

A SENSEMAKING STUDY OF CENTRE-LED CHANGE  
INITIATIVES: THE CASE OF A MALAYSIAN BASED MNE

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# **A SENSEMAKING STUDY OF CENTRE-LED CHANGE INITIATIVES: THE CASE OF A MALAYSIAN BASED MNE**

## **ABSTRACT**

The processes or dynamics of micro-political behaviours of centre-led change initiatives are areas of limited research, where far too little is known about the key actors that interact within. This study explores the various patterns of interaction enacted by a centre and subsidiary managers involved in centre-led change initiatives and how they influence the development and outcome of those initiatives.

This study's setting is based on a multi-national enterprise (MNE) headquartered in Kuala Lumpur, Malaysia with several operating subsidiaries in Asia. The MNE is a mobile network operator (MNO) company operating under a single parent branding. In the past few years, the MNE has gone through a series of centre-led change initiatives. Some initiatives resulted in favourable outcomes while others were not. Managers involved in change initiatives, central to this study, serve as the primary unit analysis for this study to be explored. Three key change initiatives identified during a pilot survey were utilized for this exploratory study across four of the MNE subsidiaries.

This study contributes to the sensemaking in change literature by illustrating detailed accounts of how the interplay between centre and subsidiary managers determine the outcome of change initiatives. Three sets of sensemaking/sensegiving namely communication intensity, adoption to change and resolution to barriers were identified. Firstly, communication intensity refers to the level of sensemaking and sensegiving enacted by managers throughout the development of change. Secondly, adoption to change refers to the level of change, this ranges from minimal adopters to active adopters (Kostova & Roth, 2002). Finally, resolution to barriers refers to the efforts taken to overcome barriers to change initiative.

The subsidiary that adopts the most centre-led initiatives displays intense sensemaking by managers at both the centre-subsidary and subsidiary level. The subsidiary that goes beyond adoption and into the realm of adaptation, high level of organisational sensemaking and sensegiving were happening at the same time. For these subsidiaries, sensemaking and sensegiving was active even at the subsidiary-to-subsidary manager level. At the subsidiary-to-subsidary manager level, a plot by a certain group of subsidiaries was unveiled to counter the centre's influence.

In the space for practitioners, centre managers should consider stronger and deeper sensegiving throughout the development initiatives stage. Any confusion, distraction or uncertainty needs to be addressed swiftly and firmly by the centre managers. This study suggests that the centre-led initiatives' outcome mostly depends on the centre managers' role and guidance throughout the initiatives' critical development stage. Finally, this multiple embedded case study performed at a mobile network operator MNE suggests that early subsidiary's involvement is the key in ensuring a strong buy-in throughout the development stage of the change initiative.

**Keywords:** change, subsidiary, sensemaking, manager, initiative

# A SENSEMAKING STUDY OF CENTRE-LED CHANGE INITIATIVES: THE CASE OF A MALAYSIAN BASED MNE

## ABSTRAK

Proses atau tingkah-laku dinamik politik mikro inisiatif perubahan pimpinan pusat adalah merupakan bidang-bidang penyelidikan yang terhad; terlalu sedikit yang diketahui tentang pelakon utama berinteraksi dalam fenomena ini. Kajian ini meneroka pelbagai pola interaksi yang diperbuat oleh sebuah syarikat multinasional dimana pengurus-pengurus dipusat dan anak syarikat terlibat dalam pimpinan pusat perubahan inisiatif dan bagaimana ia mempengaruhi pembangunan dan hasil daripada inisiatif tersebut.

Kajian ini adalah berdasarkan sebuah syarikat multinasional (MNE) beribu pejabat di Kuala Lumpur, Malaysia dengan beberapa anak syarikat di Asia. MNE ini adalah sebuah syarikat pengendali rangkaian mudah alih (MNO) beroperasi di bawah satu jenama. Beberapa tahun yang lepas, syarikat multinasional ini telah melalui beberapa siri inisiatif perubahan. Ada inisiatif perubahan yang menghasilkan keputusan positif dan ada yang sebaliknya. Pengurus yang terlibat dalam siri perubahan inisiatif ini merupakan asas bagi kajian ini dan juga sebagai asas unit analisis untuk pengkajian ini. Tiga perubahan inisiatif telah dikenal pasti semasa kajian rintis dan seterusnya digunakan bagi kajian dasar terhadap empat anak-anak syarikat multinasional tersebut.

Kajian ini menyumbang kepada kesusasteraan perubahan *sensemaking* dengan menunjukkan akaun terperinci bagaimana menjelaskan interaksi antara pusat dan pengurus-pengurus anak syarikat menentukan hasil inisiatif perubahan. Tiga bentuk *sensemaking/sensegiving* yang terdiri dari kegigihan berkomunikasi, penerimaan pakai perubahan dan penyelesaian konflik. Pertama, kegigihan berkomunikasi adalah mengenai situasi kadar *sensemaking* dan *sensegiving* watak-watak utama mainkan. Kedua, penerimaan pakai perubahan adalah kadar penerimaan sesuatu inisiatif perubahan yang

terdiri dari penerima yang minimum kepada penerima yang aktif (Kostova & Roth, 2002). Akhir sekali, penyelesaian adalah kadar yang diambil sesuatu pihak untuk menyelesaikan sesuatu konflik.

Anak-anak syarikat yang menerima pakai inisiatif pusat secara menyeluruh memaparkan tahap *sensemaking* yang sengit dikalangan pengurus-pengurus di kedua-dua peringkat pusat-anak syarikat dan di peringkat dalaman anak syarikat. Anak-anak syarikat yang pergi di luar jangkaun alam adaptasi (*adaptation*), tahap *sensemaking* organisasi dan *sensegiving* mereka berlaku pada masa serentak. Bagi anak-anak syarikat ini, kadar *sensemaking* dan *sensegiving* adalah aktif walaupun pada tahap pengurus dan pengurus anak syarikat. Pada tahap pengurus dan pengurus anak syarikat ini juga, suatu plot bagi mempengaruhi kuasa ibupejabat telah dibongkarkan.

Dalam ruang lingkup pengamal, pengurus ibupejabat hendaklah pertimbangkan kekuatan serta kedalaman *sensegiving* bila berhadapan dengan setiap perjalanan sesuatu inisiatif perubahan. Apa-apa keraguan, gangguan atau ketidakpastian hendaklah ditangani secara pantas serta tegas oleh pengurus ibupejabat. Kajian ini mengesyorkan supaya inisiatif perubahan hendaklah disokong serta dipandu oleh pengurus ibupejabat pada setiap perjalanan pembangunannya. Akhir sekali, kajian ini mencadang iaitu penglibatan awal anak syarikat adalah sangat penting bagi memastikan kekuatan keterlibatan dan sokongan pihak-pihak tersebut disepanjang perjalanan pembangunan inisiatif perubahan tersebut.

**Katakunci:** perubahan, anak syarikat, *sensemaking*, pengurus, inisiatif

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## LIST OF SYMBOLS AND ABBREVIATIONS

MNE	:	Multi-national enterprise
HQ	:	Headquarter
IB	:	International Business
CEMS	:	Central Electronic Management System
SOM	:	Standard Operating Manual
CMF	:	Competency Model Framework
LR	:	Line Resource
BAU	:	Business-As-Usual
RM	:	Regional Meeting
VPN	:	Virtual Private Network
KPI	:	Key Performance Index
DM	:	Divisional Meeting
PIR	:	Post Implementation Review
RAM	:	Risk Assessment Matrix
QAR	:	Quality Assurance Review
TNA	:	Training Need Analysis
MC	:	Management Committee

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## CHAPTER 1: INTRODUCTION

### 1.1 Introduction

An multinational enterprise (MNE) is basically an enterprise that operate more than one national market. An MNE typically has a headquarter in its national country with multiple international operations abroad. There have been many global trends that have affected how MNEs operate, such are tariff reduction, technology rationalization, shrinking trade barriers e.g. regional trading blocs (such as BRICS and TPPA) and shrinking local market differentiation. As a result of the challenges around the environment they operate, MNEs have been driven by elements such as technology, cost, market, regulatory pressures and local politics to remain competitive. We know that several outcomes of globalization include the disappearing of trade and investment barriers, material culture among consumers, shrinking perceived distance and merging national economies into the interdependent global economic system. These phenomena described above have profoundly affected the MNE that we previously understood and transform it from the rudimentary organization as described by Porter (1986) to a more sophisticated organization they are today.

The changing environment, internal and external forces converge on MNE, affects MNE of all industries. For example, British American Tobacco (BAT) once thrived in the North American and European markets for many years since the 1900s. The ever-increasing tax (year-on-year) and stricter regulatory laws on the tobacco industry in the UK and in many parts of the world for that matter had forced BAT at its onset to increase its cigarette production capacity to offset the increasing cost. BAT for example, was forced to expand its market to almost all corners of the world such as in India, Bangladesh and Malaysia in order to capitalize on the economies of scale (Feisal, 2004). Many BAT subsidiaries at that time, called regional offices, were established in South East Asia, South Indian Continent, the Middle East and others. These foreign offices not only served

as the marketing arm of the centre, but were also involved in cigarette manufacturing operation to cater for the local preference.

This massive expansion (market growth) coupled with strong strategic initiatives moving into third world countries presented BAT with huge untapped market and resulted in one of BAT's most profitable period as a Group in the 70's. Eventually BAT's international market growth, expansion almost ground to a halt due to the ever increasing worldwide pressure and awareness of tobacco related diseases and consequently of the multi-million dollar lawsuit that followed. At this juncture BAT was again forced to implement different strategic initiatives to manage the ever-increasing tax and cost related to the industry. BAT had then focused on 'operational excellence' by specializing market segments in different subsidiary countries where premium cigarette brand such as 'Dunhill' was produced significantly in higher volume in countries such as the UAE as compared to Bangladesh due to its affluent consumer. This strategy leverages between standardizing while at the same time localizing to the local preference.

Further down the road, BAT's global IT Division had then been consolidated in Malaysia where it oversaw everything e.g. The purchase of a PC monitor for an employee in Sri Lanka. This concept of a centralized purchasing centre where the centre source for the best unit price from the supplier through bulk order will save cost to BAT at the end of the day (Frost, Birkinshaw, & Ensign, 2002). The process which BAT had gone through was by no means simple steps as described above. It involved organisational culture change, technology change and several other transformations (Georgalis, Samaratunge, Kimberley, & Lu, 2015). BAT's case in point is one of the many that MNEs everywhere have to encounter in order to remain competitive in the changing landscape of the global economy. Significantly, some of these issues and dynamics within the international business field has become an emerging field for scholars to investigate ever since the last few decades.

Bartlett and Ghoshal's (2002) argue that the organisational form of MNE is determined by competitive environments they operate in. Others have performed similar work on the MNE, Hedlund (1986) and Nohria and Ghoshal (1997) for example have contributed in this area which will be covered in greater detail in the literature review. Basically, MNE is a firm that consists of a centre that operate multiple subsidiaries in different geographical areas. A large amount of MNE studies in the sixties and seventies frame the headquarter as the focus of exploration, as many researchers sees it as the source for strategic decision makings. What this entails is that the centre dominated organization was the classical theme during that period. In the eighties, a groundbreaking research conducted by Bartlett and Ghoshal (2002, p. 3: 3) identified a new MNE form, called the "transnational company" (TNC). This resulted in a paradigm shift in how researchers explore the MNE. Others termed this as the "heterarchy" (1986) or the "differentiated network" (1997) or 'metanational' (Doz & Loewe, 2003), 'diversified MNE' (Doz & Prahalad, 1991) and 'global matrix' (Doz & Prahalad, 1980) in understanding this new dimension of the MNE. Among its core difference from the previous centre (hierarchical model) controlled MNE is the need for maintaining equilibrium among its various subsidiaries and the pursuit for global integration and also national responsiveness. Product localization, host country pressure, foreign national business system and centre's preference for global strategy are among the challenges faced by the so called transnational organization.

Due to this new development of the TNC, with its different units, linkages and relationships, it is apparent that researchers need to further understand on the role of the subsidiary than before. What many of the subsidiary management stream have come to arrive is that the MNE subsidiary entity now possesses, within the environmental internally or externally, the option on whether to follow or not the centre's instruction (Meyer, Mudambi, & Narula, 2010; Mudambi & Navarra, 2004; Mudambi, Pedersen, &

Andersson, 2014). Within the IB literature itself, the research on MNE subsidiary can further be spread from HQ-subsidary relationship to subsidiary role and finally subsidiary evolution as described by Birkinshaw (2000). However, to have a deeper understanding on the HQ-subsidary and subsidiary-subsidary dynamic relationship, exploring and understanding the factors involved are needed. The aspect in focus for this study is the managers. A considerable amount of research has been published on subsidiary managers (Fainshmidt, Nair, & Mallon, 2017; Giuliani, 2016; Higgins, Stubbs, & Love, 2014). These studies primarily focus on either top or middle level managers.

## **1.2 Theoretical Background**

A large amount of research have attempted to explore the parent-subsidary relationship, however few studies have delved into the impact of power and politics or even conflicts in MNEs. Dorrenbacher and Geppert (2009) and Balogun, Jarzabkowski, and Vaara (2011) are perhaps the very few that have explored this area. These few authors have approach this area from within the organization, performing in-depth interview with the actors or managers. Dorrenbacher and Geppert (2009) for example, explored the roles of key actor such as top managers in negotiations through direct interviews. Geppert (2003) states that manager as actors plays active roles in shaping the MNE environment, he views sensemaking as a micro process within MNEs

Distinctive capabilities build upon local knowledge could prove to be a challenge for MNEs in maintaining strategic control over their subsidiaries over time (Doz & Prahalad, 1981). Personal career ambition of key local managers can further interfere with an initiative from the parent via micro-political perspective when self-interest intertwines with the organization's objectives (Dorrenbacher & Geppert, 2009). In this micro-political study, key local managers' previous experience and career choice were shown to have an influence in the strategic decision made during negotiation with HQ. Although many of Geppert and colleagues' (2003) contribution to this research stream is notable,

most of their research has concentrated on the European and North American contexts while neglecting the Asian continent. Additionally, it is noted that most of Geppert's work covered a mixture of both similar host and home country parent MNE or different host country subsidiaries, but none were conducted beyond the geographic continent of Europe (Geppert, 2002).

The past thirty years, there has been an increasing interest in subsidiary research. Four distinct research streams can be seen: "centre-subsidary relationship", "subsidiary role", "subsidiary evolution" and "subsidiary managers". This study is drawn to the third and fourth streams, subsidiary evolution and subsidiary managers. Subsidiary evolution is an extension to the subsidiary role, it concerned about how the subsidiary's role evolve overtime. This stream in general acknowledges that subsidiary evolution can be motivated from internally and externally. However, Birkinshaw (2000) explains that in reality, subsidiary role evolution is a factor or a combination of the internal and external elements. Subsidiary role evolution, when viewed at a micro level, is a result of internal and external factors. Such factors include subsidiary mandate, subsidiary capability and subsidiary managers response to change (Birkinshaw & Hood, 1998b; Birkinshaw, Hood, & Young, 2005; Birkinshaw & Pedersen, 2009). Scholars such as Balogun, Bartunek, and Do (2015) and Clark and Geppert (2011) have explored some areas within the fourth stream, subsidiary managers; examining the managers' actions and roles involved in the political dynamics from inside the firm. However, far too little has been paid to understand how managers contribute strategically such as in strategic change initiatives and how their actions influence its outcome (Dorrenbacher & Geppert, 2006). This area is indeed under research, especially those that explore this phenomenon from inside the firm.

Central to the entire literature on subsidiary managers is the concept of autonomy (Birkinshaw 1995, 1997, 2000). We have established earlier that subsidiary role evolution



is not limited to the elements driven internally and externally, but this includes what the subsidiary managers decide to do. We know that the classical assumption that the centre hierarchical control over the subsidiary is no longer relevant. This poses serious consequences for the centre when implementing centre-led strategic change initiatives. What this suggests is that subsidiary managers now may not necessarily implement strategic plan as instructed by the centre.

In recent years, there has been an increasing interest in subsidiary managers. Researchers explored this area via several theoretical perspectives such as institutional theory (Kostova & Roth, 2002), discourse analysis (Buchanan & Dawson, 2007) and sensemaking (Balogun, Bartunek, et al., 2015). While each has its merit, however, sensemaking theory seems to have come up to the forefront for researchers to explore subsidiary managers (Balogun, Bartunek, et al., 2015; Combe & Carrington, 2015; Hong, Snell, & Mak, 2016).

Studies of organisational sensemaking in general tend to follow one of two of these broad streams: (1) research on sensemaking and crisis (e.g., see Christianson, Farkas, Sutcliffe, & Weick, 2009; Gephart, 1993; Weick, 1988, 1993); and (2) research on sensemaking and change (Balogun & Johnson, 2004, 2005). Although we acknowledge the significance of the sensemaking and crisis stream, it is not considered as the main relevant factor here considering that this research is more about change. Hence it would be prudent to focus on the stream which deals with “sensemaking and change”.

In the general literature, there exists a steady growth of research in microprocesses that underlie organisational change (Rouleau & Balogun, 2011), hence, the obvious focus on the sensemaking activities is on the actors involved in strategic change processes. These individuals have a profound influence on how others adapt the meaning of change and how they react to change; eventually this then affects how the overall organization

adapts to those changes. One critical factor that needs to be considered is whose sensemaking activity is examined. In organisational change, the various organisational members such as the top management, middle managers (e.g. Balogun & Johnson, 2004) and other stakeholders (e.g. Maitlis, 2005), all play an important role in shaping the meaning of change. Taken together, what can be observed is that many of the works discussed above (Dorrenbacher & Geppert, 2006; Geppert, 2003; Rouleau & Balogun, 2011) were explored from within the subject. These researches apply a theoretical lens related to the qualitative study such as sensemaking.

This study endeavors to understand the complex relationship between the HQ and its subsidiaries. In specific, this study looks at managers or actors involve in centre-led change initiative. These managers involve at different stages of that change are treated as the primary unit of analysis. In order that the different patterns of interaction can be understood, the author will need to explore about the different worldviews express by the managers about change. It is imperative that the author examine and understand how manager sees things, how they interpret them and evaluate things with regards to the change over time. This specific form of exploration over the subject such as the manager forms a critical factor in exploring change phenomenon, this then leads to the sensemaking theory (theoretical lense) as the analytical tool for this study.

### **1.3 Background of the Study**

In 2008, a state-owned enterprise (SOE) telecommunication company in Malaysia had undergone a demerger exercise. The SOE demerged its fixed (FixedCo) and mobile/cellular operations (CenCo) into two separate entities. The demerger was aimed at creating shareholder value through accelerated operational improvement and growth. Each company would have the freedom to pursue clearly distinct aspirations and strategies. The demerger is expected to create value in both the short and long term and is sound from a capital markets perspective. It was envisaged that the demerger exercise

would require minimal organizational changes, and current fixed / cellular collaboration can continue among the two entities.

FixedCo (FC) is envisioned to continue rejuvenating the domestic fixed operations into a broadband and customer driven company with stable earnings and growth potential. The key components of FC post the demerger exercise includes: (i) broadband (including High Speed Broadband), triple play and ICT transition, (ii) customer intimacy and multi-channel sales approach, (iii) operational excellence in cost, service and quality, and (iv) capital management, e.g. non-core disposals and attractive dividend policy. FC's portfolio as broadband champion is limited to within Malaysia with a small non-core international operation in Singapore, UK, USA and Hong Kong. These regional offices (RO) act as clearing house for data and voice services for FC abroad.

CenCo on the other hand is envisioned a leading regional mobile champion with an enlarged footprint in fast-growing markets, capturing performance improvements and synergies. The components of CenCo post the demerger exercise are: (i) organic growth and performance improvements within individual OpCos, (ii) best practice sharing and focused synergy capture, (iii) active performance management by lean corporate center, and (iv) acquisitions and partnerships. At demerger time, CenCo operates 8 subsidiaries namely in Malaysia, Indonesia, Iran, Singapore, India, Cambodia, Bangladesh and Sri Lanka. Each of CenCo's international offices hold different statuses e.g. Associate company, full subsidiary or subsidiary with different shareholding rights.

While FixedCo is poised to continue as the domestic broadband champion in Malaysia and CenCo to grow and become a regional cellular champion in Asia. This study's objective is to understand some of the nuances related to the dynamic relationship between MNE parent and its subsidiaries, exploring deep within a real-life case study is needed. Although both of the demerge entities FixedCo and CenCo present a real-life case study for the intended exploration. It is CenCo with its different sets of HQ-

subsidiary relationship that offer a better case setting for this study. However, FixedCo with its regional offices in the UK, USA, Hong Kong and Singapore will be the ground for a pilot study. The pilot study is aimed for the researcher to learn and understand the industry better before immersing into a real case study identified in this research without the risk contaminating the actual case settings at CenCo.

The primary aim of this study is to explore how strategic change initiatives driven by the centre are implemented. This study attempts to examine this in a Malaysia based MNE across its subsidiaries in Asia from an actor-centered approach. CenCo, one of the largest telecom operators in Asean and South Asia with approximately 350 million customers is identified for this study. CenCo is an MNE headquartered in Kuala Lumpur, Malaysia with several subsidiaries in different parts of Asia, namely Malaysia, Sri Lanka, Bangladesh, Indonesia, India, Singapore and Cambodia. Drawing from a real case study of an Asian based mobile network operator, the implementation of strategic change initiatives driven by the centre will be explored. This study examines on the critical roles managers play and how that influence the development of strategic change initiatives.

#### **1.4 Problem Statement**

Studies have shown that subsidiaries are no longer considered the submissive entity within the MNE organization (Boussebaa & Morgan, 2008; Mudambi & Navarra, 2004). They have within the realm of option for them to decide whether to behave convergently or divergently towards the MNE centre. They possess within the realm of option to exercise the power of resource, power of processes and power of meaning (Hardy, 1996). The option that subsidiary choose may not necessarily conform to the entity's interest, sometimes personal ambition (Dorrenbacher & Geppert, 2009) of subsidiary managers can coalesce with such decision. Other studies suggest that managers are becoming more of an integral strategic decision implementer in organizational change (Balogun, Bartunek, et al., 2015; Balogun, Gleadle, Hailey, & Willmott, 2005; Rouleau

& Balogun, 2011). Burnes (2011) for example highlights that in the change literature, little is known on why change fails. He suggests that more studies should explore this, for organization to be better equipped on what they can do to improve the success rate of change. This study attempts to address some of this yet to be understood area of change initiatives in an Asian based MNE setting.

