree

A consent decree is a legal agreement, which is reached between an organisation and the government (FDA). It is a negotiated agreement detailing the voluntary actions pledged by the affected company to remedy nonconformances, including systems improvements, and to avoid FDA litigation.

Ad Hoc

Made or happening only for a particular purpose or need, not planned before it happens.

Table of Contents

Abstract	3
Acknowledgements	4
Abbreviations	5
Definitions	5
List of Figures and Tables	8
1. Introduction	9
1.1 Background	9
1.2 Problem Discussion	10
1.3 Research Question and Purpose of the Study	12
1.4 Research Outline	13
2. Methodology	14
2.1 Research Approach	14
2.2 Research Design and Selection of Case	15
2.3 Data Collection	16
2.4 Research Process	17
2.5 Quality of Study	20
3. Theoretical Framework	22
3.1 Centralisation and Autonomy in MNCs	22
3.2 The Multidivisional Structure	24
3.3 Headquarter and Subsidiary Relationships	25
3.3.1 Adoption of Organisational Practises	27
3.4 Change Management	29
3.4.1 Role of Change Agents	30
3.5 Knowledge Flows in MNCs	31
3.6 Subsidiary Embeddedness and Control	33
3.7 Conceptual Framework	34
4. Introduction to Getinge and The Project One Getinge	36
5. Empirical Findings	42
5.1 Quality Regulatory Compliance	42
5.1.1 Implementation of QRC Changes	42
5.1.2 Knowledge Transfer	43
5.1.3 Reception of Change and Role of Local Management	44
5.1.4 The Role of Communication	46
5.1.5 Perception of the Project	47

5.2 Financial Services	48
5.2.1 Implementation of a Shared Service Centre	48
5.2.2 Knowledge Transfer	52
5.2.3 Reception of Change and Role of Local Management	57
5.2.4 The Role of Communication	58
5.2.5 Perception of the Project	60
5.3 Summary of Empirical Findings	61
6. Analysis	62
6.1 Implementation of Change - Who should be in the driver's seat?	62
6.2 Transferring Knowledge - Can this be facilitated?	63
6.3 Local Management - Key for change	65
7. Conclusion and Recommendations	68
7.1 Main Conclusions of the Study	68
7.2 Recommendations for Future Research	70
8. Reference List	71
Appendixes	78
Appendix I - Interview Guides	78

List of Figures and Tables

Figure A. <i>Conceptual Framework- Factors affecting implementation and reception</i>	35
Figure B. <i>True step-change to restore performance</i>	36
Figure C. <i>The Getinge Performance Improvement Plan</i>	37
Figure D. <i>Management model</i>	38
Figure E. <i>New organisational structure</i>	39
Figure F. <i>Effective Enable Execution</i>	40
Figure G. <i>Three to four-year turnaround program</i>	41
Table A. <i>The interview participants</i>	17
Table B. <i>Summary of empirical findings</i>	61

1. Introduction

This chapter provides a background for the thesis, placing a focus on centralisation processes in multi-divisional firms as well as stating the purpose of the study and its research question. Furthermore, it describes the problem discussion regarding the studied subject and outlines the paper.

1.1 Background

How to manage the headquarter-subsidary relationship is a matter of central importance to managers of multinational corporations (MNC), and increased rates of technological advancements and globalisation have led to profound shifts in the organisational structures of international businesses as well as in the global competitive landscape, in which they operate. As a result, the managers of firms with a global presence are faced with new challenges regarding how to, most effectively, organise the MNC (O'Donnell, 2000; Nohria & Ghoshal, 1994). Further, O'Donnell (2000) states that international management research has gradually shifted away from the hierarchical view of the headquarter-subsidary relation towards a more network-based view. Therein, the task of effectively managing the relationship with foreign subsidiaries with different skill sets and in varying external environments is seen as essential (O'Donnell, 2000; Roth & Nigh, 1992). The increased importance of this relationship is according to Roth & Nigh (1992) a result of the growing importance of effectively managing the linkages between different units of the MNC and therefore, the notion of managing the MNC, as a portfolio consisting of independent country units appears to have become less of an option. Hence, the need for integration and harmonisation of processes between units of the MNC is of growing importance, and not seldom is this associated with the debate regarding centralisation of decision making.

As such, centralisation is an often studied governance mechanism when analysing headquarter-subsidary relations, which “*shifts the focus of power asymmetrically in favour of the headquarters*” (Ghoshal & Nohria, 1989 p. 326) and organises decision-making in a hierarchical manner by moving most crucial strategic decisions to the headquarters (HQ) (Ghoshal & Nohria, 1989). Further, the authors argue that the complex internal structure of an MNC contains entities, which, as a result of their adaption to different environmental and resource-based requirements, have created a heterogeneous organisation. Therefore, the issue

of internal differentiation plays an essential role in shaping each headquarter-subsiidiary relationship.

In managing the headquarter-subsiidiary relationship, Stensaker and Langley (2010) argue that, regardless of what drives large-scale, planned change programs, which aim to enhance the organisations' performance, be it the competition, new technology or a new industry landscape, it tends to originate from top management. However, it also tends to involve people at multiple levels within the organisation (ibid). Moreover, the authors claim that as employees across all affected divisions attempt to receive, understand and, most likely, renegotiate the content to the local context, a range of unintended consequences might arise. The previous work of Kostova and Roth (2002) further supports this notion of various patterns of adoption, as the authors have presented ample evidence of varying degrees of internalisation of HQ mandated corporate practices within the MNC.

1.2 Problem Discussion

The interplay between centralisation and autonomy has been thoroughly researched over the last decades according to Young and Tavares (2004), and the authors support Brooke's (1984) statement that merely considering autonomy per se is not adequate. Brooke (1984) argues that a distinction between, the more practically important, *power*, which is the ability to influence a given situation, and, the more formal, *authority*, which in turn is the legitimate right to make decisions. Further, legitimacy is a sought after feature by subsidiaries, as it needs to be maintained within the host country environment as well as in the relational context within the MNC (Kostova & Roth, 2002). These two different sets of isomorphic pressures is referred to as institutional duality and is stated to influence the degree to which the subsidiary adopts to HQ practices (ibid).

Moreover, as a response to the increasing complexity and diversity of MNCs, which came to develop during the 20th century, and further added to the dilemma of centralisation and autonomy, the Multidivisional structure (M-form) took shape (Hoskisson, Hill and Kim, 1993). The M-form constitutes a step towards a more heterogeneous set of organisational arrangements, which implies a decentralisation of decision control. The M-form structure was stated by Williamson (1970) and Scott (1973), who approached the phenomenon from a transaction cost perspective, to allow firms to outperform firms utilising other organisational

structures. However, the model has also been called an organisational fossil, which have been rendered irrelevant by even more complex and sophisticated network-based organisational strategies (Bettis, 1991). Nevertheless, “*the M-form hypothesis inspired, and continues to inspire a whole stream of studies in the economics and management literatures*” (Hoskisson, Hill & Kim, 1993, p. 270).

In connection to Bettis (1991) critique of the M-form structure, the research on centralisation and autonomy has highlighted the importance of embeddedness within networks vital to the subsidiary’s field of operation as pivotal for the subsidiary to enhance its capabilities (Young & Tavares, 2004). It has been argued that it is hard for the HQ to manage knowledge acquisition and therefore subsidiary autonomy is a necessity (ibid). Conversely, autonomy is also said to be resource dependent, resources concerning access to information are necessary but also managerial, technological and not to forget financial resources play an essential part (Brooke, 1984; Young & Tavares, 2004), resources, which is hardly ever available in abundance. A statement that may be even more accurate now than it has historically been. McKinsey (2010) found there to be a consensus among business executives that effective cutbacks in costs had been implemented since the economic downturn in 2008 and that even greater challenges connected to cost cutting are to be expected. Hence, the need for effectiveness in all areas is becoming even more important for the modern day MNC, and the relationship between HQ and its subsidiaries is no exception. Roth and Nigh (1992) investigated the link between such effectiveness and coordination, control and conflict and they saw that the research regarding HQ-subsubsidiary relationship from the view of HQ managers has been overly represented. Moreover, Young and Tavares (2004), on their part, stipulate that there is need for further research on the topic of centralisation and HQ-subsubsidiary relationships from both the HQ as well as the subsidiary perspective, but the problem with such research is said to be the difficulty to “*access appropriate executives in complex organisations*” (Young & Tavares, 2004, p. 231).

In conclusion, there is, at this point in time, a good knowledge base in the existing literature regarding centralisation as well as the M-form structure. What is lacking, however, is research combining the two fields and investigating the interplay between the two areas of research. Therefore, researching how organisations act as well as react when HQ mandates a homogenous, organisation wide centralisation program in a largely heterogeneous organisation can fill a gap in the litterature body.

1.3 Research Question and Purpose of the Study

The manner in which this study contributes to the field of International Business (IB) is by performing a case study at a large Swedish MNC, which is currently undergoing a transformation away from a M-form like structure towards a more active management model. The case study is bilateral, so to say, as it involves top level management personnel at the Swedish HQ as well as top- and mid-level managers in the MNC's European subsidiaries. By interviewing members of both the implementing and receiving end of a large scale centralisation project, it is the authors' ambition to, via gained access to appropriate executives, paint a broader picture of the factors influencing both HQ and subsidiary behaviour in the process of organisational restructuring. Thereby, contributing to the field of headquarter-subsidiary relationship in the field of IB by building on Kostova and Roth's (2002) research regarding subsidiaries' adoption of organisational practices and elaborating further on the importance of the relational context. Therefore, the overall purpose of this study is to provide a deeper understanding on how centralisation is implemented in different divisions as well as tasks, within a multidivisional MNC and how this affects the HQ-subsidiary relationship. To answer this, the following research question is posed:

- *How is centralisation implemented within a multidivisional MNC and what factors influence the implementation and reception of these organisational changes?*

1.4 Research Outline

The thesis has been divided into six segments, including introduction and background to the case, and are structured as follows,

Methodology

This chapter presents the study's methodological approach to conducting the case study. It outlines the methods and techniques applied in the empirical data gathering, analysing and presentation.

Theoretical Framework

This chapter outlines previous research on centralisation as well as relevant aspects connected to this process as HQ- Subsidiary relations and knowledge transfer. It covers large extents of other researchers work in the field and creates a conceptual framework used for comparison with the empirical results.

Empirical Findings

This chapter presents the empirical results that have been gathered through interviews and relevant materials. These interviews present the views of employees regarding centralisation and change management aspects during Project One Getinge within the relevant tasks studied.

Analysis

This chapter relates the theoretical framework to the empirical results and compares these various findings while maintaining the research question in mind.

Conclusion

The chapter brings forth special highlights as well as summarises the main results of the thesis. It further answers the research question and lays out suggestions for topics and methods for future studies.

2. Methodology

This chapter aims to explain the methodology, which has been used in the collection process of empirical data, along with the techniques applied during the analysis. Moreover, it provides a declaration of the validity and reliability of the research findings. The method of collecting data has been mainly guided by the writings of authors as Merriam (1998) and Ghauri (2004).

2.1 Research Approach

The purpose of this study is to examine how certain centralisation is implemented within different divisions in a multidivisional MNC and what factors affect the manner of implementation as well as the reception by its subsidiaries. This research's contribution to the existing theories within the field of IB lies within the deeper investigation of the centralisation aspect of the adoption of organisational practices mandated by HQ in which this thesis aims to provide a broader understanding. To enable this, a nuanced analysis, weighing the importance and interplay of multiple factors, is needed. Hence, a qualitative approach with in-depth interview was deemed as the most suitable, since a deeper understanding of decision-maker behaviour as well as of the underlying factors affecting the chosen phenomenon is required (cf Ghauri, 2004). As argued by Yin (2012), the nature of the research question, sets the research strategy. When a research question is constructed by explanatory questions such as, "how", "what" or "why", Yin (2012) has argued that a case study is well suited. Yin (1994) has defined a case study as the following: "*An empirical inquiry that investigates a contemporary phenomenon within its real life context, especially when the boundaries between phenomenon and context are not clearly evident*" (p. 13). Furthermore, case studies provide promising opportunities for the understanding of both researchers and Interviewees by asking and re-asking questions until the discussion has given the necessary answers (cf Ghauri, 2004). The case displays unique characteristics, which further validates that a single-case study is the most appropriate method (ibid). Moreover, as Eisenhardt (1989) argues, case studies are well situated when researching areas for which theories seem inadequate. As the research question outlines, this thesis aims to contribute to filling the gap in previous research, this combined with the fact that the research question adheres to the "how" and "what" category, lead the authors to utilise a single-case study methodology (cf Eisenhardt,

1989; Ghauri, 2004; Yin, 2012). Furthermore, as the case had multiple units and tasks being targeted in this research, in line with Yin (2014), an embedded single-case design was chosen. The authors have in the case study, researched the two BAs; Infection Control (IC) and Medical Systems (MS), where the tasks of Financial Services (FS) and Quality Regulatory Compliance (QRC) have been targeted.

2.2 Research Design and Selection of Case

An embedded single-case study was applied to this thesis and has been conducted in order to investigate centralisation where Getinge AB, a large Swedish MNC in the Med-Tech industry with its HQ in Gothenburg was the company being investigated. The choice for using the centralisation case in Getinge was for a number of reasons, mainly for its multidivisional past, which had been successful for a long period of time, along with its present ambition to bring the various entities within the group closer through a large-scale centralisation project. One of the previously identified difficulties with performing this type of study is the difficulty to identify and access appropriate executives in complex organisations, such as MNCs. As one of the author's works at the studied company, better access was available therefore this could be seen as a network choice as argued by cf Merriam (1998). Moreover, the choice of the company could also be seen as convenience since the authors had access, and possessed the resources needed to study an MNC which both fitted the case, and had the time to have a study as this performed within their organisation. Furthermore, according to Campbell, Kunisch and Müller-Stewens (2011), the back and forth between centralisation and decentralisation is a timeless conundrum for many companies. This point is even further emphasised in the case at hand, where one of the three original business areas (BA) of Getinge was announced that it would be spun off to become an independent company little more than a year after the large-scale centralisation project was announced in 2015, namely Project One. A fact that has had no implications on this research as the focus has been on the other two of Getinge's three BAs, being IC and MS. This decision was primarily made as a consequence of the higher degree of product similarity between the two chosen BAs but it was also a result of their different backgrounds in relation to Getinge, where one has grown more organically as the historical core of the group and the other is the result of a major acquisition. Moreover, the opportunity to observe the implications of this change agenda in two BAs, previously rather independent from one another, as well as the implications it has for the different functions, or tasks, of the firm was essential for the case selection as it is a

typical example of the general occurrence the authors aimed to study. Lastly, the choice of tasks of FS and QRC was a result of them being well suited for the purpose of the study as well as matter of convenience choice as it was within these two tasks the availability of interviewees was the greatest as well as were the authors possessed considerable access which could enhanced the quality of the study.

2.3 Data Collection

As the aim of this thesis has been to analyse the implementation and perception of a centralisation project the authors have mainly collected the data from the affected MNC. Where the main form of data has been collected through the use of semi-structured interviews, which as argued by Daniels and Cannice (2004) is a good foundation for theory building. This collection of primary data from Getinge directly has allowed the authors to gain insightful information as well as collect personal views, which have allowed the authors to look closer at the perceptions of managers. The interviews targeted employees on HQ level to better understand the underlying reasoning for the new change being implemented, as well as subsidiary managers to understand how this information has been received in the organisation. The authors have interviewed 13 people, which can be found in Table A, who were found to be able to provide the needed insights in the organisation, that were located in Sweden, Poland, Germany and France. The majority of the interviews were performed face-to-face, however, some due to availability were done over telephone. During each interview the entire conversation was recorded as well as detailed notes were taken by one author, while the other author performed the interview and asked the questions. Further, as the interviews were semi-structured the authors tried to start more of a conversation where the Interviewee was able to provide answers to questions they felt were of both importance and interest to the case. This helped the authors gain a larger level of information as well as facilitated access to greater details of the centralisation project. After all the interviews were performed the authors transcribed all the recordings in order to locate the key information from the Interviewees. The transcribed texts were thereafter compared to the notes to bridge key takes and were thereafter presented in the empirical studies.

Our main person of contact provided us with the necessary information on HQ level in Gothenburg, Sweden of whom to interview based on the set out criteria for the study, and later these managers in turn provided us with subsidiary managers to interview. The authors

thereafter contacted each and every one of the managers on subsidiary level and introduced the case and scheduled time slots for interviews in person where the authors travelled to their respective location and performed the interviews at their offices, that were located in Rastatt, Germany and Paris, France.

The number of interviews performed was mainly determined on the availability of the necessary information where the authors targeted different units and levels in order, as described by Ghauri (2004), to increase the triangulation of information. This triangulation is key for the validity of the study in order to gain a broader picture of the situation of the project. Further, secondary data has been collected through the use of internal documents surrounding the project. Three separate PowerPoint presentations have been used in the study which have had 514 pages in total of data and facts regarding the project. This enhances the triangulation of the conducted study and helped the authors to better understand the data collected through the interviews as well as helped decrease the level of misinterpretation (cf Ghauri, 2004).

