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Master Degree Project in Management

Coordination and how it unfolds in a global corporation:

Practical evidence for the case of a German long-haul distance mobility provider

By Robin Olsson

Supervisor: Niklas Egels Zandén

Master Degree Project

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Robin Olsson

Master of Science in Management, Graduate School
School of Business Economics and Law, University of Gothenburg

Abstract

The topic of coordination within global organizations has gained substantial research attention over the past two decades. In this context, this paper specifically studies the coordination of the headquarter (HQ) with geographically distant subsidiaries based on a practical case study of a quickly growing multinational corporation within the long-haul distance mobility industry. It becomes evident that the company applies an emergent approach to coordination, using both formal and informal structures, to integrate a collective set of interdependent tasks into the organizational structure. This paper finds that effective coordination is achieved by combining three different mechanisms such as "accountability", "predictability" together with developing a "common understanding". However, the coordination approach is not standardized for all regional offices but is customized to the needs of the subsidiaries. This paper specifically looks into factors like task performance, flow of information and social interactions and comes to the conclusion that the degree and the processes of coordination vary. Additionally, the environmental context that the subsidiaries are operating in has significant influence on the coordination with and the (in-)dependency of the HQ.

Introduction

The academic and empirical literature on coordination is rich and its application in practice is manifold. (Okhuysen & Bechky, 2009). Basically, coordination can exist in all organizations that have a certain degree of differentiation among its different parts. Coordination is employed as an administrative tool to achieve the integration between the different parts of the organization. (Clemmons & Simon, 2001) Generally, it is important to distinguish between coordination and control. Whereas coordination is less direct, less costly and not as focused on exercising authority, as opposed to control where close monitoring and high power distance is happening (Clemmons & Simon, 2001; Cray, 1984). Coordination becomes particularly important in multinational companies with subsidiaries operating in a geographical distance and in different environmental context than the Headquarter (HQ) (Johansen 2007); (Ghoshal & Bartlett, 1990). However, since the foreign subsidiaries often have specific skills and knowledge that create value for the company in a particular market, it is necessary to efficiently and effectively share information with the HQ on a regular basis (Johansen 2007).

After many years of limited access of understanding the field of coordination, the last two decades have restored the interest of coordination in organizations. Globalization trends force companies to become expand globally in order to survive while simultaneously balancing a unified organization together with regional specifications. (Parboteeah, Hoegl & Cullen, 2005) Therefore, greater understanding of coordination needs to be created. (Okhuysen & Bechky, 2009) Corporations have realized that in order to succeed in global tasks that are executed across cultural and geographical differences, they have to acknowledge the diversity in the organization and develop creative solutions how to deal with a varying set of skills, knowledge and perspectives (Nelson & Winter, 1982). Thus, new research areas pay attention to the different aspects of coordination regarding spans of multiple disciplines and newer forms of organizing work. It all began with the formalization of organizations. Setting up a structure in order to manage the complex corporation was seen as the solution. Nevertheless, lately prescriptive research of the formal structures of coordination has diminished and the actual focus is now on describing how the actual work of people unfolds.

Coordination has been exemplified into different designs of organizations. The formalization of such organizations attempts to plan such systems to produce coordinated activity. Instead, the informal and emergent coordination of practices in organizations focus directly on those activities regarding communication, cooperation, knowledge sharing and interaction that produces coordination. Therefore, we can see an expansion of the coordination research into new areas where the organizational design is less in focus. In order to sustain international competitiveness and take advantage of subsidiaries, local knowledge requires an intra-firm connection, cooperation and information sharing which results in more interdependency within the firm (O'Donnell 2000). A changed definition of coordination has therefore been formulated by Faraj and Xiao's: They define coordination as a temporally and contextualized process of inputs and interactions to realize a collective performance. (Okhuysen & Bechky, 2009; Faraj & Xiao, 2006)

In this article provides a study of the major organizational expansion that took place over the last two years in a European company, referred to as Flixcorp, operating in the long-haul distance mobility industry. After an internationalization and several mergers, the company opened up 13 foreign subsidiaries and went from a domestic player to a global firm between the years 2015 until 2017. (Flixnet 2018; Interviews, 2018) These changes affected the company causing new uncertainties. This triggered a change in the structure of the organization and made the company more reliable on horizontal integration and personal communication and feedback, instead of organizing through formal hierarchical structures. (Okhuysen & Bechky, 2009) Foremost, it changed the purpose of the HQ to not just handle their own cases, but to take on a coordination role of subsidiary activities where new knowledge, social and political skills needed to be developed for different markets (Prahalad & Doz, 1981).

This study paper is focusing specifically on the field of sales & marketing. It is particularly interesting to study this area, since there is a lot of variation between the subsidiaries and the environmental conditions that they operate in. This leads to the fact, that a standardized one-size-fits-all approach to coordination is not suitable to accommodate the needs of all subsidiary offices. Moreover, the sales & marketing field is highly shaped by modern technology and online trends. This changes the typical view on offline sales & marketing. (Flixnet 2018; Interviews, 2018) In order to sustain a competitive advantage, the global firm needs to be able manage a complex network of local subsidiaries in each specific market. The subsidiary also have a high degree of operational activities which needs to be inter-connected or coordinated (Gibbs, 2002). Therefore, the company has to find a healthy balance between standardization and customization of their processes, specifically with respect to coordination.

The purpose of this study is to conduct research on coordinating subsidiary offices from a HQ perspective with the rise of a new organizational network after an international growth and expansion. The study investigates sales & marketing teams from a HQ perspective. It provides a good example of a "coordination" case-study when subsidiary offices strive to operate independently in a geographical distant location but requires a certain level of central coordination. Therefore, the thesis aims to answer the following research question: How does a HQ coordinate their subsidiaries and why are they coordinated differently? This article will first provide a theoretical framework to introduce coordination, and what shapes it that eventually leads to integration and performance. Then, explanations of the methods used will be provided – how the study was conducted and analyzed together with a short background description of the case company. The findings have the following disposition: First, the establishment of subsidiaries and their infrastructure is explained with the rise of the new International network. Secondly, with the new network structure come challenges of managing a global network like the case company have. Finally, differences in sales/marketing also influences the summary of the subsidiaries current environment and conditions. In the discussion. The initial stage of coordination will be outlined together with a circle around three concepts: communication, information sharing and culture. Later, the interlinkages and combinations of mechanisms will be analyzed with the use of the theoretical framework. Ultimately, this paper finds that substantial variation in terms of coordination do exist in practice.

Theory

An introduction to coordination: Coordinating or Controlling
Coordination is a common management control mechanism to manage and organize all large and complex firms, especially in an international environment. The distinction between coordination and control is important. Because coordination should be less direct, costly and not address or exercise power or authority as the concept of control does (Clemmons & Simon, 2001; Cray, 1984) Same control is aimed to administrate and integrate subsidiary offices activities and plays an important role in reducing risk and uncertainty in the global firm by the help of the management system. (Dosi & Marengo, 2007; Manasurangul & Nuanplub, 2010). At first, the HQ:s control over the subsidiary is based on the allocations of strategic resources in the organization - such as budgets, workforce and physical resources. (Pfeffer & Moore, 1980; Mudambi & Navarra, 2004) Language and cultural differences create problems to overcome as limiting the exchange of information, adaptation to the local preferences as well as interaction with people (Barner-Rasmussen & Björkman, 2007). The so called "localization" of the business to different markets is a crucial factor in order to make an international expansion successful. The term localization refers then to the adaptation of a product or service to meet the needs of a particular language, culture or desired populations taste when it comes to "look and feel" the product. The language translation is one of the most crucial parts of the localization work. The localization effort is a part of the internationalization effort. (Esselink, 2003) When Subsidiaries offices is being established and starts to increase its size and resources will change their relation to the HQ, with own decision-making, more autonomy and less control (Myers & Tan, 2003). The increasing size of subsidiaries leads to a situation of increased interdependency of units in the organization and the need for the HQ to coordinate the rise of a growing complexed network. (Prahalad & Doz, 1981; Kumar & Seth, 1998) When autonomy increases in the global firm, exchange of social capital between the HQ and subsidiary also increases where experiences are shared. Social features forces managers to develop political skills in order to strengthen relationships and facilitate coordination. (Kostova & Roth 2003; Kogut & Zander 1996; Myers & Tan, 2003) In fact, it is likely that increased subsidiary size is changing the HQ-role from controlling subsidiaries towards more coordinating the increased autonomy with the rise of different subsidiaries. (Prahalad & Doz, 1981; Kumar and Seth, 1998)

An emergent structure

Organizations have an emergent way to get structured in times of intense growth and increased sized. Different perspectives of the management system such as the centralized hierarchical system vs. the de-centralized flat "loose" system, where the boundaries of the organization are rather diffused, has both tried to grasp what shapes coordination to create an integrated task performance. (Okhuysen & Bechky, 2009) On one hand, the structure evolves and interact with different actors all along – where agents, unintentional outcomes and random events form the structure. Even if the structure can be modified, the idea is that it shall be relatively fixed at the moment, providing guidance shaping the agent's current actions as much as possible (Dosi and Marengo 2007). The coordination mechanisms are then crucial to facilitate the emergent growth path of organizations leading to establishment and performance. It often takes form in an attempt to transmit knowledge – activities are coordinated and starts to evolve slowly which involves local learning but also gets affected by the environmental context (Gavetti and Levinthal 2004). Formal structures are referred to as written rules that creates the boundaries of the intra-organization that the members, one by one, are required to follow. As the opposite, informal structures are described as the mean to create unity and make people work together, often by the help of the company culture. Both structures consist of a set of factors such as communication, common interest, motivation factors and personal relationship. (Dosi & Marengo, 2007) According to Meyer & Rowan (1977), organizations do not only function according to their formal structures which often gets embedded in the institutionalization of organizational functioning (Meyer & Rowan, 1977). Indeed, it is crucial to have a formal structure for gaining legitimacy, resources and stability but the formal structure is more of ceremonial purpose. For example, in reality an organization is characterized by a high level of uncertainty where rules are often broken and decision-making have unintended outcomes and efficiency is varying. Instead, coordination is also affected by the informal structure which is made through human-relationships. (Meyer & Rowan, 1977) By examining both the formal structure and emergent informal behaviours of organizations helps to understand the messy remainder of planned coordination and how people's work actually happens in organizations regardless the organizational structural design (Faraj & Xiao, 2006). The expansion of coordination into a more integrative approach defines it as a temporally unfolded and contextualized process involving different inputs and interactions to realize what causes a collective performance (Okhuysen & Bechky, 2009).