### **1.5 Significance of the study**

Although there are already substantial studies on subsidiary management research have been performed previously (Dorrenbacher & Geppert, 2009; Geppert, 2005; Geppert, Williams, et al., 2003). Geppert and colleagues argued that managerial practices are not a straightforward imposition of a global or MNE organization rationalities but more of an interactive process with the influence of contextual rationalities (Geppert, Matten, & Williams, 2003). This research emphasizes the important aspect of understanding the irrational decisions made by managers compared to rational ones. The authors then conducted further studies to confirm the significance of linking the idea of subsidiary choice to a particular national business system (NBS). The authors investigated the different abilities of subsidiary managers within the local organizational context to shape the global restructuring process driven from the HQ. The authors suggest that the national business system has significant influence towards both the parent and subsidiary operation in an MNE respectively (Geppert & Williams, 2006). Both studies by the authors suggest that NBS can shape and influence subsidiary managers in forming their decision which will then decide the choices made by the subsidiary. A strong NBS in a subsidiary would suggest in providing the relative power base for local managers to exercise their interest when dealing with the parent or any external parties to the subsidiary.

Many of these previous study settings were in the European and North American settings, far too little have paid any attention to the Asia or Asia Pacific region. Much of the business and management research are dominated by Western assumptions without adequate regard for the influence of local or regional settings such as the 'Asian values' (Rowley, 2017). Multinationals operating in the Asian region have to continually contend to adopting a global mindset while at the same time not ignoring being there as 'locals' (Asma, 1996). It is becoming increasingly difficult to ignore to understand how firms' organisational learning develops in a multicultural environment such as in the Asian region. The purpose of this paper is to understand how a Malaysian multinational company implements strategic change initiatives at several of its subsidiaries across Asia.

#### **1.5.1 Strategy-as-Practice (SaP)**

Another area that has developed significant momentum from scholars is Strategy as Practice (SaP). Ever since the seminal paper by Johnson, Melin, and Whittington (2003), SaP has garnered strong interest in various area such as active theory (Jarzabkowski, 2004), structuration theory (Jarzabkowski & Whittington, 2008) and sensemaking perspective (Balogun & Johnson, 2004, 2005). Whittington (2006) later outlines SaP into three parts namely 'practitioners' (those who perform or do the actual strategy), 'praxis' (situated doing of strategy) and 'practices' (types of behaviour derive from the doing of strategy). Although SaP thrives as one of the forefront approach to studying strategic management, it has not gone without critiques. Clegg et al (2004) for example have argued for a more theoretical advancement and critical research on fundamental aspects of identity and power. One central theme in SaP is 'sensemaking in strategizing' (Golsorkhi, Rouleau, Seidl, & Vaara, 2010), this study hopes to contribute in extending the knowledge of sensemaking in change from an Asian perspective. This study intends to fill several gaps as described in the following:

1. Very few empirical studies examine the centre-subsidary dynamic relationship from within the organization.
2. No research has been done to investigate the implementation of change initiatives from different nationalities in Asia.
3. Very little research focused on empirical research on the development of change initiatives.
4. No research has been done in an Asian setting of a high-velocity industry MNE.
5. No research has been done for organisational sensemaking for multiple layers of actors.
6. No research has been done to explore the factors that influence the development of strategic change initiative outcome from a sensemaking lense.

## **1.6 Research Questions and Objectives**

The aim of this study is to understand ‘how’ and ‘why’ actors or managers do things the way they do organizational change. In doing so, managers (as the primary unit analysis) involved in centre-led change initiatives will be examined through an explorative study. What is key to this is the interaction enacted by the managers, different or opposing patterns of interaction need to be analyzed. This will be approached through the examination of three distinctive change initiatives at different implementation stages. The multiple embedded case study approach as described by Yin (2003) where a series of case study within a larger case study will examine. The three change initiatives exploration will be replicated across four subsidiaries to form the larger case study. This study also intends to explore the managers’ interaction throughout the development stage of each change initiative. This will provide an insight to see how it influences the development of strategic change initiatives. This then leads to the research questions:

- 1) What are the different patterns of interaction enacted by managers (centre and subsidiary) involved in strategic change initiatives?
- 2) How do these patterns influence the strategic change initiatives' development?
- 3) What are the implications of these patterns towards the strategic change initiatives' outcome?

## **1.7 Contributions of this Research**

The contributions of this study are discussed in detail in section 5.3 of chapter 5. However, the primary contributions of this study are summarized as follows:

### **1.7.1 Knowledge**

The primary objective this study is to build upon existing change literature, understanding the managers' (centre and subsidiary) role they play in change and how it contributes to change outcome. This study aims to extend and develop further understanding into the micro political activities that are played out in the implementation of strategic change. Empirical data gathered from mainly in-depth interviews forms the core of this study's collection method. This will help us to better understand how managers contribute positive or negatively to strategic change initiatives. This actor-centered qualitative study involves the author to collect data, such as from: (1) direct in-depth interviews with key managers (digitally recorded); (2) field notes, in the form exploratory notes (interview settings etc.); and (3) secondary sources (presentation slides, board papers etc.

The direct in-depth interview method approach from within the organization is not employed enough in an Asian based MNE setting with different nationalities due to predominantly the issue of access. The issue of access to firms perhaps is one factor contributing the lack of research of such nature. The application of this technique in this study may provide some guidelines for its use in this study context.



### **1.7.2 Managerial and Practitioner Perspectives**

This study will offer some useful and practical guidelines for MNE centre managers on how to deliver change initiatives in fast-moving environments (Anand & Barsoux, 2017). In addition, project managers assigned to deliver centre-led change initiatives may be able to better appreciate and understand cues or frames from the actors involved. This will allow them to employ different strategies and tactics to suit the situation. It is well documented that the interest in transnational companies is on the rise, how they operate, what triggers their actions are among those that are yet to be well understood (Bartlett & Ghoshal, 2002). This study will perhaps provide more insights on how actors involved in this fast-moving environment, do certain things the way they do.

### **1.8 Chapter Summary**

This introductory chapter has briefly discussed the underlying phenomena related to this study, which revolves around the evolution of MNE subsidiary, its changes roles and mandate, within the MNE entity itself. The discussion then touches the theoretical aspect of this study in an attempt to understand ‘how’ and ‘why’ managers act the way do in change. This is explored through the different patterns of interaction they enact in change. Next the background of the study, which is based in Asia is described, followed by the problem statement and significant in the study. This then leads to the three research questions and its related objectives. The remaining of the introduction chapter covers briefly the contributions of the research both from the perspective of knowledge and practitioner.

The thesis is organized in five chapters, starting with the introduction chapter, second the chapter on literature review. Next, methodology and research design, afterwards the chapter on data analysis, followed by a chapter on discussion of the research results, the conclusion, the recommendations, and suggested future research.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Introduction**

The purpose of this section is to present the MNE research from the broader IB literature domain. This section begins by delineating the four MNE structure context, namely the “multinational”, “international”, “global” and “transnational”. The transnational structure which forms the focus of this study will be discussed in relation to the telecoms industry as this study’s approach is based on a case study related to that. Next, based on several authors work (see, e.g., Birkinshaw & Hood, 1998a; Dorrenbacher & Geppert, 2006; Taplin, 2006), three subsidiary management research streams will be presented, in addition to a proposed fourth stream (subsidiary managers) that will identify where the current debate lies. Finally, several theoretical perspectives will be discussed leading to the sensemaking lense as the choice for this study.

### **2.2 Historical context of the MNE structures**

Basically, an MNE is an enterprise that operates in more than one country. History dated back as far as the eighteen centuries that the first few MNEs like Singer, the sewing machine firm based in the US and Siemens, the electrical company based in Germany, open up their plants overseas (Jones, 2005: 144). Early MNEs were notably drawn to explore overseas operation due to the abundance of natural resources and food supplies all over the world. Natural resource such as rubber was in abundance in Brazil while tin was available in Malaya. However, Siemens and Singer are examples of firms that were attracted to the overseas market in relations to exploitation of natural resources or food supplies that was in abundance in the major parts of the world.

Jones (2005) describes globalization in several waves: “the first global economy (1880-1929)”, “the disintegration (1930-80)”, “the beginning of a new global economy (1950-79)” and “the new global economy (1979-present)”. For each of these globalization waves, there were many historical events that influenced the way MNEs operated. MNEs

were forced to react to survive, remain relevant and competitive while ensuring market growth. For example, MNEs such as Philips and Matsushita adapted their organisation to the changing environment and came out stronger in the new global economy. Whereas others such as Zenith and Kodak failed to adapt, and hence they became globalization casualties that has inevitably came sweeping MNEs in a series of powerful forces (e.g. globalization). Thus, it is imperative that for MNEs to survive and remain relevant, they cannot avoid from having to actively scan the environment and adapt accordingly. One critical aspect is the MNE organisational form or structure, it has serious repercussion on how an MNE can respond to changing forces in time.

Earlier in the introduction, the author briefly described the four historical MNE forms as outline by Jones (2005). The four forms are “multinational”, “international”, “global” and “transnational”, each of the MNE structure will be described next. Although, for example Bartlett and Ghoshal (2002) define the MNE structures based on three key dimensions namely “global integration”, “national responsiveness” and “worldwide innovation”, all three dimensions may not be apparent when discussing each.

The first form of the MNE, the multinational organization as described by Bartlett and Ghoshal (2002), others called it the “multi-domestic” (Hill, 2003), the “confederation” (Lasserre, 2008) and the “international subsidiary” (Johnson & Scholes, 2004). Lasserre (2008) describes the multinational where the MNE is presented with a strong pressure for national responsiveness coupled with weak pressures for global integration. The multinational structure will be discussed next.

### **2.2.1 Multinational Structure**

The mode of travelling, the infrastructure for transportations of goods and resources and communication were rudimentary in the late eighteen centuries. The arduous cross continental travel across the Pacific and Atlantic via steam ships along the cost of transportation of goods were among the impediments or factors that hindered

MNEs at the time from exploring abroad or focusing into global integration (Bartlett & Ghoshal, 2002). As for those MNEs that expanded abroad searching for new markets, concentrated on local responsiveness by the local and domestic expectation. This included the local population apart from the local government's demands. The period of the thirties saw the increase of strong trading restrictions coupled with exchange controls. This then led to an even stronger need to meet local responsiveness (Bartlett & Ghoshal, 2002), thus the multinational structure became not uncommon to all type of industries at the time.

The integration period (1930-80) saw the Dutch company Philips with a global organisational design based on the predominance of local subsidiaries. This presents a good example of what a multinational company is. The administrative heritage may have had an influence on the contemporary global organizational design of Philips (Lasserre, 2008). All global marketing and product developments marketing was centralized at Philips's HQ. The local subsidiaries were limited to managing their own marketing, technical and operational activities.

Others such as Nohria and Ghoshal (1997) outline that multinational structure is like a "hub-and-spoke model" with distinct linkages between "subsidiaries-to-headquarters" while no linkages between "subsidiary-to-subsidiary" that may be dispersed in many other parts of the world. Lasserre (2008) illustrates for the multinational, each subsidiary controls its "own set of assets and is fully responsible for its marketing, product capitalisation and production operations". Although HQ holds a hierarchical position in the multinational structure, but each subsidiary is an independent entity.

The interwar period (between World War I and II) brought about several events. The majority of Europe were entangled in the world war and international cartels were restricting integration for international trade. What this entails is that more and more

MNEs were encouraged to operate in more national ways. This then led to the introduction of a new structure, the “international”; this will be discussed next.

### **2.2.2 International Structure**

Bartlett and Ghoshal’s (2002) argue that the international structure form was dominated by US based companies. This was the era, a few decades post the World War II, US based companies took the lead in term of the growth of MNEs. The world war II had left many European countries involved and Japan heavily battered. In this period, the countries affected were busy in reconstructing themselves. Whereas the US, whose involvement in the war was limited and indirect, came out without much impact to its economy or even its infrastructure. There was not a single battle that was fought on US soil except for Hawaii. What this had on US based companies was that they were primed to take advantage of the post-war boom period, worldwide. Many US companies were frantically expanding abroad in record numbers. These companies enjoyed relatively lower pressure to be responsive to national differences arising from lesser trade restrictions. As trade restriction were less, this reduced the pressure for autonomous local subsidiaries

Procter and Gamble (P&G), a US based organization at the era of the post-World War II time, is a decent case of an organization that fits into the global structure. P&G, an overwhelming organization in the US, understood the capability of foreign markets to guarantee further development and benefits of the firm (Bartlett & Ghoshal, 2002). Decrease of tariffs during the sixties and the opening of more markets gave further impetuses to P&G's subsidiaries to extend abroad through what the authors called "national replicas".

The international form may look like the multinational with regards to its moderately focus on HQ-dependent viewpoint. However, its configuration contrasts significantly in the requirement for local responsiveness. In this international structure,

numerous benefits, assets, resources and responsibilities were decentralized yet the MNE focus held control of the subsidiaries through numerous formal administration and control frameworks. This is achieved through the centre constantly endeavoring to keep up more tighter focus and subsidiary linkage (Bartlett & Ghoshal, 2002).

Pushing ahead to the seventies, new powers, for example, the progression of a few advances and changes in international trade exchange again changed the global business condition that influenced how MNEs worked around the world. These progressions brought about another MNE structure called the "global company". Many Japanese organisations fitted in this concept, this will be discussed next.

### **2.2.3 Global Structure**

In its least complex frame, the global structure can be portrayed as a MNE that is heavily organized from the centre. Bartlett and Ghoshal (2002) portray this model as a "centralized hub" which suits the administrative standards and procedures of many Japanese organizations that are subject to group-oriented behaviour. The global structure portrayed by Bartlett and Ghoshal (2002: 58) as almost in contrast to the multinational "where assets, resources and responsibilities are centralised while the overseas subsidiaries are used to reach foreign markets in order to build global scale". Taken together, the global model introduces an exceptionally centre-focus overwhelming dependence on the centre for resources and directions.

The diverse powers that cleared over the globe couple of decades after World War II brought forth this type of the global company where the essential goal was to exploit worldwide scale economies. The electronics era during the sixties and seventies was portrayed by complex global business strategies including both close collaboration and intense competition that justified the foundation of "worldwide production facilities" (Jones, 2005). One such company that fits into this global structure is the Japanese home electronics manufacturer, Matsushita. The increase in protectionism in the seventies

forced Japanese MNEs such as Matsushita in building assembly operations worldwide (Jones, 2005). The so called local assemblies in which is refer to “knock down operations” or “screw driver kit operations”, in reality they are in fact “highly efficient plants outside Japan” (Bartlett & Ghoshal, 2002).

There were other worldwide improvements during the seventies that prepared for Matsushita to prosper even further. Super cargo fleets and containerization driving through new, quicker dispatching lines significantly lessened transportation cost of products everywhere throughout the world. The high volume of universal travel and communication during the seventies had an enduring impact towards dissolving the consumer taste; with minor adjustments, numerous items could address the issue of explicit local taste. These scenarios introduced Matsushita, which specializes on mass scale and efficient production, with the chance to thrive amid that time by diminishing their costs.

The “global hub” (Johnson & Scholes, 2004), the prime of Matsushita’s international strategy in the home electronics mass production business, lasted until the early eighties. What came next was that MNEs were now facing an even stronger mixed demand for both global integration and local responsiveness. Nohria and Ghoshal (1997) refer this to the “transnational environment”, Bartlett and Ghoshal (2002) refer this as the era of the “transnational corporations”. This will be discussed next.

#### **2.2.4 Transnational Structure**

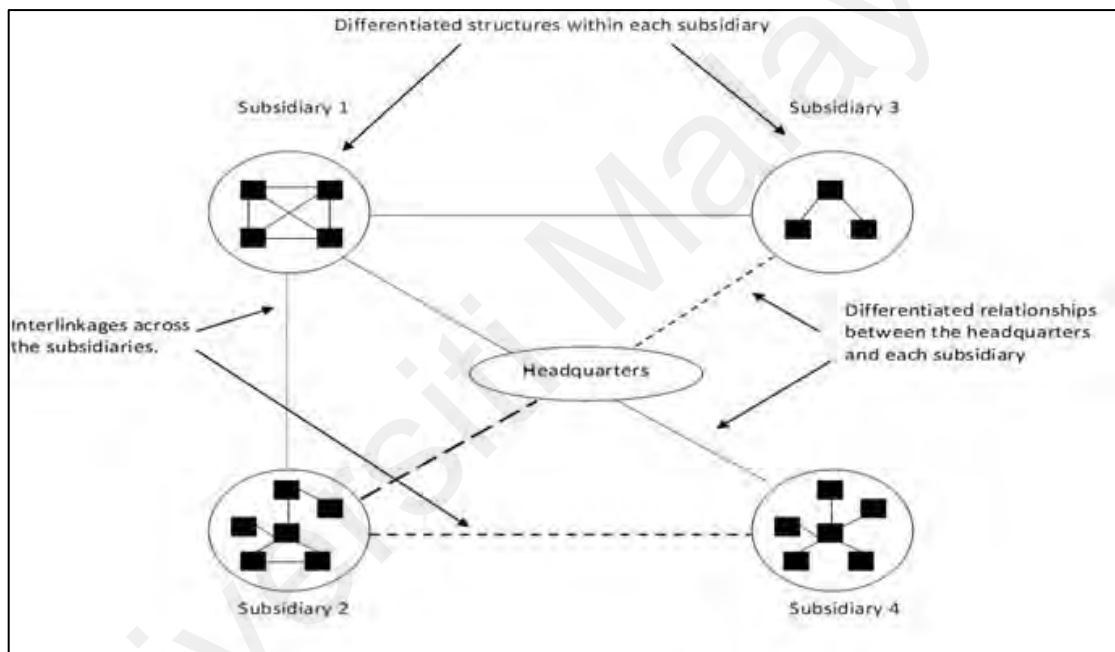
The last MNE form in this section of the thesis is the transnational company (TNC) (Bartlett & Ghoshal, 2002). It has also been described by scholars using different terms such as the “heterarchy<sup>1</sup>” (Hedlund, 1986), the “multi-focal” (Prahalad & Doz,

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<sup>1</sup> Heterarchy implies different kinds of centres in an MNE consisting of different set of organisational principles, p. 21.

1987), the “diversified multinational” (Doz & Prahalad, 1991) and “differentiated network” (Nohria & Ghoshal, 1997).

In one form or another, they all refer to the same as for the transnational structure. It is an attempt to describe MNEs in response to the new dynamic “transnational environment” which the authors describe as one where the MNE “simultaneously face strong demands for both global integration and local responsiveness” (1997: 177). The following figure 2.1 below helps to best describe the transnational structure via a network diagram adapted from Nohria and Ghoshal (1997).



Source: (Nohria & Ghoshal, 1997)

**Figure 2.1: Differentiated Network**

In figure 2.1 over, a MNE central station has a few working units in four nations to be specific: subsidiary 1, subsidiary 2, subsidiary 3 and subsidiary 4. The strong lines that connect the HQ to subsidiary 1 and 4 propose that the HQ has a controlling interest with huge key stakes in those subsidiaries. While subsidiary 2 and 3 are indicated by specked lines, recommending that they are all the more firmly controlled by the HQ. The units in subsidiary 1 and 4 appreciate to a greater degree an association with the HQ and they work more like an undeniable multidivisional association. The thickness of



subsidiary 2 and 4 proposes that every one of them work more as a fully functioning subsidiary with its own HR, IT and finance units. The units in subsidiary 1 and 3 may have a couple of hundred workers while the other subsidiary 2 and 4 may have representatives running from several thousands, mirroring the intricacy of the organisation. Subsidiary 1 and 4 appreciate a relationship likened to an organisation with the HQ are normally more asset richer than others and are generally self-governed and are additionally assigned to various jobs and orders. Other particular highlights of the separated system are the linkages between subsidiary-to-subsubsidiary that permits the stream of data and information. In spite of the fact of the centre-control hierarchy is unmistakable in figure 2.1, the centre and subsidiaries co-exist together with critical subsidiary self-autonomy where the centre control practices over a subsidiary will vary from one subsidiary to another.

Bartlett and Ghoshal (2002) reason in their book “Managing Across Borders that Asea Brown Boveri” (ABB) is a company that have the characteristics most likely as the transnational form.

ABB, framed in 1988 is a power equipment organization which began in an extremely antagonistic business condition described by falling interest and intense competition. The then CEO started a progression of turnaround endeavors to guarantee ABB's survival which request: “(1) dispersing various assets in different regions to minimise risk; (2) allocating certain regions to specialise in certain products and technologies; and (3) creating an interdependence among units of ABB for knowledge and information sharing”. The ABB precedent, underlies the essential attributes of a transnational organization: “dispersion”, “specialization” and “interdependence”. While Bartlett and Ghoshal (2002) exemplified ABB as an exemplary transnational organization, others appeared to differ with this thought. Kristensen and Zeitlin (2005) contended that ABB's structure taken after a greater amount of a universal or worldwide

frame while, Belanger (1999) depicted ABB as the American adaptation of a global shape. Rugman and Hodgetts (2001) through the international strategy matrix<sup>2</sup> framework underplays ABB as a transnational organization, rather gave distinctive models, for example, Nortel Networks and P&G. While there are numerous different creators that challenge the possibility of ABB as a genuine transnational organization, a few amazing exercises can be gained from how ABB figured out how to pivot the organization that was confronting solid powers in the new worldwide economy. For instance, ABB guaranteed that assets were scattered in a few areas with auxiliaries expecting more prominent key jobs to all the more likely deal with unpredictable political and economic risks. A few particular tasks in various parts of the world made an associated connection between the units of ABB. The core of the issue is that the transnational model, from the viewpoint of ABB, gives an incredible method for seeing how MNEs can and do adjust their associations against power forces in this age of the new global economy.

Jones (2005) depicts the new global economy with various significant occasions to be specific: liberalization of trade, new trade alliances and technological advancement, information and communication. In this new global economy as depicted by the author, customers demand not for specific type but also the lowest possible price. Also, most customers are no longer brand loyal, they are readily willing to opt for substitutes when the opportunity comes.

Philips and Matsushita, for example, have established much earlier in the first global economy and post-world war period respectively. They were forced to adjust their organisational structure to conform with the new global economy (Lasserre, 2008). The

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<sup>2</sup> International management strategy matrix represents a mix of the benefits of economic integration which yield economies of scale and the ability of the MNE as an organization to develop skills in 'national responsiveness', p. 335.