Interviewee	Business Area	Task	Position	Interview date	Duration
HM1	HQ	<i>Business Management & Development</i>	<i>Chief Group Operations Officer</i>	2017-01-31	60 min
HM2	HQ	<i>Financial Services</i>	<i>VP Head of Shared Services</i>	2017-02-06	50 min
HM3	HQ	<i>Financial Services</i>	<i>Senior Manager Shared Services</i>	2017-02-07	60 min
HM4	HQ	<i>Quality Regulatory Compliance</i>	<i>EVP Quality Regulatory Compliance</i>	2017-02-06	65 min
SM1	MS Finance	<i>Financial Services</i>	<i>Finance Director (CFO)</i>	2017-02-21	45 min
SM2	MS Finance	<i>Financial Services</i>	<i>Team Leader Receivables' Management</i>	2017-02-21	30 min
SM3	MS Finance	<i>Financial Services</i>	<i>Senior Controller</i>	2017-02-21	40 min
SM4	IC Finance	<i>Financial Services</i>	<i>Finance Director (CFO)</i>	2017-02-23	50 min
SM5	IC Finance	<i>Financial Services</i>	<i>Chief Accountant</i>	2017-02-23	35 min
SM6	MS QRC	<i>Quality Regulatory Compliance</i>	<i>Senior Director QA</i>	2017-02-17	45 min
SM7	MS QRC	<i>Quality Regulatory Compliance</i>	<i>Head of Quality Regulatory Compliance</i>	2017-02-22	30 min
SM8	IC QRC	<i>Quality Regulatory Compliance</i>	<i>VP QRC</i>	2017-03-15	45 min
SM9	SSC Krakow	<i>Financial Services</i>	<i>Transition Manager</i>	2017-03-07	50 min

Own Table: Table A - The interview participants

2.4 Research Process

This study has used an abductive approach to the research, which has enabled the authors to move freely back and forward between the theoretical data and the empirical findings. Using an abductive approach is often associated when research is done to develop “new knowledge” and be viewed as a systemised creativity when researching (Andrewsky and Bourcier, 2000; Kirkeby, 1990; Taylor et al., 2002).

The authors had gained an understanding regarding the subject prior the start of the research through their background within international business studies as well as previous studies. However, at the start of this research process little was known about the targeted company or the aspects of the project it had undertaken, hence the authors entered into this process relatively unknowing. By relatively is meant that it should be noted that one author works at the MNC in which the project was done, however, the author was not active in any of the processes and knew little of how it had progressed.

In the beginning of the study the authors formulated a clear research question of what they wished to study. With this a starting point the authors set out to study relevant literature to gain more knowledge and insight within centralisation in MNCs. Thereafter, the authors approached the company with a clear plan of approach where the company could bring input into the case which they felt would be of further interest and enhance the study. This communication and cooperation between the company and the authors lead to the choice of the two tasks and BAs, which were well suited for the study. As the project progressed the authors used open questions in the interviews without trying to tie the questions directly to already known theories. This allowed the authors to better understand the underlying reasoning and perception from the MNCs project.

As the study progressed the authors moved back and forward between the theories and empirical findings, which enabled the authors to better see connections, which is in line with how Kirkeby (1990) described how an abductive approach would progress. It is important to note that the empirical findings brought many new ideas to the author regarding what in the theories was of great importance for the study. The starting point of the study had been centralisation and autonomy as well as the multidivisional structure, which is why this part is in the beginning of the theoretical chapter. As the authors moved forward, it was noted during the interviews, that the HQ-subsiidiary relationship was a key piece and also, so to say, a part of the “umbrella” for the other parts being added in the framework. This segment clarified how different units may react, and why, as well as it describes the issues of control and coordination. In turn, as much of what was being done in this case study of Getinge was moving practises and adopting them, the authors found that Kostova and Roth (2002) could further lay a foundation on this issue. Moving on in the study, the authors noted how the Interviewees described change management as an issue they targeted during the centralisation

project as well as the use of local managers in the change process, and therefore it was chosen to include this in order to be able to link the theories to the empirical data. Presenting chapters about knowledge flows and embeddedness was a clear choice as it came natural in the process of studying the level of resistance to change and how the actual movement of knowledge in theory compared to how it was in the case studied. The authors chose to summarise the theoretical framework and visualise the key parts of the umbrella of HQ-subsubsidiaries that are affected. As the study aimed to analyse implementation and reception, the authors found the key influences to each of these and visualised them in Figure A (see p. 36) to facilitate the understanding for the readers. Before moving into the empirical findings the authors found it vital to present background information to the studied company as well as the centralisation project it had performed in Project One. This chapter aims to clarify the reasoning for the project and how it has more concretely looked on a group wide scale as well as describing how the company was structured previously. By presenting this, greater understanding for this study is gained and the empirical findings are more relatable to concrete data.

The structure of the empirical findings was created from the results of the interviews, and key parts were structured into different sub-chapters. This approach gives the reader greater insight into how the centralisation project developed in the studied company beginning with how it was implemented and finalised with how the change was both received and perceived by the units. Further, it provides what came to influence this process through local managers, communication and the transferring of knowledge. The empirical findings are finalised with a summary, which enables readers to easier overview the most important takes. As the journey progressed this research process facilitated the building of the analysis in which the authors could draw strong parallels between previous research and the responses of the interviewees. The structure of the analysis was formulated by looking at the most important aspects of the empirical findings and using the theory as a lens while maintaining the research question in mind. By actively moving back and forward between the empirical findings and theories, it became evident for the authors on where to place focus in the analysis. However, as the analysis developed the authors regularly moved back to the findings, assessing the importance, viability and connection to theories to construct a well-developed analysis. The first sub-chapter in the analysis derives from answers from Interviewees in both QRC and FS, and encompasses answers related to the implementation of change as well as communication. The second sub-chapter focuses on building an understanding of the knowledge transfer within the two tasks and the last sub-chapter summarises the experiences and the overall

reception in the units. Throughout the entire analysis the role of local managers is discussed. In the analysis the authors also clarify how each segment fits together and show the similarities and differences of previous studies compared to this case. This finally leading to the findings which stronger focused on communicational aspects as well as the great importance local management played.

2.5 Quality of Study

In order to increase and secure the validity of this study the authors have used a range of different methods. The study utilises mainly four strategies as presented by Merriam (1998) where the first of which is triangulation. As previously stated the authors have engaged in triangulation of the study, both within in the primary data and the secondary data. Firstly, the authors chose to interview on both HQ and subsidiary level as well as on different levels of management within the units and between two tasks. This was used to get a larger and clearer picture of the organisation in a larger scope. Secondly, in order to further strengthen the collected material, the authors acquired access to internal documents, where 514 pages have been read and utilised in the paper. These documents have allowed the authors to draw stronger and more precise conclusions of the study. Further, after the empirical data had been transcribed and written in the study, the authors emailed the results to the sources to check the interpretations made. The main purpose of having the Interviewees check the empirical findings, was to ensure no classified data had been disclosed in the thesis. After their replies were gone through and the text was aligned with the feedback given.

For this study the authors did not possess the ability to conduct a longer study over a greater timespan, which would have enhanced the validity of the study further. However, as the authors had the possibility to get the study checked by colleagues conducting similar studies this has increased the validity with continues discussions regarding the results. Lastly, the authors acknowledge their own biases in the case of study. One of the authors is currently an employee of the studied MNC, however the other is not and has previously never been in contact with the company. Therefore, the authors had the ability to conduct the interviews in a neutral way which did not affect the outcome of the study.

As argued by Merriam (1998) it is important to have techniques which help to ensure that the results are dependable. Beside the use of triangulation, which has actively been discussed, to

increase the level of reliability of this study the authors have actively engaged in documenting each step of the process taken. The authors have kept detailed notes on how the choice of Interviewees was made as well as documented the interviews both on recorders and by transcribing them. Further, notes were taken in every meeting held both with interviewees, but also with the supervisor, in order to facilitate the understanding on how the research process was conducted. Moreover, the authors have kept a digital backup of all the collected information ranging from articles to internal documents from the MNC, which are available to any researcher wishing to recreate this study. This study has provided a description of each and every choice made in the selection process and how the scope was chosen when looking at the aspect of external validity. Finally, as the authors chose to look at different tasks and divisions within a multidivisional firm it can be argued this strengthens the level of generalisability. Therefore, the possibility to make an analytical generalisation of multidivisional companies has increased as suggested by Yin (2014).

3. Theoretical Framework

This chapter will present and outline the relevant literature within theories related to centralisation and change in multinational corporations. Each sub-chapter builds on the previous and aims to increase the understanding of what has been researched and is concluded with a conceptual framework of the related theories to create a clear picture of the foundation for this paper. As previously explained, in chapter 2, the theoretical concepts have been developed during the entire research process using an abductive research approach.

3.1 Centralisation and Autonomy in MNCs

When researching the area of centralisation within MNCs, it is important to define what is meant by this term. Garnier (1982) has defined centralisation as “*the division of decision-making authority between the headquarters and the various operational units*” (p. 893). The definition of autonomy however has a different complexity as it can often be associated with decentralisation as is done by Brooke (1984) where he defines autonomy in an organisation as “*In which units and sub-units possess the ability to take decisions for themselves on issues which are reserved to a higher level in comparable organisations*” (p. 9). However, Gupta and Govindarajan (1991) defines decentralisation as “*the extent of decision-making authority that is delegated to the general manager of the subsidiary by corporate superiors*” (p. 785). Furthermore, O’Donnell (2000) has stated that autonomy can be defined as “*the degree to which the foreign subsidiary of the MNC has strategic and operational decision-making authority*” (p. 528). The authors of this paper have chosen Garnier (1982) definitions as well as O’Donnell (2000) for centralisation and autonomy respectively.

Van den Bulcke & Halsberghe (1984) found in their research a connection between the autonomy of subsidiaries and their past. The authors argue that acquired subsidiaries due to their capabilities are more likely to have a greater level of self-government. This notion is supported by the works of both Garnier (1982) and Harzing (1999), who conclude that there is a positive association with autonomy and subsidiaries, which have been acquired. Drawing on the level of association between the size of subsidiaries and the autonomy of the company, researchers have found different results where Hedlund (1981) and Picard (1977) argue that

there is a negative relationship while both Gates and Egelhoff (1986) and Harzing (1999) clearly document the opposite, and have identified a positive association.

Further, areas as human resources, financial control, as well as the strategic decision making across different functional areas, are according to Perlmutter (1969) and Beechler and Yang (1994) the most commonly targeted areas for centralisation. Moreover, Edwards, Ahmad and Moss (2002) have found that there exists a greater autonomy over the decisions in which the subsidiaries possess a superior knowledge information. These decisions can include areas of operations as well as approve minor projects in finance such as wage rates and marketing to the domestic market in which the subsidiary is operating. Hedlund (1981), however, argues further that there exists a greater degree of centralisation in subsidiaries, which have a high level of export to other facilities in their respective groups and being part of an extensive international network. Moreover, Young and Tavares (2004) argue that with the emergence of more globally integrated MNC strategies, often with a higher level of complexity in the control and coordination system, there has been a large discussion on how to pinpoint in which situations it has been beneficial with autonomy and when centralisation has been more beneficial. According to Prahalad and Doz (1987a) autonomy has been more present in situations which have required national responsiveness to a larger degree with respect to aspects such legislation and host country demands. Kobrin (1991) as well as Roth and Morrison (1992) set out that centralisation is often likely to vary depending on sectors, where more globalised industries that are more intensely interdependent, where areas such as the automotive and electronics industries, tend to have a higher level of centralisation.

3.2 The Multidivisional Structure

The multidivisional structure was developed during the twentieth century, and according to Williamson (1985), it was one of the most significant organisational innovations during this time. Chandler (1962) argues that the creation of the M-form structure was a response to the problems of coordination and control which had risen within diversified MNCs. The author further cited the following challenges with firms, which had started to diversify their business *“Problems of appraisal and policy formulation too intricate for a small number of top officers to handle both long run entrepreneurial, and short run operational administrative activities”* (Chandler, 1962, p.32). Williamson (1985) argued that with the M-form structure, the MNCs who adopted this method in their company would outperform other firms which utilised other structures. However, authors as Allen (1978), Hill and Pickering (1986) as well as Hoskisson, Hitt and Hill (1991), do not find the M-form to be optimal for MNCs and argue that it does not have desirable effects. Moreover, Shleifer and Vishny (1991) argue that the adoption of M-form structures has, in turn, facilitated the pursuit of unrelated diversification, and that this unrelated diversification is not an effective strategy for companies to follow. It has been argued that the efficiency of the M-form will depend on the MNCs diversification strategy as well as the contingencies (Hoskisson, 1987; Hoskisson, Harrison & Dubofsky, 1991). The M-form structure does not equal a homogenous set, but more embraces a wider range of different organisational arrangements, where not all have an equally desirable efficiency (ibid). Additionally, the M-form has been widely criticised for a tendency to give rise to a short-run profit maximisation, which then might lead to a decline in the overall long-run innovation and efficiency of the MNC (Hill 1985; Hill, Hitt, & Hoskisson, 1988; Hoskisson & Hitt, 1988; Baysinger & Hoskisson, 1989; Hoskisson, Hitt & Hill, 1991). Bettis (1991) further argues that the M-form is becoming irrelevant in a world of global matrix organisations with multiple reporting relationships as well as network organisations.

Fligstein (1985) and Mahoney (1992) states that the utilisation of the M-form structure adoption has been commonly associated with a decentralisation of decision control to the subsidiaries managers. However, as claimed by Hoskisson, Hill and Kim (1993), there is a clear need for cooperation between the different divisions to be able to realise economies of scale as well as facilitate investments. Further, there is a need to coordinate the activities of the independent divisions so that different skills and resources can be shared and transferred. Child (1984) argues that despite the M-form commonly being known for a decentralised

structure, there is a need for some centralisation to achieve the coordination required in the MNC. Another vital part, as discussed by Mintzberg (1983), are interdependencies between divisions that are vertically integrated and related diversified firms, that these have corporate offices, and are to a higher degree encouraged to retain some of the control over functions common to the divisions in order to ensure effective coordination. Therefore it can be noted that some degree of centralised control over strategic and operational decisions in interdependent divisions that are vertically integrated will be needed (Mintzberg, 1983; Child, 1984). However, as a contrast, Williamson (1985) argued that MNCs which use such centralised multidivisional structures be so called “corrupted” and will perform with an inferior financial performance. Lastly, Hill (1988) has found that despite Williamson’s (1985) argument regarding the “corrupted” firm, that MNCs using this setup of centralisation and the M-form structure will perform superiorly when used with related diversification.

3.3 Headquarter and Subsidiary Relationships

The MNC by definition is comprised of several different subsidiaries often located in different nations (Roth & Nigh, 1992). A fundamental point to theories regarding MNCs is the recognition of the fact that there is an interdependence between the subsidiary and its parent. This interdependency can be directly linked to the existence of the foreign subsidiaries in the first place. The HQ and subsidiary are aligned through several transactions, which can differ depending on how the MNC has formulated their strategic objectives (ibid). According to Knickerbocker (1973) along with Prahalad and Doz (1987b), MNCs are increasingly facing different types of competition in their markets, and the authors argue that because of this kind of competition it is no longer possible for MNCs to confine their various strategies in a country by country basis with each foreign subsidiary. Further, they would risk losing market shares if they all reacted to industry conditions in an autonomous manner. Roth and Nigh (1992) therefore argue that competitive actions in the MNCs have to become interdependent with a competitive positioning which is based on the collective organisation irrespective the location.

For the interdependency to be successful in MNCs, Baliga and Jaeger (1984) argue that two processes are predominantly important, being, coordination and control. Further, vital parts of the relationship between the HQ and subsidiary are directly linked to the effectiveness of their ability to coordinate and the use of control by HQ (Roth & Nigh 1992). If the coordination is

done effectively, the subsidiaries' management will perceive the relationship with the HQ as more efficient. As argued by Cray (1984) the coordination is less costly than control. Also, it is not a direct intervention into the activities of the subsidiaries operations, which results in the activities being more embedded in a larger context in the organisation. According to Cray (1984), the decreased autonomy of the subsidiary which the coordination might result in does not necessarily mean the subsidiary management will perceive this as negative as they understand the actions of the subsidiary must be in harmonisation with other units. Therefore, the coordination can allow activities of different subsidiaries to be well integrated into the larger organisation with the establishment of intra-organisational associations, without the use of direct power or control by authority. When there is a good level of coordination between HQ and its subsidiary, this should also allow for the subsidiary to achieve a greater performance level, which exceeds the available level when done independently (ibid).

Furthermore, a higher level of coordination in primary activities is expected to contribute more to a better standard of perceived effectiveness compared to the supporting activities according to Kogut (1985). The author argues that the coordination of the value activities is part of the critical competitive advantage for the MNC. Roth and Nigh (1992) claim that the coordination of the primary activities should be more important and also recognised by the subsidiary as essential for maintaining competitive advantages. The authors further argue that the supporting activities are more sensitive contextually, where the host country environment defines activities like accounting, legal and HRM. Hence, Roth and Nigh (1992) describe that it is anticipated that the subsidiary management will expect some level of independence when managing these activities. Finally, the authors postulate that while the coordination is still necessary to a certain extent, it may lead to the link with HQ to be less effective as the foreign subsidiary become less responsive to their local environments.

For the relationship to be perceived successful between the HQ and subsidiary, the level of control which is imposed on the subsidiary in the form of either different bureaucratic or personal control methods, has to be matched to the degree of coordination (Hulbert & Brandt, 1980; Roth & Nigh, 1992). The subsidiary managers perceive the balance between the two to be beneficial, being either high coordination and strong control or the vice versa. Thus the extent of connection which matches control and coordination leads to a more effective HQ-subsidiary relationship (Roth & Nigh, 1992).