Theoretical Framework

The theoretical framework in this paper is closely aligned with the coordination frameworks employed by Okhuysen & Bechky (2009) and Kellog (2006). The theory encompasses different dimension like decision-making authority, task-distribution and responsibility, flow of information, and organizational unity which moderate the coordination process. Coordination can then be achieved by three major integrating coordination mechanisms: "accountability" regards the question of the task split, who is in charge and responsible for specific task or pieces of it. "predictability" enables the interdependent units to foresee a task or subtasks related to it – what the task is, which sequence and when its going to happen. The third integrating mechanisms strengthens coordination by developing a "common understanding" through a shared perspective around the task such as actions/strategies for performance. (Okhuysen & Bechky, 2009)

Accountability

Accountability decides who is responsible for a specific task. By gaining accountability in organizations, their members get a clear picture of the task-split between different units and their interdependency. Traditional coordination literature finds that accountability is mainly attained from hierarchical structure. However, recent publications claim that coordination can also function through the lateral and horizontal interaction that can, for example, take place in forms of meetings and public status reports. (Okhuysen & Bechky, 2009) It is important to emphasize that accountability is created through both formal and emergent, informal actions. Ultimately, the clear task-spilt helps to align actions among different interdependent units. Therefore, it is important to include accountability into the organizational structure in order to improve performance (Ohrbuch, 1997). Factors such

as roles, plans to create transparency, rules and objects connect tasks to the responsible person. (Okhuysen & Bechky, 2009) These factors ensure that processes are visible and enable to monitor and update those processes which involve several parties. However, setting up an organizational structure that facilitates coordination through accountability in practice is complex. It is often done by physical co-presence, for example when a doctor is checking in on one of its patients by having a quick update from the responsible nurse. In fact, previous research has found that coordination of people on a global scale can also lower the loyalty and productivity of the employees since the environment is often less structured with lack of supervision. (Gibbs, 2002) Moreover, distance hinders collaboration and isolates global teams, but communication and team diversity can mitigate these challenges (Snow, Lipnack & Stamps, 1997). In fact, an additional critical element for developing accountability and integrate it to the condition of the coordination is the level of trust. As a key challenge in developing successful global subsidiaries deals with developing trust across distances and time zones and take advantage of the cultural diversity (Orton & Weick, 1990). In those situations when coordination breaks down because of differences in status between groups, members of groups may fear or not be able to trust one another. For example, in the case of a software production firm when the high-status programmers refuse to read notes, recognize tasks and provide documents of the low-status programmers (Metiu, 2006). Those situations often lead to less knowledge sharing and feedback among these groups (Okhuysen & Bechky, 2009). In the global firm, visibility through physical proximity and presence is often not possible. Yet modern information technology (videoconferencing, collaborative software systems, internet and intranet systems) helps partly to overcome this problem by making work visible and creating accountability (Kellog et al., 2006). Hence, it plays an important role for organizations to become "boundaryless" operating across different zones which generates in a de-centralized and flexible structure of the network. In a study by Kellog (2006) of a cross-boundary coordination of a highly interactive web-advertising firm, the widespread units display their work via intranet or by including employees in e-mails in their community. In addition, the members also made their work readable through a set of coordination activities. such as meetings, reports, presentations, letters and memos. Thereby, they make sure that everyone was "kept in the loop" and received relevant information through intense communication and create visibility. (Kellog et al., 2006) Many of these genres also took form by the different means of information technology (e.g. Microsoft Powerpoint, Excel and word). These practices didn't mean to translate but instead served to only share forms of communication, rather than share content of meaning which made the employees updated and connected to a circulated number of projects. Moreover, the status of the work becomes transparent and everyone is informed about the actual work being done and the process of doing so (Orlikowski & Yates, 1994; Kellog et al., 2006) When centralized IT systems were put in place in order to manage the international organization, one assumed that organizational structures would be more flat than traditional hierarchies. Nonetheless, managers often have better access to data and IT support and ultimately new hierarchies and power relations are generated. Those can only be reduced by open communication and widely shared information. (Gibbs, 2002) However, overcoming the "human factor" and creating successful collaborations with limited face-to-face contact still remains a challenge for the global firm. (Townsend et al., 1998).

Predictability

Predictability describes what the task is and when it's going to happen. It can be developed through both formal and informal structures. It sets a general direction for the organization and forecasts the steps of how to get there by by breaking down large tasks in smaller subtasks. Furthermore, it enables interdependent parties to anticipate task related activities, plan and perform their own work autonomously which becomes essential in order to coordinate these activities. (Okhuysen & Bechky, 2009) The key to a well-functioning organization is to routinize activities which will generate in appropriate task-fulfilment by the organizational members at any given time using the flow of information in the global firm. (Nelson & Winter, 1982) Planning and organizing is not only useful for finding a good fit between the participant and the task, but also to form expectations what others are going to do (Simon, 1945). Hence, predictability allows employees to see their own task as a part of the big picture and create a good fit with the actions and needs of others. Predictability is built through familiarity and

understanding that individuals have for each other (Okhuysen, 2005). Researcher claim that increased familiarity results in a stronger relationship out of related tasks and experience working together (Gittell, 2004). Different units or groups can easier organize their tasks when they know what actions certain members will take when facing a specific situation. In practice, familiarity can be illustrated by the example of officers in a crisis team who rehearse and discuss critical scenarios many times until there is nothing unclear about each officer's role. This rehearsal increases the familiarity in the group and the officers are well prepared for the real case when they must act quickly and intuitively. (Okhuysen, 2005). The coordination literature mostly finds that task-related information is creating familiarity. This means that it is developed through direct experience working with others. However, this is something that becomes more challenging in the global firm. In the same study by Kellog (2006), the web-marketing firm overcomes this challenge by creating a common online digital space where the organizational members could involve in each other's work and locate/learn about different member's current work. These practices made it possible to revise and align the work procedure of other people in the same community. Moreover, presentations were saved on the Intranet which increased transparency and made it possible for colleagues to view and modify each other's work in the file at any given time. (Kellog et al., 2006) Various online tools as e-mail, intranet and calendaring where used to increase accessibility of the organizational members in the widespread firm. Nonetheless, with these increased accessibility individuals in a cross-boundary organization loose control over flow of information. Any given member is able to schedule the time (e.g. in Microsoft outlook) of other members, which leaves out the individuals with less control over their own time. Additionally, it is common that organizational members have to adjust their temporal rhythms after each other. Some could feel the pressure to be reachable at any time for anyone. Moreover, coordination via e-mail is difficult due to quantity and complexity of contacts paired with unclear responsibilities. For the case of the web-marketing firm, employees experience information overload when the number of e-mails sent increases and become the most reliant source of communication. When those messages are misunderstood or unnoticed, this disrupts the smooth activity flow in the organizations. Whereas, the main goal of the predictability dimension is to reduce these disruptions. (Kellog et al., 2006) Eventually, by communicating effectively uncertainty can be significantly reduced. Yet, this comes at a certain cost. For the case of HQ managers, these are overloaded with information from several subsidiaries which makes it impossible to respond quickly. (Nelson & Winter, 1982)

Common understanding

A common understanding shares the perspective among the organizational members. Similar to accountability and predictability, a common understanding can be developed through formal approach and by emergent interactions in an organization. Generally, a common understanding strengthens coordination by a shared view on the whole task, actions and strategies necessary for performance, by the organizational members (Cannon-Bowers & Salas, 2001). Traditionally, research claimed that a common understanding is developed through a top-down approach: it is decided on the top hierarchical level and implemented on the lower level in the organization. In contrast, recent literature suggests a bottom-up approach where the common understanding is formed by the basis and then transported upwards the hierarchy (Okhuysen & Bechky, 2009). The example of SWAT teams and film production teams illustrates this finding. These teams often organize themselves through an iterative process. They interact and create their own schedules of how a certain mission shall unfold as a common project, and this finally facilitates coordination by creating a common understanding of both the goal and the single steps. (Okhuysen & Bechky, 2009) Research has identified that knowledge sharing of the HQ, collaborative work and routines, and the introduction of dedicated roles which serve as organizational interfaces are some tools that help to build common understanding. In the organizational structure of multinational companies, the HQ has the important responsibility of building the common understanding, sharing the knowledge and facilitating exchange. Overall, this will result in increased willingness to communication with other subsidiaries. Though, if decision making is centralized then knowledge sharing requires an intensive social exchange and interaction over all units (Gibbs, 2002). However, the different teams have their own identity and when different perspectives are clashing this can create tension (Kogut & Zander, 1996). Another way of creating