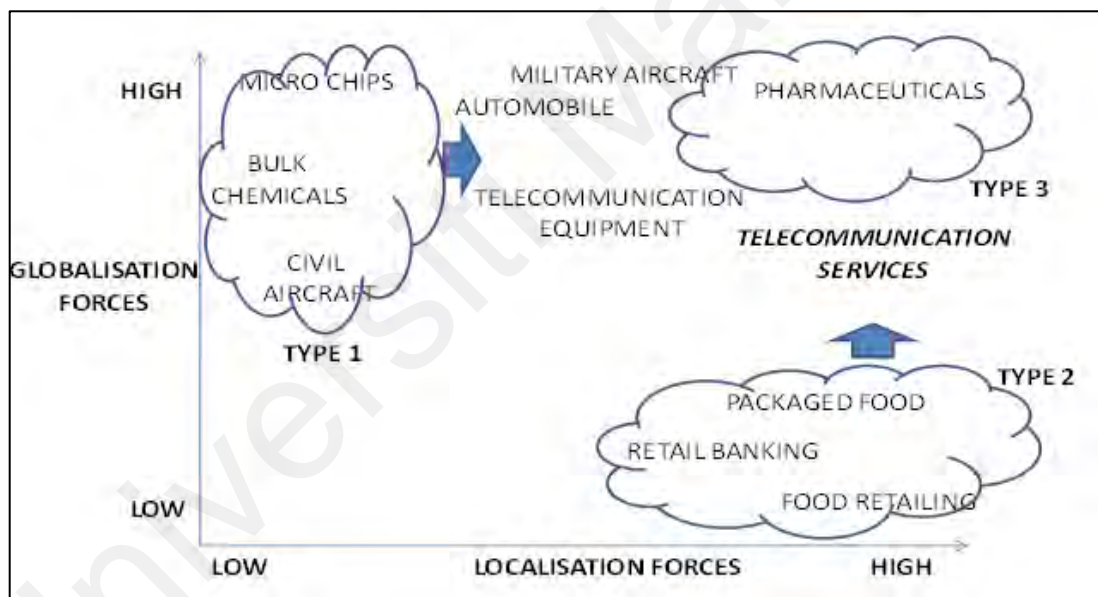
new raging forces sweeping the environment, changing the MNE environment had led both companies to adapt. While at the same they both had to maintain their area of expertise. Lasserre (2008) outlines how each organisation has attempted to become “multi-dimensional” in their own way: “Philips had to remove several of its national organisation chiefs, sometimes called the powerful barons” in order to improve its effort for global integration. Whereas Matsushita on the other hand, “had to make a number of major reorganisations to its local subsidiaries” in order to improve local responsiveness.

The four MNE structures described earlier in the previous section, one after another seems to transcend to the final structure, the TNC. The shift towards this new form of MNE structure is also true for most businesses today. In has established that in the past thirty years, the trend for IB research is to move from the more centralised “hierarchical” MNE study to the more complex “heterarchical” MNE. One such study is by Eisenhardt (1989), the author explores how the environment affects the way MNEs in this industry adapt. She calls this the high-velocity industry, a detailed description of this will be discussed next.

Eisenhardt and Bourgeois (1988) argued that in high-velocity industries, companies are exposed to elements such as tough competition, rapid technology and regulatory requirements changes. Scholars such as Prahalad and Doz (1987), Jarillo and Martínez (1990) and, Nohria and Ghoshal (1997), argued that organisations in such high-velocity industry require a more networked structure for them to operate more efficiently arising from the complexity of changing environment they face. TNC such as those in the mobile network operator (MNO) firms are described as CAPEX intensive, they require scale economies constituting powerful forces for global integration. The ever increasing customers demand arising from different culture and background forces MNO to customize products and services to suit local needs, coupled with strong regulatory requirements of host governments equates to the strong need for local responsiveness.

Bartlett and Ghoshal (2002) point out that due to the competitive nature of such industries, MNEs in this industry tend to disperse “best practices<sup>3</sup>” across their subsidiary units at a very fast pace to remain competitive.

Lasserre (2008) describes how the information and communication industry such as an MNO is situated in the global integration and local responsiveness grid known as “IR Grid” (Prahalad & Doz, 1987). The authors explain how such industry and a vast majority need to tap into “the benefits of global integration and co-ordination and, at the same time, the benefits of flexibility, proximity and quick response time” (2008: 25). The figure 2.2 presents the IR Grid for the various industries.



Source: (Prahalad & Doz, 1987)

**Figure 2.2: Global integration / local responsiveness grid**

In figure 2.2 above, three kinds of competitive situations are presented with a blend of shifting degrees of global and local forces. The three types are further described as follows: “type 1-global forces dominate with little advantage for local adaption”, “type

<sup>3</sup> Best practices refer to the benchmarking through process identification for the highest standard, followed by necessary improvements.

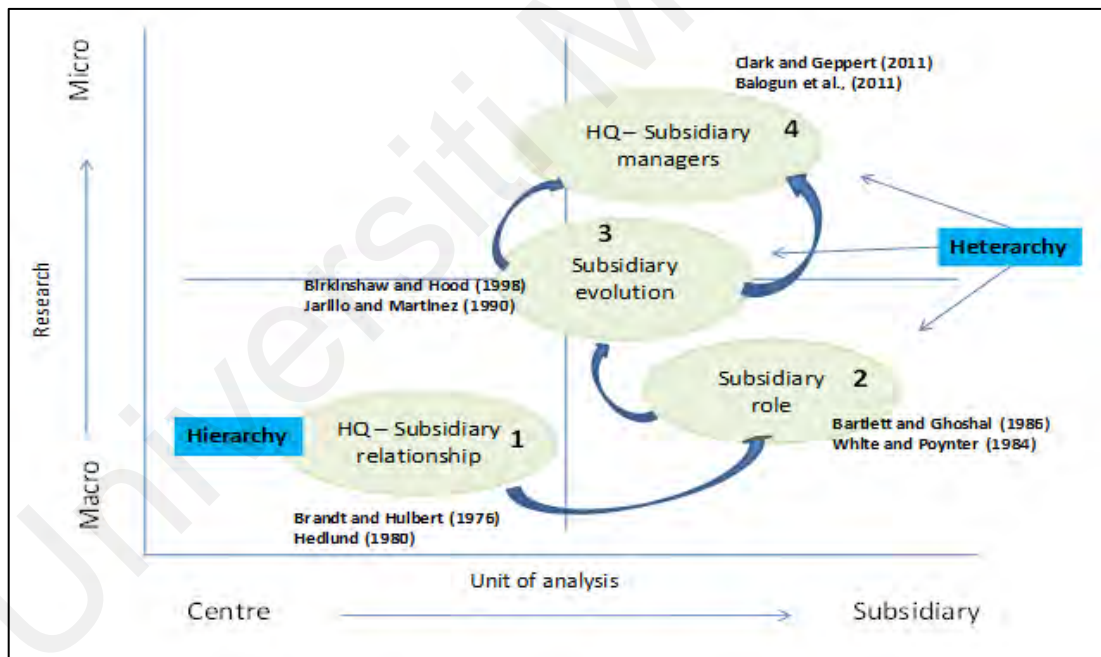
2-local forces dominate with flexibility and quick response as determinants to competitive advantage” and “type 3-both global and local forces are at play where competitiveness cannot be achieved without the benefits of global integration, flexibility, proximity and quick response time”. The telecoms industry (see figure 2.2, telecommunication services) is situated above type 2 near to type 3; both global and local forces are present for this industry. Lasserre (2008) proposes that there is trend for most of industries to inch towards type 3. This is due to the changes in the global and local forces shown by the horizontal and vertical arrows (see, figure 2.2).

Today’s MNO is defined by zero cost, intense competition, non-regulated and technology of tomorrow. This “industry effect” requires organisations to be super adaptable by looking over the shoulder for competitions, substitute, disruptive technology while at the same time keeping pace with change. AT&T, O2 and Vodafone are some of the well-established European and North American MNOs, while others, such as Airtel (India), NTT Docomo (Japan) and Singtel (Singapore) too are battling the environment to survive. Many must respond to the rapid change of the competitive environment, often through a blend of convergent or divergent strategic efforts with many of their subsidiary units. In essence, what this mixed environment entails to what Nohria and Ghoshal (1997) describes as the “differentiated HQ-subsidary relationships”. This suggests that such firms are ideal cases for studies to explore the dynamics of varying independent-interdependent HQ-subsidary relationships.

### **2.3 The MNE Subsidiary Management Research**

In this section, the research on MNEs will be contextualised within the broader IB research depicted in figure 2.3 and table 2.1 (later in the section) to summarise the subsidiary management research streams. Research on MNEs in the early sixties and seventies, mostly focused on the centre. The understanding then was that MNEs were centrally structured and controlled. Ever since the last century, numerous changes in the

environment have been seen, forcing MNEs in adapting to the structural demand. In tandem to this, MNEs studies have seen movement towards this. Seminal works such as by Hedlund (1986) and Bartlett and Ghoshal (2002) created a new shift towards how we see the future of the MNE studies' landscape being shaped. Consequently, the MNE subsidiary unit too began to attract special interest from researchers, thus marking the beginning of a new research stream on subsidiary management. The common themes in this research stream are the “HQ-subsidary relationship”, “subsidiary role” and “subsidiary evolution” (e.g., see Birkinshaw, 1996; Birkinshaw & Hood, 2000; Birkinshaw et al., 2005). Within this myriad of subsidiary themes, a shifting of focus in the subsidiary management research can be observed in the IB literature as depicted in figure 2.3.



**Figure 2.3: Shifting interest of subsidiary management research**

Figure 2.3 above shows the shifting focus of the subsidiary management research from period 1 to 2, 3 and eventually period 4. Period 1 shows how the subsidiary management research stream started from the “HQ-subsidary relationship” with most research centring on the HQ, emphasizing the MNE “centre’s dominance and control over subsidiaries” (Hedlund, 1980). Period 2 explores the shift of the subsidiary management

research towards “subsidiary roles”. This new stream focuses on the new strategic roles performed by the subsidiary in the “differentiated network” (Nohria & Ghoshal, 1997). Next, period 3 on “subsidiary evolution” explores how the MNE centre and subsidiary “co-evolve” by emphasising on the subsidiary roles evolution (Birkinshaw & Hood, 1998b).

The two streams in the period 2 and 3 are concerned about the development of subsidiary roles over time and perceive that subsidiary advancement can be driven from inside and from outside the subsidiary. However, in reality, subsidiary evolution is some combination of the two. Birkinshaw and his co-author contend that the quest for entrepreneurial activities at subsidiaries has generated an increase in their level of autonomy (Birkinshaw, 1998, 2000; Birkinshaw, Hood, & Jonsson, 1998). External challenges present a set of freedom for subsidiary managers to choose and within that, it is dependent upon them to choose how to react (Birkinshaw & Hood, 1998b; Birkinshaw & Pedersen, 2009). However, before delving into understanding what the subsidiary managers go through in picking from the available options they are exposed to, it is imperative we establish the understanding of the macro “heterarchic” centre-subsidiary relationships before moving to the micro centre-subsidiary managers level. The constant tension of interdependent-independent relationships comprises of two levels of relationship: (1) centre-subsidiaries, and (2) subsidiary-to-subsidiary. These interdependency relationships need to be in a state of constant equilibrium or rebalance (Balogun et al., 2011). Hence, this brings the discussion to the fourth period, period 4 explores the micro-level activities (power, politics or conflicts) of centre-subsidiary managers involved in strategic roles.

Table 2.1 is linked to figure 2.3 introduced previously to provide a contextual description of the research on the MNE subsidiary within the broader subsidiary management research domain. Adapted from Birkinshaw and Hood (1998a:5) work as

shown in table 2.1, the author expands the fourth period of centre-subsidary managers stream. The author acknowledges that in the general IB literature, there are other debates within the subsidiary management research such as structure-strategy research and strategy-as-practice (Jarzabkowski, 2005; Jarzabkowski & Whittington, 2008). However, these four streams form the most common research themes in the subsidiary management research stream. In the following section, each period or research stream is discussed centring on the past and current literature debates, before transcending to final stream where this research is positioned.

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**Table 2.1: Hybrid four streams of research on subsidiary management**

Stream	HQ-subsidiary relationship (Period 1)	Subsidiary role (Period 2)	Subsidiary evolution (Period 3)	Centre-subsidiary managers (Period 4)
Focus on research	Aspects of dyadic relationship between subsidiary and HQ	Internal, corporate and environmental factors explaining roles	Changes in role and activities of subsidiary over time	Dialectical relationship between HQ and subsidiaries/the managers (micro political behaviours)
Assumptions about nature of MNE	Hierarchy: subsidiaries are controlled	Heterarchy / network: subsidiaries have different roles, and have relationships with multiple units inside / outside the firm		
Research	Cross-sectional / static		Longitudinal / dynamic	
Key contributions	E.g. Brandt and Hulbert (1976) Hedlund (1981) Otterbeck (1981)	E.g. Bartlett and Ghoshal (1986) Etemad and Dulude (1986) White and Poynter (1984)	E.g. Prahalad and Doz (1981) Birkinshaw and Hood (1997) Jarillo and Martinez (1990)	E.g. Balogun et al., (2011) Clark and Geppert (2011)
Related research focusing on the corporate level	E.g. Egelhoff (1980) Stopford and Wells (1972) Vernon (1966)	E.g. Bartlett and Ghoshal (1989) Hedlund (1986)	E.g. Kogut and Zander (1995) Malnight (1996)	E.g. Andersson et al., (2007)

Adapted from Birkinshaw (2000)

### 2.3.1 HQ-subsidiary Relationship

It is extremely uncommon that a MNE can depend exclusively on one or a couple of prime local areas for its future advancement. In circumstances, for example, this, an organization would will in general internationalize and expand upon its global network of subsidiaries to grow its reach and set up new international markets. As MNEs extend abroad and tap the expanding knowledge gained up from foreign business operations, they turn out to be increasingly become committed to the ones in which they operate (Johanson & Vahlne, 1977). Studies about foreign subsidiaries precipitate from this broad view in the attempt to understand how subsidiaries are connected to the centre (Brandt & Hulbert, 1976; Hedlund, 1980). The majority of this MNE research were concerned about

understanding the reasons behind why organisations opt to internationalize and the way they choose to go internationalise (Johanson & Vahlne, 1977).

A few distinct themes can be grouped within the research era: “centralization” (Vernon, 1966); “co-ordination” (Brandt & Hulbert, 1976) and “strategic integration” (Hedlund, 1980). Earlier studies such as by Vernon (1966) investigated the product cycles within the domain of international investment and international trade point. On the other hand, Gupta and Govindarajan (1994) research about the rationale on why domestic organizations choose to become an MNE rather than how they control, manage and manage subsidiaries. This research was conducted despite the growing number of globalization of many industries at the time. One common theme that can be observed in this era is that most research was fascinated with capability and control mechanisms of the MNE centre. Thus, leaving the subsidiaries as just mere “implementers” or “replicators of subsidiary centre policy” (Doz & Prahalad, 1980, 1981). The assumption was that the centre can manage its subsidiaries, this was evidenced from the common research themes such as coordination and control mechanisms, and formalisation of activities. Thus, the obvious approach to research at the time to understanding the subsidiaries was to begin from the MNE centre. This at that point obviously mirrored the classical topic of MNE centralization. The centre dominated company during these periods was the focus of majority of research in the HQ-subsidary relationship stream (see, period 1 in figure 2.3). Inside this stream, not just the centre control HQ-subsidary relationship was predominant at the time, different connections between subsidiaries were ignored and inadequately understood. Indeed, subsidiaries were treated merely as an extension to what the entire MNE organization was all about (Nohria & Ghoshal, 1997).

However, as the globalization era began to spread, this HQ-subsidary relationship stream that was centre focused gradually lost its relevance. Over the years, environmental powers have changed the strategic demands on how the conventional organizations

operate and react and have significantly influenced MNEs. This has led many to evolve to new organisational forms. Doz and Prahalad (1981) at the time critiques that studying MNEs through the previous hierarchical model was irrelevant. Hedlund (1986) outlines that with the emergence of many 'centres' with its own resource and capability as opposed to the classical single parent meant that the HQ-subsidary relationships were also evolving. Hence, this then brings us to following subsidiary stream, subsidiary role in period 2 (see, figure 2.3 and table 2.1). This will be discussed in the next section.

### **2.3.2 Subsidiary Role**

The groundbreaking research by Hedlund (1986) and Bartlett and Ghoshal (2002) perhaps were the enabler for major shift for subsidiary management research in the context of the IB literature. Research focus were notably beginning to shift from the centre began to shift towards the subsidiaries (Andersson & Pahlberg, 1997; Birkinshaw, 1996). It is within this period, that researchers began to discover a new MNE form where different subsidiaries played different roles. They termed this the "heterarchy" (Hedlund, 1986), "differentiated network" (Nohria & Ghoshal, 1997) and "transnational structure" (Bartlett & Ghoshal, 2002). The transnational structure for the first time gave the subsidiary the deserved attention and space, which previously was often eclipsed by the MNE itself. This was followed by many researchers began to pay more attention to the units that make up the MNE i.e. the subsidiary, focusing on the networks among the units rather than just the HQ (Nohria & Ghoshal, 1997). With this shift, as part of the linkages of the HQ-subsidary relationship, the subsidiary was beginning to be the focus for many studies. Following that, this brings us to the next period 2 (see, figure 2.3 and table 2.1) with the focus on subsidiary roles.

MNEs that operate international subsidiaries were not only committed their foreign investments, but they began to realise the potential of these subsidiaries. As subsidiaries mature and the HQ's control over strategic resources diminishes over time,

in order to remain competitive, the MNE will need to find alternative approaches to strategic control the subsidiaries (Prahalad & Doz, 1981). The work by White and Poynter (1984) on subsidiaries identified several roles they play such as: “being a product specialist”, “a strategic independent”, “a miniature replica”, “a marketing satellite” and “to rationalize manufacturing”. What follows next was that there was a flow of studies that focused on the various subsidiary roles. Scholars deduced that the HQ-subsidary relationship is merely a factor that defines the multi-set of activities subsidiaries play. Other factors includes “industry sector” (Jarillo & Martínez, 1990), “the local environment” (Ghoshal & Nohria, 1989), “subsidiary to subsidiary relationships” (Gupta & Govindarajan, 1991) and “entrepreneurship in the MNE through subsidiary initiatives” (Birkinshaw, 1995, 1997).

Several themes dominated this research stream such as: “subsidiary assigned roles by HQ” (Bartlett & Ghoshal, 2002), “subsidiary autonomy through initiatives” and “subsidiary role determined by local environment” (Birkinshaw & Hood, 1997). Bartlett and Ghoshal (2002) on the other hand, viewed the centre as the primary factor in assigning subsidiaries role, depending on their resource capabilities and strategic importance in their domestic markets. Other scholars such as Birkinshaw and Hood (1997) and Birkinshaw et al. (1998) argues that MNE subsidiaries may always have had substantial autonomy. This was partly due to through subsidiary initiatives and them being distance away from the centre. Following this study, Birkinshaw (2000) contended that subsidiary pursuit of entrepreneurial activities e.g. subsidiary initiatives has influence their level of autonomy. As a result, subsidiaries become more autonomous and are beginning to determine their own strategy. Ghoshal and Nohria (1989) propose that subsidiaries local environments have some influence on the role they play.

We see that scholars may differing opinions about factors contributing to subsidiary roles, however they all converge to the notion of the impact in which

subsidiary roles play in the MNE. Birkinshaw et al. (1998) critiques that the primary limitation of this stream may have been the fact that most research tended to focus on a single factor at the macro level. They failed to consider the role of actors as agents in determining some of the activity's scope in the subsidiary. This brings the discussion to the following research stream, the subsidiary evolution. The next stream explores the current gap, this is done by extending some of the earlier subsidiary role research stream.

### **2.3.3 Subsidiary Evolution**

Period 3 (see, figure 2.3 and table 2.1) differs from the two previous streams. This stream focuses more on the dynamics of subsidiaries roles change over time. The principle idea of this stream is that as the subsidiary accumulates certain capabilities such as network or resource through its network relationship over time, this then elevates its status within the MNE. As a result this then further increases the scope of the subsidiary activities (Birkinshaw & Hood, 1997). As per Nohria and Ghoshal (1997) work, the different linkages among the MNE nodes in the transnational environment suggest that we need to understand this stream from within the varying relationship context. It is insufficient for the researcher to imply that each of the different linkages that form the MNE means the same, factors such as resource and network capabilities need to be considered. Another interesting element that can be observed is that there is a shift of a macro-to-micro analysis of research conducted in this stream (see Birkinshaw, 2000; Birkinshaw et al., 2005; Jarillo & Martínez, 1990; Kogut & Zander, 1992; Malnight, 1996).

Earlier researchers such as Doz and Prahalad (1981) have demonstrated that subsidiaries being assigned with different roles and mandates have resulted in the centre-subsidiary relationship to vary from one subsidiary to another. On a similar note, Gupta and Govindarajan (1991: 786) suggested that the “potential differences in the strategic roles of various subsidiaries within the same MNC” would be most relevant within the

contextual circumstances. They contended that the contextual circumstances as being by way of a differentiated centre-subsidary relationship. Other researchers in this stream, studied the subsidiary roles within “specific industry sectors” (Jarillo & Martínez, 1990), “the subsidiary relationship with peer subsidiaries” (Gupta & Govindarajan, 1994), whereas Kogut and Zander (1992) open the path for the foundation for the subsidiary development studies. What most of this research builds upon was on the network perspective. They focused on the subsidiary roles change over time and it delineates how the subsidiary co-evolves with the rest of MNE nodes in the vast relationship networks (Nohria & Ghoshal, 1997).

Jarillo and Martínez (1990) outline how the role subsidiaries play in MNE product standardization contributed to a closer centre-subsidaries relationship. Despite this, the centre maintain control over the subsidiaries through several formal and informal mechanisms. Frost et al., (2002) highlight that subsidiaries’ roles evolve over time and they become more integrated with the MNE. One such role proposed by the Frost and colleagues was through “centres of excellence”. Subsidiaries development transforming them into becoming “centres of excellence” is contingent of the primary role played by the centre which involves initial investment as well as the internal and external organizational role. Monteiro and colleagues (2008) extended the study on “centres of excellence”, they propose that subsidiaries are actively seeking to secure certain MNE resources as they develop becoming “centres of excellence”.

Recent developments in subsidiary management research have heightened the need to examined the subsidiary from a closer view by focusing on the subsidiary themselves (Birkinshaw, 1996; Birkinshaw et al., 2005; Bouquet & Birkinshaw, 2008a, 2008b). What most of these recent studies share in common is that they focus on exploring how the subsidiary’s role and scope of activities evolve over time. Recent studies have examined “entrepreneurship in MNE subsidiaries” (Birkinshaw, 1997), “subsidiary

initiatives through the corporate HQ” (Birkinshaw & Ridderstrale, 1999) and “new strategic roles of subsidiaries” (Bouquet & Birkinshaw, 2008a). Birkinshaw (1996), examines subsidiary ‘mandate’<sup>4</sup>, he proposes that subsidiaries are increasingly more independent from the centre in their pursuit in securing specific MNE resources. Recently, an aspect central to this PhD study has emerged within this subsidiary stream that is, the subsidiary through specific entrepreneurial activities, can improve its status within (Bouquet and Birkinshaw 2008a, 2008b). Birkinshaw and Hood (1997) highlight that by exercising local initiatives subsidiaries can improve their status. Bouquet and Birkinshaw (2008a) argue that while others have gain improvement in their statuses, others have gained relative autonomy, establishing themselves as strategic business partners. The discussions about subsidiary entrepreneurship and local knowledge, and unique capabilities, all seems to acknowledge that entrepreneurial efforts may also arise from subsidiary managers (Birkinshaw et al., 2005).