3.3.1 Adoption of Organisational Practises

It is important for an MNC to both achieve as well as maintain its legitimacy in all the host country environments (Ghoshal & Bartlett, 1988; Kogut, 1991; Grant, 1996a; Nohria & Ghoshal, 1997). The company will experience various pressures to adopt different local practices and in turn become isomorphic with the local institutional context (Nohria & Ghoshal, 1997; Kostova & Roth 2002). MNCs have to maintain its source of competitive advantage with the utilisation of organisational capabilities in the global structure (ibid). As such the MNCs need to leverage the practices over all its host countries which create tension between the need for local integration and local adaptation (Rosenzweig & Singh, 1991; Westney, 1993). As proposed by Kostova and Roth (2002); when foreign subsidiaries become affected by the internal organisational pressure from HQ to adopt different practices they can act as active agents and may adopt the proposed practices to varying degrees. The response to HQ is affected by the interpretations and perceptions of the practices which are being proposed. These perceptions are often influenced by the external institutional context as well as the internal relational context in the organisation, and this is often referred to as institutional duality (ibid). The relational context, which links the foreign subsidiary to the HQ, is of vital importance as it influences the way these home country pressures will both be interpreted and perceived by the foreign subsidiary. Kostova and Roth (2002) define the relational context between the MNC's HQ and subsidiaries with three characteristics being dependence, trust and identity. These set-out characteristics are important as they influence the perceived salience of pressure to adopt, as well as the perceptions of the subsidiary about the actual value of the proposed practise and the perceived underlying motives of the HQ.

In terms of dependence, Oliver (1991) has suggested that an organisation's decision to become more isomorphic through the implementation of institutionalised structures or procedures will be directly affected by the perceived level of dependency on the institutional environment. If the dependence is high, the organisations will often acquiesce, however, if the relation is the opposite and the level of dependence is low the subsidiary may defy or even try to manipulate the environment. As such, Kostova and Roth (2002) argue that the subsidiaries which perceive themselves as dependent on the parent organisation are more likely to comply with the directives from HQ. Furthermore, it is important to note the arguments of Doz and Prahalad (1987a) as well as Rosenzweig and Singh (1991), that the MNCs are often characterised by the tensions between the subsidiary managers' autonomy, and the HQ's need

for control, there is a natural resistance existing. As argued by Westney (1993) subsidiaries that see themselves as dependent on the parent are more likely to see the HQs mandate as coercive, despite the parent believing it to be a more efficient practise. Hence, Kostova and Roth (2002) expect the level of dependence between the parent and subsidiary to have different effects on the implementation processes.

Building on Bromiley and Cummings's (1995) definition of inter-organisational trust, Kostova and Roth (2002) have defined the trust of a foreign subsidiary in its parent organisation as “ *a common belief within the subsidiary that the parent will (1) make good faith efforts to behave in accordance with commitments, both explicit and implicit (2) is honest in whatever discussion preceded such commitments and (3) does not take excessive advantage of the subsidiary, even when the opportunity is available*” (p. 219). As noted by Szulanski (1996) a higher level of trust expressed between the parent and subsidiary positively influences the task of transferring practices. Further, trust can have a role in reducing the costs of communication, negotiation and exchanges in transfers between the sender and recipient units (Bromiley & Cummings, 1995; Zaheer, McEvily, & Perrone, 1998). Kostova and Roth (2002) have found that when practices are exported from the HQ to their foreign subsidiaries, the level of uncertainty can increase, and here trust can play a vital role in mitigating and enhancing the positive adoption of the practice. The need for trust becomes increasingly evident as the efficiency of the practice can come under scrutiny from the subsidiary as there can be mixed and conflicting messages about the value of the practice from the parent and its home country environment (Tsai & Ghoshal, 1998). In such occasions trusting the HQ will shape the overall perception of the efficiency of the practice and can likely have the result of a mimetic conformity instead of them feeling it has been coercive. Kostova and Roth (2002) therefore conclude that the level of adoption of the organisational practice by a subsidiary unit is directly affected by the trust in the parent organisation as perceived by the subsidiary managers.

Kostova and Roth (2002) define the third characteristic of identification of the foreign subsidiary with the parent organisation as “*the degree to which subsidiary employees experience a state of attachment to the parent*” (p. 220). Strang and Meyer (1993) bring forth that subsidiaries that identify with the parent organisation will often view itself as very similar to the parent and in turn increase the adoption of practices. The units that identify with the parent are more likely to share both values and beliefs of the parent that is present in the

practice that is being transferred. Hence, the employees in the foreign subsidiary will understand the purpose and the value of the practices which are being implemented, and as a result, engage to a more active degree in the adoption. Hayes and Clark (1985) along with Katz and Allen (1982) argue that the identification with the parent will also reduce effects such as “Not Invented Here” (NIH) syndrome where the practice will be viewed to a lower extent as it comes from the outside and can be seen as strange. Further, Kostova and Roth (2002) find that when the units identify with the parent organisation, the employees will often prefer to become even more similar, and will be internally motivated to adopt new practices which lead to better implementations.

3.4 Change Management

There are several different approaches to the management in the implementation of planned change in MNCs, where Nutt (1986) describes tactics of *intervention*, *participation*, *persuasion* and *edict*. Others such as Dunphy and Stace (1993) have identified the approaches connected to *collaborative*, *consultative*, *directive* and *coercive*. Further, Beer and Nohria (2000) have found strategies as *commanding*, *engineering*, *teaching* and *socialising* approaches. Burnes (2004) also developed an approach that is more in line with Lewin’s (1947) classic three-stage model, which looks into a greater level of delegation to different change agent roles and more openness to ad hoc adaptation. These approaches are often concerned with who is driving the actual change combined with the delegation of responsibility, the level of participation and what incentives are offered in the units (Stensaker & Langley, 2010). Two strategies in general exist, where one is a top-down directive approach, and the other is a collaborative bottom-up approach. However, the success and effectiveness of the change management depends on the facts of what is being changed and where the change is taking place (Dunphy & Stace, 1993; Beer & Nohria, 2000; Huy, 2001; Burnes, 2004). Strategies, which are connected to the directive approach are often implied to be used when there is a limited timeframe for the change as well as the actual change being in a more radical form where it encompasses frame breaking changes (Beer & Nohria, 2000; Dunphy & Stace, 1993). Hence, the directive approach is applied to tangible change elements, which can include structural, technical and system changes (ibid). When the power relationship between the MNC and the subsidiary unit is more diffuse and the leader has more limited legitimacy to perform the proposed changes, or the change is of a less tangible

cultural and behavioural form, the collaborative approach is often a recommended approach (Bate, Khan & Pye, 2000; Huy, 2001; Waldersee & Griffiths, 2004).

Lastly, another important part of the change process is the knowledge that managers are not always neutral and fit seeking, but may, in fact, sometimes, pursue other goals than the implementation of change (Dunford, 1990). Moreover, in a multidivisional firm, the change process can affect the different organisational dimensions differently, and the success can be seen in a variety of ways (ibid).

3.4.1 Role of Change Agents

Change tends to be driven by so-called change agents, which can be internal or external individuals or teams that are responsible for the initiation, sponsoring, directing, managing or the implementation of a specific change (Caldwell, 2003). This shift can vary from small initiatives to larger projects or complete, company-wide change programs (ibid). In MNCs, the divisional managers, that often are noted as middle managers, can both be part of the change agent team as well as the object of the modification (Balogun, 2003; Storey, 1992). The knowledge of the underlying rationale for the actual change is not always clear for the local manager, and without having this knowledge internalised, they have to try to make sense of the changes themselves sometimes in the absence of top management from HQ (Balogun and Johnson, 2005). However, if the engagement has been good and the rationale for the change is evident, this would clearly facilitate the divisional management's role as change agents (Mantere, 2007). Kostova and Roth (2002) argue that with the divisional managers taking on the role as change agents, they can play a vital role of intermediaries between the corporate intentions and the local requirements.

The change agents have to address three main agendas during the change process being; (1) the content of the change, (2) control, with planning and scheduling and finally (3) process the communication and consultation (Buchanan & Boddy, 1992). As argued by Stensaker and Langley (2010); when the divisional managers take on this role of agents, there is a need to place their focus on the implementation of change while supporting their employees throughout the change process and maintain their personal and the division's credibility in the corporate setting.

3.5 Knowledge Flows in MNCs

Within MNCs, one of the most commonly identified important features is the knowledge base, as it has the greatest ability to serve as both a sustainable differentiation and subsequently also a well-developed competitive advantage (Lippman & Rumelt, 1982; Dierickx & Cool, 1989). Furthermore, MNCs possess the advantage of being able to transfer and exploit this knowledge more efficiently and effectively in an intra-corporate context instead of using other external market mechanisms (ibid). Gupta and Govindarajan (2000) do, however, state that just because MNCs have superior abilities regarding internal knowledge transfer it does not mean that this transfer is effectively managed on a routine basis. As a matter of fact; such transaction costs have been shown to be of non-trivial nature and make up a significant portion of total project costs (ibid). Two types of knowledge are often discussed being: tacit knowledge and explicit knowledge (Grant, 1996b). These are important as the transferability and appropriability differ heavily. Tacit knowledge is gained and stored by the people affected in different situations, and is not transferable or tradable as any separate entity. However, the explicit knowledge has a much more transferable characteristic and is easy to move between different entities. The tacit knowledge is therefore often seen as a crucial source of competitive advantages within the companies, as it is difficult for the competitors to recreate and imitate it (Teece, 1998).

Regarding internal knowledge transfers, Gupta and Govindarajan (2000) have determined the flow to be a result of five different factors; (1) the value of the source unit's knowledge stock, (2) motivational disposition of the source unit, (3) existence and richness of transmission channels, (4) motivational disposition of the target unit, and (5) absorptive capacity of the target unit. The authors argue that within all, or some of these five presented factors barriers or facilitators to the transfer of knowledge will often manifest themselves.

There is always a cost associated with transferring knowledge across different units of the MNC, and the value of these knowledge resources are known to be varied (Teece, 1981; Barney, 1991). Based on this connection, Gupta and Govindarajan (2000) argue that the greater the value of the subsidiary's knowledge stock is for the rest of the MNC, the more attractive it would be for other units to implement, as it can become highly relevant for the remainder of the global network. Further, they argue that the effect can be enhanced if that knowledge is non-duplicative. The value of the knowledge, as argued by Cyert (1995) and

Pfeffer (1981), can be seen as a currency and power within the MNC. The power of valuable know-how can sometimes be used to retain the unit's position in the company. However, Gupta and Govindarajan (2000) see that these factors can have adverse consequences for the unit and therefore is likely to be avoided. Hence, the result is often that the motivational disposition of the source unit is to share its knowledge. This sharing within the MNCs counterbalance any so-called "hoarding" tendencies and will positively impact the levels of knowledge flow.

A vital part of the flows of knowledge in the MNC is the existence, as well as the richness, of transmission channels (Gupta & Govindarajan, 2000). As Ghoshal and Bartlett (1988) present, the MNCs knowledge flows cannot occur if there is a lack of sufficient transmission channels. Further, the properties of the channels will also come to affect the extent of the flows, as the strength and viability of the communication, as characteristics with informality, openness and the level of density comes into play. The NIH syndrome also affects the flows of knowledge in MNCs, where drivers as both ego-defence mechanisms and power struggles within the organisation have a major presence (Pfeffer, 1981; Katz & Allen, 1982). The first driver can lead to managers blocking any information, which suggest that there are others more competent than the local manager. The second driver may result in managers trying to downgrade the power of peer units and pretend that the knowledge stock which other units have is not unique or even at all valuable. Without forces that counteract these drivers, the so-called NIH syndrome will be a major barrier for knowledge flows in the units (ibid). Gupta and Govindarajan (2000) argue that these countervailing forces can manifest as incentives to the increase of the subsidiaries managers eagerness to learn or coercive pressures from the company HQ.

Once a channel has been established for the knowledge flows to occur, the MNC must ensure that there is an absorptive capacity in the targeted units (Gupta & Govindarajan, 2000). As argued by Cohen and Levinthal (1990) the absorptive capacity may differ between units, as their ability to recognise the value of the information and thereafter, both assimilate and apply to it their commercial ends, varies. The authors offer two main explanations as to why the capacity can differ across the MNC. Firstly, the extent of prior related knowledge, and secondly the extent of the inter-unit homophily of the receiving unit and vice versa to the sending unit. The previous knowledge, which is related to the new insights is of importance as it will shape the filters that the organisation uses to differentiate between the relevant and less

pertinent information as well as determine the ability to both internalise and assimilate the value (ibid). The homophily, which is the degree to which two or more individuals, or units, that interact are similar with certain attributes such as beliefs, education and social status, can come into importance when the interacting people have shared common meaning (Rogers, 1995). When these characteristics are aligned, this is likely to have a greater effect regarding knowledge gain of the knowledge flows (ibid).

3.6 Subsidiary Embeddedness and Control

In the growing global environment in which companies worldwide are facing the aspects of control and embeddedness of subsidiaries in the groups, there have been different views of how to deal with this by authors such as Baliga and Jaeger (1984), Egelhoff (1984,1988), Martinez and Jarillo (1989), Bartlett and Ghoshal (1995). The HQ control becomes increasingly difficult when companies expand outward and grow into being large MNCs as they go from being a single entity with one environment to face a large heterogeneous environment, and is composed of several different structures and processes (Rosenzweig & Singh, 1991; Ghoshal & Westney, 1993). A subsidiary's level of embeddedness can be defined as done by Andersson and Forsgren (1996); *"the total sum of interdependencies it has as a consequence of its position in a business network"* (p. 490). Further, they argue that the stronger the interdependence between the subsidiary and other counterparts, the higher level of degree of embeddedness.

Ghoshal and Westney (1993) identify two different aspects which often shape the subsidiaries behaviour, where on the one hand the HQ can use different control mechanisms to integrate the group's subsidiaries in their larger overall strategy. On the other hand, the subsidiaries are often closely embedded in various business networks which include both actors inside the MNC but also outside the group. Andersson and Forsgren (1996) argue that the HQ views the role of the subsidiary as having its own specific position in the MNC and utilises the common strategy of the company. While on the other hand, the subsidiary views its role more as being influenced and created by the business relationships it has. These, in turn, might clash as argued by Andersson and Forsgren (1996), which can create a risk of less co-ordination. It is important to note that due to these varying views, MNCs commonly exercise different combinations of control over subsidiaries, depending on the underlying conditions to which the individual subsidiaries operate. Therefore what fit some subsidiaries may not be

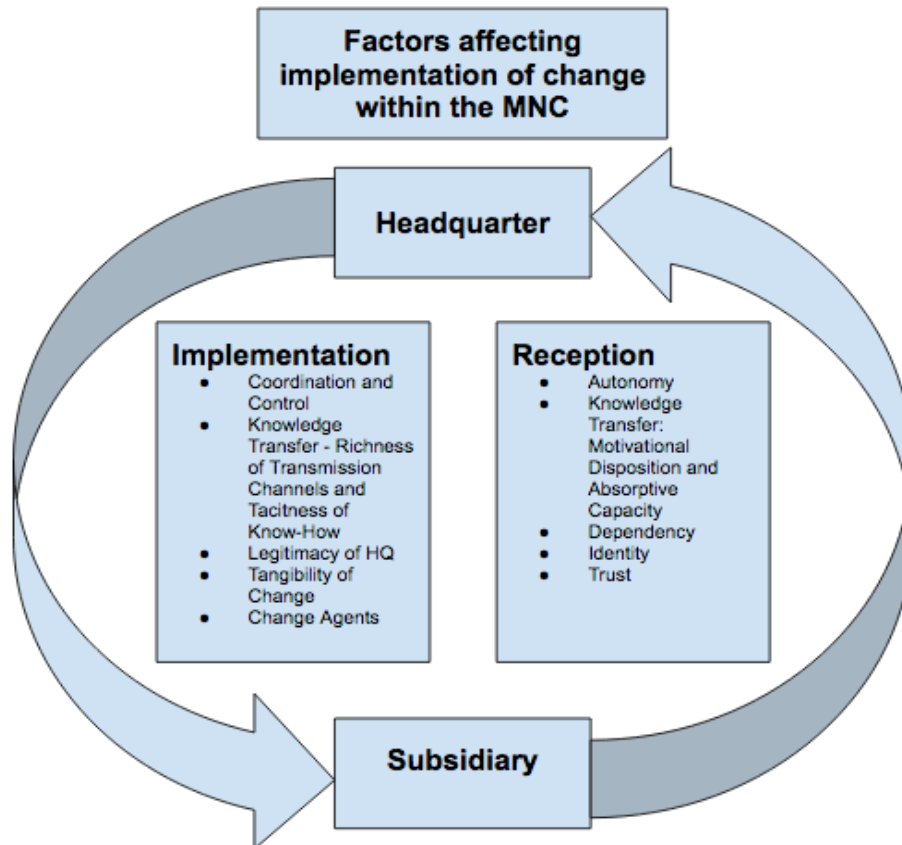
appropriate for others when it comes to the method of control (Merchant, 1985; Ghoshal & Nohria, 1989; Gupta & Govindarajan, 1994). Moving forward, the efficiency of the level of control will increase if the HQ is in control over resources such as the financial resources or technological ones needed by the subsidiary (ibid). In an organisational context Ghoshal and Nohria (1989) as well as Gupta and Govindarajan (1994), however, argue that the HQ's control over operationally interdependent subsidiaries will be higher when the subsidiaries are more operationally independent, having a much larger degree of autonomy.

Andersson and Forsgren (1996) bring forth that the degree of embeddedness will have a direct impact on the HQ's top management's possibilities of enforcing control over the company's subsidiary. They argue that with a higher degree of embeddedness the subsidiary will perceive other actors than the MNCs HQ, as more important in their direct environment. Therefore, the HQ has to compete with the other actors to gain more influential power over its subsidiaries. This can, therefore, be perceived to lead to a lower degree of control of the subsidiaries.