a common understanding is through routines and by bringing people together and having the group complete a task by collective achievement. Especially the collaboration of people in tasks that take place in routinized monthly meeting develops a common meaning within the organization (Feldman & Rafaeli, 2002). Organizational roles can also function as a "boundary spanner", which means that dedicated people erase boundaries and coordinate between different units. They translate information and requirements for different groups and thereby facilitate a shared understanding of the shared tasks. Moreover people in this coordination role can stand in for missing workforce that is necessary to fulfil a task. Coming back to the SWAT example above, the SWAT officer often possesses extensive knowledge which allows him to act and step in when there is a problem. (Okhuysen & Bechky, 2009) Indeed, a common understanding might sometimes be overrated against the background of cross-boundary coordination. Members located in geographical distance from each other coordinate their actions both temporarily and locally despite differences of purposes, norms, meanings and values. This does not always require a similar interest of each other's performance criteria. However, diverse groups can still interact over boundaries and agree on general terms and procedures but act differently on a local level and even disagree on the intentions and meaning in the exchange of information between units. Vaughan (1999) uses the example of NASA engineers and subcontractors and introduces the term "trading zone" that creates the structure which facilitates cross-boundary practices. The trading zone makes the work visible and aligned without being dependent on shared ideas, norms or interest. (Kellog et al., 2006) It is mediated by digital technologies which help to coordinate the actions in an emergent environment with uncertain conditions (Vaughan, 1999). By using the intranet as a trading zone of information sharing helps group members to generate meanings which is sufficient for organized collective action (Donnellon et al., 1986). The NASA engineers and the subcontractors have little understanding of each other's work, yet they still need to align around a common task. Objects and representations can therefore step in and coordinate by providing information. These objects lay out and structure activities and define responsibilities.
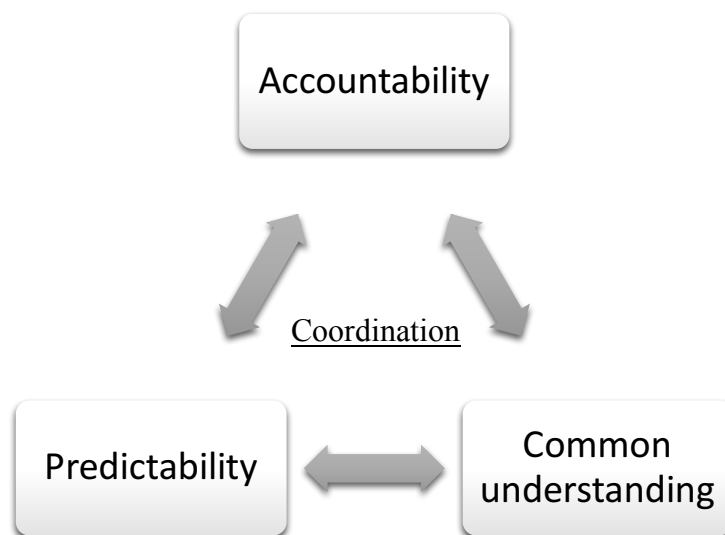

Figure 1. - Illustrates how accountability, predictability and a common understanding are in interplay and form three distinct dimensions of coordination.

Integrating coordination and interlinkages of mechanisms

The three mechanisms accountability, predictability and common understanding are interacting components of the theoretical framework. Most of them are complementary, whereas two mechanisms can also serve as substitutes. The interplay of accountability and predictability creates a clear task progress where the different units have clear responsibilities and can easily follow in tracking each other's activities. This drives the performance and guarantees the fulfilment of tasks (Okhuysen & Bechky, 2009). Especially in hierarchical

organizations, coordination benefits from definitions of responsibilities between people and groups. This accountability makes the work more predictable across groups. Accountability can support a common understanding and vice versa. When teams clearly understand the responsibility in the organization and those responsibilities are appropriately defined, chances are higher that everyone is working towards the same goal. In contrast, the dimensions predictability and common understanding are rather substitutes to each other. (Okhuysen & Bechky, 2009) An example is taken from a shipping company where the use of containers that transport goods are a way to create predictability. The standardization approach of using containers of the same size reduces the need of developing a common understanding between different units (e.g. ship captain, port operators, truck drivers etc.) and the process of taking care of these containers are therefore taken for granted. But in a situation that requires transportation of special goods with a customized non-standard size of a container, predictability is not existent when there is no common understanding between the different parties. Instead, the different units have to abandon predictability and overcome the problem by creating a common understanding of how the shipment of a customized container should be handled. (Okhuysen & Bechky, 2009) The interplay of the three dimension is decisive for the successful coordination between HQ and local subsidiaries. Well performed Coordination is realized through the task interdependency and the predictability of units to perform a subsequent task. Additionally, it is fostered through the responsibility and visibility in actions taken by these units which ultimately creates accountability. Finally, a common understanding then contributes to making coordination more integrative among its different parties.

Acknowledging the factors accountability, predictability and common understanding in the organizational structure and in cross-border communication is necessary, yet not always sufficient to ensure successful coordination. Given the changing nature of organizations, new ways of formalizing an organizational structure have changed the perception of work arrangements in such organizations without boundaries (Arthur & Rousseau, 1996). A shift in the location of task performance makes the modern global firm strive towards independency of their single business units. This development is fostered by subsidiaries working autonomously in a geographical located distance. The combination of geographical distances, cultural differences, diversity and need for local teams to be flexible and adapt to meet local needs (Gibbs, 2002), highlights this complexity. Previous research postulates that the standardization of value chain activities could help to ensure that the whole organization is working towards the same goal and adheres to the same rules and processes. This automatically leads to a very centralized organization where both innovations and problems are easily spread to other parts of the system. (Gibbs, 2002) Supporters of this standardization approach view the globalization trends in the world as the main driving force behind the assimilation of markets (Levitt, 1983). Other factors that drive standardization are the world wide web and international communication channels. (Theodosiou & Leonidou, 2003) As opposed to the standardization approach, other research papers acknowledge that differences amongst the single units of global companies exist. They promote a more customized approach of coordination through intensive knowledge sharing that occur from the variations of different cases. Especially in decentralised organizations, forces individual units to automatically become more independent and the need for coordination decreases. Therefore, it is extremely difficult to standardize processes and practices. The customization approach argues that, despite the increasing globalization trends, there is still considerable variation between countries when it comes to factors like consumer needs, commercial infrastructure, culture and traditions, laws and regulations, and technological development (Terpstra & Sarathy, 2000). In summary, understanding different mechanism and how they interplay increases the knowledge and use of coordination in several contexts. By the help of the standardization approach – facilitates coordination by decreasing the need of all mechanism to be adopted in the organization.

Methodology

Introducing the case

The studied company, hereby referred to as FlixCorp – is the leading long distance mobility provider in its Industry. Thanks to an innovative business model together with continues mergers with other bus companies, the former start-up has managed to scale-up their business fast and established Europe's largest intercity mobility network in less than five years. Now they have grown a route network reaching 26 different countries and an organization consisting of around 1500 employees. The head quarter is in Munich, while also having in total 15 offices widespread over Europe in cities like e.g. (Berlin, Warsaw, Prague, Budapest, Milan, Paris, Zagreb, Belgrad, Amsterdam, Stockholm, Aarhus and Los Angeles. (FlixCorp.com, 2018) FlixCorp is a modern technology driven organization influenced by new trends. Therefore, the online channels are dominating the sales & marketing activities by far. As a fact, Flixcorp is mostly selling bus-tickets through their online channels and follows the standard of 'marketing performance measuring' where all marketing activities need to be somehow measured with online tools. Since the study is focusing on the more traditional sales/marketing techniques, it aims to investigate what role the offline approach still has in the organization, and how this knowledge is managed from a central vs. local level. This transformation of change – when the company went from a domestic to an international player involved several steps in setting up and coordinate the new international offline network. In the early stage, there was more focus on providing resources and establish processes in a subsidiary. In the middle phase aims to create structure and routines where the final stage is characterized by increased social capital and relationship building. The initial phase of establish/setting up a subsidiary office is described below:

- *Localization work:* The first step was internally in Flixcorp named as the "localization work" of the new subsidiary, which meant to adapt contracts, manuals, tax and payments solutions in order to be able operating in a new country and market.
- *The hiring process:* The set-up of the local Team is the responsibility of the Marketing Director of the subsidiary together with the HR department of the HQ.
- *Providing resources:* When a subsidiary is established it is up to the HQ providing them with the right amount of resources to handle their basic operations.

Choice of Methodology

When studying management of large complex network, a qualitative study is more suitable since it provides the researcher with a deeper knowledge and understanding of the specific phenomena (Silverman, 2013). This also allows the study to investigate how people interact with each other which can include several collections of data gatherings over time (ibid.). Therefore, the study used interviews, observations and so called informal talks to create an overview of the complex network together with examine how the HQ-Subsidiary relationship looks like. The data was assembled together over a period of 6 weeks. The researcher got access to the organization through a "working-internship role" at the HQ during a period of 4,5 months. Moreover, this simplified the process of data collection adding data on a continuous basis if needed. In the first phase, the two opening Interviews conducted at FlixCorp's HQ was more as a broad starting point where the researcher still was unsure of the topic being investigated. Therefore, it is important as a researcher to stay diverted from the analysis of general patterns and instead try to get inside of people's minds of the organization in order to truly understand what is going on there (Watson, 2011). After the 3rd interview a clearer problematization of research topic emerged. Especially, after two interviews with experienced HQ-managers in offline sales & marketing that had worked in the FlixCorp since the company started to expand internationally. These interviewees' provided a good picture of the journey FlixCorp went through and the most difficult challenges that aroused with managing a large

complexed network of subsidiary offices. Since the researcher, simultaneously worked at FlixCorp – it was easier to get data through a more interactive approach with the organization, by the use of informal talks and observations-as-participant (Baker, 2006). This also makes it possible for the researcher to capture the organizational contexts by hearing, seeing and feeling the same things as the other employees do, while taking thick descriptive notes. (Watson, 2011) Informal talks captures data material while socializing with people through casual conversations at the organization. It functions as a natural complement to both in-depth interviews and the observation studies (Jorgensen, 1989). During the second phase, more focus was put on the subsidiary offices – to get their local point of view and not just the view of the HQ. In total, 15 interviews were conducted, 5 hours of observations were accomplished together with numerous informal talks and unlimited access to data through the company's database.

Data collection

Of the conducted interviews included employees working in both HQ:s and subsidiary offices. Focus was narrowed down to 6 different offline sales/marketing Teams, including HQ, working in the organization. To protect the sources of the subsidiaries they were given invented names such as: Solo rider, Outcast, Special one, Upcomer and the Intedependent. The studied phenomena were interpreted through the scope of these subsidiaries and their relationship with the HQ. The goal was to maintain a flexible interview environment where both the researcher and respondent feel comfortable, rewarded and satisfied by the process and the outcomes (Kvale, 2006). However, close emotional relationships between interviewer and interviewee can open for more dangerous manipulation (ibid.). The ethical aspect of the organization and the anonymity of individuals was also taken into consideration where sources were protected as much as possible. During the interviews, an interview guide with open questions was used throughout the study ensuring that the right topics were covered. Every interview lasted between 25 and 40 minutes. Through the first interviews and the localization of research topic, gave guidance to contacts within FlixCorp to interview relevant people in relation to the studied field – as the familiar snowball method (Bryman & Bell, 2011). In order to maximize the depth of the data, respondents were picked from several different offices and locations to get as much variety of insights as possible. Since FlixCorp is a fairly young organization, it was challenging to find people with a lot of experience – that had worked for a longer time in the company. Many subsidiaries offices were also in the early stages which made knowledge and experiences even more scarce. Most of the interviews were done with people working within the studied field. Due to lack of knowledge, a few interviews needed to be conducted with people outside the studied field – but still with the same study focus. For example, in one of the subsidiaries it was crucial to interview the MD since the other employees had only worked in FlixCorp for 3-4 months.