Earlier we have discussed how subsidiaries were “allocated with new roles” (Bartlett & Ghoshal, 2002) in “the new differentiated network” (Nohria & Ghoshal, 1997); how the local environment determines subsidiaries’ role development (Ghoshal & Nohria, 1989); and how subsidiaries entrepreneurial activities also determine their role (Birkinshaw, 2000). The reality is that subsidiaries scope of activities is decided from some combination of both external and internal factors. Together, it boils down to the subsidiary managers to choose from the many options available, both from internal and external, the best option for them (Birkinshaw et al., 2005; Birkinshaw & Pedersen, 2009; Bouquet & Birkinshaw, 2008a, 2008b).

The primary shortcoming of the current study stream is the inability to address how subsidiaries utilize a portion of their recently established status through increase

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<sup>4</sup> Mandate is described as license for the subsidiary to apply distinctive capabilities to a specific market opportunity, p. 468.

autonomy, to pick through. For instance, negotiation between them and the centre figuring out which alternative is best for them. What is basically missing is the comprehension of how subsidiary managers come to choose what is best for them or their subsidiary. Many of the options are determined through negotiations with relevant parties such as the centre managers. Negotiations between the MNE focus and subsidiaries are in certainty a component of the distinctive examples of collaboration among centre and subsidiary managers. Studies in this stream would have been all the more intriguing had the analysis explored by looking at how the managers themselves play strategic roles. The following research stream, subsidiary managers attempts to discuss some of this gap.

#### **2.3.4 Subsidiary Managers**

The central idea of the previous stream is that subsidiary evolution “can be driven from internal (i.e. through the initiative of subsidiary managers) or from external (i.e. investment from the parent company or external forces)” (Birkinshaw & Pedersen, 2009: 371). However, a range of opportunities from internal and external are available to subsidiary managers, it is entirely up to them to pick how they respond to these opportunities (Birkinshaw, 2000; Birkinshaw & Hood, 1998b; Birkinshaw & Pedersen, 2009). The extent of research in the previous streams examining the result of a combination of enterprise, subsidiaries and domestic environment in determining the subsidiaries’ role over time. This then leads to this following stream in period 4 (see, figure 2.3 and table 2.1) of the subsidiary managers. Following this, we see that there is evidence of a subtle flow, from previous streams from macro to a micro level of analysis. The analysis seems to transcend to the subsidiary managers.

We establish the hierarchical nature delineated in the first HQ-subsubsidiary relationship stream. There were many forces that affected the MNEs and how they responded to them had resulted to structural change of the MNE itself. Those structural evolution can be traced back from the “multinational”, “international”, “global” and more



recently the “transnational structure” (Jones, 2005). The concept of the “heterarchy” (Hedlund, 1986) and “the transnational solution” (Bartlett & Ghoshal, 2002) were certainly among the major contributions that encouraged many researchers to relook at how the centre-subsiary relationship had developed. Bartlett and Ghoshal (2002) argued that the new “transnational” environment is fast transforming the conventional, hierarchically controlled MNEs into globally integrated networks. In this new “heterarchic” or “transnational model”, subsidiaries and headquarters are described as business partners working in tandem with a unified vision and mission to become a truly global company.

The research to date that has tended to draw upon the work of Bartlett and Ghoshal has tended to focus on centre managers as opposed to subsidiary managers (Birkinshaw, 2000), “leading to the [MNE] being framed as a unitary actor rationally articulated by HQ managers” (Boussebaa, 2009: 831). Of late, two different sets of literature have emerged that seems to offer contradictory finding that may challenges this view. While one portrays subsidiary managers as promoting subsidiary goals often divergent to those of the MNEs’ (Birkinshaw, 2000), the other sees the local institutional context such as local regulatory pressure as the source of divergence between centre and subsidiaries’ managers (Clark & Geppert, 2011; Wilhelm & Bort, 2013). Nevertheless, both tend to arrive at the same conclusion.

In the first set of literature is built from the idea that subsidiaries through strategic initiatives and entrepreneurial roles at times can promote some of their local agenda, with not align with those of the centre. We have established earlier on that the subsidiary role determinants included centre strategy, internal and external forces and finally the subsidiary managers, who are left to choose how to respond (Birkinshaw et al., 2005; Birkinshaw & Pedersen, 2009; Bouquet & Birkinshaw, 2008a, 2008b). Birkinshaw (1997); (2000) through his comprehensive work on subsidiary initiatives proposed the

“internal market perspective” (2000: 115-22). In this perspective, subsidiaries as relatively autonomous organisations operating in their domestic environment through “quasi-market” relations. The subsidiary managers, described in this study as in competition with one another, they may not necessarily work towards achieving a unified vision as intended by headquarters. Bouquet and Birkinshaw (2008a); (2008b) outline the use of “voice” by subsidiaries in gaining influence about their subsidiary developments, at the same time appear to maneuver the MNE’s path.

Recent developments in this stream have pointed out that certain high performing subsidiaries have the ability to withstand HQ pressures (Birkinshaw et al., 2005; Bouquet & Birkinshaw, 2008a; Vaara, 2003). Monteiro et al. (2008) for example, pointed at how certain subsidiaries share information among them (top performing subsidiaries). They progress to creating “cartels” within the MNE to secure specific resources such as knowledge and talent. The implication of many these studies proposes that some of these relatively autonomous subsidiaries may not necessarily be operating as what the headquarters anticipated of them. Some at individual level can even collaborate with peers to go against the “corporate immune system<sup>5</sup>” describe as an informal system to curtail subsidiary autonomous behaviour (Birkinshaw & Ridderstrale, 1999).

Sociologically drawn literature (Dorrenbacher & Gammelgaard, 2006; Matten & Geppert, 2004) often arrives at a similar conclusion. However, they placing special emphasis on institutional contexts as the source of divergence within enterprises. Geppert (2005) for example, emphasises that globalization of MNEs encourages further national specifics on subsidiary managers. Others suggest that institutional domains such as the “national business system” (Geppert & Williams, 2006; Kostova & Zaheer, 1999) can

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<sup>5</sup> Corporate immune system is described as disparate forces at various levels and locations within the organization that act to suppress subsidiary initiatives with the result that many efforts probably do not come to fruition, p. 150.

shape and influence the subsidiary manager's views and perspectives, thus impacting the course of their decision-making. Subsidiary managers, influenced by institutional factors, have been found to be "major agents", colluding and corroborating among peers to form internal resistance alliances in change processes (Hope, 2010; Kezar, 2013; Kostova, 1999). Certain subsidiary managers were found possessing major power resources derived from their local knowledge, they use of their extensive networks in pushing through local subsidiary initiatives often against the "corporate immune system" in MNEs (Birkinshaw & Ridderstrale, 1999). When subsidiary managers' objectives are in conflict with the those of the centre's (Dorrenbacher & Geppert, 2009), they can choose to collaborate (Hope, 2010) with peer subsidiary managers in going against or negotiating with the centre. While the assumption that the subsidiary and subsidiary managers' ambition are same, key local managers' personal career ambition have been shown to interfere. When self-interest intertwines with the overall organisation's objective, their judgment may deviate (Dorrenbacher & Geppert, 2009).

Scholars have studied the subsidiary from a macro context of "institutional duality" by highlighting the significance of both the normative and relational context (Kostova & Roth, 2002). Kostova and her co-author outlines the correlation between the relational context and the level of "implementation" and "internalization". Among the varying degree of internalization that managers can choose to adopt is the "ceremonial implementation"<sup>6</sup>, it is portrayed as a sign of defiance by the subsidiary. For the ceremonial implementation, while the delivery practice as close to the expectation of the HQ, it lacks the practice value and internalization. In contrast, subsidiary managers can adopt an implementation of a practice with strong internalization, thus, securing a form of "legitimacy" from the centre (Kostova, 1999). This kind of subsidiary "defiance" or

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<sup>6</sup> Ceremonial adoption refers to a relatively high level of implementation with a low level of internalization.

“legitimacy” seeking behavior may also stem from personal ambition, conflicts within or perhaps part of a micro political behaviours (Dorrenbacher & Geppert, 2009).

In the previous, the author proposed that the general literature assumed that subsidiary and its managers objectives are in line with of those of the headquarters. However, a more pluralistic view of the MNE outlines that it is a part of a set of complexities that involves the organising and managing subsidiaries cross national boundaries (Boussebaa, 2009). Study of such is taking a different perspective by describing how subsidiaries through their local power networks can not only behave autonomous, but also, to an extent go against instructions and directives from the HQ (Andersson et al., 2007; Mudambi & Navarra, 2004; Mudambi et al., 2014). For example, Boussebaa (2009) describes that there is a “dialectical relationship between headquarters and subsidiaries” that encourages a range of micro-political activities or behaviours (Belanger, Edwards, & Wright, 1999; Boussebaa & Morgan, 2008). Against the mainstream functionalist perspective, many of these studies have explored the micro level processes that were involved inside the organisations (Geppert, Matten, et al., 2003; K. Williams & Geppert, 2006). Several studies have documented about subsidiary managers’ struggle involving the aspects of subsidiary power and micro-political behaviours, in their attempt to negotiate against headquarters’ rules and decisions (Hope, 2010; Mudambi et al., 2014; Taplin, 2006). Taplin (2006) in one study shows that subsidiary managers in their pursuit to sustain their dominant position resisted support for centre-led practices, unless they considered them favourable. Mudambi et al. (2014) deduce that when the centre is dependent on the subsidiary capabilities, the latter will have some influence towards the former. Hope (2010) through his study highlighted how managers formed informal pacts to go against the HQ, in the process applying certain tactics targeted at pushing their agenda.

We have previously established that subsidiaries are no longer necessarily following directions set by the headquarters (Nohria & Ghoshal, 1997). Subsidiaries through subsidiary managers have to consider amid the many options available to them have to constantly decide what is best (Dorrenbacher & Geppert, 2009). The growing evidence of the subsidiary's "strategic role and autonomy" (Birkinshaw & Pedersen, 2009; Bouquet & Birkinshaw, 2008a, 2008b) shows that subsidiary managers may no longer follow what are being imposed on them by the centre.

The current stream to date tends to focus on the dynamic relationships between the centre and subsidiaries and the change outcome as opposed to how the process of change unfolds between those involved. Except in few studies (Balogun, Bartunek, et al., 2015; Hope, 2010; Kezar, 2013), very little has been done about understanding the - micro-political dynamics such as the tactics play out by managers both at subsidiaries and centers and how they strategically contribute.

Most research to date underplays the role of subsidiary agency and others, perhaps deliberately choosing to avoid such topics like power and politics (Dorrenbacher & Geppert, 2006). However studies that do explore the organizational conflicts and resistance riddle with power and politics in MNEs are indeed very rare (Dorrenbacher & Geppert, 2006). What these studies tend to suggest is that power and politics are areas that cannot be avoided in organizational studies. This will be discussed in the next section.

#### **2.3.4.1 Power and Politics**

Currently, there has been little discussion on power and politics (Dorrenbacher & Geppert, 2006). Many have avoided the topic altogether while others equate the idea of power with negative connotations (Buchanan & Badham, 1999; Hardy, 1996). Studies about organisational power, resistance, politics and conflicts are indeed scarce. Clegg (1989) for example, proposes that for one to study organisational power, one needs to examine beyond the traditional position by transcending into practices. He concludes that

power is not merely something that is vested to individual or group, but rather a form of force field align with a myriad of other components.

Recently there seems to be a steady stream of research exploring the power and politics phenomena (Buchanan, 2016; Buchanan & Macaulay, 2014; McDermott, Fitzgerald, & Buchanan, 2013). A number of studies have found that subsidiary managers acted as key change agents, in strategic change initiatives were involved in micropolitical activities (Balogun et al., 2011; Buchanan & Badham, 1999; Clark & Geppert, 2011). Buchanan and Badham (1999) point out that as more extensive the implication of change in organisation, the greater the political activities by change agents will be. Subsidiary managers have been used to deploy within their power bases several tactics to uphold certain self-preservation (Birkinshaw & Ridderstrale, 1999; 2008b). Tactics in the form of micro-political behaviours subsidiary managers' enact can involve personal agenda, such as career ambition (Dorrenbacher & Geppert, 2009). Hence, the authors argue that managerial practices are rather interactive processes as oppose to downright organisational rationalities. This imposition has great implication towards the approach of this study.

Researches on MNC to date has been focusing from the outside rather than the inside, except for a few (Balogun, Bartunek, et al., 2015; Balogun, Best, & Lê, 2015). Studies from the inside, exploring key actors and their roles, through an in-depth direct interviews were able to unearth much of the less understood complex managerial interaction in organisations. Such detailed accounts can help researchers to better understand some of their "irrational" actions in change processes. Hope (2010) for example, outlines in his study how middle managers deliberately made divergent response to steer the course of change initiatives. He further posits a strong bind between power, politics, sensemaking and sensegiving. Where there is power there is resistance while similarly as power is expansive, agentless web, opposition shapes through a heap

of focuses circulated over the trap of intensity. This is in an unpredictable, restricted form and not a focal point of convergence (Hardy & Phillips, 2004).

Hardy and Phillips (2004) suggested that actors within the realm of power associated with (i) formal power; (ii) critical resources; (iii) network links; and (iv) discursive legitimacy have the capacity to carry particular meanings and to create specific impacts. Firstly, formal power refers to a position that is associated with power such as decision-making power. Actors that occupy subject positions in organisational change are more likely to be able to carry out the meaning of change till the end (Maitlis & Lawrence, 2007). Secondly, certain positions are associated with access to critical resources. This may include expertise, funds, IT, specific contacts and credibility. Thirdly, an actor may be powerful through network links internally or externally. This allows actors 'to exercise power through constituting alliances, integrating rather than merely dominating subordinate groups, winning their consent, achieving a precarious equilibrium' (Fairclough, 1992: 94). Finally, actors in this position are understood to be communicating legitimately in relevant concern areas (Phillips & Brown, 1993). These aspirant actors must be seen or validated by the right set of people to be considered having the right to speak (Taylor, Cooren, Giroux, & Robichaud, 1996).

There is no common consensus among scholars on the definition of organisational politics (Hardy, 1996). However, according to Mintzberg's (1983), systemic view of organizational life, politics is explicitly defined against the 'System' of 'Authority', 'Ideology' and 'Expertise'. Contemporary scholars interpret organisational politics as how actors use tactics and other techniques of influence to promote their agenda or objectives upon others (Buchanan & Badham, 1999; Dorrenbacher & Geppert, 2009; Hardy, 1996). While political activity may well include beyond merely personal agenda, such as projecting diverse opinions and beliefs about change initiatives. In organisational change, politics are regarding the management of meaning, explained by the perceived

meaning of change that survive till the end that will carry the meaning of change (Maitlis & Lawrence, 2007). Simply put, the accepted meaning is the one that is able to shape the meaning of the initiatives. Taken together, sensegiving activities is at the core of political struggle and essential in the fight for power. This paper examines the role of power and politics in the form of micropolitical behaviours in sensegiving and sensemaking activities. This is achieved through exploring how subsidiary managers (middle managers) struggle in shaping the change outcome through several power forms, namely formal power, critical resources, network links and discursive legitimacy.

We thus far have discussed the subsidiary managers stream within the larger context of the subsidiary management research, following this the aspect of power and politics was touched. Thus, drawing on the limited works of scholars such as Balogun, Bartunek, et al. (2015) and Hope (2010), the PhD research agenda with the focus on answering the research questions will be discussed.

#### **2.4 PhD Research Agenda**

The interaction between individuals have largely been researched in many organizational fields such sociology, psychology and cognition. One interesting area within the field of sociology related to this study is the actor-centred approach. The actor-centred approach is about the careful analysis about communication and interaction between individuals that enable certain individuals to elevate their status among others (Little, 2014). This approach considers various elements such as social networks and mass communications as the system of inter-actor linkages that has significant consequences for an aggregated social outcome. There is a growing scholarly debate on actor-centred approach such as in the area of morality (Uhlmann, Pizarro, & Diermeier, 2015), personality (Inbar, Pizarro, & Cushman, 2012) and organizational members (Geppert & Clark, 2003). However, it is the latter that this research is most relevant to.



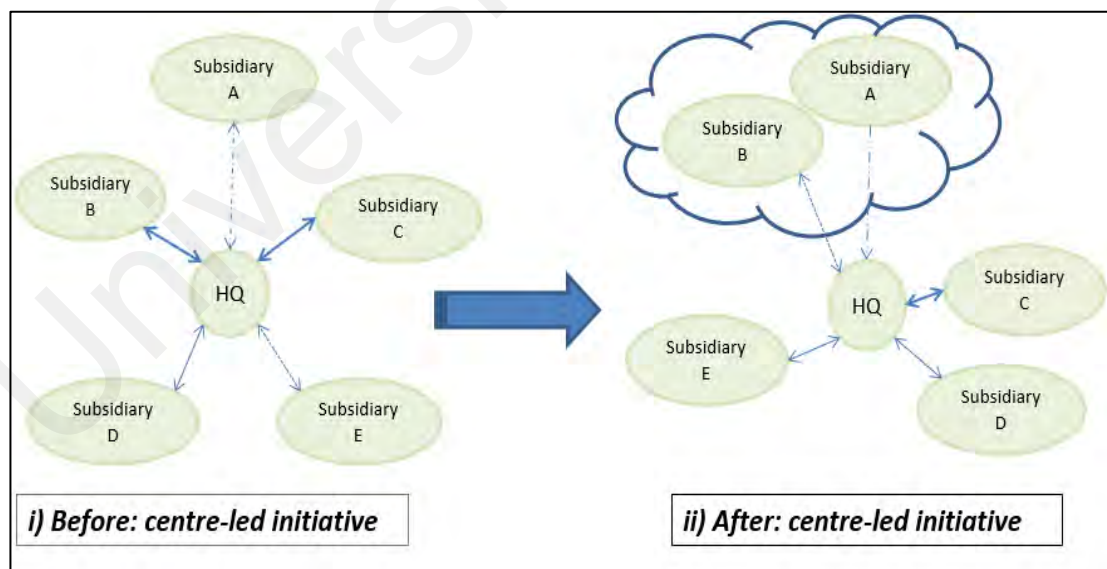
MNEs often operate as international organisations within local boundaries with headquarters, often seeking to organise and integrate by disseminating central guidelines and systems among subsidiaries. Following this and as discussed earlier, a large number of literature has been published on the subsidiary management research. One area of interest that this study is concerned is about subsidiary autonomy. While others argue that the fact subsidiaries are geographically distant from the HQ may have contributed to their relative autonomy. Birkinshaw (2000) argues that subsidiaries that control substantial resources with critical networks with key managers residing locally, are more influenced and less HQ dependent. In strategic change initiatives, a range of micro-political struggles may precipitate when self-preservation persist at subsidiaries (Dorrenbacher & Gammelgaard, 2006; Geppert & Williams, 2006; Taplin, 2006).

From the literatures, there are enough evidences that subsidiary managers have more autonomy than initially being thought, they no longer will follow what being instructed to them (Belanger et al., 1999; Boussebaa, 2009; Boussebaa & Morgan, 2008). Subsidiaries have within their power options a range of approaches for “self-preservation”, such as through resistance, alliances or negotiation (Birkinshaw & Ridderstrale, 1999; Bouquet and Bikinshaw 2008a; 2008b). Based on the subsidiary managers’ choice, they can enact different types of micro-political activities in change. They may opt to resist, delay or conform to implementation of centre-led change practices or initiatives. This can post serious consequences to strategic change initiatives led by the headquarters. Micro-political activities enacted by managers are not merely intended to protect the subsidiary’s interest per se, it also depends on the individuals’ intention that enact them. Some may also carry individual agenda, such as career ambition (Dorrenbacher & Geppert, 2009).

In the general IB literature, the processes or activities in relation to the micro-political behaviours of strategic change initiatives are areas of limited research. Though

several studies have attempted to uncover the dynamic centre-subsidary relationship, very few have unpack the impact of conflicts and resistance, and power and politics in MNEs (Dorrenbacher and Geppert 2006, 2009). Few scholars (Balogun, Bartunek, et al., 2015; Balogun, Best, et al., 2015) have explored the roles of organizational members such as senior and middle managers, through direct interviews. Such detailed accounts of a in depth direct interview with centre and subsidiary managers can help practitioner and researchers to better understand some of managers’ “irrational” actions involved in change processes. Hope (2010) for example, outlines in his study how middle managers deliberately made divergent response to steer the course of change initiatives. He further posits a strong bind between power, politics, sensemaking and sensegiving.

Although, centre-led change initiatives are not uncommon in MNE studies (Giuliani, 2016; Guette & Vandembemt, 2017), little is known of how they unfold. The following figure 2.4 shows a hypothetical implementation of a strategic centre-led change initiative depicted in the dynamic “heterarchic” centre-subsidary relationship.



**Figure 2.4: Hypothetical structure of MNE HQ-subsidary relationship**

In figure 2.4, in general the HQ and subsidiaries display a form of dynamic partnership, moving towards a uniform mission. Subsidiaries B and C can be referred as being in the “good books” of the HQ, based on their outstanding performance and strong

adherence to many of the HQ's instructions and directives. Both enjoy cordial relationships with the HQ, often being treated with special preference regarding scarce resources. However, the same cannot be said about subsidiary A and E, characterised as high performers with strong inclinations towards autonomous behaviours. They prefer making their own way many times without consulting the HQ.

In figure 2.4 i), a centre-led change initiative is introduced, due to local environmental conditions and through their respective managers. Subsidiary A and B choose to collaborate and defy change practices. Due to this collaboration, the HQ interprets this as an act of defiance, this is especially of subsidiary B (previously conforming to the HQ). Following this, the dynamics of the “interdependent-independent relationships” among the MNE units is altered. In figure 2.4 ii), the HQ post the centre-led initiative, then labelled subsidiary A and B as the recalcitrant group. Consequently, the centre chooses to relocate its resources to different subsidiaries. On the contrary, the HQ managers may choose to confront subsidiary managers through “oppositional sensemaking<sup>7</sup>” (Clark & Geppert, 2011). However, this may lead to devastating consequences, at worst leading to a subsidiary separation. In reality, there is more than one permutation of possible scenario that can be played out from figure 2.4. However, each altering the HQ-subsidiaries relationships' dynamic leading to different outcomes. This is one of the areas which this research intends to examine.