3.7 Conceptual Framework

Previous research has set forth several different theories discussing the explanations for both HQ and subsidiary behaviour within the parameters of the HQ-subsidary relationship and how it is managed by MNCs. The theories presented in this chapter have enabled the authors of this paper to compile a framework, which will be utilised to investigate which factors affect the implementation and reception of HQ mandated centralisation change agendas in multidivisional MNCs. The key aspects of implementation and reception derive from the research question which acts as a basis for the entire theoretical framework. Therefore, Figure A connects the research question with the major perspectives of the literature and previous research within IB. Further, it presents the primary takes of each chapter within the different segments of implementation and reception. The aspect of implementation touches on factors which influence the process outline and in turn how the actual implementation is performed. Moreover, the aspect of reception builds on factors which outline the possible reasons for how changes are received in an MNC. The points should be seen as key aspects affecting this entire process of change. As seen in Figure A, the HQ and the subsidiary work in symbiosis and are both affected by these different factors. The arrows symbolise the interconnection in an MNC, and how the HQ and subsidiary affect one another in a range of aspects, as the

theories have shown in this chapter. Finally, Figure A should be viewed as a summary of the main factors implementing the manner of implementation and reception of organisational changes, found in the theoretical framework.



Own Figure: Figure A - Conceptual Framework- Factors affecting implementation and reception

4. Introduction to Getinge and The Project One Getinge

This chapter aims to provide a background to the observed company and the centralisation process it undertook. Furthermore, it will present an overview of the subsidiaries and business areas concerned in this research paper and which stakeholders have been involved in the One Getinge process. Lastly, this section will offer a context to later presented empirical findings and the analysis. The information provided in this section has been extracted from Interviewee HMI and internal documents surrounding Project One Getinge.

Getinge was founded in 1904 and is named after the village in the Swedish countryside in which it all started. What began as a local company manufacturing agriculture equipment eventually evolved into a world leading Med-Tech company with over 15.000 employees in more than 40 countries. The majority of the company's growth had occurred since 1989 when a shift in ownership took place, and an expansive era of acquisitions began. More than 15 companies were acquired in the coming decades, the most eye-catching being the acquisition of Arjo in 1995, Maquet in 2000 and Huntleigh Technology PLC in 2007. However, in recent years the pace of has acquisitions have somewhat declined.

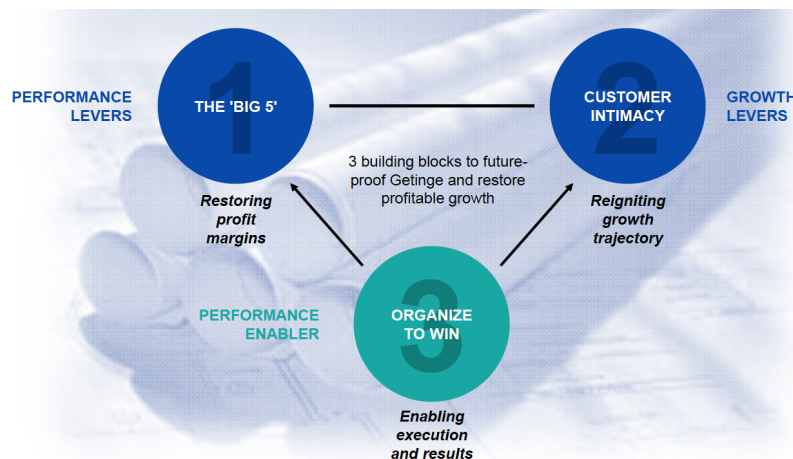


Figure B. *True step-change to restore performance.* Based on Capital Markets Day 2015 presentation pp.52, Getinge group.

The Project One Getinge journey started in 2015 and was introduced as a project which aimed to increase performance for the group as the company had been struggling with margin erosion for several years. Despite having increasing sales, the profits were lagging due to growing costs. Plans and projects, which had been in place to reduce costs were not giving the satisfactory results and required an overhaul. The project's intention was not originally to be a centralisation project; this was something that developed in the various stages. The

consequences of the project, however, lead to greater centralisation actions, combined with consolidation efforts, in the company's organisational structure. As visualised in Figure B the plan was to move the group of businesses which were largely operating independently into one company. Figure B was presented by the group's leadership during the launch of Project One and aimed to show how the transition would lift the company into a new area and stage and where they were at that point in time.

To increase the profitability of the firm, the former CEO developed a plan together with a management consulting firm, where they created a plan and laid the foundation for different scopes to be included. The result was three major points of focus for the company which can be seen in Figure C. The combination of these points would aim to mend the firms lagging profits, where *The Big 5* was to address the issues in day to day operations, *Customer Intimacy* meant a larger focus on a combined strategy between the products of Getinge and *Organize To Win* restructured the organisational tree of Getinge into one company. Figure C also provides the link between the different main points. As depicted the *Big 5* was aimed to focus on restoring the profit margins while the *Customer Intimacy* was to regain the growth of company. The point of *Organize To Win* was to enable the execution of the other two main points and acted as a foundation for these. For the scope of this case, the authors have chosen



to look closer into tasks within the *Big 5* that have been affected, namely QRC and FS.

Figure C. *The Getinge Performance Improvement Plan*, Based on NEW GET | Kick-off presentation pp.37, Getinge group.

Getinge was formerly organised in a holding structure where it had three separate business areas, Medical Systems, Infection Control and Extended Care, operating under the brands Maquet, ArjoHuntleigh and Getinge, whom all had multiple entities. At that point in time the

HQ in Gothenburg had limited control over operations and day to day reporting in the entities adhering to Maquet and ArjoHuntleigh. As seen in Figure D, Getinge named this an Arms-Length Management Model which meant that the BAs possessed a high degree of autonomy and little to no coordination existed. This model meant that the company lost the possibility to capture synergies within the group network. To increase the control as well as to decrease the costs, the strategy was shifted towards an active management model which can be seen in Figure D.

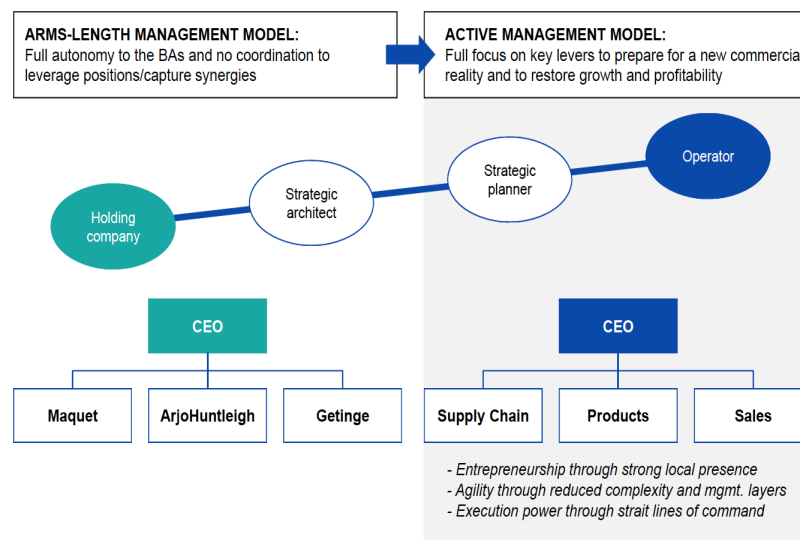
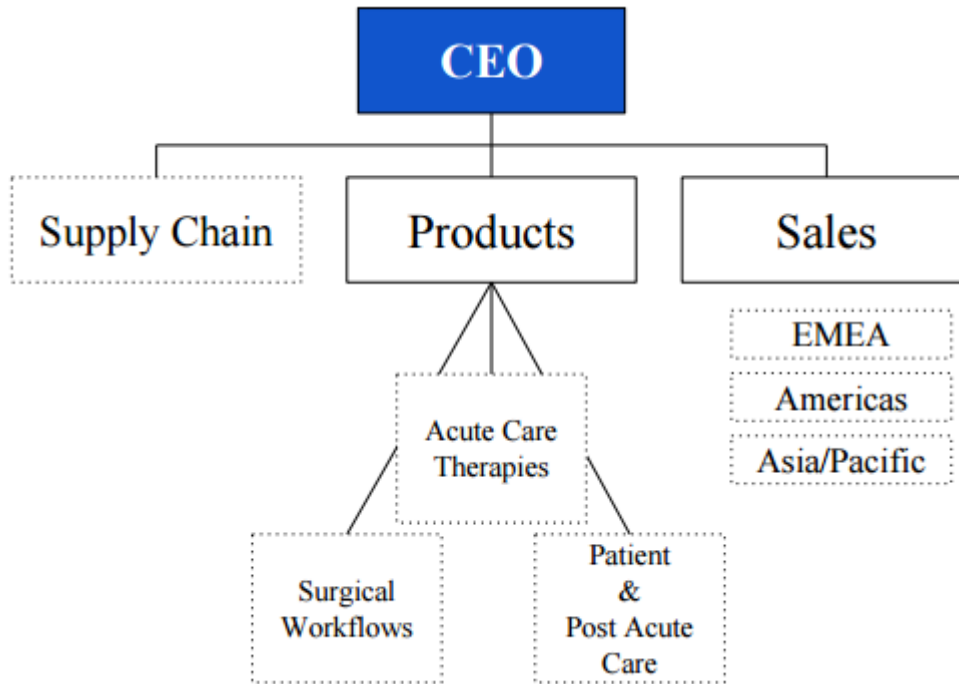


Figure D. *Management model*. Based on NEW GET | Kick-off presentation pp.63, Getinge group.

In this new setting, which is illustrated by Figure E, the company went from the former three separate business entities into a new structure where they now have seven different main divisional units responsible for different parts of the firm. These seven are organised with one unit working within the supply chain, three units in products being; *Surgical Workflows*, *Acute Care Therapies* and *Patient & Post Acute Care*. The last division is then focused on sales in three sales regions being; *EMEA*, *Americas* and *Asia/Pacific*. The logic behind each of these new areas, as described by Getinge; is that supply chain is aimed to drive the cost synergies through the full scope of the Getinge group. The Business Category Units have been designed to enhance the global category leadership with “cutting-edge” therapies, equipment and customer solutions. Lastly, the Sales Regions aims to match with the new call point demand while being able to optimise support functions through the full scope of the regions.



Own Figure: Figure E. *New organisational structure*. Based on NEW GET | Kick-off presentation

Getinge has centralised functions such as HR, Finance, QRC and Communication up to HQ which are to support and act as an umbrella to the organisation. As previously stated the authors of this study will place focus on the centralisation of QRC and Finance within the two former BA's of Getinge and Maquet. This new organisation has been created to enable the execution of the *Big 5* and the *Customer Centricity* which focuses on Margin Restoration and Growth, as can be seen in Figure F. As further being depicted in Figure F, it becomes evident that the three so-called enablers of the supply chain, business category units and sales, act as a foundation for the levers of the *Big 5* and *Customer Centricity* (The name was changed from *Customer Intimacy* during Project One). Each of the enablers presents its strategy of how to increase the success of the levers which range from as in supply chain with using one supply chain and creating synergies, to the sales aligning their sales force with a call-point demand.



		LEVERS	
		 THE BIG 5 MARGIN RESTORATION	 CUSTOMER CENTRICITY GROWTH
ENABLERS	> Supply Chain	One Supply Chain → Synergies → Cost Leadership	Competitiveness in terms of cost, quality and delivery times
	> Business Category Units	Market and product portfolio profitability through life cycle management	Customer driven innovation → outcome-based value propositions → category leadership
	> Sales	Strengthen market position while streamlining local set-ups	Aligning sales force with new call-point demand - customer ownership

Figure F. *Effective Enable Execution*. Based on Capital Markets Day 2015 presentation pp. 39, Getinge group.

The process used to conduct the overall implementation has varied depending on which part of the company was being transitioned into the Project One. There have been many factors affecting the timing of transition as well as the scope. Therefore, there has been a need for flexibility in the plans for it to have viability in the long run. Figure G visualises the original timeframe of the project; however, this is no longer the real picture. In the original timeframe, it is clearly visible when each step of the project was to be completed, from the *Big 5* to *Organize To Win*. However, some segments have been moved earlier while others are still in the process. Furthermore, during this project, a lot has shifted, and the original scope has been changed to adapt to new circumstances, as the CEO who initially initiated the project is no longer with Getinge, combined with the decreased use of external consultants. Having consultants in the project was formerly a way for the top management to maintain control of the project while ensuring it was implemented, and as the project has progressed local managers have taken over the responsibility of this. As noted by Interviewee HM1, this new change could be viewed as a direction which places more trust in the managers and employees at Getinge to implement the change in an efficient and successful manner;

...then we had a new management that said more like; if the management can not drive this change then we are heading down the wrong path so let us do it ourselves. (Interviewee HM1)

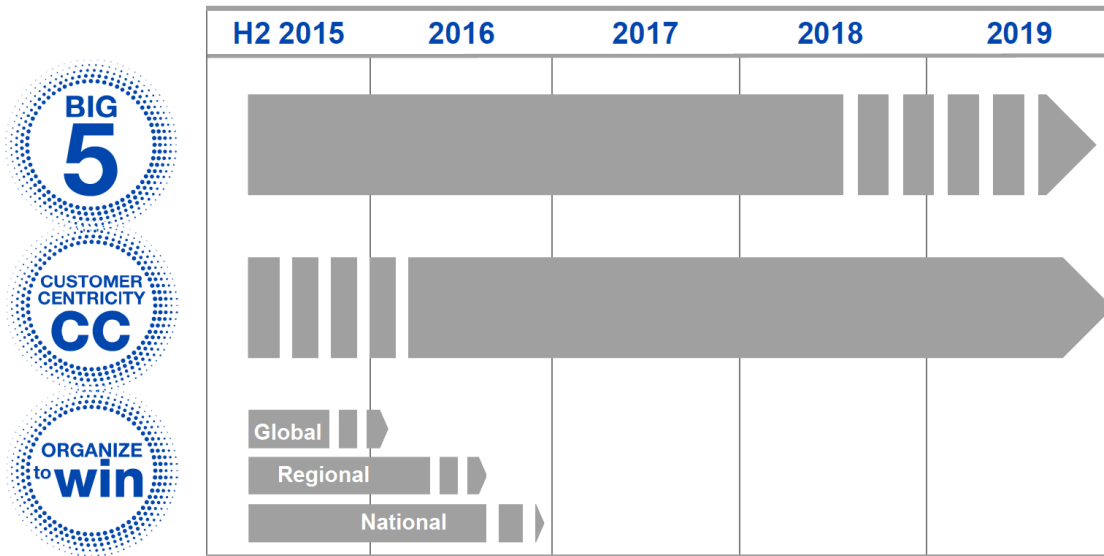


Figure G. Three to four-year turnaround program. Based on Capital Markets Day 2015 presentation pp.54, Getinge group.

5. Empirical Findings

This section will present the collected data from different interviews performed at the chosen subsidiaries and headquarters of Getinge and builds on the previous chapter regarding Project One Getinge where QRC and FS have been selected as cases. The chapter is divided into different parts describing the interviewee's responses to various scenarios which aim to create a clear picture of the situation that has developed in the MNC and how this affected the units. Firstly, the findings present the results from the QRC Interviewees, and secondly from the FS Interviewees. Finally, the findings are summarised by a table in order to show key takes from the results.

5.1 Quality Regulatory Compliance

5.1.1 Implementation of QRC Changes

Being a large MNC has many implications in the QRC area of the business as it regulates the products and is routinely scrutinised by several organisations from the host countries of the customers. The Interviewees clearly outlined and defined the considerable complexity surrounding the acuteness of having rigorous processes in place to prevent repercussions from regulatory organisations. Interviewee HM4 was evident in the view of the problems surrounding Getinge's former holding structure where smaller organisations were harder to monitor and check for issues in production and quality. It was inefficient and sometimes lead to legal matters with regulatory organisations, which may incur costly results or even the threat to close sites the failure to comply persists. With the former structure, the separate entities were more left to solve these issues themselves as recognised by Interviewee SM6, where HQ had little direct influence over day to day routines. Interviewee HM4 formally working in another BA in the group had observed the criticism given by one of the regulatory agencies, namely the FDA;

Moreover, that was actually what the FDA said; you can not have different ways of looking at it, you need to do it in a consistent way because it is the same company and manufacturing standard. Therefore you need to handle product design and rules in a consistent way throughout the company. And in order to do that you need to harmonise and integrate the way of working in the organisation. (Interviewee HM4)

Taking these issues into account Interviewee HM4 saw it as a necessity to shift the BAs direction into a more harmonised organisation and laid the foundation of what would come to affect the following changes in QRC during the major Project One. The Interviewee performed the move with 11 different manufacturing facilities which were doing things completely different, where some even had varying products, into one way of conducting it. After three years it became one organisation, with one corporate quality, which is the same journey Getinge is now undertaking on a global scale with Project One.

Interviewee's HM4 and SM6 discuss the underlying rationality of the changes done in QRC during Project One where they decided to split up different parts of the manufacturing due to external factors which had come to affect the business efficiency. The new change meant therefore not only harmonising the reporting and routines of quality systems but also separating sites impacted by regulatory problems with organisations as the FDA, and had become so-called CD sites. Interviewees HM4 and SM6 argued that these locations that were affected by regulatory issues should not influence the rest of the sites, hence the rationality to separate them into two groups. Interviewees SM8 and SM6 also clarified that these CD sites are not affected by the One Getinge project, as it has been deemed that it is more vital they place complete focus on mending the defect areas in their processes to become a so-called “*Healthy Site*” quoted by Interviewee SM6. The Interviewees follow up that despite having undertaken substantial changes in the QRC during the last years, and the process is due to go on until completed, new changes are likely to affect Getinge in the near future as Interviewee SM8 observes that times are changing fast;

...at the moment everything is becoming increasingly complicated, and change is occurring at a higher pace in the area of quality and regulatory compliance. This places us in a position where we need increased specialised competencies and thereafter make sure that we have these new competencies placed strategically in the company... (Interviewee SM8)

5.1.2 Knowledge Transfer

Interviewee HM4 described how the QRC organisation has a key foundation in the ability to have the correct knowledge and skills to maintain updated and correct processes to meet the legal requirements. When commencing a project which aims to harmonise routines in different entities in several countries that adhere to various regulatory institutions it is important all the information be present. Examining the recruitment of new people to put in

place in the new organisation can, therefore, be a rigorous task as described by Interviewee HM4;

...it is very often that people join the organisation, and you need to train them because they need to have product knowledge. They need to be aware of the regulations, so there are major training efforts that need to be put in place. And then when they start to become good they advance further in the organisation or to other companies. (Interviewee HM4)

Having the correct knowledge and routines within the group has been a central factor when working with prevention of issues with regulatory affairs and in turn becoming a CD site. Further, maintaining this knowledge within the organisation can be key for the continued success. Interviewee HM4 works actively with the retainment of talent in the company so that both explicit knowledge but also tacit knowledge is kept within the company. Moreover, Interviewee HM4 ensures that the correct knowledge is being transferred and is being trained to the employees in the QRC entities by regularly visiting the sites. Interviewee SM6 tries to work proactively by asking the different locations what they need and thereafter ensures they receive the needed training. Interviewee HM4 brings forth another part of learning what knowledge and routines are lacking within QRC, is by conducting various internal audits.