Office	*Positions*	*# of Interviews*
HQ	*Sales Intern*	*1*
	Intern Marketing Intelligence	*1*
	Senior Sales Manager	*1*
	Senior Marketing Manager	*1*
	Junior Marketing Manager	*1*
	HR Manager	*1*
	International Business Development	*1*
Solo rider	*Marketing manager*	*1*
	Operational manager	*1*
	Marketing Director	*1*
Outcast	*Junior Sales specialist*	*1*

Special one	*Head of sales*	*1*
	Sales manager	*1*
Upcomer	*Sales manager*	*1*
Independent	*Marketing manager*	*1*
TOTAL		***15***

Table 1. - The Chart shows the current positions of the Interviewees and the Offices they represent.

All the interviews were recorded through an audio recording software upon agreement. This enables the researcher to capture specific time intervals with important data captured (Bryman & Bell, 2011). When the interviews were completed, they were transcribed in order to capture necessary concepts to analyse. An upside of studying change and the transformation FlixCorp went through – was that it was easy for the respondents to remember recent happenings since the change is relevant and ongoing for the moment. In fact, the situation that occurs when the researcher is being able to study the organization for a long time also makes it possible to go much more into depth analysis. For example, when shared experiences between researcher and the employees happen gives the study a direct access to the story from their point of view (Sliverman, 2013). As a complement to the interviews, different kinds of observations were conducted. An observation-as-participant (Baker, 2006) was made in the monthly cross-functional meeting which is held with all the offline Teams (via skype), including HQ and subsidiaries, in sales & marketing. This provided a better understanding of how the HQ interact with the other offices as a solution to the limitations caused by geographical distances. Another source of information came from the monthly company presentations about a random topic, held once a month in the HQ and later on rolled out as a video on the global intranet. The idea with this presentation is to spread new knowledge around the organization. Interestingly, one presentation was about the topic of creating "unity in a widespread organisation" – which addressed my research rather precisely. It gave a good example of what FlixCorp struggles with for the moment when it comes to clear task-distribution, prompt communication methods that leads to conflicts, information sharing and adaptation to local needs. The last source of data collection came from the so called informal talks with employees, were special attention was given when topics regarding the study randomly popped up during the researcher's time in the organization. (Jorgensen, 1989)

Data analysis

When analysing the data, the research turns to Grounded Theory, which is well suited dealing with this type of qualitative data gathered by the help of interviews and observations (Martin & Turner, 1986). As soon as the empirical material started to build up, the search of concepts grounded in theory began in order to increase knowledge about the studied field e.g. how mechanisms of Coordination resolves the difficulty of managing a large global network. In the coding process approximately 100 labels where invented on what is found in the material which eventually could be used for comparison/analysis. Grounded theory also enables the researcher to create a theoretical framework for the study, enabling ideas and data to guide the researchers towards a theoretical analysis (Smith, 2015). The initial, open interpretation of codes, should be as close to the material as possible. The second order of grounded theory evolved around the creation of categories. In this step, similar codes were grouped together to form concepts and eventually categories. To avoid developing a theoretical framework during coding, the authors Strauss & Glaser (2009) explains: it's best to let the categories emerge than to come into the study with pre-set categories based on existing theories. (Glaser & Strauss, 2009) Here, some of the concept were shaped and re-categorized to better fit the study. Once categories had been generated, the analysis began regarding the relationships between the different categories. Different themes that were in

focus were background and structuring of the network, increased subsidiary size, HQ control, coordination mechanisms and the independency of the subsidiaries.

Findings: **The establishment of Subsidiaries and their infrastructure**

Back in year 2015/16, without a local office network established, most activities were coordinated from the HQ. Since the bus company had been present in some countries for a long time before the actual local office were established, the people in the HQ had to be more pragmatic and operational in their roles in creating processes, launching campaigns, executing local activities and setting up a sales network. For approximately 1,5 years after the internationalization, there was only two international subsidiaries established which took care of the activities for these markets. The rest was taking care of from the HQ. However, this situation has now change rather dramatically as more subsidiaries is being established. Now the company has more than 10 local managers that has the full responsibility on local sites, which changes the role of the HQ. Moreover, the person responsible for coordinating all the offline marketing activities explains how her job changed to a more strategic role where it now acquires to develop more political skills, understand people, argue and find a common sense in decision-making.

When you have managers there is people to interact with and in a sense you have to develop a lot of political skills which you didn't need before.

At the HQ, two important employees today have the main responsibility in offline sales & marketing when it comes to communicate with the subsidiaries offline channels. At the marketing side, there is one contact person responsible for handling all the offline marketing reporting from both Western and Eastern Europe. This person is also responsible for communicating with the Eastern European countries such as: Czech, Poland, Baltic Sea, Hungary, Poland, Ukraine, Bulgaria, Romania, CEE South etc.

Basically I'm the international manager for Eastern markets – what I do, I'm kind of a bridge between these markets and the HQ.

Another HQ manager in marketing is responsible for the Western countries such as: Italy, France, Benelux, Nordics, England, Spain etc. The HQ marketing manager, is responsible for coordinating all offline activities. The HQ sales manager, is the responsible contact person in sales at the HQ. All the communication and reporting goes through her. As one can expect, the HQ managers schedule became very busy in their daily work when being the main contact person for the marketing and sales Teams of all the subsidiaries in the company. In sales and marketing, a larger amount of activities is still taken care of from the HQ and their respective international Team since there is no local teams covered on every site. For example, countries like the Benelux region, Nordics, South America, Asia, Australia, Greece, Ireland, Russia, Georgia, India etc.

In order to structure the reporting procedure in the organization avoiding chaos, they made people responsible for handling the communication between the different offices. The responsible persons at the HQ function as a middle point that filters everything that comes in. However, one problem noticed is that the HQ managers easily got overloaded with information from the different subsidiaries. When most communication is done through e-mails to the same manager, there is no limit for how many email a manager can receive. In the smaller local offices, the Marketing Director (MD) is the responsible person dealing with reporting, handling most communication. So the local sales/marketing people reports to their manager, which reports to the responsible managers at the HQ. In the larger local offices, there is even superior persons that does the reporting for

sales/marketing. For example, it is often the duty of the local marketing manager, or the Key account manager. Otherwise, the MD still has the responsibility for reporting. This is explained by the HQ marketing manager:

We made this hierarchy so it should avoid chaos. Its going to be very confusing if a lot of different people approach the local teams every time. Now we have this middle point were every channels should go through.

Most important is to establish the legal rights (e.g. physical local entity, contract holder, VAT, tax rules etc.) in order to operate bus lines in a new country. In addition, to only export a German business model tailored to German laws and business wouldn't work either without doing a localisation work. Moreover, this also includes translating manuals and contracts etc. into a common language (e.g. English) or a local language. Without such a local adaptation, setting up payment solutions and create partnerships with local agencies would be much more difficult. The HQ sales manager explains how the first International sales/marketing offices were created:

The company back then wasn't really ready to expand to new countries, without first doing a localization work.

The initial phase of an office also creates challenges in recruiting. In the beginning, it is difficult to find out the actual demand on a certain market. What is the need for the local office when it comes to offline marketing & sales. The HR department is recruiting the employees from the HQ. From there, it is decided what type of people they need in the local Teams – every office have their own plan also depending on how the market grows and what local knowledge it acquires. It is more difficult to hire people for the initial phases, when there is nothing established yet. Once a Team is established and the market is up and running, it's getting easier to know what people there is a what the local Team need. In the recruitment process for the local Teams, the MD also has a certain responsibility to put together the Team which will influence the recruiting process. Another problem is the time delay of the recruiting process. In situations when the hiring is postponed by several reasons, it often creates a heavy workload at a start – when a person is finally start working.

There are also interruptions where the subsidiaries don't have the right resources on site in order to manage their work properly. Both the Outcast and the Solo rider has complained about not being fully equipped with resources – that effects their work approach. Outcast, they don't have all the marketing tools for supporting their partners in the market. They don't have the same autonomy as the Independent one where they order and distribute their own flyers – so that procedure has to go through the HQ. For example, if a difficult problem arouses there is more limitations of getting help, since there is basically not that many people to ask. Often you have to contact the HQ, which is less efficient. In many cases, the answer and feedback is a time consuming process. Solo rider, they were even missing out a company bank account for the office – for a long time, and they still lack a local payment solution. So they had to pay with their own money when they needed office equipment etc. They also didn't have a company phone, but called the new potential partners with their private phone numbers. This made the employees at the local office frustrated:

Right now I feel that the limitations of resources are holding us back from growing more. Maybe we are not big enough to handle it. But for instance, we just got a bank account here in the office. We still don't have any cards to pay with from here. We have to pay a lot of things by our self, that is actually for the company, for our office.