The primary aim of this study is to explore how MNE centre-led change initiatives are implemented in across subsidiaries. The interest in understanding how the implementation of centre-led change initiatives are affected by the different patterns of interaction between centre and subsidiary managers are primary to this study. Detailed

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<sup>7</sup> Oppositional sensemaking is a confrontational approach taken between headquarters and subsidiary managers that may lead to an exit of subsidiary from the MNE, p. 11.

accounts of potential micro-political behaviours enacted by managers involved in strategic change initiatives will need to be examined. Hence, a qualitative research study approach will be explored. This then leads to the formulation of the research questions:

- 1) What are the different patterns of interaction enacted by managers (centre and subsidiary) involved in strategic change initiatives?
- 2) How do these patterns influence the strategic change initiatives' development?
- 3) What are the implications of these patterns towards the strategic change initiatives' outcome?

The primary objective of this research to study the MNE centre-subsidary dynamic relationships through a case study of the implementation of centre-led change initiatives. An MNO (described earlier) is described as “high capital intensity” with rapid technology industry, they are also known as “high velocity industry” (Eisenhardt & Bourgeois, 1988). We have established earlier that the current complex “transnational environment” presents a mix of strong “global and local forces” for MNEs (Bartlett & Ghoshal, 2002). An example is in the MNOs, they continually strive to achieve industry competitiveness (Lasserre, 2008). Hence, an MNO involved in centre-led initiatives with several subsidiaries, is a prime choice for this research purpose.

#### **2.4.1 Research Background**

As of late in the general IB writing, there appears to be a restored enthusiasm for Asian MNEs (Fitzgerald & Rowley, 2016). Among the area of interest is in the adoption of new strategies or organisational forms. This study also attempts to explore a kind of the adoption of new strategies in an Asian MNE.

An MNO MNE (hereinafter referred as “CenCo”) has been chosen for this study. Access to CenCo was granted due to the author’s earlier work experience in one of its

subsidiaries abroad. CenCo is based in Kuala Lumpur, Malaysia with several of its subsidiaries located in different parts of Asia that vary in operation, size, resources and capabilities. CenCo's subsidiaries operate in a cellular segment as their core business. However, certain subsidiary contributes greater than others, such as: 1) LaCo, Sri Lanka – market leader; 2) MyCo, a Malaysia – market leader in innovation; 3) InCo, Indonesia – one of the leading telecommunication service providers; and 4) BaCo, Bangladesh – one of the leading telecommunication service providers. Because of this, each subsidiary enjoys a different kind of relationship with the HQ. Simply put, some subsidiaries enjoy relatively higher autonomy than others, for instance InCo and MyCo, they both, in total contribute 70% of CenCo's group annual revenue.

The context in which subsidiaries' "voice" and "political power" are high are paramount to this study (Geppert & Williams, 2006). In such cases, these subsidiaries present "critical cases of MNE voice, political tensions between independence and interdependence, and their effects as they unfold during times of strategic [change]" (Balogun et al., 2011: 4). For this reason, the four MNE subsidiaries mentioned above have been identified for this study: i) LaCo of Sri Lanka, ii) MyCo of Malaysia, iii) InCo of Indonesia and iv) BaCo of Bangladesh. These four subsidiaries have established themselves as being consistent top performers in the CenCo group. With the exception of MyCo where they operate in a mature market, the remaining of CenCo's subsidiaries is operating in emerging markets.

LaCo was established in 1993 a wholly owned subsidiary of CenCo, while InCo was formerly part of a North America international joint venture (IJV) established in 1989. LaCo's organizational culture is predominantly based on its national culture. The company for the major part of its progression was led by a home country national CEO. CenCo, as the parent, imparted many processes and procedures from a control point, but very little in terms of organizational culture. InCo on the other hand was formerly being

managed by an American firm for almost 10 years. It was not until 2008 that CenCo began to take controlling shares of InCo when the American firm decided to exit the Indonesian market. Hence, it's not surprising that InCo's organizational culture till today still has remnants of the western MNC culture. MyCo is a wholly own subsidiary of CenCo established 1988 and finally BaCo established in 1997 was formerly a joint venture company between CenCo and a local entrepreneur. MyCo's organizational culture typifies the national culture with strong attributes such as family, harmony, cooperation, relationship and spirituality. BaCo post its IJV era in 2008 displays some unique organizational culture, partly due to a new shareholder from Japan, a German CEO and a Sri Lankan CEO. Currently, BaCo is being headed by a home country national since 2016. Taken together, perhaps the different leadership mix coupled with its national culture may have influenced certain of its managers' decision-making approach. All in all, the staffing strategy of CenCo differs from a geocentric approach in many nations, while others a polycentric approach.

Three centre-led change initiatives of a corporate shared services department have been identified for this study. The primary aim of this department is to achieve operational excellence through uncompromising integrity and exceptional performance. During the tenure of this study, all the subsidiaries were headed by the home country nationals (HCNs). BaCo's team members consist of all male employees with the remaining subsidiaries with a mix of male and female employees.

The analysis of how the centre-led change initiatives unfold serves as the platform for this study in exploring how managers contribute strategically in them. Following the discussion on the PhD research agenda and a brief case study setting description, the following section will next discuss the theoretical lenses that this study opt to approach.

## 2.5 Theoretical Perspectives

The previous section has discussed the shift of subsidiary management research in the IB literature and explained how this research is positioned in the fourth stream (see, table 2.1 and figure 2.3). Drawing from the general IB literature, centre-led change initiatives can take in many different forms such as in implementations of “best practices”, system upgrades or any practice that is deemed as improving the efficacy of the MNE (Taplin, 2006; Tempel, Edwards, Ferner, Muller-Camen, & Waechter, 2006). Yet the evidence gathered from the autonomous subsidiaries suggests that subsidiaries may not necessarily heed to the directives of the centre (Birkinshaw & Ridderstrale, 1999; Bouquet & Birkinshaw, 2008a, 2008b). Basically, this PhD study attempts to explore how centre-led change initiatives unfold from the perspective of those involved. The approach is by examining how the different patterns of interaction enacted by managers involved in strategic change initiatives influence the development of those change.

In the social sciences, a multitude of theories has been used by researchers such as technology acceptance model (TAM) (Davis, 1985), change theory (Lewin, 1947) and social learning theory (Bandura, 1978). While Some of the most relevant lenses are institutional theory and sensemaking. While the TAM examines individuals’ acceptance of information technology, measuring the intention to use compared to the actual use. One change theory is the 3-step model, it outlines unfreezing, moving to a new level and freezing as a conduit to a successful change process. The social learning theory explores the observational and the vicarious learning through observing others’ behaviors or acknowledging through a secondary source behavior from a model. While the TAM is useful at measuring organizational members’ use of technology, the 3 step model allows for a careful examination of change through the model proposed by Lewin (1947) and the social learning theory encourages the researcher to examine the power observational learning; none of the three theoretical lenses provide the right tool to approach this study.

Several other theoretical lenses that researchers often use in exploring this phenomenon in MNEs are institutional theory and sensemaking. From a relationalist macro viewpoint, Birkinshaw and Morrison (1995) and Kostova and Roth (2002) explore the MNE centre-subsidiary relationship through the institutional lens often treating managers as “faceless subjects” in exploring MNE issues. On the other hand, scholars such as Clark and Geppert (2011) explore this from a more micro processual actor-centred approach using the sensemaking perspective. Dorrenbacher and Geppert describe actors as:

“not ‘faceless’ as assumed by universalistic research on MNC evolution [...] interests of key actors when developing strategies is about analyzing micro-political strategizing processes and the interaction of different key actors and their attempts to impose, negotiate, resist, accept or oppose certain rules of the game”. (2006: 257)

More recent debates have suggested that subsidiary managers as key change agents are instrumental in influencing organisational change processes through the involvement of issues related to conflict, politics and power (Balogun et al., 2011; Clark & Geppert, 2011). We know from the general IB literature that personal ambitions and interpretations affect the way managers or actors respond to change (Maitlis & Sonenshein, 2010). Relevant to the research on MNE change processes are the theoretical lenses of sensemaking as an analytical tool (Humphreys & Brown, 2008; Maitlis & Christianson, 2014; Maitlis & Lawrence, 2007; Paull, Boudville, & Sitlington, 2013). While the former allows us to look at the social actors’ world view on change and how they affect their response to it, the latter allows us to view change as a multi-story process where individuals use political tools and compete in narrative struggles (Dawson & Buchanan, 2005). This lens forms a powerful analytical tool for the researcher to examine how actors use them as political tools in strategic MNE change events (Buchanan & Dawson, 2007).



What we can derive from the above is that scholars have used various theoretical lenses in exploring the behaviours of managers involved in MNE change processes. Scholars have looked at this from a macro level view via institutional theory (see, e.g., Kostova & Roth, 2002; Kostova, Roth, & Dacin, 2009), while others from a micro level view via sensemaking lense (see, e.g., Balogun, Bartunek, et al., 2015; Clark & Geppert, 2011). Institutional theory and sensemaking theory are two different theoretical lenses that have direct bearing towards the methodological approach. It is important to note that these theoretical lenses briefly discussed are not exhaustive, however, they appear as being the most applied theoretical lenses in IB literature in the study of the behaviours involving MNE managers in change. Before discussing further, it is prudent that the two theoretical perspectives be discussed in detail: 1) institutional theory and 2) sensemaking.

### **2.5.1 Institutional Theory**

Cook (1977) outlines institutional theory as the processes by which structures that includes routines, schemas, norms and rules, become established as authoritative guidelines for “social behavior”. According to Kostova, Roth, and Dacin (2008), institutional theory not only provides a rich theoretical foundation to examine a wide range of issues but it also allows for theorisation at multiple levels of analysis, which is crucial for the study of MNEs. In the vast IB literature, there are various themes of institutional theory applied to the MNE context, such as institutional distance (see, e.g., Kostova & Roth, 2002; Kostova & Zaheer, 1999); national institutional systems (see, e.g., Geppert & Matten, 2006; Geppert, Matten, et al., 2003); institutional change (see, e.g., Roth & Kostova, 2003); and, institutionalization and legitimacy (see, e.g., Kostova, 1999; Kostova & Roth, 2002; Kostova & Zaheer, 1999). Obviously, there are other themes such as international entry mode decisions, but they are less relevant to this PhD study as the emphasis is on MNE centre-led change processes.

The institutional approach is useful in describing the complexity surrounding the MNEs firm from a macro viewpoint. Kostova and Zaheer (1999) for example describe multiple domains complexities, namely “institutional environments”, “varied country environments” and “institutional distance”. The authors study how institutional distance can show the different dimensions surrounding the subsidiary, hence transform into “differentiated relationships” with other MNE units. Subsidiaries compete for special resources within the MNEs under complex environmental conditions (Bartlett & Ghoshal, 2002). Institutional theorists argue that differences in the level of these conditions for each subsidiary, contribute towards the nature of the “differentiated network” (Birkinshaw & Morrison, 1995). Certain subsidiaries are described as possessing different set of resources and capabilities than others, thus allowing different levels of mandates to be experienced by them (Birkinshaw, 1996; Bouquet & Birkinshaw, 2008a). The institutional perspective further recognises that many of the MNE’s environmental challenges lead to its non-hierarchical structure. Thus, certain subsidiaries enjoy greater autonomy than many of its other counterparts.

Kostova and Roth (2002) for example, explored the complexities of the institutional environment surrounding the MNE. The authors described how MNEs respond to the institutional environment within the context of adoption of organisational practices. Their study measured the level of practice “implementation” against “internalization” with the institutional profile defined as an issue-specific set of normative, cognitive and regulatory institutions of a given country. Kostova and her co-author argued that in comparison of the “regulatory”<sup>8</sup> domain, the “cognitive”<sup>9</sup> and

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<sup>8</sup> The Regulatory component of an institutional environment reflects the existing laws and rules in a particular national environment that promote a certain type of behaviour while restricting others, p. 217.

<sup>9</sup> The Cognitive component reflects the widely shared social knowledge and cognitive categories used by people in a given country that influence the way a particular phenomenon is categorised and interpreted, p. 217.

“normative”<sup>10</sup> domains pose a greater challenge to the firm. This notion suggests that besides the functional aspect, there are no other elements such as the relational aspect that can have a huge impact on the organisation.

Others, such as Geppert et al., (2003) show how global and national effects shape the design of the subsidiary’s national business system which comprises of organisational structure, organisational processes, technology used, and employment practices and policies. In another study, Geppert, Williams, et al. (2003) describe how subsidiary managers practices are affected by the interactions with the national business system, thus affecting their choices in decision making. These studies highlight the importance of institutionalism in shaping not only the organisational structure and process, but also the organisational members’ behaviours.

### **2.5.1.1 Neo-institutionalist**

While institutionalists see organisational practice as a taken-for-granted process, neo-institutionalists tend to view organisational action from a more actor situated pattern of meaning and action. Neo-institutionalists tend to view organisation practices as “after the event” occurrences which are the result of environmental conditioning spanning from actions, people and history (Hasselbladh & Kallinikos, 2000). Some of these differences between what they call the “old” and “new” institutionalists, especially in the study of MNEs, have sparked a number of lively debates in the IB literature (Hirsch & Lounsbury, 1997; Kostova et al., 2008). Many of these discussions are focused towards the various complex issues surrounding the MNE such as institutional isomorphism. According to Kostova et al., (2008) institutional isomorphism appears less in MNEs as compared to conventional organisations, thus adoption and diffusion of practices among units needs

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<sup>10</sup> The Normative component reflects the values, beliefs, norms and assumptions about human nature and human behaviour held by the individuals in a given country, p. 217.

to be analysed differently. In offering a way forward, the authors point towards an integrated approach of the old and the new institutional perspectives in which ‘the broad concepts of social embeddedness of organisations are intertwined with the ideas of agency, social construction, and power and politics’ (2008: 1003).

What the above discussions have shown so far is that there a shift from a macro institutional study to a more blended approach of micro institutional study of organisational members’ strategic roles. This shift of research, analysis towards organisational members steers us towards other theoretical perspectives such as sensemaking (Kostova et al., 2008).

As the focus of most institutional based studies is concerned with measuring relative correlations or establishing causality, many scholars tend to use a quantitative approach in their studies (see, e.g. Kostova & Roth, 2002; Kostova et al., 2009; Vora, Kostova, & Roth, 2007). Drawing from the general IB literature based on institutionalist quantitative studies, it is noted that the primary method of data collection is through the survey, with direct interviews forming the basis for initial information gathering. This will be discussed in greater detail in the methodology section.

This PhD study’s research question is concerned with actors’ patterns of interaction, action and behaviours in centre-led change initiatives. This requires the researcher to examine at a closer range to the unit of analysis, from inside the organisation in understanding how actors’ (centre and subsidiary managers) actions influence the development of strategic change initiatives. Understanding why actors act and behave in a certain way requires a different set of perspectives and a different set of data collection techniques, such as those that are employed in qualitative research.

Based on the review of studies using institutional theory so far, this perspective is unsuitable for examining those related to managers’ actions involved in centre-led change initiatives, which is central to this study. Although institutional theory may be useful in

describing subsidiary differences within an MNE (see, e.g. Kostova & Roth, 2002; Vora et al., 2007), it is not suitable in unpacking subsidiary managers' experience in organizational change. The author acknowledges the other vast scholarly debate on theoretical perspective, some of these include theoretical debates on Universalism (Merton, 1938), convergence (Williamson & Fleming, 1977), contingency (Child, 1977), varieties of capitalism (Hall, 2015), modes of exchange (Emerson, 1976) and compressed development (Whittaker, Zhu, Sturgeon, Tsai, & Okita, 2010). Contingency theory, for example, as the desire to standardize measurement so as that organization could be measured along the objective line was criticized for the implied causation by Schoonhoven (1981) and Miller and colleagues (1984). Child (1984) criticized the theory for neglecting political issues where managers are deemed as rational technicians, neutral in their decisions to achieve organization effectiveness. Williamson and Fleming (1977) work on convergence theory propose that industrial nations are becoming more alike despite the uniqueness of their culture and histories. One interesting theory, the modes of exchange, the theory proposes that that mutual dependence of actors provides the structural basis for their power against each other (Emerson, 1976). While this theory lends the mean to measure the relative dependencies between the managers' power to change, it is not the main objective of this study. Like the institutional theory, many of these theories briefly describes above are concerned at examining causation or looking at relative dependency. Hence, they are not suitable for this study, which is concerned at examining managers' micro behavioral activities in change.

While other theoretical perspective on subsidiary managers are well documented, theoretical perspectives such as sensemaking is more relevant in exploring the nuances related to actors involved in change, which include the different patterns of interaction enacted between managers. Hence, relevant with the actor-centred approach, it is vital that this alternative theoretical perspective of sensemaking be discussed next.

### 2.5.2 Sensemaking

Sensemaking is a process of social construction (Berger & Luckman, 1967) in which people draw out frames from the past and link them with cues from current environments to instantiate meaning (Weick, 1995). According to Weick, sensemaking is a critical organisational process in which people give meaning to experience. The processes of sensemaking are evident in the event of uncertainty, confusion, surprise and ambiguity in organisations (Gioia & Thomas, 1996; Maitlis & Sonenshein, 2010; Weick, 1995). Weick argues that ‘people make sense of things by seeing a world on which they have already imposed what they believe’ (1995:15).

Weick (1995) can be considered as the ‘guru’ of sensemaking, his pioneering work on organisational sensemaking paved the way for many sensemaking research to follow till date. He describes sensemaking as a mixed of varied individuals’ objectives and interests based on their collaborative process of shared understanding and awareness. Weick draws a distinct interest on questions relating to uncertainty or ambiguity in sensemaking situations. It is common in the study organizational sensemaking where it is concern with the state of uncertainty. Such situation involved when the organisation is in a situation of crisis or change.

In a later work by Weick, he described seven elements that emerge when an organisation deals with ambiguous or uncertain conditions:

- (i) identify construction,
- (ii) retrospective,
- (iii) enactive of sensible environments,
- (iv) ongoing,
- (v) social,
- (vi) extracted cues, and
- (vii) plausibility.

The above properties form Weick's primary core principle for the process of sensemaking. The following table 2.2 below depicts the seven properties identified by Weick:

**Table 2.2: Seven properties of Sensemaking**

Grounded in identity construction	Sensemaking starts from the interplay between individual and the environment.
Retrospective making sense of confusion	Synthesizing many possible meanings, different activities occur at the same time reflection takes place.
Enactive of sensible environments	Action is a precondition for sensemaking, the action of saying enables people to then see what they think.
Social – network, intersubjectively shared meanings, common language and social interactions	Decisions are made with the considerations that they need to be implanted, or understood, or approved by others.
Ongoing	People are always in the middle of things. To understand sensemaking, it is about being sensitive to how people split moments out of the continuous flows and extract cues from those moments.
Focuses on and by extracted cues	Sensemaking tends to be swift and we need to pay close attention on ways people notice, extract cues and embellish that which they extract such as when people detail in prolonged puzzles. Some of these are paradoxes, dilemmas and inconceivable events.
Driven by plausibility rather than accuracy, accuracy is secondary to plausibility	Sensemaking is about plausibility, pragmatics, coherence, reasonableness, creation, invention and instrumentality.

Adapted from Weick's (1995) Sensemaking in Organizations

Other more contemporary work by scholars such as Rouleau and Balogun (2011)

has expanded from what Weick had defined about sensemaking earlier, they explain:

“Sensemaking has been defined quite broadly by Weick (for example, 1995), although in much empirical research on change it is more generally conceptualized as a social process of meaning construction and reconstruction through which managers understand, interpret, and create sense for themselves and others of their changing organizational context and surroundings...” (2011, p. 3: 3)

The authors argued that intertwined and multiple act of individual acts of sensemaking contributes towards the processes and outcomes of organisational sensemaking. In

organisational change situations, managers evaluate and interpret the changing environment and each other context.

### **2.5.2.1 Organisational Sensemaking**

Organisational members such as leaders, middle managers and stakeholders engage in sensemaking such as in environmental scanning that influences decision making and strategic change (Gioia & Thomas, 1996). Maitlis explains that in organisational sensemaking, members scan their environment through their interactions with others, “constructing accounts that allow the[m] to comprehend the world and act collectively” (2005: 21). Thus, sensemaking helps organisational members deal with ambiguity and uncertainty such as that found in change, by creating a sense of the environment which then enables action.

### **2.5.2.2 Sensemaking in Crisis and Change**

Whilst Weick’s pioneering work of organizational sensemaking is well accepted and recognised, others extend on sensemaking in more specific ways. Studies of organisational sensemaking in general tend to follow one of two of these broad streams: (1) research on sensemaking and crisis (e.g., see Brown, 2000; Christianson et al., 2009; Gephart, 1993; Weick, 1988, 1993); and (2) research on sensemaking and change (e.g., see Balogun & Johnson, 2004, 2005; Gioia & Chittipeddi, 1991; Gioia, Thomas, Clark, & Chittipeddi, 1994; Rouleau & Balogun, 2011). While there is a strong discussion stream focusing at “sensemaking and crisis”, it is not considered as the main relevant factor here considering that this research is more about change. Hence it would be prudent to focus on the stream which deals with “sensemaking and change”.

### **2.5.2.3 Sensemaking in Change**

Individuals tend to behave in a routine state of “trance”, when the organisation is in a state of stability. However, when change is introduced individuals’ routines are



interrupted and they become more alert to their surroundings. They interact with others in making sense of what is going on around them and finding ways how to respond (Weick, 1995). Individuals engage in conversations, exchanging gossip, stories, rumours, and memories about past experience, and they take note of symbolic actions and behaviours (Gioia & Chittipeddi, 1991; Humphreys & Brown, 2002; Isabella, 1990). Through these social processes, organisational members develop new understandings and interpretations, thus giving meaning to change.

In the general literature, there exists a steady growth of research in microprocesses that underlie organisational change (e.g. Balogun, Bartunek, et al., 2015; Balogun et al., 2011; Giuliani, 2016). Hence, the obvious focus on the sensemaking activities is on the actors involved in strategic change processes. These individuals have a profound influence on how others adapt the meaning of change and how they react to change. Eventually, this then affects how the overall organisation adapts to those changes. One critical factor that needs to be considered is whose sensemaking activity is examined. In organisational change, the various organisational members such as the top management (e.g. Gioia & Chittipeddi, 1991), middle managers (e.g. Balogun & Johnson, 2004) and other stakeholders (e.g. Maitlis, 2005), all play important roles in shaping the meaning of change.