...have a corporate team, whose primary task is to perform internal audits, to find the gaps, before the FDA or other agencies find the gaps. With a dedicated team this could be handled in a much more efficient and skilled manner, and by doing this, I can create better corporate plans for improvements. These improvements can then be made at all sites at the same time. Further, I will have a greater ability to drive the change in a synchronised way and ensure everything is in compliance with the regulations. (Interviewee HM4)

This proactive work can then lead to the necessary changes and allow Getinge to remain compliant with current regulations. Interviewees HM4, SM6 and SM8 all argue that it is important to oversee these routines to ensure training is up to date in all of the entities.

5.1.3 Reception of Change and Role of Local Management

Project One has had effects in many areas of the company and meant substantial structural changes which have been met in various manners in the companies. As Getinge had formerly been organised in a multi-divisional manner, there were many entities, as described by Interviewees SM6 and SM8, which previously had very limited communication with HQ. A

general sentiment and reception trait was given by Interviewee HM4 when asked how the entities received this shift towards a more centralised organisation;

...everyone is often more or less against change, and I always say that people have a tendency to talk about how they like changes, but it is primarily for when the changes do not affect themselves. I have heard many comments where I am just thinking that it can not be true what I hear because for me we are one company and we need to think about what is good for Getinge. However, unfortunately, the majority is thinking about “what is in it for me” ... (Interviewee HM4)

Interviewees HM4, SM6 and SM8 all acknowledged the key role of local management in the change process of the QRC. The importance of the local management became evident during each interview as the Interviewees stated how the process was somewhat dependent on the willingness to change as well as it was important that each manager understood the importance of the change. From HQ, Interviewee HM4 felt the resistance to change was often lower if the local management had accepted and understood the change. The Interviewee further highlighted the interaction between HQ leadership and local leadership, and how they can co-operate to mitigate local resistance by showing good leadership;

...so I think leadership has a primary responsibility to be the one leading, not managing, but leading the organisation. And by leading it also means that you need to educate and explain and be honest and transparent because some of those changes will have the impact that some individuals may lose their job or others will have more colleagues because of the changes... (Interviewee HM4)

The local management's involvement and ability to bring input to the scope and outline of the proposed changes had also played a significant part in the reception in the entities. By allowing local management the possibility to affect change Interviewee SM6 felt it was easier to understand and accept the needed change. Once local management was on board with the project they turned to their individual sites and convaid the action plan, and despite sometimes discussions arose this was handled locally as stated by Interviewee SM6;

...If discussions arose, I would not leave the room and let them argue among themselves finding reasons to do it another way. I would simply explain to the local managers that this is the plan, and we will follow through with it because I think the timing is right and we have the capability to change. Further, I would explain that this is a process helping us continue our evolution and therefore necessary ... (Interviewee SM6)

The overall reception of change of QRC related functions in the Non CD sites has been successfully implemented and even surpassed the expectations of some managers as noted by Interviewee SM8;

...it has been very successful, and we have achieved much more than I thought when we started at the beginning of 2016. I did not believe that we would be able to centralise that many sites that we have achieved last year and the result we managed to do... (Interviewee SM8)

5.1.4 The Role of Communication

The Interviewees all outlined that a central part of the roll out of the new QRC organisation in Project One Getinge has been the ability to have clear and direct communication with the different entities affected by the changes. This has also meant creating plans which include action plans for what is to be done and when. Interviewees HM4 and SM6 also explain how the communication was a mediator for decreasing resistance to change within the Group. They explained as scope and responsibilities shifted, some resistance was bound to arise, and by meeting it head-on by being clear and explaining deeper, Interviewee HM4 felt management was able to decrease the fallout of adverse effects. Interviewee SM2 further stated it was one of the responsibilities of the position is to be very clear in the communication while educating on the reason behind the decisions, to meet resistance created when employees felt that they were losing scope and responsibility.

Examining the progression of the project, the need for constant communication from HQ to the subsidiaries decreased progressively. Interviewees SM6 and SM8 had a substantial amount of communication with their senior managers at the beginning of the project to get a clear picture of the scope of change and what direction to go. This communication was often in the form of meetings or calls, which were conducted either weekly or monthly. Interviewee SM8 explains how the need for communication has shifted over time;

...there was more communication when we were setting it up and when we set up the direction of how to grow and how to go about it and setting up the project. Then when we went into a day to day procedure, going from site to site and the involvement of HM4 was not as necessary anymore. However, HM4 becomes involved if needed in certain situations to both bring a mandate to the change and clarify any issues. (Interviewee SM8)

The necessity of having strong communication from HQ was also a decisive factor when implementing the changes in various entities in the group as Interviewee SM6 observed. When approaching some QRC entities, there was hesitance and resilience to shift from processes that had been successful to the newly proposed changes. Interviewee SM6 found that the instructions provided did not always have enough weight to bring about change. The Interviewee then had to contact HQ for more support and get them to attend the meeting in order to commence and justify the new changes;

...if the situation does require that HM4 gets involved by more than just knowing about it, to actively participate, then I also do that. It has happened already, so there were some situations of significant crisis where basically I have had people in front of me, which, not to be rude or anything, but basically said; well we hear what you say but unless HM4 says the same we are not going to move so I said to HM4 you have to talk to them, me alone can not get them in motion...(Interviewee SM6)

5.1.5 Perception of the Project

Project One Getinge has been an overall success according to Interviewees HM4, SM6, SM8 and SM7. As the company had struggled with issues from different regulatory entities, which is common in the industry according to both Interviewees HM4 and SM6, there was a greater need to conduct a centralising project. The times are more demanding on QRC organisations to maintaining a high level of quality to protect consumers according to Interviewee HM4, which will require them to continue to evolve their organisation. This need for constant evolution becomes even more evident as Interviewee SM7 explains that some employees in the organisation have already been through this and know what to expect;

...at the site I would say, they were a similar change some years ago(...) so this process has already been used before, most people know we have to align with the corporate procedures, so they are used to that (...) We have reviewed the corporate procedure priorly, and we see no gaps or minor gaps... (Interviewee SM7)

When being asked regarding how they perceived the viability of the project's construction and later conduct, the Interviewees had varying answers as there was no simple way to conduct such a large process. Interviewee SM7 had been through similar large overhauls in other companies and mentioned the possibility of using more internal audits as well as not changes procedures which had lead to successful results in external audits;

...I mean auditing or basic assessment of audits, because we have some third party audits, so our notifying body comes here every year, and they know very well our system, and we do not have any major non-conformities. So maybe that could have been used to say that our system is okay, some procedures etc. and maybe that could have been used... (Interviewee SM7)

Going back, Interviewee HM4 observed that the project probably should have been conducted in another manner with a smaller scope in some instances and started with smaller regions. Interviewee SM2 felt that the project had been pushed forward into all the regions in one turn and should have been done in smaller scopes to begin and thereafter increase. Further, Interviewee SM2 felt that this would have been a more sensible strategy for the company. Even though all Interviewees agreed on the success of the project's end results, Interviewee SM8 saw that there were possibilities to have done it even better to facilitate the transition into the new systems and procedures and that it was important to learn from their experiences for future changes Getinge might conduct. Interviewee SM8 argued the following regarding how to have facilitated the transition;

...we could have benefited from some more efforts at the beginning on how to basically explain and give direction to the sites on what was needed for them and what they could expect from an open corporate. What they needed to do on their local systems and what the end goal was supposed to be.(Interviewee SM8)

The project has been concluded in some entities while others are still in the process, but for Interviewee HM4 it has already become time to start developing a new structure for the company due to changing circumstances which further aims to centralise the company;

...I had that structure, and we are fully integrated, QRC has been fully integrated since spring last year, and then the spin-off decision came and because I am totally integrated I am actually in the plan now to make the third version of the Getinge structure ...(Interviewee HM4)

5.2 Financial Services

5.2.1 Implementation of a Shared Service Centre

The first steps towards a shared service setup, which would enable the company to utilise synergies and harmonise processes by gathering certain FS in one location, in a Shared Service Centre (SSC) was started nearly two years prior to the One project and the *Big 5* initiative. The nature of the One project then “*highlighted the need to continue and actually increase the initial scope of the initiative*”, according to Interviewee HM2. Furthermore, the

ambition for the SSC project was twofold in the sense that it was not limited to direct cost savings by decreasing salary costs, but it was also a matter of trying to drive efficiency and quality by enabling a greater degree of specialisation, thus creating “*a centre of excellence*” (Interviewee HM2)

The first step of the implementation process was a large-scale data collection. Therefore, a major spreadsheet was sent to each CFO in each legal entity in the EMEA area of the group. The spreadsheet constituted of a framework, a sort of standardised framework, which had been constructed with the help of an external consultant agency. Three standard finance processes were identified; Purchase to Pay (Accounts Payables), Order to Cash (Accounts Receivables) and Record to Report (Reporting), which was then broken down into more detail and used as a foundation for a number of workshops with representatives from all three BAs. The purpose of the workshops was to adapt the standardised framework and tailor it to fit the needs and characteristics of the Getinge group, a process that turned out to be rather difficult according to Interviewee HM2, as the three BA’s had been very autonomous up until 2014;

...there were very little similarities between the three business areas, in how they worked with finance. They did not have the same ERP (Enterprise Resource Planning) system, they did not have the same strategic way of doing things etc. (Interviewee HM2)

Nevertheless, as a result of compromise, a framework was agreed upon, and this tailored framework was shared with all units concerned with the project. With the help of this framework, each CFO was asked to map all the people in their respective unit that was working with the finance, or finance related, activities within the scope of the framework. This resulted in the identification of around 900 full-time equivalents (FTEs) in the group working with these processes and out of those 900, roughly 450-500 were in the scope to be transitioned to an SSC. It was later decided that the number had to be decreased to 400, as many of the FTEs were in “*small companies where it would not make practical sense to implement these changes*”, as described by Interviewee HM2. Moreover, the 400 FTEs were spread over 600-700 actual people, as the level of specialisation were in some cases rather low, with one person’s time being spread over three to four different activities. This resulted in difficulties in identifying where to find the 400 FTEs that were in scope for the project. This was especially the case in the smaller units, where employees did not just handle financial tasks in scope, but they could also be working on payroll and work part-time in the

reception, this resulted in that many smaller units remained virtually untouched as it was deemed that, if included, it would require too much of the company in question. Further, it was soon noticeable that the larger the unit, the greater was the degree of devotion to just one task, which facilitated the process and Interviewee HM2 estimates that 75 percent of the goal of transitioning 400 FTEs has been reached.

In the summer of 2014, Poland and the city of Krakow was chosen, in consensus with an external consultancy agency, as the most optimal location for the SSC and the transition was divided into four waves plus a pilot launch. The company's former HQ location in Getinge, Sweden was chosen to act as the pilot site followed by Europe in the first wave, as Europe was where the potential salary gains were the greatest. During the pilot launch, there were 12-13 employees from Krakow that after some initial training came to the site in Getinge and spent six weeks on site to conduct a work shadowing process and learn from the original staff. As noted by Interviewee HM2; initially everything went very well, despite the nature of the situation being very challenging for both the Swedish and the Polish employees. Although the implementation seemed to be going as planned and the cooperation was beyond expectation, it became apparent when the transition team returned to the SSC and started to deliver services that certain potential issues had been underestimated. The difficulties regarding IT implementation had been greatly underestimated as well as the importance of a holistic understanding of the processes in order to fulfil the specialised task in a satisfactory manner.

...we needed people who knew the entire process, of those three processes I think we had underestimated the skills needed for the people, so their understanding was too narrow, which was a big learning going forward. We need to understand what each individual that we were taking away is actually doing and then try to match them with skills by the people in Poland better. (Interviewee HM2)

Further, the responsibility for organising and monitoring the first transfer was shared between managers from HQ and a transition manager from the SSC in Krakow, who after the pilot put together a team of transition coordinators that would handle the transitions for the coming sites. For each site there was significant effort put into adapting the scope for that specific unit, this was done by cooperating with the local CFOs to determine which processes could be relevant for the scope and then determine if the entire process could be transitioned or if certain parts ought to stay with the original unit. In some transitions it became evident that it is not always easy to transfer the specific nature of the different processes to an Excel

spreadsheet, and the transition team had to, with the help of the local CFO, conduct a second mapping of the processes and the FTEs needed to conduct them in an appropriate manner.

First and foremost it was tasks and processes of a mainly transactional nature that came to be in scope for the project, tasks “*with no or very limited additional, added value*” (Interviewee SM4). Both the entities involved in this research transferred the handling of both accounts receivables and accounts payables as well as the day to day record reporting, however, the responsibility of the general ledger was kept within the local entity. Neither has the entities transferred responsibilities that require direct communication with customers or suppliers, something that Interviewee SM4 is positive towards doing in the foreseeable future whereas Interviewee SM1, however, is more cautious;

...the customer order for spare parts for direct delivery can be handled from Krakow from my point of view. I think in the future we will come to that ... (Interviewee SM4)

...customer relations and contact, this should be done by the business. (...) You do not want to create confusion whether the customer should talk to someone in Poland or here. (Interviewee SM1)

Moreover, it was not only the individual characteristics of each unit and the judgement of each CFO that shaped the manner in which the implementation was conducted; external pressures from local institutions also shaped the project. It could be legal requirements or union related issues that made something that was in scope difficult to move, as Interviewee HM3 noted. Risk minimising considerations were also an issue, as expressed by Interviewee SM3 and SM4. Both the Interviewees expressed that local tax matters ought not to be transferred as it is a task of a very complex nature, which requires experience to handle properly.

...I do not think that they (SSC) are able to work with the tax audits. It is probably not possible. It is due to language issues, the complexity of the German tax system and it is also down to the experience needed. (Interviewee SM3)

Although the initial scope of functions to be transferred to the SSC was of mainly transactional nature, the ambition of the HQ is to add more advanced activities, which can benefit the group as a whole but also the SSC by showing clear possibilities for personal development within the SSC and thereby counteracting turnover in personnel. Interviewee

HM2 has experienced a perception in the organisation where it is believed that the SSC can only manage simple tasks, which HM2 does not believe is the case;

...the local business has a perception that the people in Poland can only do simple things, that they are not qualified to do anything else, which is the total opposite. They are very highly educated, and Krakow is a huge centre for education. I think it is the biggest education centre in Poland. (Interviewee HM2)

This view is partly supported by Interviewee SM4 and SM5, who believes that in some cases there was an escalated level of talent after the transition. Hence, they are also optimistic about the possibility to increase the scope of the transition with more activities;

...we increased the level of some people when we transitioned to the SSC compared to the previous people that we had locally. So it is very interesting because I can have a better support and delegate more tasks than I could delegate to the local people. (Interviewee SM5)

Interviewee SM4 adds that the people at the SSC is often young and lacks experience but their level of education is high and they have good language capabilities, which facilitates the transition greatly.

5.2.2 Knowledge Transfer

Once it is decided that a company's financial tasks should be transferred to the SSC the foundation for the transition team's absorptive capacity is elevated with four to six weeks internal training at the site in Krakow. The initial training includes information about Getinge, the different processes and the ERPs. Then the transition team spends eight weeks at the local site, a time period that was prolonged from six to eight weeks after lessons learned during the pilot launch. Interviewees HM2, HM3 and SM9 were all in agreement that six weeks were not sufficient and that eight weeks, which allows the transition team to be on site and participate in two monthly closings, is definitely preferable from a knowledge transfer perspective. Interviewee SM9, however, adds;

To be honest, I think it should be even longer because now in some cases we have been transferring the knowledge of people who have been responsible for particular processes more than ten years and our teams are more or less fresh and in some cases without experience in finance. They are more equipped with language capabilities and skills instead of finance skills.(Interviewee SM9)

A longer transition phase would be preferable, as there is knowledge of a more tacit nature that is hard to encode and can only be learned through experience, which is also facilitated by getting a chance to better understand the nature of the business and its processes. Interviewee SM5 experienced that the transition team was in a hurry to record and validate processes to be able to bring back a manual to the SSC and did not have time to build a proper understanding of the entire process;

I think for them it was like a sense of security because they wanted to go back to Poland with their procedures in the bag. It was a safety for them, but at the end, we understand that knowing how to perform the procedure is not enough, you need to understand it. In spending more time locally you have more time to understand a process. (Interviewee SM5)

The importance of understanding the specificities of the local site was further highlighted by Interviewee SM2;

...we had experienced people locally, this cannot be transferred in a few weeks, this knowledge, the knowledge about a system, yes ok that is one thing, but the other is to know how the site is working and knowing the people who have certain functions and this is a great job to transfer. (Interviewee SM2)

When people leave the organisation, networks are also affected and sometimes lost. This has been noted from a subsidiary perspective by Interviewees SM2 and SM3 who believes that many processes are more time-consuming now as people at the SSC have to find the appropriate person to contact, and in the retained organisation this has to be re-learned. The result is longer ways of communication and a loss of effectiveness in certain processes. From an HQ perspective this has also been noted by Interviewee HM3;

...they (SSC) do not know exactly to whom to talk to in some instances and so forth. They do not have the network, and that sometimes creates irritation. So you really need to have a very good understanding, and education is important from the local management if we are to do it in a good way. We (HQ) can always force it but then the end result is not so good. (Interviewee HM3)

During the initial eight week period of training the local team still has ownership of the processes, but as the transition team returns to Krakow they take over the responsibility, although, with support from the local team for the two coming monthly closings in a stabilisation phase, after which the transfer of the process is formalised and the team in

Krakow enter production mode. The support does not end as production mode is entered, there is still constant communication to make sure that the SSC possess the knowledge needed to deliver the FS in a satisfactory manner.