Challenges of managing a complex global network

The company is investing a lot in information sharing tools. They have a handful of different activities, meetings, workshops, presentations, a well-functioning global intranet. The company is also using English as a global corporate language since one year back, despite a diverse workforce with over 60 different nationalities, consequently the company only hires people with good English proficiency. The local MD's have weekly calls

with Germany and the HQ where there is a lot of exchange of information. This is especially useful for less mature subsidiaries that doesn't have the same knowledge about what is going on in the company. Every month there is also a so called "ROMI" meeting, with all the sales/marketing Teams included. These meetings are held through skype were most of the local offices is following the meeting by a TV-screen. During these meetings, a check-up is done through every country, how the market is performing, if there are any urgent projects coming up and future plans. Additionally, the company is having a fun "presentation-event" twice a month called 'Flix n Brezn' where randomly picked people are giving a 30 minutes' presentation about their job. The presentation is recorded and later on uploaded on the global intranet. In sales & marketing, there are two workshops held each year where everyone from the local Teams are invited to the HQ for common activities. The Global intranet is called 'Flixnet', where all the important news about company updates is presented. Here, you can also find information about every employee in the company, where they are working, what their role is, even a short personal description. A HQ manager from the top management section explains how they try to increase the flow of information within the organization:

What we are trying to do on a company level is to creating more ways in exchanging information with the local teams.

In general, there is often a large knowledge gap between the HQ and the local offices. The HQ have a great overview over the other subsidiaries, gets access to all information and can learn from different cases. They have much more historical knowledge to rely on, where the small local Teams only see their own cases. Above all, it is very crucial to know which people to contact in order to get the right information from the HQ. Even if there is many tools and ways to communicate, the local teams (e.g. Outcast) also complains for not getting access to all information – mostly when it comes to reports and data material. No matter how many tools you have to communicate with, the information still needs to be sent by a person. At the same time, the HQ pays less interest in what happens on local levels. The HQ sometimes disregards the local knowledge existing in the organisation, which irritates the local offices. One attempt of making communication more efficient is by sharing materials such as Guidelines such as handbooks and Powerpoints. The HQ Sales manager took initiative and created an evaluation form that could be sent around to the different subsidiaries where people could add information about the insights and knowledge from the result of their local offline sales campaigns. This aimed to share new information automatically as a part of the routine of conducting the campaign. Since sharing information is just one of those problems that the company has to continue to develop, explained by the HQ sales manager:

Sharing of information is one of those problems and issues that the local entities always complains about. Because being local and kind of separated from the HQ, they maybe get the feeling that they are a bit cut out of the decision processes.

The company is educating their newly hired employees through an introduction day called "On-boarding", located at the HQ. It is mostly useful in order to establish relationships – to know which people to contact. One employee working in a local sales Team explained how useful it was to meet the people at the HQ in order to know later on who you will contact. The company also has a number of yearly events and cross-office meetings such as the sales/marketing workshop held twice a year which is very beneficial for establishing and strengthen relationships. More often, the employees that had been working longer in the company and attended this events a couple of times – also seemed to have established a better relationship with the HQ managers compared to the newly hired employees. In a large and widespread organisation, these events are crucial for keeping the core together and unite the organisation. The MD from the Solo rider explains how the "On-boarding" helped to establish relationship from day one in the organization. In fact, the employees from the Solo rider was spotted in the HQ more than one time which provided a good example to strengthen the relationships with the employees in the HQ:

The "on-boarding" was really useful for that, so you get to know a lot of people, to know at least who to contact. Or at least who can transfer you to a certain person that knows the stuff.
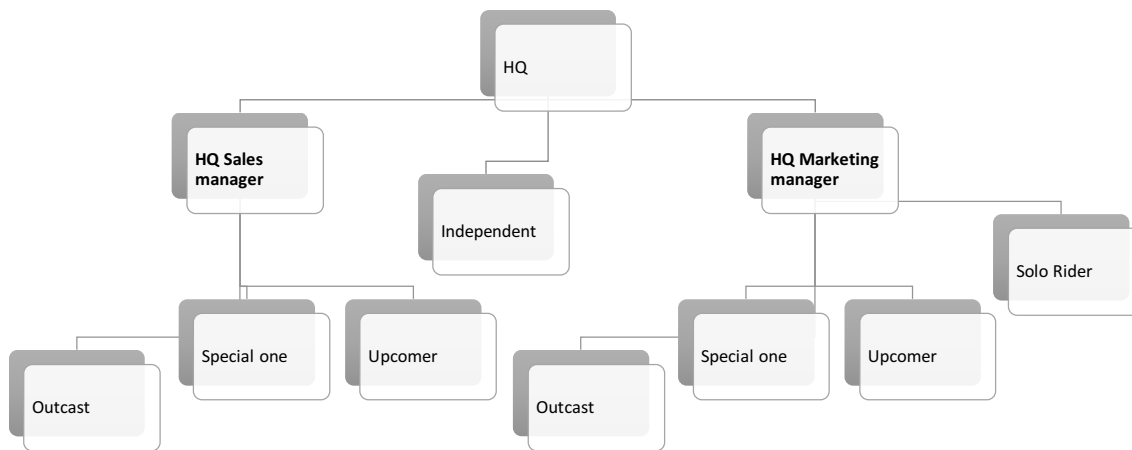

Figure 2. - Summarizes how the communication and information sharing takes form in the organization. Notice that "The Independent" doesn't require the same guidance from HQ managers. The Outcast/Solo rider is on the other hand more cut off in this process.

Other regions of countries instead made their own collaborations – learning from each other instead of always have one-way contact with the HQ. The HQ sales manager also creates common skype calls with several offices to gain more efficiency in problematic cases. Foremost, there seem to be more collaborations amongst countries that are a bit similar to each other and can learn from their cases. The Eastern European countries (e.g. Outcast, Special one, Upcomer) have a lot of collaborations together. Interestingly, is that the Solo rider have less collaboration with others than HQ which cuts them off in information sharing. Once the Independent subsidiary started to grow and become more successful, they also noticed a larger interest from other countries – asking for guidance or knowledge about certain topics. An employee from the Eastern Europe explains how this collaborations takes form:

I am also in touch with the colleagues from Hungary and Serbia which have similar problems as I have – so sometimes the HQ sales manager make a skype conference to help us all at the same time. So Czech, Hungarian, Serbia and Polish guys, we discuss some common problems together in these calls.

The company's culture is very important and something the company put a lot of emphasize at. Flixcorp is very considered by branding themselves as a cool start-up company, widely international with a young entrepreneurial spirit and a flat hierarchy. It's the set-up they are striving for, to give a lot of freedom and opportunity to the different offices. According to one of the founders, it is important to keep the entrepreneurial spirit in the company culture avoiding making the organisation slow and bureaucratic. Moreover, he continues explaining the key role of the HR department in order to recruit the right type of people sharing the same ideas – which further on strengthens the company culture. This aims to have the effect of making the company fast in decision making, which creates a competitive advantage towards slow giants in the same Industry. Putting the company culture first is one of the key aspects to contain that agile advantaged they now have, he concludes.

We are just very critical about how can we conserve this culture that we have. If we establish processes and routines that are too bureaucratic, too much admin work that doesn't give us speed in decision-making and are against our culture – we have to be careful with that.

Within this communication society of the company, it happens that conflicts arises. According to an employee survey conducted in the beginning of 2018, it is mostly happening due to misunderstanding through e-mail conversations. Vague descriptions, long waiting time and lack of understand the needs of other employees is the most common cases to cause conflicts by e-mail. Therefore, as a compliment, skype is also used frequently in the organisation and employees are frequently added in email conversations to not miss important information regarding their work. One of the challenges with having such a widespread organization is all the different communications interfaces, one colleague explains:

There is a back side of having all these offices. You often communicate differently with people you never have met. E-mail communication also increases the chances of misunderstandings.

During a presentation in the HQ called "Flix n Brezn", the vice president of the Western Europe talked about the issues managing a global network and what is important creating a glue that holds everything together. Therefore, there is also a need to have certain standards of behaviour among the employees, both in according to work and social aspects – to avoid conflicts and inappropriate behaviour.

It shall more or less be a physical fact that people are working in different locations – and shall not be something reflected in the mind-set of the employees, he started out saying. The different offices, all have the same goal – to make this company growing become successful.

Differences in Marketing & sales

Subsidiaries	Difference - Sales	Difference - Marketing
Solo rider	95% Online, 5% Offline	80% Online, 20% Offline
Outcast	90% Online, 10% Offline	85% Online, 15% Offline
Special one	80% Online, 20% Offline	85% Online, 15% Offline
Country 1	30% Online, 70% Offline	85% Online, 15% Offline
Country 2	50% Online, 50% Offline	85% Online, 15% Offline
Upcomer	60 % Online, 40% Offline	70% Online, 30% Offline
Independent	80% Online, 20% Offline	90% Online, 10% Offline

Table 2. - The Chart shows how the market shares is divided in the Offline vs. Online channels in marketing & sales. The Special one is showing all countries included in the market due to its extreme variations.

All the offline activities should follow a standard procedure called 'marketing performance measure' which means that every activity needs to be able measures in a digital form. It is common that a lot of suggestions has to be turned down, since they are not fulfilling the standard requirements decided. Therefore, traditional marketing activities such as radio, advertisements in cities, newsletter in mailbox etc. is abandoned. But this have also caused a large gap of finding measurable offline activities in marketing. Online marketing is much cheaper than offline marketing, it can be arranged from a central point of view and doesn't acquire the same operational work that traditional offline activities does. This is also reflected percentage wise, in the statistics were there is

less variation on offline activities between different markets. It is described as a painful process to decline some of the proposals described by the HQ marketing manager:

What we do in FlixCorp is "performance marketing", which is really hard if you come from a very classical marketing foundation to understand. This is a very new concept, which I think not all people are familiar with, so it takes a while, it's a painful process, to decline a lot of plans in order for us to reach a level that is synchronised.

There is a budget controlled from the offline marketing Team in the HQ. Consequently, all activities on local level needs to have an approval from the HQ marketing manager. The offline plans are sent to the HQ quarterly or once half-a-year. The HQ is evaluating the plans and determines if it fits with the overall strategy. Factors like ROI, measurability, aim for achievement and how to operationalize it is taken into consideration. The HQ has to approve every budget proposition, despite which subsidiary it concerns. Mostly there is less own initiative taken by the subsidiaries without having central authorization:

The budget comes from the marketing central in Munich. So what it means for them…if they want to put up an offline plan – they need to get that approved.