#### **2.5.2.4 Sensemaking and Sensegiving**

For obvious reasons, researchers' departure point for the general research of organisational change tends to start at the top of the organisational hierarchy such as the top management. For example, Gioia and Chittipeddi's (1991) describe how leaders engaged in the intertwining process of sensegiving and sensemaking attempt in influencing others' understandings of strategic change events. Gioia and her co-author define the concept of sensemaking and sensegiving as the following:

“Sensemaking has to do with meaning construction and reconstruction by the involved parties as they attempted to develop a meaningful framework for understanding the nature of the intended strategic change. 'Sensegiving' is concerned with the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality.” (1991: 442)

Gioia and Chittipeddi (1991) have examined how leaders through the use of symbols in language attempt to influence others. Gioia and colleagues in a later study, describes how symbolic language is used when strategic change is proposed by arguing that “symbolism not only captures thoughts and feelings of organizational members, but is action - and outcome -oriented as well” (1994: 380). This study describes how the CEO uses symbolic vision, by referring to ‘a Top-10 public university’, projecting an interpretive framework within which thinking and acting could be viewed by others. Other study has expanded the application of sensegiving in various organisational conditions such as by Gioia and Thomas (1996). They conceded that top management sensegiving strategies may vary based on the strategic nature of the issues faced. Bartunek’s (1984) earlier work emphasises the major role of organisations’ leaders influence over the expression of alternate interpretive schemes, actions and structural changes. These studies highlight the importance of sensegiving as leadership’s primary activity within organisational sensemaking.

Rouleau (2005) extends the definition of sensemaking and sensegiving within the context of change provided by Gioia and his colleagues (Gioia & Thomas, 1996). The author describes sensemaking as something to do with the way managers understand for themselves based on the information available within the environment of strategic change. Sensegiving is defined as the managers’ attempt at influencing outcomes, pushing their thoughts across the audience and also about gaining support. Rouleau argues that tacit knowledge forms part of strategic sensemaking and sensegiving processes in managers attempt to influence others.

### **2.5.2.5 Sensemaking at Different Manager Levels**

While Gioia and Chittipeddi (1991) emphasise top managements' ability in influencing sensemake to others, Dutton and Ashford (1993) on the other hand illustrate how middle managers are able to sensegive to top management, affecting how they see change, thus, affecting the overall change outcome. Dutton and Ashford (1993) and Dutton et. al., (1997) examine how middle managers through "issue selling" gain the attention of the top management in influencing their action on change. These studies suggest that although middle managers are relatively low in the organisational hierarchy, it is through sensegiving activities, they can shape others' interpretations, especially the top management (decision makers). Sensemaking and change study involving middle managers is interesting, this owes to their unique position by being in a proximity to both strategic decision makers and frontline managers. This allows them to mediate the sensemaking effort between the senior management and other employees to affect both "cognition and actions" (Maitlis & Sonenshein, 2010). Rouleau and Balogun (2011) examined how middle managers, using different "symbolic/verbal representations" around the "language and social setting" facilitate them in shaping the meanings of others related to change. This study extends what we already know about organisational members' ability to use symbols to sensemake or sensegive, by emphasizing the importance of using symbols in a specific setting. The set of research literature about middle managers have always been close to change processes, however, it is only quite recent that their importance has begun to be established.

### **2.5.2.6 Vertical to Lateral Sensemaking**

Whereas research, for example by Gioia and Chittipeddi (1991), and Dutton and Ashford (1993) focuses on the linear vertical process of sensemaking between parties involved, Balogun and Johnson (2004) argue that the lateral process of sensemaking is also prominent in shaping the outcome of change in the absence of senior managers.

Balogun and Johnson (2004, 2005) extend some of the earlier work by Bartunek (1984) by drawing our attention to the idea of schemata as central to middle managers' sensemaking process in change. In a subsequent study, Balogun and Johnson (2005) described how middle managers, in the absence of leaders, engaged in more informal lateral interactions (storytelling and gossip) than vertical interactions (written and verbal) when implementing change. Balogun and Johnson (2004, 2005), explain that the structural reorganisations senior managers implement to meet changing competitive conditions, creates uncertainty for the middle managers. Middle managers when left to construct their own meanings of change, they play a crucial role in how change is ultimately affected and communicated to the rest of the employees. The lack of formal powers associated with middle managers means that when presented with situations of uncertainty like in change, encourages them to deploy other means and ways to work around change. Balogun and Johnson (2005) illustrate that this is achieved through for example "vertical and horizontal" interactions with organizational members.

While previous studies on sensemaking/sensegiving tended to focus on a single party process (see, e.g., Gioia & Chittipeddi, 1991), Maitlis (2005) extends this single party focus further in exploring how simultaneous or reciprocal multi-parties engage in sensemaking activities. Maitlis suggests that leaders and stakeholders tend to enact certain forms of sensemaking based upon their roles in a specific issue and organisation. Following from this work, Maitlis and Lawrence (2007) describe how certain conditions are able to trigger sensegiving activities of stakeholders and leaders. These studies demonstrate that sensemaking is not limited to a singular or homogenous process; sensemaking processes are heterogenous, specific to certain conditions and situations.

The implication of this study helps to understand that organisational sensemaking activities tend to occur in a much wider spectrum. Suggesting the clear majority of organisational sensemaking activities are still left unearthed. Although these studies

(Maitlis, 2005; Maitlis & Lawrence, 2007) have identified few macro-level sensemaking forms, relatively little is known about other micro-level forms engaged by managers. Furthermore, these studies would have been more interesting if such approaches had been extended to other organisational settings and other organisational change processes.

### **2.5.3 Sensemaking in Change Revisited**

The research in sensemaking and change discussed thus far, has highlighted the importance of understanding the various interactions between members and groups within the organisation: how they make sense of change, the dynamics involved (directions), and the environment conditions, which all have some form of effect on the outcome of organisational change. Sensemaking encourages researchers to explore and understand individuals' "worldview". It requires researchers to examine why individuals seeing the way they are and why they react about change they react in the organisation. Sensemaking is a powerful analytical tool to examine when "meanings and interpretations" are being formed and communicated by individuals in an organization. It allows the examination of the different patterns of interaction enacted among organizational members (Balogun & Johnson, 2004; Maitlis, 2005; Rouleau, 2005; Rouleau & Balogun, 2011).

Furthermore, contributions from: Gioia and Chittipeddi's (1991) sensemaking and sensegiving as iterative processes; Maitlis's (2005) forms of organizational sensemaking; and Balogun and Johnson's (2004, 2005) action and cognition pointed that sensemaking both as a theory and an analytical tool is very much relevant to the study of organisational change. Sensemaking goes beyond just giving meaning to events, but also helps and clarifies the issues that allow for the holistic exploration of change. Paull et al. (2013) describe how sensemaking of managers strengthen sensemaking as an analytical and interpretation tool.

The core of this PhD research is to explore and examine how the different patterns of interaction among managers involved in strategic change initiatives and how this influence the change. We have established that individuals such as subsidiary and centre managers will have different worldviews about the organisation and the dialectical relationship among the two. In strategic change situations, such as in centre-led change initiatives, managers will interpret and evaluate meaning about the change processes. This is predisposed from their own worldviews that will ultimately affects their actions. Since different managers (centre and subsidiary) carry with them certain views and objectives about change, they will interpret change differently. Some of this will likely include attempting to influence others to carry through certain personal agendas. Researchers have shown how managers engage in sensegiving to influence others (Gioia & Chittipeddi, 1991; Maitlis, 2005; Maitlis & Lawrence, 2007).

Actors perceive, interpret and evaluate each other's conduct when they engage in change processes. They use power and other means to enact their identity, for example, in the subsidiary, to respond meaningfully to and thereby influence others through the act of sensegiving. Thus, it is a political tool that actors use to shape the meaning of others or in this case, the outcome of change. For example, by understanding the patterns of interaction, subsidiary managers enact (sensegive) to centre managers. We can better understand how that enactment influences the development of change or the change outcome itself. Additionally, sensemaking also allows researchers to identify the various potential dynamics between the patterns of interaction enacted by centre and subsidiary managers (e.g., see Maitlis, 2005), and the outcome of the centre-led change initiatives. This brings "sensemaking" to the fore as a powerful analytical tool for this PhD study. Sensemaking therefore helps underpin the theoretical construct of this study.

#### **2.5.4 Sensemaking as the Theoretical Perspective**

It is established earlier that in the IB literature that MNEs have more pluralistic and dispersed power structures than was previously understood (Bouquet & Birkinshaw, 2008a; Dorrenbacher & Geppert, 2006). Some function as political coalitions with conflicting relationships between the centre and subsidiary managers (Clark & Geppert, 2011; Mudambi & Navarra, 2004). Scholars have established that through different historical roles and resources (Birkinshaw & Hood, 1998b; Galunic & Eisenhardt, 1996; Jarillo & Martínez, 1990; K. Williams & Geppert, 2006), subsidiary managers can exercise different levels of “voice” among subsidiaries (Bouquet & Birkinshaw, 2008b). The dialectical centre-subsidiary relationship can cause subsidiary managers to engage in a range of micro-political activities in their attempt to preserve their personal or subsidiary agenda (Birkinshaw & Hood, 2000; Dorrenbacher & Gammelgaard, 2006; Dorrenbacher & Geppert, 2006; Geppert & Williams, 2006; Taplin, 2006).

Taken together, in strategic change initiatives devised by the MNE centre may not necessarily be implemented across subsidiaries as typically expected. The process involves centre and subsidiary managers interactions, different subsidiaries are able to exercise different levels of influence in the form of subsidiary initiative (see, for example, Balogun et al., 2011). While there is a flow of subsidiary management research, however issues related to the interactions within organizational members involved in change processes and the role they play have largely been ignored (Balogun et al., 2011; Bouquet & Birkinshaw, 2008a; Clark & Geppert, 2011).

This study is concerned with how strategic change initiatives are implemented in MNE across subsidiaries. The focus is on the patterns of interaction enacted by managers and how these influences the change development. The section on literature review has established how managers conduct themselves in change. The way they respond is likely to be affected by their evaluations and interpretations of specific processes. It has been

established earlier that subsidiary managers' objectives are not always aligned to the centre. Subsidiary managers, for instance, cope with having to do what they do while scanning the multitude of institutional domains. A good way of unpacking a manager's interpretation and evaluation, how they "socially construct" their thoughts is to examine this through the sensemaking lense. Therefore, this research will adopt sensemaking as the theoretical perspective. This will enviably shape the research methodology, nature of data collection and gathering approach of this research.

## **2.6 Chapter Summary**

In this chapter, the different MNE forms and its relevant description has been discussed in detail. Starting from the Multinational to the International, next the Global and finally the Transnational. Next, this chapter provides the discussion on the evolution of the subsidiary management that started from HQ-subsiary research moving into subsidiary roles, subsidiary evolution and finally the recent debate on HQ-subsiary managers.

Next the research agenda that relates to this research background is presented to set the scene for the final discussion on theoretical perspectives. Two major theoretical lenses, namely institutional theory and sensemaking are discussed. Finally, the rationale of why sensemaking provides the most relevant theoretical lense for this study is established.



## **CHAPTER 3: MATERIALS AND METHODS / METHODOLOGY**

### **3.1 Introduction**

This chapter describes the epistemology, research method and theoretical lenses leading to the rationale for the application of a qualitative research methodology. Interaction among people, with each carrying specific context and meaning, this creates social groups leading to a society (Creswell, 2009). A society within an organisation is often referred to as a unit or a division depending on the structure and size of the organisational. We recall earlier that individuals develop subjective meanings based on their 'lived' experience, they seek to understand the world in which they live and work. In essence, this is how a 'social constructivist' sees the organisation. Creswell (2009) describes that subjective meanings are often a product of social and historical negotiation. They are formed through interaction with others extending to cultural norms that operate in individuals' lives. Since different people live a different experience each will have a different worldview, this requires a certain approach to examine them.

Social constructivist draws its root from earlier works by Berger and Luckman (1967) and Lincoln and Guba (1985). Although there are recent works by scholars such as Lincoln, Lynham, and Guba (2011) and Mertens, Holmes, and Harris (2009), however, the underlying concept of social constructivist still remains intact. Social constructivists believe that individuals seek to understand the world or the environment in which they live. They develop subjective meanings of the experience, be that of object or things that they encounter daily. The social constructivist researcher explores these different meanings, often at different layers, narrowing it down in smaller categories or ideas. It is the participants experience that forms the subject for the researcher to examine. The researcher relies on broader aspects of the questionnaire often using open ended questions to extract as much information (meaning to experience) from the participants.

### 3.2 Research Methodology

For the constructivist researchers, they see organisation as a socially constructed entity, often exploring the processes of interaction among individuals when studying issue related to the organization. One aspect that captures the interest of many constructivist researchers of late are issue about the process of organisational change. Organisational change events unfold as a function of the various evaluations and interpretations that evolve around people who involve in them, some of which eventually become “politically legitimated” (Maitlis & Sonenshein, 2010). This means, for us to understand such events, we have to initially examine individuals’ meanings, evaluations and interpretations of those events. Following this, researchers exploring via this perspective, focus on the complexity of views rather than to “narrowing meanings” into a few specific ranks. These researchers also acknowledge that their own personal experience and background also “shape their interpretation, and they position themselves in the research to acknowledge how their interpretation flows from their personal, cultural, and historical experiences” (Creswell, 2009: 8). Following that, this study is underpinned by two basic assumptions: first, that “organisational reality is socially constructed” (Berger & Luckman, 1967), and second, “that attempts to change that reality should be studied in a way that taps into processes used to fashion understanding by the participants themselves...” (Gioia et al., 1994: 367).

The literature review in the first section discusses in detail, the phenomenon of how strategic change initiatives get implemented with elements both from ‘within’ and ‘without’ the MNE, in the presence of subsidiary managers’ autonomy and the capability to do differently (Birkinshaw et al., 2005; Birkinshaw & Pedersen, 2009; Bouquet & Birkinshaw, 2008a, 2008b). Of primary concern to this PhD study is how strategic change initiatives are implemented, influenced by different patterns of interaction enacted by

managers involved. Scholars term this as micro-political behaviours (see, e.g., Belanger et al., 1999; Boussebaa & Morgan, 2008).

### **3.3 Research Method**

Birkinshaw et al. (2011) in a special IB issue describe that in comparison to the quantitative study, the qualitative study is considered rare in IB research. Qualitative research predominantly uses the interview as its primary method for data collection. Many times, it is the issue of access to relevant informants in enterprises that pose as the primary issue to this type of research. Many of studies on MNE subsidiaries (see, for example, Birkinshaw, 1999; Birkinshaw & Morrison, 1995; Kostova & Roth, 2002) have approached their studies quantitatively with the exception of a few (Balogun et al., 2011; Clark & Geppert, 2011; Dorrenbacher & Geppert, 2009). Birkinshaw and his co-authors suggest that this could be due to the recency of many of the phenomenon research in the general IB field, in addition they can also be considered less mature than others. However, we acknowledged that issues relating to MNE subsidiaries are rapidly becoming more developed, requiring the need for further exploration and understanding of their basic foundation. Birkinshaw et al. (2011) identified three missed opportunities for IB researchers when approaching MNE studies using a purely quantitative approach:

- 1) downplaying of many informal processes pertinent to delivery of objectives,
- 2) misinterpreting or overlooking real challenges of knowledge exchange and technology and,
- 3) problems of interpretation and application of conceptual abstraction.

Following that, this PhD study will explore managers' role they play in centre-led change initiatives through a qualitative study. The research questions of this study aim to:

- 1) identify patterns of interaction enacted by managers (centre and subsidiary);
- 2) understand how the above patterns of interaction influence the development of change initiatives (centre-led); and
- 3) identify the implications it has towards the outcome of the change initiatives.

In exploring these research questions, there is a need to explore into areas that are related to the participants' "meanings" and "interpretations", this includes understanding their "world views" of the past and how they evaluate and interpret about the strategic change initiatives they are involved in. For this purpose, the qualitative method and approach is well suited for this type of study such that involves the perspective derive out of individuals' interpretations and evaluations (Gioia & Thomas, 1996). Furthermore, qualitative research typically is concerned with the participant's perspective (rather than the researcher's). Hence, it is especially appropriate and frequently used in the study of organisation members' constructions and accounts (Isabella, 1990). Based upon the extensive discussion on the theoretical perspectives such as sensemaking, they are indeed closely related to the social constructionist perspective. This very much suits the approach this study intends to explore; hence it will be the obvious choice. Relevant to this theoretical perspective, therefore, in-depth direct interviews will be used as the primary method to elicit data from the managers (HQ and subsidiaries) involved in strategic change initiatives. Secondary sources such as board papers, slides, management reports and minutes of meetings relevant to strategic initiatives will be gathered and analysed. Since this approach need to explore different individual's perspectives, it requires a form of triangulation. This kind of triangulation enables the author to explore different perspectives from multiple sources such as different informants and other secondary sources (Gioia et al., 1994). Triangulation that views differences of the multiple interviews collected, differences between informants and from the secondary sources

allows for rigor in the form of qualitative data validity. Furthermore, the triangulation method allows the researcher to approach the research problem and facilitates to better understand for example, the divergent or convergent thinking of centre versus subsidiary managers. Individual's different perspectives in terms of context, evaluation and interpretation will be part of the analytical process, this allow for a better understanding of the different patterns of interaction managers enact in strategic change initiatives. Different people will present their meaning to experience differently, this method is not only useful for finding out how things unfold but it helps to unpack how things can be affected by varying perspectives that exist.

As most of the strategic change initiatives intended for this PhD study are those that have already taken place, interviews regarding past events and deep understanding some of the interaction managers enacted among them are essential. Hence, the primary data gathering involves interviewing basically three levels of informants for this research: (1) Senior Vice President (top management), (2) Vice President and Assistant Vice President (middle management) and (3) General Manager to Assistant Manager (employees). Fuller accounts of these retrospective events are pieced together different sources such as in-depth direct interviews, board papers, presentation slides, email communication and proposal papers. Given the challenges posed by this, a semi-structured interview technique is utilised as it provides a form of guidance throughout the data gathering stage (Kvale & Brinkmann, 2009). An interview protocol formed through a semi-structured questionnaire will be use to elicit information about how individuals were thinking about the events, issues and processes that occurred in the past (see, for example, Isabella, 1990). As the challenges for this study is enormous, a pilot study was conducted to serve as a learning experience process for the researcher. The pilot study will be discussed next.

### 3.4 Pilot Study – FixedCo

A pilot study (Isabella, 1990) was performed to familiarize the author in applying some of the techniques related to the qualitative research. In specific was the use of the semi-structured interview technique. The specific intent of the interviews in this pilot study was to learn through the experience about organizational members' issues and concerns, lived experience, reactions, meanings, interpretations and thoughts in connection with certain critical events. Such as “unbalance established routines and evoke conscious thought on the part of organizational members by their very nature” (Isabella, 1990: 11).

In April 2008, a major (state owned enterprise) telecommunication company in Malaysia underwent a demerger exercise; FixedCo (FC) headed the wireline business while RegionCo tasked to run the wireless business. FC Board of Directors during its meeting on September 2008 had approved the proposal for new Regional Office business model. A joint committee with resources from both FC and FC Global was formed to assist in realizing the new business model. In conclusion, upon the transformation, the new business model is expected to resolve the financial and operational problems affecting the business; with the aim of improving FC Global's overall position in the international telecom industry.

FixedCo has four subsidiaries in San Francisco, USA (CoUS), London, UK (CoUK), Hong Kong (CoHK) and Singapore (CoSG). Each subsidiary is headed by a country manager with about 10 employees mostly overlooking data traffic management and a small team of 3 employees looking after shared services. As the author had previously work in the pre-demerge entity, past rapport allows him to gain access to both demerge entity. FixedCo was chosen as the pilot study even though it may not present the ideal MNE centre-subsiary dynamic relationship (Boussebaa, 2009; Mudambi & Navarra, 2004) as the objective of the pilot is for the author to gain as much as experience

in conducting in-depth interview. The author's first experience in using the semi-structured interview protocol will surely require improvement to the protocol itself where necessary. As mentioned earlier, as FixedCo was selected as the pilot, the other demerge entity RegionCo (later known as CenCo) was reserve for the main case study research. The separation between the two was also critical so that the primary data for CenCo will not be contaminated later. As for the pilot study, the interviews were performed among the key managers involved in a major centre-led change initiative that will discuss next.

At the initial stage of the pilot, the author contacted the human resource director of FixedCo (FC) for the permission to conduct the pilot in early 2012. Post the approval for the pilot study to be done, the author approached FC's head of Global Business (HGB) in Kuala Lumpur. Being a long friend to the author, the HGB granted an hour of discussion/interview, where the author treated him as the gatekeeper. The HGB shared several initiatives undertaken by Global Business, most of the initiatives were aimed at cost cutting while standardizing inter-operating company (opcos) processes. One centre-led change initiative was identified, this was about transforming its regional offices also referred to opcos or subsidiaries into a new cost center business model via a business transformation initiative (BTI). A proposal paper on the BTI was cited with the approved dated stated as September 18, 2008. What was unique about the BTI initiative implementation timeline was that different opcos were at different stages. For example, CoUK and CoSG was almost at 50% implementation stage while the CoHK and CoUS was at its initial stages 20%. This presents a good platform for the author to interview informants with different experience at different stages of the initiative. Board minutes extract secured, describe progress of each opcos with relevant barriers describe such as regulatory implications on both FixedCo and CoUS.

The author next was given a few potential informants by the HGB to gather more information about BTI. This is important as the author needs to understand as much about

BTI as possible as the opportunity to interview informants may be limited due to their tight working schedules. A snowball approach was deemed useful for the author identify the list of potential interviewees for this pilot. Other secondary documents were secured by the author related to the BTI initiative that includes guideline papers, extract minutes, issue reports, proposal and information papers and meeting slides. These secondary sources were more than 300 pages were tedious to sort and required time to understand. Moving on to the primary source, apart from the informants in the centre HQ, the author decided to interview CoUK as the overseas subsidiary as they have achieved a significant progress of the BTI implementation. Another subsidiary CoHK was chosen due to its early implementation stage was interviewed via telephone, this was performed due to the difficulty in securing the time to interview the informant. Data collection and analysis

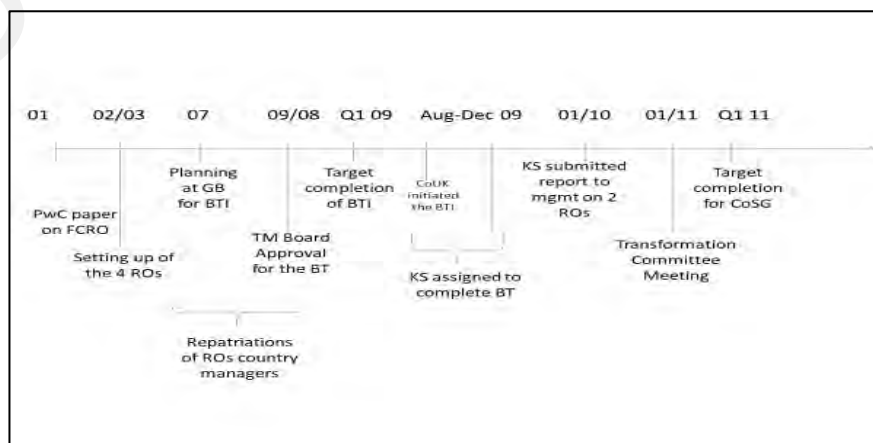
In the initial plan, the Business Transformation initiative (BTI) was targeted to complete by Q1, 2009 but this was then delayed for more than a year. The BTI is considered successful for the Singapore and UK while the remaining exercise for US and Hong Kong had to be abandoned due to unanticipated exposure to regulatory and tax requirement. CoSG is considered to novate 100% of their customers while CoUK was granted exemption by the board, for a few customers that refused to novate to FC. The following table 3.2 below details a brief profile of relevant key managers that were involved and interviewed in the BTI project. All the interviews were conducted in English and later transcribed. The transcribed interview came to almost 40,000 words with another 15,000 words from secondary sources like reports, slides and board papers. In total the entire double-spacing transcription amounted to 130 pages not including the secondary sources. The author acknowledges the voluminous number of data he will be presented with in the primary study. Thus, a few qualitative research tools such as NVivo and Atlas-Ti was experimented and later used in the primary study.