In each transition the transition manager would set up a knowledge transfer plan, which was done in great detail, virtually planning out each day, who should learn from who for what duration of time. The transfer of knowledge was secured via so-called work shadowing, where one person from the SSC would sit next to the trainer from the local team for half a day and then spend the other half of the day documenting the observed process before returning to the trainer to review the document to ensure all vital information has been included. This type of transition was challenging, as even though the plans were meticulous, they were still to be executed by personnel, that in some cases, were new to this type of situation;

...you have to understand, people that do this are not the people or persons that normally train persons or have meetings with internationals. They were more or less working with the daily business on the site, and most communications occurred on site or with suppliers. However, meeting face to face or to sit next to a person and educate is not what they normally do on a business day. They had no previous relationship to this experience. (Interviewee SM1)

Moreover, there were possibilities for the local CFOs to adopt the manner of the transition after the structure and needs of their organisation and subsequently, there were different methods used. The most common way was to motivate the original staff with bonus payments for seeing through the transition. One site, however, decided to replace the staff with temps that were to conduct the training of the transition team. This method created apparent risks for gaps in the knowledge transfer, a risk that was escalated to the local management and the solution that was agreed upon was to list any gaps that became evident in training and that the local chief accountant offered additional support for an extended period of six months. Still, this method made the training much more challenging than in many other sites since the temps had only been onboard for three to five months and did not possess complete knowledge of the processes, making the transition period very challenging for the team from Krakow. At the same time Interviewee SM9 also saw some distinct advantages with this setup, despite the challenges. Since, although the period of transition was challenging this also helped to create a greater understanding of the processes than what had been seen in many of the other more smooth transitions.

...it was very hard for that team in the transition period, but I also think it made them more experienced because they needed to dig more deeply by themselves in order to understand the process properly. (...) Our team took higher responsibility than we have seen in other teams and they also had high language skills, which helped to succeed in the end... (Interviewee SM9)

It has been noted that good language capabilities can facilitate the knowledge transfer greatly and that elevating the levels of language skills is a less cumbersome task than to raise the levels of finance related skills.

...we find that the main competencies (for the SSC) are accounting skills, finance skills, excel skills and also analytical thinking but it is also very important to have language capabilities. It is not always so easy to find people who have those two capabilities in one hand. So in some cases, people are more equipped with language skills than finance skills so we need to decide what is most desired in every particular project. Also, it is easier to build accounting skills than language proficiency during the onboarding process. (Interviewee SM9)

In some cases, difficulties have been encountered in hiring personnel that is skilled in both the local language as well as in finance skills and Interviewee SM5 states that with the current priority of language over accounting skills, there ought to be spent more time on elevating the accounting skills. Especially, differences between Polish and local accounting standards have been highlighted as an area of which would benefit from greater attention.

Another factor affecting the implementation and knowledge transfer, according to Interviewee SM9 was the different levels of sophistication and maturity in the processes and ERP systems. A factor, which varied between the BAs, which can, arguably, be attributed to historical differences in cost structures between the BAs;

...Maquet had a much larger headquarter in Rastatt, much bigger investment in systems where Getinge had some more local systems, where Getinge had Movex, Maquet chose the much larger thing in SAP. Which costs many, many times more etc. so they built a lot of more, if I am nice, more fundamental infrastructure. They (Maquet) invested in those things, admin and selling infrastructure. (Interviewee HM1)

These differences in sophistication, structure and size of the entities had practical implications for both the transition phase and the subsequent co-operation on service delivery between the SSC and the other business units. Where the units within Maquet had a more sophisticated IT

infrastructure, it was easier to conduct training at but on the other hand the subsequent co-operation were then more difficult. As Interviewee SM9 describes;

Maquet was, maybe I should not say sophisticated but it was better structured, more organised, it was always bigger companies than in Getinge. Getinge was most often one CFO and maybe two or three persons while in Maquet it was often five, six, seven or more individuals in the finance team. There was much more ERPs and automation than in Getinge which had more a Excel-based accounting. Using many different excels, which made the training much harder in Getinge but afterwards when we made the transfer, the cooperation was easier with Getinge than with Maquet. (Interviewee SM9)

When asked about the reasoning behind the previous statement Interviewee SM9 responded;

I do not know really. Maybe because the training was so deep when it comes to Getinge because of all the Excel-based work, so maybe the relationship got better, and then it was easier to work with them after that. In Maquet, it is hard to say, but it was very a well-structured training but the training, was without the discussion about some topics regarding finance and this relation was not so good afterwards. (Interviewee SM9)

Lastly, there was a noticeable change in the turnover of personnel handling these tasks when the functions were moved from their original units to the SSC. Formerly many of the employees had been with the company for more than 20 years, but in the SSC the attrition rate has been significantly higher. As a result, the knowledge transfer is constantly ongoing in the SSC and several Interviewees has expressed concerns regarding differences in knowledge level between first and second generation employees at the SSC. First generation being the employees trained on site by the local team and second generation being trained at the the SSC. The internal knowledge transfer at the SSC is currently sub-optimal and that for every person leaving less the information is “watered down” according to Interviewee SM3. This has been mentioned to be a reason for some reluctance towards transferring certain key processes to the SSC. This issue has, however, not been present in Interviewees SM4 and SM5 unit, as the team in the SSC providing services to their entity has been rather stable.

This concern is well known at HQ level, and Interviewee HM2 admits that the handling of this issue has not been good enough so far. Therefore, there is constant work being done in the SSC on improving all documentations to improve and facilitate in-house knowledge transfer so that the local sites will not have to spend time on re-training.

5.2.3 Reception of Change and Role of Local Management

At HQ level and from the perspective of the SSC, there is a consensus that the cooperation of the local management has been a deciding factor for the level of success in each transition. Local management has been the key to getting the local personnel onboard the project and being willing to cooperate with the transition teams from the SSC.

The common denominator is really where the local management has really engaged and tried to help us and tried to plan for this in a good way. (Interviewee HM2)

Change is, as earlier expressed by Interviewee HM4, always a delicate matter and Interviewee HM2 is of the same opinion. So it is essential to make sure that everybody in the organisation understands why these steps need to be taken and that the strategy is well anchored in the organisation in general and with the local managers in particular. The cooperation of the local managers has been identified as crucial factor for successful implementations as they can also, if not properly convinced, be a liability by spreading their hesitation or even resistance to their local team;

...we can see a huge difference in success rate were the local management have embraced the change and planned to do it in a good and cooperative way compared to the other when they do not like the change and they do not really try to make it work. In those cases they have not planned the transition well, they are sort of resisting, and that obviously spreads to the co-workers in that location, which then, in turn, were not happy and not helping out in the transition. Because cooperation is the number one success factor, we see a clear difference where the local management has engaged and tried to instil in their employees that this is the right thing for the firm. (Interviewee HM2)

Moreover, it has been gathered through the interviews that reshaping an organisation from a holding like structure to a structure with more centralised governance and greater interconnectedness between units is a challenging task. The old structure, where each entity had been quite autonomous and in many cases experiencing a greater sense of belonging to their specific entity and BA at the expense of a more holistic view of the group's best interest. This has been mentioned as one of the possible reasons for unwillingness to change by local management, which obstructs the flow of communication and change management.

In some cases, we saw that they treat their company, which they manage locally, as their kingdom, as their backyard instead of being part of the whole company ... (Interviewee SM9)

Further, Interviewee SM9 felt that there was not enough time or energy spent by HQ to adequately anchor the strategic decisions with the local managers and as a result the local management did not always understand why this was done and the benefits of it. The rationales of the project are clear, and the drop down communication from HQ should anchor this steadily in each entity of the MNC. This view of possible lack of direct communication between HQ and the subsidiaries is, however, not shared by Interviewee SM4;

It was a good communication they listened to us, I mean they were really listening to us. They were not coming with demands, saying now you are doing that, that and that. They were expecting from us some advice, so it was a very good meeting (...) I take it as; this is the way how the world works, we have to follow. This is an economic situation and if we do not do that we will disappear in the end because competitors will do this type of thing, so we have to follow.(Interviewee SM4)

5.2.4 The Role of Communication

From all interviews regarding the SSC project, it has become evident, that in a project of this magnitude the importance of accurate and timely communication cannot be stressed enough. In most cases, where resistance to change or unwillingness to co-operation has been experienced from the employees at the local sites, late communication or lack of communication has been mentioned as one of the most prominent reasons. When not only people's work life is affected but also their personal life as they fear for their jobs, it is the uncertainty that puts the most stress on the entity in question. In Interviewee SM3's entity, the news of an impending strategy change in the group reached the employees before it was officially announced and it was not clear what the implications would be for their specific unit.

To improve the transition, I think it should have been communicated early enough that there was something coming. Because when you hear something, rumours started, we hear that in France something is going on, it is called shared services and it might be coming to us. Then someone googles it, and people get worried. (Interviewee SM3)

Interviewee SM1 describes the difficulty of having personal and emotional meetings with people SM1 had been working with for 20 years, whom's jobs were in scope to be transferred to the SSC;

It is difficult, but it is part of the job in the end. However, for me, it was very imperative to discuss this openly and fair. We explained that this will work in this and this way, this is what we will do. (Interviewee SM1)

With the ambition of transparency and fairness, a point system was engineered at Interviewee SM1's site, in which employees were awarded points for each year spent at the company, education level and family situation etc. By quantifying it in this manner, it became apparent which persons had to leave and who could stay. Directness and clarity are highlighted by Interviewee SM4 as well who also stressed the importance of seeing the business implications of the changes. That this is a necessary step in order for the long-term survival and competitiveness of the firm as a whole. Further, Interviewee SM4 believes that although the people leaving were sad as an initial reaction as time passed they understood why this had to be done and came to terms with it. Hence, the timing of communication is also crucial, Interviewee SM9 testifies of the importance of letting people adjust to coming changes, as this has big implications for the transition phase;

...the most critical communication needs to be done locally, so the local CFO needs to take the decision and communicate properly and communicate in time before we arrive. There were a few transitions where the CFO, local management, informed the finance team just two or three days before we come to the transition. This is not a good approach because in this type of situation people need some time to to get used to the information. (Interviewee SM9)

Once again the role of the local managers as the main change agents is highlighted, they are the ones who need to convince their employees of the soundness of the strategy chosen by HQ. Which, of course also puts pressure on HQ to manage the relationship with the local management in the best possible way.

Change management and communication are key, local management is very, very important. That the CFOs of the entities where we are taking over, they are really important. The way they communicate about this and ensure that we have the buy-in. (Interviewee HM3)

5.2.5 Perception of the Project

Project One and the accompanying savings and performance improvement projects have resulted in significant cost savings, but the views on how it has affected the quality of the daily operations are equivocal. Interviewee SM3 does not question the rationality of the project from a cost perspective, but questions whether the quality in the figures has been maintained, Interviewee SM2 and SM3 both experience that mistakes in the monthly closings are still a common occurrence. However, as the SSC has taken over many of the most time-consuming activities, especially in connection with the monthly closings, the teams in the retained organisation now have more time to analyse the figures and create a greater understanding of the reports.

Prior we had a really good team with a lot of experienced people. Everyone knew what to do and we did the month end closing from the beginning to the end by our own, so we had an overview of it all. This is a little bit missing at the moment because some processes have been split. However, on the other hand, now we have more time for investigating the figures. So both ways of working had their good benefits. (Interviewee SM3)

Further, Interviewee SM3 adds that most of the problems will be solved if only the turnover in personnel at the SSC is reduced;

...they are all nice people, good employees, it is nice to work with them. I think it is no problem that they are in Krakow, we use instant messaging and email (...) However, it would be a really, really a good thing if they did not change the employees so often. (Interviewee SM3)

Interviewee SM4's perception is that in the beginning, the level of the services delivered was below what they were used to but a project like this is a journey so that is only normal, there needs to be cooperation in increasing the level month by month, and now it works well. Lastly, returning to the importance of local management as Interviewee SM4 sees this role, i.e. his own role, as a factor capable of tipping the scales in favour for the project.

...it is our job as managers to make a project like this successful, of course it is. (Interviewee SM4)

5.3 Summary of Empirical Findings

In order to clarify the empirical findings, the authors have compiled Table B which enables a clear overview of major takes from the Interviewees' answers. As seen in Table B the two main tasks have been researched in which both IC and MS is included. The table presents the five main sub-chapters starting with implementation and finishing with the perception of the project in the view of the interviewees. This allows for comparability between the two tasks which will be further done in the analysis.

	Financial services	Quality Regulatory Compliance
<i>Implementation</i>	Collaborative bottom up approach.	Top-down approach.
<i>Knowledge Transfer</i>	Transfer of tacit knowledge difficult. Language capabilities important.	High need for harmonisation Explicit knowledge enabling transferability in the organisation.
<i>Reception of Change and Role of Local Management</i>	Reception is largely dependant on the attitudes and actions of local management.	Reception is largely dependant on the attitudes and actions of local management.
<i>Role of Communication</i>	Lack of clear communication can create uncertainty within the organisation.	Open and clear communication enabling change.
<i>Perception of the Project</i>	Economic rationale experienced as clear. View on performance levels post change is equivocal.	Need for change to remain competitive and follow current regulations throughout the organisation.

Own Table: Table B - Summary of empirical findings

6. Analysis

This chapter compares and analyses the empirical findings through a lens of the theoretical framework in order to provide a clearer picture of the researched subject and draw parallels between the two chapters. The chapter has been constructed with the research question in mind, to increase the understanding of how centralisation in a multidivisional MNC is viewed by existing theory, and by this study's results as well as what factors can affect this process.

6.1 Implementation of Change - Who should be in the driver's seat?

The rationale behind the restructuring of Getinge's organisation can, arguably, add to the mentioned critique towards the sustainability of the M-form structure. Margin erosion caused by expenses growing at a higher rate than sales in all cost areas except for in R&D, which is the one area where increasing costs are most easily defended, fueled the need for an organisational structure that would allow Getinge to better utilise possible synergies between its three business areas. These findings direct further attention towards the question of whether the M-form's has potential to be profitable also in the long-term. In support of previous criticism towards the model (Hill 1985; Hill, Hitt, & Hoskisson, 1988 ; Hoskisson & Hitt, 1988; Baysinger & Hoskisson, 1989; Hoskisson, Hitt & Hill, 1991), one might postulate that without frequent acquisitions, which adds new turnover to firm, the decreased focus on innovation and efficiency is exposed.

Further, the findings of this research show that the organisational changes within Getinge were implemented in slightly different manners as a result of the different pressures the two tasks face. First, the QRC function's re-organisation was to a large extent driven and shaped by external, supranational regulatory pressures, which demanded a unison way of working with quality within all of Getinge's units. Hence, the possibilities for local adaption were limited, and HQ in cooperation with divisional managers with a strong HQ mandate remain the most important change agents. Therefore, the change within QRC is mainly displaying characteristics resembling a strategy with a directive top-down approach (cf Beer and Nohria, 2000; Burnes, 2004; Dunphy and Stace, 1993; Huy, 2001). However, the interviews performed in this research have found that the mandate given by HQ to the divisional managers is in need of timely and clear validation from HQ in response to cases of scepticism. This scepticism could be seen as a sign of lack of trust, within the organisation,

which is in line with Kostova and Roth's (2002) claim regarding factors, which affect the degree to which subsidiaries are likely to adopt practices mandated by HQ. Second, the change implemented for FS, although required to be in conformity with external legal pressures, were to a larger extent driven by internal pressures regarding cost and organisational efficiency. As such, HQ posed clear targets for what was to be the outcome of Project One, but at the same time allowed substantial room for local manager participation in creating the roadmaps suitable for each of the local contexts in scope for the project. This division of change ownership between HQ and the subsidiaries resulted in a strategy that could be described as a combination of the aspects described by Stensaker and Langley (2010), being the directive top-down strategy and collaborative bottom-up. Comparing the two tasks, it can be said that HQ had more legitimacy in leading change in the QRC function as there was to be one harmonised way of working, whereas in FS the fragmented way of working was to be lifted to the SSC in its current state. Thereby, HQ was affected by bounded rationality to a greater extent regarding the FS changes than for the QRC, thus making the power relationship more diffuse and the utilisation of a collaborative strategy the more natural option.

Furthermore, the importance of the role of local managers was firmly highlighted by HQ, especially in regards to the implementation of the changes in FS. A majority of the difficulties encountered in process and knowledge transitions were explained as reactions and results of the actions of local managers. The manner and timing of communication by the local CFOs have been expressed to be of central importance, as the local organisations have little or no contact with HQ change agents, except through their local manager, this person becomes an imperative spokesperson for the project. On the other hand, this could also suggest that the task for HQ to properly transmit and anchor the rationale of the project with local managers is the most quintessential issue. If the HQ manages to successfully convey an understanding why the change is needed and how it will be beneficial for the firm, then local managers will be more open to receive this change and successfully implement it in their respective units.