The most conducted offline marketing activity is street promoting – where flyers are being distributed in city environments. Every flyer has a unique tracking code which makes it possible to follow up and make data of this type of campaign. But otherwise, the pure offline activities here are few. In offline marketing, the need of activities can also vary a lot. As a result, it is common that the budgets often contained leftovers, or even got shuffled. At one monthly meeting, the "Vice president" of marketing & sales openly asked everyone within the marketing Team in HQ to come up with new ways to spend the marketing budget on since there was such large amount of leftovers.

We openly accept all proposals of potential ways to spend our marketing budget on and see if it fits our strategy.

Especially in offline sales, there is also a larger need for local activities, in some countries, due to cultural differences and customer behaviour. In general, there is a larger need for offline activities in Eastern Europe. In sales, there is less demands on advanced performance measurement. Basically it is a simpler approach than marketing – where the strategy is to create a well-covered network in the countries covering every bus stop with at least one salespoint. That is also why sales is mostly separated from marketing – since sales is more focusing on pure offline activities. Where marketing has advanced tools measuring e.g. (redemption rate, customer rate, conversion rate etc.) in performance – sales is measuring numbers of contract signed or agency acquired through counting them. As a result, sales work a lot differently than from marketing and is therefore separated. Said by one employee from a local team:

That's also why sales & marketing is separated in this region. Because if you think about it, marketing is very much focusing on online activities, and sales is focusing on offline activities.

The sales commission are also part of the budget. When sales agencies are selling for the company – it generates in a commission percentage on each sold tickets. The commission is taken from the budget – there is no restrictions on how much commission that can be generated. Other sales activities affecting the budget can be discounts on sales campaigns etc. There is also a big difference of how the new and more established offices operate. Often the new countries are less structured in an early phase. There is more of a "Wild Haunting" approach in the beginning while creating a network of sales agencies. Then when the network is up and running, the role of the offices goes into a phase of structuring the mess they often created (e.g. the data). In the end,

acquiring new agencies might no longer be needed. The role of the HQ is to make sure that every country more or less operates in similar ways, sharing of good examples is also important so that we learn from each other's mistakes, a sales manager from Eastern Europe clarifies:

More structured when looking for salespoints?....I think its more or less the same thing. What I do, our strategy is quite simple, we just try to establish a network so we have a good availability, with FlixCorp tickets on every corner. I think the strategy is very global, so same strategy in every country it is present.

Subsidiary environment

SUBSIDIARIES	TEAM SIZE	WHOLE STAFF	MATURITY
SOLO RIDER	3 people	7 employees	12 months
OUTCAST	4 people	10 employees	8 months
SPECIAL ONE	4 people	18 employees	8 months
OUTCAST	6 people	27 employees	18 months
INDEPENDENT	10 people	60 employees	33 months

Table 3. - The Chart shows the different subsidiaries regarding their size of Teams in marketing & sales, the total amount of employees the office holds and how long it has been up and running.

The Solo rider: The Subsidiary has existed for 12 months even if it was the fourth country in total that the company expanded too in Nov 2015. So the product is established on the market for some time ago. However, the office is still of small size only holding 7 employees in total where the marketing/sales Team consists of 3 people (one full time employee and two interns). The full time employee is a marketing manager responsible for the activities in three countries that belongs to the market region. However, some sales activities are still conducted from own initiative at the subsidiary – but the rest is taken care off from the International sales Team located at the HQ. In fact, the most responsible people for creating a sales network in this market works from the HQ, calling the agencies by phone. However, none of the HQ sales people knows the local language, which makes it more challenging to acquire these agencies. The offline market of "the Solo rider" is describe as the smallest offline network in the company – where the sales activities only contributes to 5% of the total in sales for the market. This development has forced the subsidiary to be more creative and take own initiative – elaborating of new ways in selling tickets. In fact, the culture is explained as a bit different with a high degree of entrepreneurial spirit together with another level of informality than the HQ.

Here we do things differently, the working culture here is quite different, its even more informal than how it is at FlixCorp. If we compare with the culture in HQ for example.

The MD explains how he uses the company culture in order to attract young people with the right potential for his local office. In their market they don't have the same brand awareness as in the German market. So they have to attract the right employees with other methods. Because, if you just think of the company as a traditional bus operator – it gives an old-fashioned picture amongst people. In this office, they have chosen an office located in a building together with other start-up companies like Air Bnb, bookings.com etc. It's like a shared office space that gives a bit of extra entrepreneurial spirit and creates a cool/hip wibe around this local office space.

Here I choose an office in a building located with other cool/hip companies or start-ups like Air Bnb, bookings.com – its like a shared working office. That also helps to attract young people with the right potential. We don't have the same brand awareness as in Germany.

The outcast: The market consists of two similar countries – and has been connected to the bus route network since the beginning of 2016. The office was created last summer and has been up and running for 8 months approximately. The local marketing/sales team consists of 4 people out of 10 employees in total. "The outcast" and its market is described as difficult one to adapt too – mostly due to hard competition and other customer needs. They are also in the building phase of structuring the office creating processes – which makes them harder to cooperate with from a HQ perspective, explained by the HQ marketing manager:

If you want to prioritize a project and want to push more being a bit more sophisticated – they struggle a bit with that. Cuz they have too much to do, to much to fix, basic things that doesn't work, which here in the HQ – we don't have to worry about.

The sales offline market is rather medium low, stands for around 10 %, of the total percentage. The marketing side are limited by the lack of resources (e.g. promo material, flyers etc.) provided from the HQ. The Outcast wants to increase the brand awareness doing more offline activities – something that becomes harder with the limitations they now are facing. One employee explains that they are more or less controlled from the HQ and everything they do needs to go through them:

It would be nice if you could understand, that sometimes if we don't have all the tools here, like the marketing tools, for example: in March I will eventually get some flyers that we promised to send to travel agencies.

One of the biggest organizational challenges is IT improvements. The initial "Hub" that was created is has a lot of bugs and is mostly suited for B2C activities. Instead, the company keeps adding new features to the Hub causing a lot of IT bugs in the system. As an effect, this strikes extra hard on the local offices. Because (firstly) they don't have the same IT-support as the HQ does and (secondly) only works with B2B activities. There is also a lot of mistakes in the data system that creates problems for everyone, but often it becomes the role of the local offices to clean up the mess that someone else has created from the HQ. This has to be done manually which is very time consuming and interferes with the actual work in e.g. marketing & sales. The IT bugs are often problems connected with agency chains, user accounts, salespoints etc. The people in the offline Team also has to take responsibility acting IT support in these manners. The International HQ sales manager, spend many hours a week supporting sales people in the local offices with IT problems. She becomes a very important person in helping the local Teams with a functional infrastructure, even if it's not really here duty – but the ones of the IT support. This is explained by a colleague from the outcast:

Munich creates a lot of travel agencies accounts, but there is a lot of problems and mistakes. When there is a lot of bugs, we have to take care of it manually – even if we get great support from certain people at the HQ but still she is not IT support, she cannot fix all our problems.

The special one: Were also connected to the bus route network during the same time as "the outcast" while also having the same maturity (8 months) – but find itself more autonomous in comparison. The office consists of 18 employees where 4 of them are working in marketing/sales. "The special one" has a unique market, completely different from the others, that consists of three countries dominated by offline activities. The most extreme country from the market is generating 70% of its sales revenue through offline channels, another country from the same market is generating 50% in the offline sales channel. Not surprisingly, the market exists in the very Eastern parts of Europe. Nevertheless, the HQ influences is yet present in terms of decision-making in budget propositions etc. But it's a challenge to understand the market from a HQ perspective which acquires further

customization and de-centralization compared to the "solo rider" and "the outcast". The HQ is still in the process of trying to figure out the customer behaviour:

The market is absolutely a new strategy for every one of us. We don't even yet have a clear strategy because we are still understanding the customer behaviour.

The upcomer: The subsidiary was established 18 months ago, with a market region of 7 different countries. The office has 27 employees and the local marketing/sales teams have 6 employees. The offline market is also of significantly large size, which stands for 60% of the total sales revenue weighted to the online channels. It provides a good example of a market – that was, in the past more centrally controlled, but has now reached increased autonomy. According to the International HQ marketing manager – the subsidiaries has taken large steps towards more autonomy. She continues saying that they are not controlled anymore and they already have their upcoming plans and budget propositions approved. They have understood the most fundamental parts of what performance marketing is about. The next proposition will probably be easily approved also, as long as they don't deviate from the plan, she won't interfere, she further explains.

They are not controlled at all. Now they have basically understood what to do – what performance marketing is all about.

They had a plan to the end of March which we approved. As long there is no very particular project or pinpoint, I won't interfere.

In sales, the local working environment is described as more structured and sophisticated. At the beginning, there was no superior person being held responsible for reports and handling communication with HQ. For example, now the sales people communicate less with the HQ. Instead, a local Key account manager is taking responsibility for communication and data analysis – and the work gets more divided and specified amongst the different roles.

When I started we didn't have a superior person. We were communicating with HQ much more often. Now we have a superior person that takes care of all the information for our department.

The independent: This subsidiary is representing the market of one large country. It was the 2nd country in total from the international expansion. The office holds around 60 employees with a local marketing/sales team of 10 people. The subsidiary has been established for 33 months. The offline market is also of larger size (20% of total) which creates a need for manage the local activities on site. For example, every month the local marketing team organize and distribute one million voucher through street promotions campaigns. It is described how the HQ show a lot of trust in the subsidiary handling the campaign by themselves. The activity involves a large amount of operational work – handling the delivery, decide promotion spots, recruiting street promoters and the amount of them needed, payments etc. This operation would be impossible to coordinate from the HQ, and needs a local responsibility.

We have around 6000 sales agencies now, it is more important to contain and develop these relationships rather than acquiring new ones, a colleague explains.

However, the Independent one doesn't always share the view of the HQ. At a monthly ROMI meeting, the "Vice president" of marketing & sales was so satisfied with their offline campaign that he wanted to increase those 1 million voucher to 5 million – something that the Independent Team had to refuse. The HQ didn't seem to understand the amount of work required for such an operations explained by one employee:

In the last ROMI, at one point he told us that he was really happy with that result, and that we should print 5 million voucher instead. We didn't really understand if he was joking or not, but he was serious. I think that he don't have a sense of how much work it involves to print 5 million vouchers and distribute them – it will almost be impossible to do.