**Table 3.1: Profile of relevant key managers involved in the BTI project**

No	Personnel	Brief Description
1	AGM1 (former) Assistant General Manager Regional Office (AGM RO) Homebase	He was a government link company (GLC) exchange program officer from SIME seconded to FC from 2008 to 2009. He was requested by GM1 (finance director) to assist in the BT project at FC Global. He is considered the employee that spearheaded the BT project as he was involved in many of the ground work and working level activities.
2	M1 Manager Homebase (HB Manager for CoUK and CoSG)	She joined FC as a fresh graduate from the university as the manager under AGM1 in 2008. She is currently the homebased finance officer overlooking UK and SG ROs.
3	CD1 Country Director CoUK	He joined CoUK in 2004 and was promoted to country director in 2008 after the previous country director left to return to HQ. He was involved directly in the BT project throughout the entire period until the present time.
4	M2 Manager (Data) CoUK	He joined FC in the 90s and joined FC Global in 2004. He was assigned to UK in 2007 as a secondee. He is now attached as a permanent staff at CoUK.
5	SLC1 Senior Legal Counselor	He joined FC in 1997. His employment history with FC is mainly involved with foreign business matters (legal). He was the legal officer assigned to assist in the BT project in 2008/09.
6	M3 Manager Finance and Administration CoUK	She joined TMUK as a part time staff for 7 months in 2007. After completing her studies, she was absorbed as a full-time staff in the same year. Her involvement in the BT project covers all matters pertaining to agreements and financial issues. She has a dual reporting to the CoUK Country Director and FCHO Finance.

A timeline as in figure 3.1 anchored on the critical incidences related to the strategic change initiative was later formed. The critical events timeline provides a focal point for the author to steer interviews with the informants that strays away from the topic.



**Figure 3.1: BTI critical events**

The interviews conducted anchored on the critical events were repeated across the centre and the subsidiary in London. Based on the in-depth interview completed, several interesting plots were uncovered with the objective not directly related to the BTI project charter as approved at the board earlier.

HGB explained that few of these country managers became a little bit out of control, he cited such as the previous CDO as an example who was then the country manager of CoHK; although CDO was delivering the numbers but CoHK were not in conformance with much of what was coming from the HQ. CDO, the country manager had a specific link to his “godfather” the then FC Chief Operating Officer (COO) with the title Dato’ who was overlooking the entire global operations; he’s being called the “untouchable”. At the height of his career, CDO also hired a Chinese Malaysian based in Taiwan, whom was linked to one of the Board of FC director, to work for CoHK. This was seen as CDO’s attempt to build a 1+1 layer in maintaining strong relationships with the power bases at the HQ. CDO also went around encroaching other FC sales territory such as Vietnam, UK, US and Singapore without the consent of other regional heads. HGB said that “he (CDO) was also getting away with murder”.

One senior HQ employee also shared similar stories as he has experience not only as a country manager previously at CoUK but also as a current HQ senior manager. He cited that CoHK as being the most profitable among the ROs at the time. He described how certain ROs such as CoHK was termed as more “creative” in ensuring their performance was better than others. CoHK was being quite creative that they seize the market in that region that was not apparent in other ROs. The FCHO took note of that creativity and adopted as best practices for other ROs, he puts it as follows:

And so, those were the good things they did that showed they were creative  
...allowed them to prosper earlier than the rest [ ] we took a lot of their examples  
[ ] not examples as in “their product examples”, but in their effort-like examples...  
[ ] we...took the fact that they were out of the box...

Another senior manager at FCHO, GM1, who was tasked upon joining to deal with the M7<sup>11</sup> case apart from daily activities looking into finance related matters. He described FCHO at the time as a department lacking in process and procedure, he explained the situation as follows:

FC[HO] at that point of time was an organization that was like a ‘cowboy town’, lacking a lot of controls, have issues with governance and had numerous other issues as well as business and governance issues. So at that point of time, what best than to send a guy reporting, into the fire, and actually clean up the mess.

He highlighted that when he was dealing with the M7 case, he also noticed a couple small control issues especially at the ROs. He was concerned with the interco<sup>12</sup> activities, in particular the selling of services between ROs, accumulated cash reserves and also several bad debts that were left unchecked for many years. Many of these activities such as selling were very much KPI driven. The ROs were operating quite autonomously as he pointed out “they were acting on their own, they were just running”. He mentioned that a lot of the ROs if asked will maintain that their business was profitable, but he cautioned that those profits may not be real profits. They were merely just “window dressing” activities by the ROs to show profit in their accounts. He highlighted that these activities by the ROs had contributed to FC Groups’ loss of more than USD100million in 2008.

According to HGB, the BT initiative was done to get a grip of the loose ROs all over the world within the FCGB portfolios. Thus, one of the first things that he recalled doing for the BT project was to recall all the country managers back to HQ. G1 also

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<sup>11</sup> M7 was the abbreviation for the magnificent seven fraudulent north Asia accounts that resulted in FC Group’s consolidated account loss of more than USD30million in 2008.

<sup>12</sup> Intero are related party transactions (RPT) that takes place e.g. between the parent and subsidiary or subsidiary to subsidiary. In many countries Generally Accepted Accounting Practice (GAAP), these activities must be arm’s length.

recalled that one of the first things that they did for the BT was to recall the RO heads home. He explained as follows:

In fact, one of the first key changes to the transformation was to bring back all these fellow who were there, so we pull back all these secondees [ ] because we took the stand that we can get the local guys to run it, because they know the area and place, [ ] the local guys because they are foreigners, under our company they have to abide by our rules...

However, as another top management has slightly a different opinion on the matter; he recalled that the repatriation of the country managers from the ROs around 2006 and 2007 was primarily because of the cost implication. It was costly for FCHO to have those ROs headed by Malaysian expatriate and saw locals as alternative to perform the same job at a fraction of the cost.

M1, a middle manager working on the BT project at the time, on the other remembered that a few country managers were called back before the BT exercise, she explained in particular CDO (CoHK country manager) as follows:

He came back to FC team because it was management's decision that we call back all the country director we call the highest post in RO. As [the] country director, we call them back, CDO and the rest...

This pilot case study has presented some important experiential learnings for the author to explore and at the same prepare for the actual research itself. The different plots that emerged in the BTI project suggest that micro-political activities enacted by managers were part of the interplay of centre and subsidiary managers. While the analysis for the pilot case study was limited to a first order analysis (Gioia & Chittipeddi, 1991), several important learnings were derived, this will be discussed next.

#### **3.4.1 Lessons learned**

As mentioned in the earlier section, the regional office in London was sampled in this pilot study and using a semi-structured interview protocol. A total of eleven informants were interviewed with five from the London office and two from the Hong Kong office. The interviewees range from the head of department (HGB) to line managers

at subsidiaries and the centre. In total it took a number of forty-five days to complete the entire planning right from the implementation stage to the initial execution of this pilot study. Many valuable lessons were gathered from this. Some of the learnings will be described next.

New respondents arising from leads need to be pursued to ensure that all perspectives are captured. Resources in terms of time and travelling budget need to be more flexible as per what this pilot has revealed. A month should be allocated for the planning that include ethical forms, travelling arrangement, scheduling and other formalities at the company to be engaged in the study. The author needs to ensure that a diary is kept and updated as regularly as possible. The author shall ensure the strategy of the interview is maintained to ensure the flow of the interview and also the information needed to be gathered are not exposed to others (potential respondents). The author shall attempt to conduct interviews in a setting conducive for data gathering. Next, the author shall ensure the best approach in using the different types of question to better elicit response from respondents. Assistance for data transcribing is essential to ensure better data management process as this part of the task is very time consuming. The first few discussions and interviews are important as they form the basic understanding of the subject under study. Hence, special attention is required in this phase of the fieldwork.

The author discovered that respondents can recall critical incidences related to the initiative. Show stoppers or barriers to initiative were more readily able to be explained by those involved. They remember those experience more than other non-critical events, however many of these events are related to negative events. Some of the issues raised by the respondent are lack of proper planning in addressing the key transformation issues, lack of consideration of the new business model's potential risks and mitigation plan, unresolved regulatory & legal matters, unresolved tax matters, and lack of resource for the transformation.

The experience has enabled the author to experiment with the varying interviewing strategies. This helps the author to hone in the right skill in learning which approach best elicits the type of data needed. This pilot too has provided the opportunity for the author to explore through qualitative methods, experimenting the sensemaking lense approach via participants' different meanings and interpretations about change based on their experienced. The experience has also helped the author to understand the often-conflicting views and perspectives of managers. Their views about change were not necessarily congruent between the subsidiary and of the headquarters themselves, this has certain consequences and affected some of their actions over time. Different groups told different narratives about the change initiative. Group A-HQ managers told narratives of successes achieved, whereas, Group B-HQ managers narrated tragic experiences they encountered similar to the accounts of Brown and Humphreys' (2003) "Epic and Tragic Tales" discussed in the earlier section.

#### **3.4.1.1 Thick Description**

In addition to the interviewing experience, the author also has learned to appreciate the voluminous amount of data gathered involved. These, such as those from presentation papers, minutes of meetings and discussion papers, need to be systematically index, categorize and manage. Multiple sources of data including the varying participants' accounts are triangulated to form, detail description of the event through narratives, "thick description" (Langley, 1999). This experiential pilot study enabled the author to appreciate of some of the potential complications or barriers coming in the primary research case study. Some other issues related to the reporting stage -thick description and the data analysis stage -themes were also looked at. Finally, the author managed to reflect on some of the aspects that needed to: 1) improve, 2) remain and 3) avoid or perform differently.

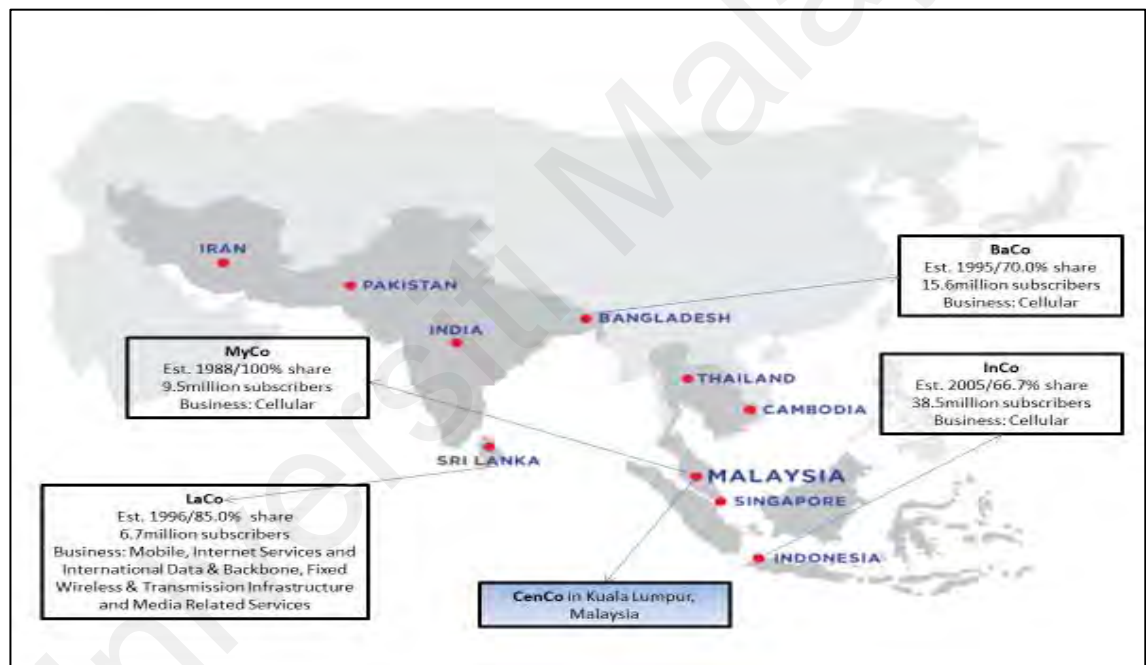
### 3.5 Case Study Context

As mentioned earlier, the author was a practitioner in one of CenCo's subsidiary in Bangladesh as head of department from 2004 to 2007. During this tenure, the author had attended many management operation meeting (MOM) at both the centre and subsidiary level. That allowed the author to mingle and have direct access in terms of interaction with top and middle managers. Based on experience, the author felt that as a part of a subsidiary, there were numerous occasions that some the actions then were either deceptive or defiant in nature when responding to the centre. Thus, the author is intrigued at investigating some of the issues that he encountered in the organisation, he thought to be interesting. Arising from his past tenure and nature of the job have established a kind of past rapport with key managers in this MNE. This offers the opportunity to access and carry out this study in the organisation.

The author acknowledges that a potential bias may be present here due to his previous working tenure at one of CenCo subsidiary. The author's previous work experience at one of the CenCo's subsidiary was between the period of 2004 and 2007. Since then, CenCo as a group had undergone a demerger process which involves major shareholder changes. The group name was changed in 2011, this was followed by the subsidiary name change later in that year. Several managing directors of the subsidiary has changed ever since apart from the changes to almost 50% of the middle management there. The author was not involved and does not know anyone related to the department selected for this study and those involved in the three-change initiative selected for this study.

Three criteria were used to select the MNE for this case study was based on were based on: (1) geographically diverse operations, (2) high-velocity industry setting and (3) significant related issues. The criteria are chosen based on the phenomenological aspect of this study of subsidiary autonomous behaviours towards the centre. The mix of

industry specific (high velocity), country specific (regulatory requirement) and resource (control of knowledge) are some of the issues that encourages subsidiary autonomous behaviours (Mudambi & Navarra, 2004). This then leads to the case setting chosen CenCo, as the MNE, in addition to the strong contacts the author has with key managers both at the centre and subsidiaries level. CenCo is an MNE headquartered in Kuala Lumpur, Malaysia with several subsidiaries in different parts of Asia, namely Malaysia, Sri Lanka, Bangladesh, Indonesia, India, Singapore and Cambodia. CenCo is a mobile network operator (MNO) with individual operating license in each of its subsidiary. The figure 3.2 below displays CenCo's geographical location in the Asia.



**Figure 3.2: CenCo group of companies' profiles**

The Asian mobile network operator industry has gone through several environmental changes that includes liberalization that saw many new operators entering the local market. Licenses to operate are regulated typically by the local telecommunication ministry, the licensees are kept typically at a minimum level. However, due to the rapid and intense competition further fuelled by rapid change of technology such as the Intelligent Network (IP), 4G and later 5G, the industry has become highly competitive and volatile. New entrants like Reliance Jio for example in India, has



disrupted the local telecommunication market by introducing disruptive call tariffs that resulted in several operators to exit the market. On the other hand, local regulators fuelled by increasing demand to uplift government's revenue through tax etc., they are known to perform spectrum refarming<sup>13</sup> every 5 years. The previously allocated mobile spectrum will be recalled and resold (tendered) to MNOs. These are some of the issues that CenCo, as an MNE, has to address as a regional MNO.

CenCo can be considered as an emerging MNE with just barely 10 years' experience as compared to other well established worldwide MNEs such as Google, NTT Docomo, Singtel, Tata, P&G, Microsoft and Pran. In the Asian region, there are other MNEs that are considered mid-range in regard to them being established, for example, those operating in mining industry such as MMC and the finance industry – Public Bank. Owing to their mature industry, internal and external environment, these MNEs some have operated for the past fifty years or more do not present very much area of interest to researchers to explore.

Most of CenCo's initial subsidiaries set up outside the centre in Kuala Lumpur are through joint ventures "brownfield" rather than "greenfield" setups. CenCo has controlling interests in operating subsidiaries in Malaysia, Indonesia, Sri Lanka, Bangladesh and Cambodia with significant strategic stakes in India and Singapore (associate companies). There are different country nationals holding senior management positions in these CenCo's subsidiaries, including Russian, Nepalese, Sri Lankans, Indonesians, New Zealander, Irish, Bangladeshis and Malaysians.

Four subsidiaries have been identified (CenCo's shareholding): 1) MyCo (100%) of Malaysia; 2) LaCo (85%) of Sri Lanka; 3) BaCo (91.6%) of Bangladesh; and 4) InCo (66.5%) of Indonesia. They were selected due to their "high performer status" and their

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<sup>13</sup> Refers to consolidation and reissuance of spectrum for telecommunication use by the local regulators.

significant contribution to CenCo in terms of financial numbers. Such criteria are significant as it presents a case where subsidiaries with relatively “high power and voice” (Dorrenbacher & Geppert, 2006) will not necessarily follow instructions or directives coming from the centre central to this study (Mudambi et al., 2014).

### **3.5.1 Centre-led Change Initiatives**

CenCo operates various department centrally such as in human resource, regulatory and company secretarial. When we describe CenCo or other Cos in the paper, they refer to the manager(s) involvement in the change initiative. During an earlier preliminary study at CenCo, one department was identified for this research as they were involved in various centre-led initiatives each at different development stages.

Three centre-led initiatives were identified based on strong business needs and best MNE practices within the industry. For the purpose of this research, managers involve in change initiatives form the primary unit of analysis for exploration from the MNE centre transcending into its subsidiaries. The centre-led initiatives were implemented in a department with a shared service operation tasked to assess and prepare control and risk assurance reports. This department is strategically controlled at CenCo by a head of department. Each subsidiary is headed by a department manager with a team of between eight to sixteen staffs.

The change initiatives were chosen based on three criteria that will be explained next. Firstly, the strategic change initiatives must be within the past three years as people find it difficult to express contexts that they have become detached from for long periods. Secondly, the change initiatives must be significant such as those that require system or work operating changes, major work processes that require realignment or major reorganization work. Finally, the initiatives must be centre-led initiated by the centre and intended to be implemented across all subsidiaries.

Following that three strategic change initiatives (centre-led) were identified:

- (1) Central electronic management system (CEMS),
- (2) Standard operating manual (SOM),
- (3) Competency model framework (CMF).

Apart from the three initiatives, a fourth initiative was also probed with regards to line resources (LR). Even though LR initiative may not be that evident in all four subsidiaries but it is still worth exploring as the initiative has unearthed some interesting findings. Further details description of each initiative will be explained next.

#### **3.5.1.1 Central Electronic Management System (CEMS)**

The first initiative, the CEMS, is an electronic work program designed as an electronic reporting tool. Among the expected benefits from the implementation of CEMS are:

- Structured entity risk assessment
- Electronic work papers
- Paperless environment
- Maintain systematic and standardized process flow
- Controlled process and audit coverage
- Ease sign-off and review of each tasks and work papers
- Dashboard for snapshot
- Ease tracking of work progress, reports and issues
- Accessible anywhere and anytime (via web)

#### **3.5.1.2 Standard Operating Manual (SOM)**

Second, the SOM initiative is in the form of a manual which defines the process, procedure and policy on how the day-to-day tasks, reporting, performance and others. The SOM serves as guidelines and it also referred to the Subsidiary Policy Guidelines (SPG). The SOM initiative is an important and useful tool to help steer the governance, risk management, internal control and, compliance processes and to ensure that shareholders value is protected and enhanced.

### **3.5.1.3 Competency Model Framework (CMF)**

Thirdly, the CMF is an initiative based on best practices in assessing employees' competency gaps, through training needs analysis to finally result in recommendations in bridging the gap in the form of training, seminar or business consulting exposure.

Finally, the line resource initiative is an effort to extend shared or pool resources from other area field of expertise into the department. These change initiatives were examined, by examining through secondary sources that includes board papers, slide presentation and communication papers secured earlier from a contact person. From this information, a timeline based on critical events (see, e.g., Isabella, 1990) for each subsidiary was established.

### **3.5.2 Case Study Interviewees**

Next, the author identified 22 managers (centre and subsidiary) involved at different stages of the centre-led change initiatives. From the 22-total number of interviewees, four were referred to as part of the "snow ball" effect. Among the criteria are that they have been with the organisation for the past two to five years with at least two years' involvement in the initiatives. The informants' involvement in the initiatives mostly as subject matter experts, with the capacity to both negotiate and make decisions were essential in understanding the different perspectives about those change initiatives. The list of interviewees is presented in table 3.1. The list consists of 3 centre employees with the remaining are from the subsidiaries. Among the 22 number of interviewees, there is only one female employee, she was interviewed based on her experience in all three change initiatives. The interviewees' designation ranges from accountants to engineers, however, the author noted that 70% of the interviewees are with some sort of a technical background. This is not surprising, CenCo being a MNO MNE requires mostly technical employees due to its core business of running the mobile operator network. Other departments such as Human Resource and Finance are considered shared services.