6.2 Transferring Knowledge - Can this be facilitated?

A major part of the Project One Getinge has been to move knowledge between different units to both create the SSC in Krakow but also to harmonise the QRC functions. An initial observation made was that the during the knowledge transfer within the FS function,

sometimes, know-how was of a more tacit nature, while within QRC the knowledge was mainly explicit. As discussed by Grant (1996b), moving tacit knowledge is tough even when done internally, which could serve as an explanation of the difficulties discussed by Interviewees within FS, as there was a persisting feeling that valuable experience that could not be codified was lost in the transition to the SSC. Moreover, drawing on theories by Gupta and Govindarajan (2000), the interviews responses to how the knowledge flow has manifested can be connected to aspects such as the motivational disposition of the source unit. It was evident in the knowledge transfer within the QRC where HQ being the source unit was very keen on having a positive result of the project while on the other hand, this was not as clear when looking at the transfer to SSC. Local managers who were the source unit of knowledge within SSC needed much more convincing to perform the transfer as well as they experienced a loss of control over their operations when they transferred the knowledge and the task. In accordance with the theories of Gupta and Govindarajan (2000), the perceived loss of power came to affect the level of information that was transferred to the target unit as well as the level of cooperation throughout the project. The local managers who felt that this transformation was important for the future of the MNC were more optimistic about the transferring process and experienced a rather smooth transfer compared to the units where they felt it was a negative thing to move the knowledge. The interviewees felt that the knowledge would not be understood as they did not possess the capacity to receive the knowledge. This was a key difference between the tasks being centralised as the source units motivational disposition varied.

As described by Gupta and Govindarajan (2000) the motivational disposition of the target units is important and can affect the outcome greatly. The units working with QRC understood the need for change to become more harmonised to meet external demands. However, as argued by Katz & Allen (1982) and Pfeffer (1981) the NIH syndrome came to affect some units where the processes had been successful without defaulting on inspections, here it was important for the local managers to be onboard early with support from HQ to successfully receive the knowledge. However, with the task of FS, the picture was quite the opposite. There was no resistance for receiving the knowledge as they were directly dependent on the knowledge flow from the source units. The interviews presented that sometimes they even had to “fight” to get the necessary knowledge to the SSC. Dependency could be a key word when describing factors for the motivational disposition of the target

units, where the units within the QRC in some cases did not need the knowledge while in the SSC there was a clear need for learning.

Another vital part, pointed out by Cohen and Levinthal (1990), which has also been a major factor in the transfer of knowledge to the SSC is the absorptive capacity. The different units within QRC had more or less the same capabilities to receive the new knowledge and routines and had little to no issues changing the processes to meet the requirements which meant that the knowledge could be utilised effectively early on. However, with the task of FS, there were sometimes large issues which affected the transfer as the target unit did not possess the needed absorptive capacity. Interviewees felt that there were issues with the SSC site as they had not acquired the relevant employees with the knowledge required to understand and absorb the knowledge which was being transferred. This issue came to affect the different transfer processes heavily in some cases. The high turnover of staff in the SSC became an issue, as knowledge would disappear with the employees, creating issues for both the target unit and the source unit. Another important part was that the source units felt in some cases as the knowledge level was lower in the SSC, that the value of the knowledge being transferred would be wasted and the result would not be optimal and even reduce the commercial value. In the knowledge transfer process within the QRC and the SSC, the interviewees all agreed that an important part of the success in moving knowledge was the communication channels being used. Having an open discussion, as described in theories by Gupta and Govindarajan (2000), was a key factor to facilitate the processes both in QRC and FS. Most communication was performed through meetings and calls in the QRC, while in the SSC they had a local presence to effectively facilitate the knowledge transfer. Several interviewees observed that the presence and ease of communication with the employees from the SSC was a positive and key factor for the knowledge flow. Without this richness of channels being utilised it could be argued that it would not have been as successful when building the new centralised structure.

6.3 Local Management - Key for change

A crucial insight this study has shown is that the local managers have all played key roles in the entire change process from start to finish. The reception in the units has been closely linked to that of the managers' perception of the project. This trait has been common both in the FS and the QRC despite them being targeted in different manners. Therefore, it is clear that the study has found, as claimed by Kostova and Roth (2002), that these local managers

have a vital role as intermediaries between the HQ and subsidiaries. However, noticeable is the fact that the local managers possessed much larger capabilities to affect the change being implemented for FS and could facilitate the corporate intentions to be in line with local requirements. The managers connected to QRC had to be convinced before they were able to effectively convey the change to their respective divisions, and manage the reception and resistance that occurred.

Subsequently, when utilising the knowledge of local managers and making them active change agents, they are also likely to interpret the project and its goal based on their experience and the local context. In this study, it was found that the willingness to centralise processes differed between the two studied BAs. This can be linked to the three factors influencing the adoption of HQ practises found by Kostova and Roth (2002): Identity, Dependency and Trust as well as Dunford's (1990) claim regarding managers not always being neutral and fit seeking, but may pursue their personal goals. Drawing on Kostova and Roth (2002), the units adherent to IC has historically been closer linked to the group HQ than the units in the MS, which have been more governed by the former Maquet HQ. In combination with working under the same brand name, this is likely to have created varying degrees of identification with the Getinge brand, where the MS units felt a greater sense of belonging to the Maquet brand than to the overarching Getinge brand. Thus, the inclination to safeguard the influence and power of the subsidiary is likely to be greater for MS than for IC.

Hence, the transfer of FS and the need for it was perceived differently within both MS and IC, as MS, with Maquet, has for a long time been more independent within the group and had created a strong control structure and valuable capabilities tied to the MS HQ. Whereas, IC has been more dependent on the groups HQ, which is in line with the previous findings of Van den Bulcke & Halsberghe (1984), Garnier (1982) and Harzing (1999) who argue that acquired subsidiaries are likely to be self-governing to a higher degree as a result of their capabilities. Moreover, previous research on the relationship between size and autonomy in HQ-subsidiary relations has not been unison. In this case, however, the larger units within the former MS division has shown greater signs of autonomy than the often smaller IC-units. Therefore, it is also worth pondering if the tendency for re-negotiation of the original scope for MS was equally a matter of necessary adaption to ensure optimal functionality of the local business.

The difference in the degree of dependency was displayed by the Interviewees as the MS sites found some of the change to be unnecessary and would not add value to the company while on the other hand, IC saw a much larger potential of how it could benefit both them and the group. The situation within QRC was arguably different as both MS and IC are more responsive to the same environment with same rules and standards to follow. This need for harmonisation was also noted by the Interviewees and was acknowledged by all of them. However, more resistance, or as described by the local managers “uncertainty”, was common for sites within both IC and MS where the results had been historically successful. Further, they had operated as separate units without the influence of HQ previously which also created some uncertainty to the reason for the change. In line with arguments of Kostova and Roth (2002), a higher level of trust needed to be conveyed to minimise the uncertainty felt by the local managers. The divisional managers had to be convinced by HQ to be able to successfully implement the changes. One could argue this was a factor of trust, as without them believing in the change, it would have been much harder to implement the changes in the units. This would have been especially true in the units where the result had been successful. Here, trust in the HQ’s ability to provide the correct direction was essential for the implementation. Interestingly, while in the FS the transition to the SSC was not as top-down controlled as QRC, and arguably did not need the same level of trust. The local managers had much larger possibilities to affect the change, which created a mutual degree of trust between HQ and the subsidiary.

A common denominator throughout the organisation in the centralisation project has been Getinge’s ability to coordinate efficiently. As argued by Cray (1984), the decreasing scope of some units, which in some cases could be seen as a loss of autonomy, was not necessarily perceived by the subsidiaries as negative. The interviewees have all understood the purpose of the transition, and this has allowed the coordination of activities to become well integrated over a period of time. This establishment of new intra-organisational association has largely been done especially in FS, with limited use of direct power and control from HQ, which may have further facilitated the cooperation within the coordination.

7. Conclusion and Recommendations

This chapter provides answers to the set research question with a focus on presenting a conclusion that has been drawn by the analysis of empirical findings and theoretical framework.

7.1 Main Conclusions of the Study

This study aimed to investigate the aspect of centralisation within MNCs and placed focus on one with a multidivisional structure. It has, in turn, connected different research findings within IB to increase the understandability and quality of the study. While previous studies have often focused on studying either centralisation in an MNC or studying control and autonomy in a multidivisional structure, this paper has mixed these and tried to explore new areas of study to contribute to a greater understanding in the field of IB studies. The literature presented in this case created a good foundation, which, when compared with the empirical results, allowed the authors to build a well-developed analysis. The research question aimed to bring further clarification on how the act of centralisation within multidivisional MNCs is performed and what influences this process, which led to the following research question:

- *How is centralisation implemented within a multidivisional MNC and what factors influence the implementation and reception of these organisational changes?*

This study has found that centralisation can be performed in a range of different manners in MNCs with a multidivisional structure, as this case focused on two different tasks within two different BAs. The approach varied from tasks chosen, as one was done using a collaborative bottom-up approach and the other using a more top-down approach. The collaborative bottom-up approach was performed in both IC and MS for the task of FS. When transitioning into the new change, the managers became involved in the process and were allowed to bring input into how the centralisation should progress. While in the task of QRC, in both IC and MS, the local managers received directions on how to perform the changes. In FS, the main strategic agenda was to optimise the efficiency of financial services by transferring it to a SSC, and in the QRC, the main goal was to reach a harmonised structure. The reasoning behind the need for change was found to affect the approach HQ had chosen, as in the QRC, laws and regulations needed to be followed and required this harmonisation. Whereas in FS

the scope of what was able to be moved and what tacit knowledge would be lost had to be taken into consideration. This led to the different centralisation approaches.

Despite having different approaches to the change, the results were the same in the project. The targeted units perceived the change as both necessary and successful for the future profitability of the MNC. Interestingly for this study is that the key factor to influence the implementation process and the final reception of the organisational changes was the same being, the local managers. It was clear that with the local managers acting as change agents and working in symbiosis with HQ, the change was largely more successful. This became especially evident throughout the findings, were in units that local managers had not been onboard with the change, the implementation process and perceived value of change were lesser than the rest. The study has found that once the local managers had been convinced of the underlying rationale and believed in the change, the HQ could transfer more of the responsibility of implementing the structural changes to the local managers.

Factors that affected the reactions of the subsidiaries and in turn the local managers regarding the centralisation process has been; the level of dependency to the HQ, trust in the change as well as the level of identification. Some of the units, especially those in IC were more reliant on HQ and therefore were more willing to change, while the units in MS were more autonomous and needed to be convinced to a higher degree to see the benefits. Trust, was a crucial topic in the change process, as parts of the changes was dependent on a high degree of trust between HQ managers to local managers, and the local managers to their respective units. The research showed that there was a high level of trust in both IC and MS, which allowed the change to progress at a steady pace. Finally, the identification with the Getinge was an aspect that affected the reception of the change, as MS lost some of their identity they had formerly possessed. However, as the local managers believed in the change the negative effects were mitigated. For IC, the identity with the HQ and brand was already perceived as quite strong, and had no restrictive influence on the reception of change.

7.2 Recommendations for Future Research

The researched subject has been in a field where studies have largely been separately between the aspects of centralisation and multidivisional structures. A general recommendation is to conduct more studies into how these two can interplay when performing centralisation in larger MNCs in similar circumstances with the M-form structure. This study targeted one organisation and focused on two divisions with two tasks. It would be needed to perform a similar study in a wider scope where more divisions were targeted. Furthermore, a larger focus on measuring the entire process would be of keen interest as this study was performed in the middle to end of the project. If the possibility exists, measuring the entire process from start to end would likely provide greater knowledge into the area as well as the possibly to observe behaviours from managers before to the start of a centralisation process.

During the study, the importance of local managers was placed as an aspect of high value for the change process. It would be interesting to further dive into the effect these can have in both the initial and long run of a process. Further, looking at what motivational dispositions the local managers have implement changes exist and these develop. Thus, the study's focus would be in observing the behaviour during a centralisation project which affects their local unit to a higher degree.

This thesis focuses on how centralisation can be implemented and received in different units and tasks. However, as the investigated case was still ongoing, any long-term observations were not possible. Therefore, a comparative study with a quantitative approach researching deeper into the effects the change has long term on the units and the perceived difference would be needed. Such research would test the results found in this thesis and achieve greater insight to centralisation in a multidivisional company.

8. Reference List

- Allen, S. A. (1978). *Organizational choices and general management influence networks in divisionalized companies*. *Academy of Management Journal*, 16, 341-365.
- Andersson, U. & Forsgren, M. (1996). *Subsidiary Embeddedness and Control in the Multinational Corporation*. *International Business Review*, 5, 487-508.
- Andreevsky, E. & Bourcier, D. (2000). "Abduction in language interpretation and lawmaking", *Kybernetes*, 29(7/8), 836-45.
- Baliga, B. R., & Jaeger, A. M. (1984). *Multinational Corporations: Control Systems and Delegation Issues*, *Journal of International Business Studies*, 25-40.
- Balogun, J. (2003). 'From blaming the middle to harnessing its potential: creating change intermediaries', *British Journal of Management*, 14, 69-83.
- Balogun, J. & G. Johnson (2005). 'From intended strategies to unintended outcomes: the impact of change recipient sensemaking', *Organization Studies*, 26, 1573-1601.
- Barney, J. (1991). 'Firm resources and sustained competitive advantage', *Journal of Management*, 17, 99-120.
- Bartlett, C. A. & Ghoshal, S. (1995). *Changing the Role of Top Management*. *Harvard Business Review*, May-June.
- Bate, P., R. Khan & A. Pye (2000). 'Towards a culturally sensitive approach to organization structuring: where organization design meets organization development', *Organization Science*, 11, 197-211.
- Baysinger, B.D. & Hoskisson, R.E. (1989). *Diversification strategy and R&D Intensity in multiproduct firms*. *Academy of Management Journal*, 32, 310-332.
- Beechler, S., & Yang, J. Z. (1994). *The transfer of Japanese-style management to American subsidiaries: contingencies, constraints, and competencies*. *Journal of International Business Studies*, 25(3), 467-491.
- Beer, M. & N. Nohria (2000). *Breaking the Code of Change*. Boston, MA: Harvard Business School Press.
- Bettis, R. A. (1991). *Strategic management and the straightjacket: An editorial essay*. *Organization Science*, 2, 315-319.
- Bromiley, P., & Cummings, L. (1995). *Transactions costs in organizations with trust*. In R. Bies, R. Lewicki, & B. Sheppard (Eds.), *Research in negotiation in organizations*. Greenwich, CT: JAI Press. 219-247
- Brooke, M. Z. (1984). *Centralization and autonomy*. A study in organization behaviour. London and New York: Holt, Rinehart and Winston.
- Buchanan, D. & D. Boddy (1992). *The Expertise of the Change Agent: Public Performance and Backstage Activity*. London: Prentice Hall International.

- Burnes, B. (2004). *Managing Change: A Strategic Approach to Organizational Dynamics*. London: Prentice Hall.
- Caldwell, R. (2003). 'Models of change agency: a fourfold classification', *British Journal of Management*, 14, 131–142.
- Campbell, A. Kunisch, S. & Müller-Stewens, G. (2011). *To Centralize or not to Centralize*. McKinsey & Company's website. [Online]. [Accessed 8 March 2017]. Available from: <http://www.mckinsey.com/business-functions/organization/our-insights/to-centralize-or-not-to-centralize>
- Chandler, A. D. (1962). *Strategy and structure: Chapters in the history of the American industrial enterprise*. Cambridge, MA: MIT Press.
- Child, J. (1984). *Organization: A guide to problems and practice*, 2nd ed. London: Harper & Row.
- Cohen, W. M. & D. A. Levinthal (1990). 'Absorptive capacity: A new perspective on learning and innovation', *Administrative Science Quarterly*, 35, 128-152.
- Cray, D. (1984). *Control and Coordination in Multinational Corporations*, *Journal of International Business Studies*, 85-98.
- Cyert, R. M. (1995). 'Management of knowledge'. Keynote address at the Carnegie Bosch Institute's 1995 International Conference on High Performance Global Corporations. Excerpted in *Global View*, Newsletter of the Carnegie Bosch Institute for Applied Studies in Management, The Carnegie- Mellon University.
- Daniels, J. D. & Cannice, M. V., (2004). *Interview Studies in International Business Research*. In R. Marschan-Piekkari and C. Welch (Eds.), *Handbook of Qualitative Research in International Business*, 109–125.
- Dierickx, I. & Cool, K.(1989). *Asset stock accumulation and sustainability of of competitive advantage*. *Management Science*, 35. 147-160.
- Doz, Y., & Prahalad, C. K. 1984. *Patterns of strategic control within multinational corporations*. *Journal of International Business Studies*, 15(2), 55-72.
- Dunford, R. (1990). 'Discussion note: Strategies for planned change. An exchange of views between Dunford, Dunphy and Stace', *Organization Studies*, 11, 131–135.
- Dunphy, D. C. & D. A. Stace (1993). 'The strategic management of corporate change', *Human Relations*, 46, 905–920.
- Edwards, R., Ahmad, A., & Moss, S. (2002). *Subsidiary autonomy: the case of multinational subsidiaries in Malaysia*. *Journal of International Business Studies*, 33(1), 183–191.
- Egelhoff, W. G. (1984). *Patterns of Couhol in U.S., U.K. and European Multinational Corporations*. *Journal of International Business Studies*, Fall, 78-83.
- Egelhoff, W. G. (1988). *Organizing the Multinational Enterprise -- An Information-processing Perspective*. Ballinger Publisher Company, Cambridge, MA.
- Eisenhardt, K. M. (1989). *Building theories from case study research*. *Academy of management review*, 14(4), 532-550.