In fact, the agencies prefer to call the local teams instead of the central agency support when having problems or need to ask questions. Being able to get support in the native speaking language is much more preferable. In offline sales, there is a big advantage of having local access. It's more about having a human approach – building relationships and shaking hands with people.

Usually, they prefer to call our Team rather than the customer service, because there is a huge gap of quality in how we can support them, and how the customer support can help them.

Discussion: **An increased complexity of the global network**

In the early phase, the relationship between German HQ and regional office is characterized by a high level of control and lower levels of coordination. The internationalization of the company and the foundation of the subsidiary require a structure and routines in the beginning. Those are usually pre-determined by the HQ. (Dosi & Marengo 2007) In FlixCorp the first step is typically the "the localization work". This specifically aims to to adapt the language to the new market requirements such as contracts, manuals and tax/payment solutions etc. It is crucial in the customization approach since variations between countries are too large to just take the standardized corporate brand and spread it to new countries without adjusting it. (Theodosiou & Leonidou, 2003; Esselink, 2003) Secondly, the marketing & sales team at the HQ establishes a filtering process in incoming communication in order to structure the way of communicating. Increased size of the firm and flow of information requires more managerial input from the HQ into the Subsidiaries (Myers & Tan, 2003). Therefore, the HQ dedicates many hours to giving precise instructions to the regional offices in order to transmit knowledge and provide guidance. By doing so, they ultimately shape the actions of the agent's (Gavetti & Levinthal 2004; Dosi and Marengo 2007) The budget allocation functions as a major control mechanism and at the same time ensures a similar work approach (Pfeffer & Moore, 1980; Mudambi & Navarra, 2004). Hence, a lot of proposals of the subsidiaries were turned down since they were not aligned with the overall budget. For many subsidiaries, the company decided not to invest much into traditional offline activities. This leads to the situation that FlixCorp is spending their marketing budget on cheaper online options. However, it becomes evident in this paper, that the HQ is often not capable to provide their subsidiaries with the right and sufficient resources at the start. This slows down the actual establishment of the single regional offices. This problem becomes clear when looking at the recruiting of skilled workforce. Especially, the Solo rider and the Outcast explained how the HQ didn't provide them with the resources required for just managing basic operational activities. For example, the Solo rider, with the same maturity as the Outcast/Special one, still lacks local sales people on site. This problem is only mitigated with the increase in size of the regional subsidiary. As soon as the regional office is getting bigger, it typically has more resources that are under its control. Pfeffer & Moore, 1980; Mudambi & Navarra, 2004). Nonetheless, the paper confirms that the increase in size leads to more complexity. As the growing subsidiary resources increase – so will the influences of the HQ. Then political skills become more important and it is essential to create a common understanding in decision-making to facilitate coordination. The responsible HQ managers needed to adopt a more sophisticated approach in dealing with subsidiary offices (Prahalad & Doz, 1981; Myers & Tan, 2003; Okhuysen & Bechky, 2009).

Managing a global network through Coordination mechanisms

The international expansion creates a lot of challenges for the global firm. The number of regional offices in consistently increasing and a more diverse perspectives and interests have to be aligned. The differences in individual regional needs imposes constant challenges on the HQ-subsidiary relation. A standardized approach to coordination is not always the best solution. This is illustrated by the fact the markets with higher importance of offline sales, such as Eastern Europe, have other needs that markets with a big online marketing focus. In the following sections, the presence and use of different coordination mechanisms will be presented in the three concepts of communication, information sharing and culture, that exists within the organization.

Communication

Due to local differences, there is not one-size-fits-all solution for the communication amongst the team members, with the HQ and with other stakeholders, such as customers or contractors. The paper finds that it is especially difficult to find a standardize approach for offline Sales, since there is a large degree of variation amongst the individual markets. (Terpstra & Sarathy, 2000). For example, subsidiaries in the Eastern part of Europe find it necessary to establish contacts and partnership through physical meetings with their customers rather than only having communication through phone and e-mail. Additionally, uncertainty increases with the size and spread of the organization. Increased uncertainty around tasks splits and different interfaces between units emphasizes the need for the flow of information and clear accountability in the organization (Gittell, 2004; Okhuysen & Bechky, 2009). For the case of FlixCorp is mostly done in a horizontal way by communication through the IT-system which plays an important role for the organization to erase its boundaries by the limitations of physical interactions. For example, the HQ sales manager has weekly skype meetings with different responsible managers located at the subsidiaries to check in on their work. Similar as the example of a doctor that checks in on the patience having a quick update from the responsible nurse (Okhuysen & Bechky, 2009). Yet, often a HQ can draw benefits of the IT resources it holds (Townsend et al., 1998). The subsidiary Outcast, for example, struggles with their database and suffers due to limited IT-support. Instead, the responsible managers at the HQ need to take on the role and act as IT support. However, this is time consuming and not value-adding for the company as a whole. In the case of FlixCorp, the organization is spread globally and personal communication is often impossible. Especially the HQ sales manager had a tight schedule, was often overloaded with e-mails while simultaneously had to always be accessible as IT-support for those subsidiaries that struggled for the moment. Those actions then allowed for an increased common understanding of a particular task to be spread by communication. As similar to the example of the organizational role of the SWAT officer with extended knowledge that has to step in to fulfil a task when someone is missing, which for the moment becomes an important boundary spanner to coordinate between units. (Okhuysen & Bechky, 2009) However, when e-mailing becomes the norm and the most reliant source of communication, subsidiary offices needs to adjust their working rhythm after the HQ managers which often leads inefficient coordination. Interviewees from the Outcast explained how they sometimes had to wait a long time for a response from the HQ, which increased uncertainty between the parties (Kellog et al., 2006). However, this paper does not find any more evidence for the fact that the limitations in face-to-face interaction would resulting in frustrations among the employees regarding communication (Townsend et al., 1998). None of the persons being interviewed found it difficult to communicate using e-mail and skype. The fact that English is now used constantly within the organization has made the communication easier. If this would not be the case, the language would have been an additional barrier to successful coordination (Barner-Rasmussen & Björkman, 2007). In fact, FlixCorp is investing a lot in information sharing technologies such as collaborative software's and intranet systems which allows new formats of collaborations. By also including people in important e-mails ensured that everyone was "kept in the loop" and received the information which increased the accountability (Kellog et al., 2006). In those cases, where a problem occurred, it was either caused by a slow reaction time or lack of exchange in information sharing but was not rooted in any cultural or language differences. Instead, the problem was often related to the limitations of the HQ

manager's ability to respond quickly causing an effect of decreased predictability (Nelson & Winter, 1982; Okhuysen & Bechky, 2009).

Information sharing

Knowledge sharing, for example through reports and presentation, is an important part of FlixCorp's company routines. However, there is significant room for improvement. By making the work visible to others, accountability is increased and this fosters coordination activities. Information technologies can support the sharing of information (e.g. Microsoft Powerpoint, Excel and word). Interestingly, previous research has found that the content does not have to be translated but simply the fact of sharing what you are working on, fosters coordination. (Kellog et al., 2006) Practices from sharing around the same (Powerpoint) presentation and the extensive use of google dox made the members able to read and revise each other's work, as in the same case of the Web-marketing firm. (Kellog et al., 2006) For example, the HQ sales manager created a Powerpoint to evaluate sales campaigns where all the sales agents in the different subsidiaries had to fill in the form and share it within the community. Yet, the paper finds a lack of information can isolate global teams. In the FlixCorp case, the Outcast has complained about missing reports from the HQ which directly hurt their operations and decreases predictability. It becomes evident in the paper that this missing information leads to a lack of trust. Consequently, missing trust results in sharing even less information. A vicious cycle kicks in where less and less information is shared (Snow, Lipnack & Stamps, 1997; Okhuysen & Bechky, 2009). This finding is supported by the example of the HQ which has expressed a mistrust in cooperating with the Outcast. Since the Outcast team is basically too busy with managing basic operations, this makes it harder to prioritize projects in the region. The interdependent parties HQ and subsidiary cannot perform subtasks efficiently and work towards a common goals and thus predictability ultimately decreases due to an initial miss in sharing information. (Okhuysen & Bechky, 2009). Moreover, uncertainty regarding accountability arises since this information is not transparent. In the case of the Solo rider, there are unclear clarifications of who is taking care of what when acquiring the sales network. The responsible sales people are operating from the HQ, and are apparently not sharing enough information. Both accountability and predictability are unclear in this case (Simon, 1945). Here, this paper recommends to clarify governance and define clearer roles and task-splits between the regional offices and the HQ. This shall be reflected in the organizational structure of the subsidiary network. In contrast to the two examples above,. Information sharing with the Special one and the Upcomer is instead describe as a smooth process characterized by appropriate task fulfilment. Generally, these subsidiaries organize their work more autonomously and that also makes the coordination more effective. Both parties, HQ and subsidiary, have reached a deeper understanding of each other through familiarity which increases predictability in work. To illustrate this finding, sales agents from both subsidiaries describe the importance of having established a good relationship with the HQ sales manager through experience of working together over a longer period (Gittell, 2004).

Culture

A strong corporate culture that can be spread across differences in culture, distances and time zones is important for global corporations since it generates a sense of connection and responsiveness between different units (Orton & Weick, 1990; Gibbs, 2002). Social features such as company values and visions help to strengthen the relationship between the different units and facilitates coordination (Kostova & Roth 2003; Kogut & Zander 1996). This study finds evidence that FlixCorp has understood the benefits of developing a strong corporate culture that can easily be spread across boundaries. The paper finds that, for example, the Solo rider has embraced this entrepreneurial spirit of the culture well. They take advantage of the hip start-up vibe around the company to attract new workforce to their office. According to one of the founders, Flixcorp strives for being a company with a flat hierarchy that stimulates entrepreneurial spirit which creates speed in decision-making. Thereby, the global firm seems to take an emergent bottom-up approach to spread the culture and create a common understanding among its members as opposed to a formal, structural approach. In line with the theory, FlixCorp acknowledges that teams often organize themselves through a more iterative process by letting teams interact and plan

themselves how to achieve a certain task (Okhuysen & Bechky, 2009). The informal structure is socially constructed and shaped by activities and actions of people (Meyer & Rowan, 1977). As one action to develop the corporate culture, the companies aims to increase the number of activities and physical meetings between the employees such as: company events, workshops, cross-functional meetings and job-introduction "Welcome days" for new employees etc. This paper finds that is beneficial if people actually meet in reality once in a while, and not only communicate through writing e-mails back and forth. By again using the digital space of a common Intranet, Flixcorp managed to frequently share important topics, presentations 'Flix n Brezn' and insights in future R&D with the goal to increase a common understanding. With the help of routines and regular meetings, both physically and via skype, Flixcorp's sales & marketing teams come together on a regular basis. Thus, the relationship among globally spread colleagues is strengthened and it is made easier to achieve common tasks together (Feldman & Rafaeli, 2002). Even though, other coordination literature claims that a common meaning instead of a fully shared understanding might be sufficient.