- Fligstein, N. (1985). *The spread of the multidivisional form among large firms, 1919-1979*. *American Sociological Review*, 50, 377-391.
- Garnier, G. H. (1982). *Context and decision-making autonomy in the foreign affiliates of U.S. multinational corporations*. *Academy of Management Journal*, 25(4), 693–908.
- Gates, S. R., & Egelhoff, W. G. (1986). *Centralization in headquarters–subsidiary relationships*. *Journal of International Business Studies*, 17(2), 71–92.
- Getinge Group. (2015). *Capital Markets Day 2015*. Internal Document.
- Getinge Group. (2015). *New GET: Kickoff*. Internal Document
- Getinge Group. (2015). *Playbook EMEA*. Internal Document.
- Ghoshal, S. & Nohria, N. (1989) *Internal Differentiation within Multinational Corporations*. *Strategic Management Journal*, Vol. 10, 323-337.
- Ghauri, P. (2004). *Designing and conducting case studies in international business research*. *Handbook of qualitative research methods for international business*, 109-124.
- Ghoshal, S. & Westney E. D. (1993) *Introduction and Overview*, in Ghoshal, S. and Westney E. D. (Eds), *Organization Theory and the Multinational Corporation*. St. Martins Press, New York.
- Ghoshal, S., & Bartlett, C. (1988). *Creation, adoption, and diffusion of innovations by subsidiaries of multinational corporations*. *Journal of International Business Studies*, 19, 365-388.
- Grant, R. M. (1996a). *Prospering in dynamically-competitive environments: Organizational capability as knowledge integration*. *Organization Science*, 7, 375-387.
- Grant, R. M. (1996b). *Toward a knowledge-based theory of the firm*. *Strategic Management Journal*, 17, 109-122.
- Gupta, A. K. & Govindarajan, V. (1994) *Organizing for Knowledge Flows within MNCs*. *International Business Review*, 3(4), 443–457.
- Gupta, A. K. & Govindarajan, V. (2000) *Knowledge Flows within Multinational Corporations*. *Strategic Management Journal*, 21(4), 473–496.
- Gupta, A. K., & Govindarajan, V. (1991). *Knowledge flows and the structure of control within multinational corporations*. *Academy of Management Review*, 16(4), 768–792.
- Harzing, A.-W. K. (1999). *Managing the multinationals: an international study of control mechanisms*. Northampton, MA: Edward Elgar.
- Hayes, R., & Clark, K. (1985). *Exploring the sources of productivity differences at the factory level*. New York: Wiley.
- Hedlund, G., & Ridderstrale, J. (1995). *International development projects: key to competitiveness, impossible or mismanaged*. *International Studies of Management and Organization*, 25(1–2), 158–184.

- Hedlund, G. (1981). *Autonomy of subsidiaries and formalization of headquarters subsidiary relationships in Swedish MNCs*. In Lars Otterbeck (ed.), *The Management of Headquarters-Subsidiary Relationships in Multinational Corporations*, New York, St. Martin's Press.
- Hill, C.W.L. (1988). *Internal capital market controls and financial performance in multidivisional firms*. *Journal of Industrial Economics*, 37, 67-83.
- Hill, C.W.L., Hitt, M. A., & Hoskisson, R. E. (1988). *Declining U.S. competitiveness: Reflections on a crisis*. *Academy of Management Executive*, 2, 5 1-60.
- Hill, C.W.L. (1985). *Oliver Williamson and the M-form firm: A critical review*. *Journal of Economic Issues*, 19(3), 731-751.
- Hill, C.W.L. & Pickering, J.F. (1986). *Divisionalization, decentralization, and performance of large United Kingdom companies*, *Journal of Management Studies*, 23, 26-50.
- Hoskisson, R.E. (1987). *Multidivisional structure and performance: The contingency of diversification strategy*. *Academy of Management Journal*, 30, 625-644.
- Hoskisson, R.E. & Hitt, M.A. (1988). *Strategic control systems and relative R&D investment in large multiproduct firms*. *Strategic Management Journal*, 9, 605-621.
- Hoskisson, R.E., Harrison, J.S., & Dubofsky, D.A. (1991). *Capital market evaluation of M-form implementation and diversification strategy*. *Strategic Management Journal*, 12, 271-279.
- Hoskisson, R.E., Hill, C.W.L & Hicheon, K. (1993). *The Multidivisional Structure: Organizational Fossil or Source of Value?*. *Journal of Management*, 19(2),269-298.
- Hoskisson, R.E., Hitt, M.A. & Hill, C.W.L. (1991). *Managerial risk taking in diversified firms: An evolutionary perspective*. *Organization Science*, 3, 296-314.
- Hulbert, J. M., & Brandt, W. K. (1980) *Managing the Multinational Subsidiary*, Holt Rinehart and Winston, New York, NY.
- Huy, Q. N. (2001). *'Time, temporal capability and planned change'*, *Academy of Management Review*, 26, 601–623.
- Katz, R. & T. J. Allen (1982). *'Investigating the Not Invented Here (NIH) syndrome: A look at the performance, tenure and communication patterns of 50 R&D project groups'*, *R&D Management*, 12, 7-19.
- Kirkeby, O.F. (1990), *"Abduktion"*, in Andersen, H. (Ed.), *Vetenskapsteori och metodlära. Introduktion*, (translated by Liungman, C.G.), Studentlitteratur, Lund.
- Knickerbocker, F. (1973). *Oligopolistic Reaction and Multinational Enterprise*. Graduate Division, Harvard University, Boston, MA.
- Kobrin, S. J. (1991). *An empirical analysis of the determinants of global industries*. *Strategic Management Journal*, 12, 17–31.
- Kogut, B. (1991). *Country capabilities and the permeability of borders*. *Strategic Management Journal*, 12, 33-47.

- Kogut, B. (1985). *Designing Global Strategies: Profiting From Operational Flexibility*. Sloan Management Review, 27-38.
- Kostova, T. & K. Roth (2002). 'Adoption of an organizational practice by subsidiaries of multinational corporations: institutional and relational effects', *The Academy of Management Journal*, 45, 215–233.
- Lewin, K. (1947). 'Frontiers in group dynamics'. In D. Cartwright (ed.), *Field Theory in Social Science: Selected Theoretical Papers by Kurt Lewin*. Chicago, IL: University of Chicago Press.
- Lippman, S. A. and R. P. Rumelt (1982). 'Uncertain imitability: An analysis of interfirm differences in efficiency under competition', *Bell Journal of Economics*, 13, 418-438.
- Mahoney, J. T. (1992). *The adoption of the multidivisional form of organization: A contingency model*. *Journal of Management Studies*. 29, 49-71
- Mantere, S. (2007). 'Role expectations and middle manager strategic agency', *Journal of Management Studies*, 45, 294–316.
- Martinez, J. & Jarillo, C. (1989). *The Evolution of Research on Coordination Mechanisms, in Multinational Corporations*. *Journal of International Business Studies*.
- McKinsey. (2010). *What worked in cost cutting - and what's next*. McKinsey Global Survey Results. [Online]. [Accessed 16 March 2017]. Available from: <http://www.mckinsey.com/business-functions/operations/our-insights/what-worked-in-cost-cutting-and--and-whats-next-mckinsey-global-survey-results>
- Merchant, K. A. (1985). *Organizational Controls and Discretionary Program Decision Making: a Field Study*. *Accounting, Organizations and Society*, 10(1), 67-85.
- Merriam, S. B. (1998). *Qualitative Research and Case Study Applications in Education*. Revised and Expanded from "Case Study Research in Education". Jossey-Bass Publishers, San Francisco.
- Mintzberg, H. (1983). *Structure in fives: Designing effective organizations*. Englewood Cliffs, NJ: Prentice-Hall.
- Nohria, N. & Ghoshal, S. (1994). *Differentiated Fit and Shared Values: Alternatives for Managing Headquarters-Subsidiary Relations*. *Strategic Management Journal*. 15, 491-502.
- Nohria, N., & Ghoshal, S. (1997). *The differentiated network: Organizing multinational corporations for value creation*. San Francisco: Jossey-Bass.
- Nutt, P. (1986). 'Tactics of implementation', *Academy of Management Journal*, 29, 230–261.
- O'Donnell, S. (2000). *Managing Foreign Subsidiaries: Agents of Headquarters, or an Interdependent Network?* *Strategic Management Journal*. 21, 525-548.
- Oliver, C. (1991). *Strategic responses to institutional processes*. *Academy of Management Review*, 16, 145-179.
- Perlmutter, H. (1969). *The tortuous evolution of the multinational corporation*. *Columbia Journal of World Business*, 4, 9–18.
- Pfeffer, J. (1981). *Power in Organizations*. Pitman, Marshfield, MA.

- Picard, J. (1977). *How European companies control marketing decisions abroad*. Columbia Journal of World Business, 12, 113–121.
- Prahalad, C. K., & Doz, Y. L. (1987a). *An approach to strategic control in MNCs*. Sloan Management Review, 22(4), 5–14.
- Prahalad, C. K., & Doz, Y. L. (1987b) *The Multinational Mission: Balancing Local Demands and Global Vision*, The Free Press, New York, NY.
- Rogers, E. M. (1995). *Diffusion of Innovations*. Free Press, New York.
- Rosenzweig, P., & Singh, H. (1991). Organizational environments and the multinational enterprise. Academy of Management Review, 16, 340-361.
- Roth, K. & Nigh. (1992). *The Effectiveness of Headquarters-Subsidiary Relationships: The Role of Coordination, Control and Conflict*. Journal of Business Research, 25, 277-301.
- Roth, K., & Morrison, A. J. (1992). *Implementing global strategy: characteristics of global subsidiary mandates*. Journal of International Business Studies, 23(4), 715–735.
- Scott, B.R. (1973). *The new industrial state: Old myths and new realities*. Harvard Business Review, 51, 133-148.
- Shleifer, A. & Vishny, R.W. (1991). *Takeovers in the '60s and '80s: Evidence and implications*. Strategic Management Journal, 12, 51-59.
- Stensaker, I.G. & Langley, A. (2010). *Change Management Choices and Trajectories in a Multidivisional Firm*. British Journal of Management, 21, 7-27.
- Storey, J. (1992). *Developments in the Management of Human Resources*. Oxford: Blackwell.
- Strang, D., & Meyer, J. (1993). *Institutional conditions for diffusion*. Theory and Society, 22, 487-511.
- Szulanski, G. (1996). *Exploring internal stickiness: Impediments to the transfer of best practice within the firm*. Strategic Management journal, 17, 27-43.
- Taylor, S.S., Fisher, D. & Dufresne, R.L. (2002). “*The aesthetics of management storytelling: a key to organizational learning*”, Management Learning, 33 (3), 313-30.
- Teece, D. J. (1981). *'The market for know-how and the efficient international transfer of technology'*, Annals, AAPSS, 458, 81
- Teece, D. J. (1998). Capturing value from knowledge assets: The new economy, markets for know-how, and intangible assets. California Management Rev, 40, 55-79.
- Tsai, W., & Ghoshal, S. (1998). *Social capital and value creation: The role of intrafirm networks*. Academy of Management Journal, 41, 464-476.
- Van den Bulcke, D., & Halsberghe, E. (1984). *Employment decision-making in multinational enterprises: survey results from Belgium*. Geneva: International Labour Office.

- Waldersee, R. & A. Griffiths (2004). 'Implementing change: matching implementation methods and change type', *Leadership and Organization Development Journal*, 25, 424–434.
- Westney, E. (1993). *Institutionalization theory and the multinational corporation*. In S. Ghoshal & E. Westney (Eds.), *Organization theory and the multinational corporation*. New York: St. Martin's Press, 53-75.
- Williamson, O.E. (1970). *Corporate control and business behavior*. Englewoods Cliffs, NJ: Prentice-Hall.
- Williamson, O.E. (1985). *The economic institutions of capitalism: Firms, markets, and relational contracting*. New York: MacMillan Free Press.
- Yin, R.K. (1994). *Case study research: design and methods*. 2nd edition. Thousand Oaks, CA: Sage.
- Yin, R.K. (2012). *Applications of case study research*. 3rd ed., London: Sage.
- Yin, R.K. (2014). *Case study research: design and methods*. 5th ed., London: Sage.
- Young, S., & Tavares, A. T. (2004). *Centralization and autonomy: back to the future*. *International Business Review*, 13, 215-237.
- Zaheer, A., McEvily, B., & Perrone, V. (1998). *Does trust matter? Exploring the effects of interorganizational and interpersonal trust on performance*. *Organization Science*, 9(2), 1-20.

Appendixes

Appendix I - Interview Guides

Interview Questions HQ - HM1

→ Role in Getinge

- ◆ Describe your current role in the company and in Project One

→ Regarding the One Getinge Project

- ◆ Why, What and How?

- Which functions were already centralised prior to Project One?
- What has been the main purpose of Project One Getinge?
- How was the project structured, who drew up the major guidelines and which managers were involved? (Employee involvement?)
- Which functions was targeted for centralisation in Project One?
- Why were the chosen (QRC/FS) tasks centralised?
- How was the two chosen tasks centralised?
- Why was the tasks centralised in the chosen manner?

- ◆ Changes in the divisional Structure?

- How did the multidivisional structure change during the project? (Infection Control → Surgical Workflows)
- Was the implementations carried out in different ways in the different divisions?
- In a broader scope, what are the most significant changes in the organization yet as a result of the project?

- ◆ At what stage is the project right now?

- What has been done?
- Is the project still ongoing?
- Will all the original planned parts of the project still be included?
- Who is in charge of the current implementation if it is still ongoing?

- ◆ How has the division of labor been between McKinsey and Getinge? Who did what?

- What did McKinsey's consultants do in the larger process?
- How did the work with McKinsey progress? Were they present at all

locations or only HQ?

- ◆ Have you experienced any resistance to change during this centralisation process?

If yes, how has this manifested, and how have you dealt with it?

Interview Questions HQ (Financial Services)

→ Role in Getinge

- ◆ Describe your current role in the company and in Project One
- ◆ How has your role developed during the last two years?
- ◆ Have you seen a definitive change?

→ Pre- One Getinge Project

- ◆ How did Shared Services in Finance look before the Project, were there any plans regarding SSCs prior to project One? One centre in Rastatt serving Medical Systems in Germany?
- ◆ Were there any other factors other than costs underlying the decision to create an SSC?

→ Regarding the One Getinge Project

- ◆ How has the process of creating a SCC taken form?
- ◆ How was the transition from having several units providing financial services to having a single point of service in Poland managed?
- ◆ What does SSC mean in number of personnel?
- ◆ What, more precisely, does SSC provide to Getinge in terms of financial services?
- ◆ How does shared services operate on a daily basis?
- ◆ How does the reporting work?
- ◆ Has there been resistance?
 - If yes, how has this manifested?
- ◆ Difficulties, turnover in personnel, finding staff? How bad? Affecting Performance?
- ◆ Do you have a playbook such as the one existing for the Overall project, specific for SSC?

Interview Questions HQ (Quality Regulatory Compliance)

→ Role in Getinge

- ◆ Describe your current role in the company and in Project One
- ◆ How has your role developed during the last two years?
- ◆ Have you seen a definitive change?
- ◆ How did you perceive your role in QRC before the new project compared to before?

→ Pre- One Getinge Project

- ◆ How did Quality look before the Project, were there any plans regarding Quality prior to project One?
- ◆ Were there any other factors other than costs underlying the decision to create a more centralised QRC?

→ Regarding the One Getinge Project

- ◆ What does Quality mean in number of personnel?
- ◆ What does Quality provide to Getinge?
- ◆ How does Quality operate on a daily basis?
 - Does QRC have the same operation processes in every country? (A so called company standard of measuring the QRC?)
- ◆ How many centres are currently active and how is this division done?
- ◆ How does the reporting work within the QRC?
- ◆ How has the process of creating the new QRC taken form?
- ◆ Has there been resistance?
 - If yes, how has this manifested?
- ◆ Has there been any difficulties in the implementation of the new reporting system and processes?
- ◆ Do you have a playbook such as the One existing for the Overall project, specific for QRC?

Interview Questions - Subsidiary (Financial Services)

→ Role in Getinge

- ◆ Tell us about your current role in Getinge Group
 - What do you work with and who?

→ Regarding the One Getinge Project

- ◆ How has the development been since the shared services were first centralised in Germany/France?
- ◆ How did you perceive the transition with the transition team from Poland?
- ◆ How has your role developed during the last couple of years?
- ◆ Were you in the company before the Project One?
- ◆ What have been the main changes in your opinion?
- ◆ How has it affected business on a more operational level?
- ◆ How do you perceive your access to information etc.?
- ◆ Have you seen any resistance if yes, how has it manifested?
- ◆ What is your current relation to the HQ in Gothenburg? Reporting structure?
- ◆ How do you work?
- ◆ Do you have a playbook for your work?
- ◆ Has there been any difficulties in the implementation of the new reporting system and processes?
- ◆ Do you perceive the project to overall been successful?

Interview Questions - Subsidiary (Quality Regulatory Compliance)

→ Role in Getinge

- ◆ Tell us about your current role in Getinge Group
 - What do you work with and who?

→ Regarding the One Getinge Project

- ◆ How did you perceive the transition with the project?
- ◆ How has your role developed during the last couple of years?
- ◆ Were you in the company before the Project One?
- ◆ What have been the main changes in your opinion?
- ◆ How has it affected business on a more operational level?
- ◆ How do you perceive your access to information etc.?
- ◆ Have you seen any resistance if yes, how has it manifested?
- ◆ What is your current relation to the HQ in Gothenburg? Reporting structure?
- ◆ How do you work?
- ◆ Do you have a playbook for your work?
- ◆ Has there been any difficulties in the implementation of the new reporting system and processes?
- ◆ Do you perceive the project to overall been successful?