Variations in Coordination depending on the environmental context

Subsidiaries	*Accountability*	*Predictability*	*Common Understanding*
Solo Rider	Low	Low	Notable
Outcast	Absent	Low	Low
Special one	Notable	Moderate	Low
Upcomer	Notable	Notable	Moderate
Independent	High	High	Notable

Figure 3. – Shows how the subsidiaries combination of fit with three mechanisms results in different characteristics which requires variations in coordination.

The study found that the subsidiaries variation of coordination changes their characteristics and environmental context. With different levels of accountability, predictability and common understanding between a span of low, to high affects the relation with the HQ which changes coordination. Solo rider and Outcast are the two most controlled in coordination in the HQ-subsidiary relationship of the studied offices. To begin with the Solo rider, they strive to take own initiative generates in more visibility in task responsibility from a HQ perspective. However, their accountability and predictability is lowered at the same time due to their lack of resources such as local sales people on site. (Okhuysen & Bechky, 2009; Mudambi and Navarra, 2004) The fact that the sales people operates from the HQ often increases the need for sharing information over cross-boundaries, regarding sharing knowledge in language and market insights. For the moment there is a lack of defined rules and task-splits. Subsidiaries often have a high degree of localized activities which needs to be inter-connected or coordinated. (Gibbs, 2002) When local sales activities never existed naturally makes coordination to decline. Employees of the Solo rider increase their common understanding with the HQ through regularly company visits. The Marketing Director and local Marketing Manager were observed at the HQ during the research, since a common understanding is developed by creating routines of meeting people which strengthen their relationships (Okhuysen & Bechky, 2009). Moving on with the Outcast, has a significant existing offline market that would require a larger need for task independency. Factors like tough competition, lack of resources, missing reports and problem with the data quality from the IT system makes the outcast much dependent on the Headquarter. According to the HQ marketing manager, The Outcast are still struggling with basic infrastructure like creating processes which makes it more challenging to prioritize projects in that market. A challenging environmental context for the Outcast makes the HQ reject cooperation with the subsidiary resulting in low levels of

accountability, predictability and a common understanding. Distances hinders collaborations and can isolates global teams especially in those situations when there is a status-difference and lack of trust among the organizational members (Metiu, 2006). The HQ and Outcast differs as status group which contributes to less knowledge sharing and feedback among these groups which even causes coordination to decline (Okhuysen & Bechky, 2009). At FlixCorp, some of the investigated subsidiaries had better cooperation and collaborations than others, mostly among Eastern European subsidiaries, which might be explained by the fact they belonged to a similar status group that managed to develop a common understanding of their similar cases. Since many of the subsidiaries also suffered from a slow reaction time from the HQ managers – forces them to seek after the knowledge somewhere else (Nelson & Winter, 1982). The Special one interacts regularly with the HQ in terms of decision making, task-distribution and high flow information. With a similar size and maturity as the two earlier mentioned, we find the Special one far more independent in comparison. Due to other local needs with a huge offline market in the global network, it is necessary to be independent and more loose in nature adapting the product as much as possible to meet the cultural/local differences (Gibbs, 2002; Kellog et al., 2006). The HQ takes on a different approach and give more local responsibility to handle this particular market for the moment. More autonomy is then given to the Special one since it is in a much better position than the HQ to take care of this special market (Theodosiou & Leonidou, 2003). But a standardized product is hard to adapt, with a high level of standardization and routines naturally falls out in a frequent level of coordination even if it has reached a descent level of independency (Gibbs, 2002). As similar with the case of the shipping company surprisingly facing a non-standard size of container, predictability becomes problematic with the Special one when a common understanding of their market is missing out in the relation with the HQ (Okhuysen & Bechky, 2009). Here the HQ had to abandon the fact of expecting a predictable outcome of this market and instead develop further insights to be able to support and coordinate the Special one with a further common understanding, since the one or the other mechanisms rather replaced than supported each other. The Upcomer is on good track towards an expected level of independency to be able managing their offline activities successfully. Their size and resources has increased over time which adds structure and social capital to the intra-organizational network. Therefore, a more sophisticated approach was needed in fostering a good HQ-Subsidiary relationship (Martinez & Jarillo, 1989; Kostova & Roth 2003). This is shown by a better cooperation regarding approval of plans and alignment in the marketing strategy and increased independency of the subsidiary. Moreover, the HQ is satisfied with how the Upcomer has embraced the standardized working approach of performance measuring in marketing (Theodosiou & Leonidou, 2003). However, offline marketing activities are more and more influenced by technology. The HQ is even able to track street promotion campaigns through a voucher code and get hold of first hand data. This development is centralizing the decision making of marketing activities even more with reduced managerial complexity and better control from e.g. a Headquarter resulting in new hierarchies within the organization (Theodosiou & Leonidou, 2003; Gibbs, 2002). In offline sales, the market share is of greater amount resulting in increased autonomy together with a smooth coordination from a HQ. With decent levels of accountability and predictability creates a good cooperation that leads to task performance in the HQ-Subsidiary relationship, which necessarily doesn't require a common understanding but rather a shared sense of meaning between the two parties (Okhuysen & Bechky, 2009; Kellog et al., 2006). Finally, only one of the investigated subsidiaries, the Independent one, showed a significant shift in increased independency. As a result, it becomes more difficult to standardize practises and processes at the Independent one since the loose nature makes individuals more autonomous which decreases the need of coordination (Gibbs, 2002). Finding all coordination mechanisms on a high level, most interestingly we see that a common understanding is less important if accountability and predictability is achieved. As in the example from one cross-functional (ROMI) meeting, the lack of fully understanding from a HQ perspective is less important if the task-fulfilment and performance is outstanding. (Okhuysen & Bechky, 2009; Kellog et al., 2006)

Conclusion

The first aim of this thesis was to investigate how a HQ coordinate its subsidiary offices. With the given structure of a widespread organization, the challenge of a HQ becomes to achieve integration of units located in geographical distance with local special needs. By studying the internationalization of Flixcorp, the study confirmed that the HQ coordinates their subsidiaries with the help of three interlinked coordination mechanisms: accountability, predictability and common understanding. Examples of the three mechanisms were embedded in the concepts of communication, information sharing and the organizational culture that captured activities of coordination in the company. Thus, sharing of information through intensive communication was the main solution to effectively manage the individual units within the organization. However, when subsidiaries become dependent on this information, they suffer even more in case they are cut off in the process of information sharing. Factors such as budget allocations and resources functioned as dimensions of control mechanisms. An increase in the subsidiary network changed the structure of communication where the new responsible HQ managers faced a high volume of incoming information. More social interactions led to the development of political skills which increased a "common understanding" among different units from a HQ perspective. The clarifications of tasks when subsidiaries became responsible for sales & marketing activities for a specific market raised accountability. Coordination was described as "smoother" where the parties had reached a deeper understanding of each other. The familiarity and experience of working together over time together with the development of a certain level of trust also increased predictability. Complementary to interactions via the IT system, different formats of physical interactions were developed in the company. Cross-office meetings, workshops and events facilitated a strong corporate culture, facilitated a common understanding and functioned as the glue holding a widespread organization together. Through the enforcement of a standardized working approach were also used as an activity to facilitate coordination.

With regards to the second aim, the paper investigated why a HQ coordinate its subsidiaries differently. The study found that the need of coordination could vary substantially among the individual subsidiaries. This had a clear impact on how the HQ designs its coordination approach. The HQ adopted the coordination according to the environmental context of the subsidiary. The study showed that achieving high levels of accountability and predictability were more important than having a common understanding in the global firm. When a high level of standardization is achieved, common understanding can be substituted by increasing the accountability and predictability in task performance. However, the sales network was more customized which required coordination to be adaptable in sales from the HQ.

A limitation in the study was the lack of opportunity to observe and investigate the subsidiaries environmental contexts more in detail. Due to the large amount of subsidiaries located in a geographical distance it was out of the scope of this paper to observe all of them on local site. Moreover, both internal and external contexts which influence the way of coordination are not fully captured by this paper. Therefore, the paper takes the perspective of the HQ having both the theoretical frameworks and the known environmental factors in mind.

Previous research talks about the importance of reducing uncertainties around task performance in specialized or differentiated firms. The older literature focuses a lot on the formalization of organizations through structure and different control mechanisms derived from centralized organizations as hierarchical systems. However, the emergent nature of organizations has somewhat changed our perception. For instance, through the horizontal organization of the modern global firm, we see new ways of organizing which shifts the nature and location of the task boundary. Subsidiary offices can still provide a well-performed task by only achieving two out of three mechanisms: either accountability and predictability/or common understanding. Moreover, a common understanding might even be overrated in the IT community of the global firm. New organizational forms,

completely different from traditional boundaries, creates challenges but also questions regarding the need of integration. As long as the organizational variations of tasks has reached a certain level of similarity and standardization – intense coordination might only be necessary in the early life cycle of subsidiaries until independency is reached. On the other hand, coordination of the large global firm benefits from standardization since coordination becomes easier from a HQ. Therefore, a certain level of standardization is needed and might even be enforced in the global firm which makes customization harder to reach. In summary, the integration of interdependent units might be less important in the future where research focuses on the activities that supports coordination, or even replaces it.

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