**Table 3.2: List of Interviewees***Centre and subsidiary staffs interviewed*

(1)	Senior Vice President Centre	(CXO)	The group head of the department (HOD), he was formerly a finance director of an oil and gas MNE based in Kuala Lumpur. He reports directly to the Group's Board. All local boards' report to the Group's Board.
(2)	VP 1 Subsidiary	(M1)	The head of department (Bangladesh), he reports directly to the local board with an indirect reporting line to the centre. He was hired based on his wide MNE experience in the tobacco industry.
(3)	VP 2 Subsidiary	(M2)	The head of department (Indonesia), he reports directly to the local board with an indirect reporting line to the centre. His experience in the telecom industry was primarily for his hiring.
(4)	VP 3 Subsidiary	(M3)	The head of department (Sri Lanka), he reports directly to the local board with an indirect reporting line to the centre. An Oxford graduate (OXON), his previous experience in a similar role was the primary reason for his hiring.
(5)	VP 4 Subsidiary	(M4)	The head of department (Malaysia), he reports directly to the Centre. A long-time employee of MyCo, he rose through the ranks to his current post. He is perceived to be the successor to the SVP at the Centre.
(6)	AVP 1 Centre	(CM1)	The head of department, she is in charge the financial aspect of the department. An accountant by profession, she has various certifications under her portfolio (snowball).
(7)	AVP 2 Centre	(CM2)	A senior lead specialist in the department. He specializes in project management and general management. He reports directly to the Centre's head of department.
(8)	GM 1 Subsidiary	(SM1)	A senior specialist in general management, he reports directly to the HOD (Bangladesh) and in charge of the general management of the subsidiary.
(9)	GM 2 Subsidiary	(SM2)	A specialist in marketing, he reports directly to the HOD (Bangladesh). He has a pool of staffs under him.
(10)	GM 3 Subsidiary	(SM3)	An IT specialist, he reports directly to the HOD (Bangladesh). He was formerly a local bank's technical manager for IT related works. A pool of team reports to him.
(11)	GM 4 Subsidiary	(SM4)	An engineer by profession, he reports directly to the HOD (Bangladesh). He joined the company a fresh graduate and rose to the current position.
(12)	GM 5 Subsidiary	(SM5)	A marketing specialist with several regional postings across Bangladesh, he reports directly to the HOD (snowball).
(13)	SM 1 Subsidiary	(MS1)	A qualified accountant, he reports directly to the HOD (Sri Lanka). He is the delegation of authority (DOA) when the HOD is out of the country.
(14)	SM 2 Subsidiary	(MS2)	An accountant by profession and an IT certified assessor. He was formerly a manager in Qatar and was hired to head the IT unit of the department. He reports to the GM of IT (Malaysia).
(15)	M 1 Subsidiary	(ES1)	An IT specialist, he reports directly to the HOD (Indonesia). He was formerly the IT development and operations (devops) team of the subsidiary. He is assigned specifically as the subsidiary system administrator.
(16)	M 2 Subsidiary	(ES2)	An accountant by profession, she reports directly to the HOD (Indonesia). She has a wide span of experience in the subsidiary (snowball).
(17)	M 3 Subsidiary	(ES3)	An accountant by profession, he reports directly to the HOD (Sri Lanka). His previous experience at a local bank and knowledge in IT were the primary reasons for his hiring.
(18)	M 4 Subsidiary	(ES3)	An engineer by profession, he reports directly to the HOD (Malaysia). He is among the most senior within the subsidiary.
(19)	M 5 Subsidiary	(ES4)	She is the IT specialist and reports directly to the HOD (Malaysia). She has a pool of team that reports to her directly (snowball).
(20)	AM 1 Subsidiary	(AM1)	An accountant by profession, he reports directly to the DOA (Sri Lanka).
(21)	AM 2 Subsidiary	(AM2)	An IT graduate and in charge of IT related tasks. He reports directly to the IT Manager (Indonesia).
(22)	AM 3 Subsidiary	(AM3)	A computer science degree holder, he reports directly to the HOD (Sri Lanka). He oversees all general management related issues within the department.

**\*\* VP – Vice President, AVP – Assistant Vice President, GM – General Manager, M – Manager, AM – Assistant Manager.**

### **3.5.3 Multiple Embedded Case Study**

The blend of centre and subsidiary managers for this investigation creates a multiple and comparative case study (Yin, 2003), with four organisational case studies. Inside that, there are a bigger number of individual case studies, “enabling a contextual examination of the phenomenon”. The replication technique described by Yin will be applied through direct in-depth interviews across subsidiaries with key members involved in change as the primary approach to data collection. As the primary source for the data collection, interviews will be conducted with past and present key managers involved in the strategic change initiatives.

### **3.5.4 Research Triangulation**

Since the author need to explore different people’s perspectives, it requires a form of triangulation that will enable in exploring varying perspectives from multiple informants and data sources (Gioia et al., 1994). This type of triangulation used helps to explore and view from the multiple interviews gathered, differences between informant interviews and also from the secondary sources. Other than improving data validity, triangulation method allows the research to address the research problem by understanding for example, the divergent thinking of centre managers versus subsidiary managers.

### **3.5.5 Semi-structured Interviews**

Semi-structured interviews were selected to allow freedom for the interviewees to express matters pertaining to their unique experience and within their own meaning constructs. Confidentiality was conveyed as one of the key aspect of data handling for this study. Interviewees were assured that all the names pertaining to the subsidiaries are to be anonymised, while no individual names will be mentioned in this study. This part of the review was shared with the interviewees during the start of each session so that

they would be urged to share their encounters openly. A considerable measure of effort was put into making the sessions as casual as possible with interviews conducted either in formal or informal settings. 18 of the interviewees were interviewed at their respective offices while the remaining four was interviewed through a focus group in Colombo, Sri Lanka for LaCo. The focus group interview approach was undertaken at LaCo due to the time limitation and the huge mix of new and seasoned team members there. The author requested from the head of LaCo to filter team members whom were involved directly during the implementation stage and those that have completed at least two or more reports via CEMS. As a result, four team members from the LaCo team were interviewed via this method. As for the remaining two other change initiatives, the focus group members were interview via the similar method to ensure consistency. The author realized that one team member seemed to dominate many of the questions posed to the group, but this was arrest with tactful intervention by the author. Hence, this allows opportunity for others to express their opinions more freely and fairly.

The interviews lasted between 20 to 100 minutes per session. They were conducted between March 2014 and May 2016 amounting to approximately eighteen interview hours. All interviews were tape recorded except for 2 hours in which case they were hand written and transcribed immediately after the interview. Additional to the semi-structured interviews, several secondary data were collected such as minute of meetings, board meeting papers, email communications, policy manuals and reports. The author was also granted permission to attend some of the meetings such as the divisional meeting as an observer. The following few paragraphs describes the different steps of the methodology in slightly greater detail.

#### **3.5.5.1 Planning**

It is noted that the planning and preparation for the study took substantially more time than the actual interview itself. The start of the study journey was commenced by

the preparation of some clearance form that required the approval from the relevant offices. This usually takes about two weeks but can be extended to more than a month as experienced during the planning stage of this study. This was perhaps due to year-end holidays with away on vacations or busy completed their annual deliverables.

The access request from the company was done in parallel with the said approval as there were also few formalities such as a non-disclosure agreement and authorization letter that required pre-arrangement. The author's past tenure at CenCo and past rapport, provides personal contacts with relevant senior managers there. However, this does not warrant the author to bypass the company's formalities in gaining access to the study. The access from CenCo was granted approximately one month, this required the author to intervene using a few of his personal contacts such as making calls to key people in CenCo to expedite the process.

The tenure for the study was planned for 2 weeks at any branch office. 10 potential respondents were identified, but the author only managed to secure 2 interviews before the actual interview session on site. Based on initial contacts with potential respondents, most respondents did not respond to the email invitation when compared to a direct phone call for invitation. Next, the author prepared the interview protocol (see appendix).

#### **3.5.5.2 Interview protocol**

The interview protocol prepared was based on several books by Kvale (1996), Patton (2002) and Alvesson and Deetz (2000). The interview questionnaire was revised several times to improve the flow of the questions, the most critical factor to be considered is the time allocated for each interview session which is typically one hour. As the study concerns the phenomenological perspective of centre-led initiatives from actors (managers) involved, a semi-structured interview approach was employed. A contact was established with an informant at the CenCo to gain preliminary information about the centre-led initiatives. Several secondary sources such as related board paper (director



circular resolutions), slides presentations and organisational charts were secured in advance; these secondary sources were used to further fine tune the interview protocol and sketch a simple timeline.

### **3.5.5.3 The interview**

On the first day of arrival at CenCo headquarters, a discussion was held with the informant with several leads and referrals for interview being suggested. The author noticed that his presence at the company and meeting potential respondents facilitated him to better secure more interview sessions than previously attempted through emails and telephone calls. As expected, the CXO was the most difficult person to secure an interview, however, based on previous rapport established; the author managed to have an informal brief discussion with him after lunch on the first day of the pilot study. This is important not only as a courtesy, but as a form of a general consent for the study to be conducted. The author noticed that many of the respondents felt more comfortable to proceed with the interview when mentioned to them that that the author has personally met the CXO on the first day and he had given the 'green light' to proceed with the study. This general consent was supplementary to the authorization letter secured through the CenCo's Human Capital Management office. The brief discussion with the CXO, he did not allow the author to use an audio recording device. However, the CXO allowed the author to take notes and further shared valuable information concerning the topic of the interview. Immediately after the discussion, the author made several notes in my diary to capture key points, potential leads and cross check timelines.

The first interview was held with a middle manager involve in the centre-led initiative as an implementer. The interview was delayed as the respondent came to work late and requested the author to join him for breakfast. The author tried to refrain himself from discussing matters pertaining to the study as the respondent wanted to know some background to the study. The author later realized that some of the information shared

with him may have some effect to the responses he made during the interview. The author recalled from prior readings that the strategy of the interview is not to allow the respondents to know what the researchers are trying to get out of the interviews; this is to avoid the respondents' view and response from being biased, which later will affect the analysis. What the author needed to gain from those interviews was to understand the experience managers go through in strategic change processes in their natural working environment, "with the emphasis on people's lived experience [anchored] on the events, processes, and structures of their lives: their perceptions, assumptions, prejudgments, presuppositions" (Van Manen, 1977: 214).

The author also experimented with opening most of the interviews with a general discussion about the respondents work life and steering the line question towards the research topic in the middle part of the interview. The author also learned that he needs to steer the topic back towards a general topic such the demerger issues towards the end of the interview. This strategy is important as there a tendency for respondent to discuss with other potential respondents; this will affect the views and responses coming from later respondents.

There were certain body languages of the respondents that signalled different things, for instance, when sitting straight indicates that they are attentive, but responses are typically more rigid and try to avoid ownership, such as "most OpCos", "they saw" and "we thought". The author had to improve rapport and ensure that respondents are calm before they begin to share some of their personal experience. When this is achieved, their body language can be seen by a more relax posture and some even drawing diagram on pieces of paper.

#### **3.5.5.4 Team members**

The interview responses from team members seemed to be more "carefully" crafted than from senior managers; they seemed very concerned often going back and

forth with their responses trying to reconfirm their facts. This required the researcher to occasionally ensure them on the part about 'privacy and confidentiality' as indicated in the consent form and the participation information sheet. A few of the respondents also requested an upfront questionnaire for them to prepare which the author had reassured them that the interviews do not require them to prepare anything.

The introduction of the interview is very important in order to set the tone that the interview experience would be a pleasant one rather than an interrogation. Some respondents were a little bit too extreme in providing details about their experience, but less relevant to the research topic. This could have been improved if the introduction is to cover briefly the 'why' and 'how' of the study; a brief synopsis of the study can better set the respondents' mind to answer closer towards the responses the author was looking for.

Team members seemed to ask the question whether the approval or consent of their superior has been granted for the interviews. Upon confirming that approval has been granted, they will then ask whether an interview with their superior has been done. Notably, they require a bit more time to get at ease before they feel comfortable enough to share some of their experience. Even when this is accomplished, they seemed to relate to general statements about their experience with opening responses such as "for example", "some of them" and "they". It was very difficult to get them to relate to real experiences that they were involved; when accomplished, real experiences described seemed to relate to mostly negative experiences. The use of more "indirect questions" would perhaps improve to guide team members in telling more about their experience rather than telling a general story.

There was one respondent (a team member) that the author felt did not provide much of any useful information needed for the study. This may have been that his involvement with the research topic was too insignificant. Hence, the author had made

the decision to end the interview diplomatically so as not waste anyone of our time. As such, there was also no point to transcribe that part of the interview.

#### **3.5.5.5 Middle managers**

Middle managers seemed more confident and were more at ease in relating their experiences as compared to middle managers. However, middle managers are generally more protective, but passionate when the subjects relate to what they were involved. At times, they can be a little defensive when subjects discussed were a little critical towards some their previous experience. The author had to learn to be a little more 'open' and 'sensitive' towards what was being said by middle managers; often the author need to give them more time to explain or justify certain things.

The rapport he has established with many of the middle managers facilitated most of the interview flow. However, in some interview, the close rapport reduced the kind of responses that he wanted to gain. Some of these respondents would start their statement by "as you know", "as you had the experience before" and "you know as you've been doing that"; these types of responses, assumed that the author knows the context well. As the author has been away from the company for many years, obviously a few changes must have taken place in the company. In these cases, the author had to request further clarification and informed them that he has been away from the company for many years. Regular use of "follow-up" questions should be able to better cope with this kind of situation. The author also needs to decide on how to present himself, whether as a 'current employee', a 'senior manager' or as a 'researcher'. Each of this must be carefully considered whether the respondent is a middle manager or a team member; they have a profound effect on the responses gained from respondents.

### **3.5.5.6 The CXO revisited**

Although there were a number of attempts to secure an interview with the CXO but none were successful. However, the author managed to have a 20-minute discussion with him after a lunch break on one occasion. The discussion started out with general discussion about the PhD study, but slowly developed into the topic with him sharing some very interesting topics relating to the historical background to the research topic. From this, the author managed to gain a better understanding of the research topic and generated a few leads. The essential learning from this is that whatever information gathered such as those from informal discussion must be immediately be written down. It is therefore important to keep a diary to update whatever details pertaining to each interview: before, during and after.

### **3.5.5.7 Scheduling**

The interview was pre-scheduled in advance for just two respondents, although 10 potential respondents were initially identified based on the organization charts provided. Upon arrival at the company, an informal discussion with the informant on the first day revealed that many of the identified potential respondents were not related to the research topic. The informant suggested a few potential respondents, for example, the project manager and the company lawyer that was later interviewed later. There was also a situation where respondents that suggested other potential key officers to be interviewed such as the case involving an officer that have left the company (government-link-company). The “sporadic” approach intended initially proved to be less effective than the “snowball” approach pursued; with the latter, it kept the line of interviews more focused on the research topic.

### **3.5.5.8 Interview questions**

There were a few types of questions that seemed not to generate much of a response from some respondents such as “did”, “have” and “how many”. Although, the author has been warned in the many readings about using such opening line of questions, there were a few situations that he felt forced to use them, which could have contributed from the lack of experience as an interviewer and lack of knowledge in the topic discussed. This experience has taught the author to be more prepared in each and every interview as topics, leads, patterns and themes may be interrelated from one interview to another. Additionally, the use of “did”, “why” or “how” must be avoided wherever possible as they usually be responded with a short answer but also put a certain “blame” connotation on the respondent.

Some of the attempts at using the “indirect” questions were quite complicated and had confused certain respondents. Instead, the author realized that the line of questions when posed clear, simple, easy and short were more effective than the other. In the eagerness to probe a certain subject, there was an instance that the author interrupted the respondents half way through his explanation. This should have been avoided as the author realized that this had made the respondent to be a little uneasy throughout the later part of the interview. There were also occasions where when the author challenged what the respondents’ said earlier in the interview, as a result soon became defensive during the interview. The author had to take control of the situation and changed the topic soon after; he remembers returning to the topic later part of the interview.

### **3.5.5.9 Interview settings**

Throughout the study the author has experimented with several interview setting from the employee’s cubicle to the meeting rooms and also a restaurant setting. In most cases, the employee’s cubicle setting seems to be the most comfortable place for the respondent to have the interviews, but such settings provided quite a bit of distraction

such as telephone calls and colleagues passing by. In a public setting such as a restaurant or an office lobby was also not suitable for the interviews because of the poor audio recording quality collected. A small office meeting is perhaps the most suitable place to conduct the interview. However, as a researcher the author must be ready and flexible enough to adjust to whatever conditions available for the interview.

#### **3.5.5.10 Post interviews**

After each of the interview session, a post interview form is being prepared to capture any potential themes, referral or anything interesting about the research topic. The post interview notes proved important as some of the items discussed during the interview showed patterns of avoidance, most interesting topic and least important topic from the respondents; this then led to improvement to the interview strategy. Additionally, the information gathered also added to the richness to the data gathered apart from the diary and the interview itself.

The transcribing process proved to be more time consuming among the many tasks. Each one-hour interview required an equivalent of 8 hours work of transcription. Hence, the author decided to outsource most of the transcribing work to a local university student. However, it is worth to note that a few hours needed to be invested in correcting some of the outsourced transcribe works. The time used to correct the transcribe works also gave me the chance to briefly analyze some of the data. NVivo10 was used to organize the voluminous amount of data and later as a tool to support findings that emerging from the analysis. As mentioned earlier, the author had previously worked with one of CenCo's subsidiary. Hence the rapport established earlier allows easy access for this study.

Preliminary studies showed that communication between the centre and the subsidiaries was characterised by the lack of cooperation from the subsidiaries as well as lack of skills and expertise from the centre. Although experience suggests that there are

several issues involved, these surface level manifestations warrant further study and understanding beyond simplistic charges of resistance. Some apparent in competencies and inefficiencies described above could perhaps be ploys and tactics, subsidiary managers undertake against the centre. Again, this was investigated further during the analysis stage based on the development of centre-led change initiatives such as the CEMS described earlier to better understand the patterns of interaction key actors enact. The next stage of this study involves the preparation of the presentation of the data; this takes the form of a “thick description” (Langley, 1999) that is presented in a separate section of this thesis.

### **3.6 Data Analysis**

Qualitative data were analysed using manual mode and software, Nvivo10. The data analysing techniques used in this research are discussed in the following subsections. The purpose of conducting semi-structured interviews, as explained earlier, is to allow managers freedom to express matters pertaining to their unique experience. At the same time, semi-structured interview provides a form of guidance to the researcher throughout the data gathering stage (Kvale & Brinkmann, 2009). The research was based on sequential procedures, where the researcher aims to expand the findings from the face-to-face interviews of managers’ involve in centre-led change initiatives.

Since, the unit of analysis is the major subject that is being analysed for the research forming the 'what' or 'who' that is being analysed. In social science study, typical units of analysis include individuals (most common), groups, social organizations and social artifacts. Subsidiary managers involved in centre-led change initiatives serve as the primary unit of analysis for this study, they were central to the interviews performed throughout the study. The interviews were replicated at four different MNE subsidiaries involved. One focus group discussion (FGD) consist of four from LaCo in Sri Lanka were conducted followed by 18 individual interviews. There were 18 individual face-to-face



interviews that yielded rich and thick description of the events being investigated (Isabella, 1990). In these interviews, the managers or group of managers had direct involvement in more than one stage of the initiative. The saturation level in qualitative technique such as interview is considered to be somewhere in the range of 10 and 30 (Campbell & Stanley, 1963).

A first and second order analysis were performed for this research data similar to that used by Gioia and Chittipeddi (1991). The first order analysis similar to an ethnographic analytical techniques performed in order to look for themes and patterns. This step include understanding and indentifying meaningful events or experience and used by interviewees in the research. These are then grouped into patterns that form into narratives of events or issues.

The second order analysis involved a more theoretical level where the data and the first order analysis outcome were examined for underlying meanings. Such underlying meanings that may create patterns that are not necessarily apparent to the informants but are essential to this study. In the following sections, each of analysis will be go through in finer details.

### **3.6.1 First Order Analysis**

Raw data from both the primary and secondary sources were transcribed individually. Most data that required transcription were from the interviews while only a few from secondary sources required to be transcribed as they were not in digital formats. While the author completed transcribing four interviews at the initial stage (center managers) and occasionally secondary data, the realization that a one-hour interview may end up to sometimes 8 hours' worth of transcribing work. Even with the use of step pedal or a commercial transcriber software, the task was simply monumental as the previous experience garnered from the pilot study.

The author hired three (Sharon, Sarah and Afif) professional transcribers based in Malaysia to shorten the process of transcribing hours' worth of interviews, they were identified from the university email list. The criteria use to shortlist from the vast number of the professional transcribers were based the ability to transcribe from Bahasa Malaysia to English, speed – able to complete a 30 minute in 24 hours, price (affordability) and quality (minimum corrections). A pilot of 8 initial transcribers were given a 30-minute BaCo (Bangladesh) interview session, non-related to the study, were asked to transcribe with a 24-hour turnaround time. Bangladesh speakers mostly carry a very thick Indian accent that can proof to be quite difficult for ordinary English speaking Malaysians to understand. In the end, four transcribers met the criteria with regards to accuracy, speed and price per word. From this four, one requested to be dismissed as she was tied up to other projects.

The remaining three transcribers were equally assigned to four transcription work with the exception one. Sharon was assigned 6 transcription works as hers were more shorter and easier as the interviews were mostly from InCo, CenCo and MyCo (easy to understand English accent). Before the initial transcription assignment, each transcriber was briefed of the interview contexts including certain regularly used abbreviations such CEMS, 101-checklist, opcos, BAU and log-out. Many of the abbreviated words or acronyms are fluently used by managers as the interviews session become more intense due to their passion recollected from their past experience. This helps in ensuring minimal correction needed to come out to the final transcription version. As mentioned earlier, the researcher transcribed four interviews which help to give an appreciation of the nuances related to the managers' experience.

Other than the transcribed data that forms the primary sources, secondary sources such as proposal papers, meeting minutes and manuals were also collected. Both sources were examined with emphasis put on the main actors such as managers and employees

involved in the change initiatives. In parallel, both sources were uploaded into NVivo as a database management system for this research. Other than that, NVivo analysis such as word count, coding and node structure were performed. Several narratives around the primary actors were identified that then led into themes and dimensions began to emerge.

### **3.6.1.1 Data Analysis Steps**

The author analysed the three change initiatives and identified more than 100 issues. Three set of criteria were used to filter the issues. A final 23 issues were identified where these arise between centre and subsidiary managers. 12 issues relate to the CEMS initiative, 7 issues relate to the SOM and 4 relates to the CMF (see Table 3.3). All the 23 issues were confirmed with the informants. For each of the issue, the author builds narratives from the interviews, fieldnotes, meetings, reports and other secondary sources.

The second stage of the data analysis, identifying forms of sensemaking, is broken into three smaller parts namely analyzing centre manager sensegiving, analyzing subsidiary manager sensegiving and identifying process characteristics of organizational sensemaking in Table 3.3. In this phase, the author confirms that all individuals were involved in most of the key issues identified earlier. Next, the author identifies a list of centre, manager sensegiving activities. Following this, the sensegiving activities are matched to the key issues identified. The author next identifies the frequency and intensity of the sensegiving activities. Next the author groups the 23 issues into three categories of centre, subsidiary and internal sensegiving roles. Each of the centre-subsidiary, subsidiary-subsidiary and subsidiary-internal interaction for each form is reviewed. Next the author reviews each sensemaking process to determine their characteristic for each form. An iterative analysis was done to build a more abstract process descriptor. The activities in this stage ensures robust descriptors for each organizational sensemaking form.

The final stage involves identifying commonalities in each account associated with each form and performing iterative analysis to build a more abstract description of the sensemaking. The final stage will ensure a robust process outcome of each organizational sensemaking form.

**Table 3.3: Data Analysis**

Data Analysis	Steps	Results
Sensemaking processes involve in all the initiatives	<ul style="list-style-type: none"> <li>All issues arise between centre and subsidiary managers</li> <li>Filter the issues based on the set criteria</li> <li>Confirming the issues with informants</li> <li>Building narratives based on the key issues from the interviews, fieldnotes, meetings, reports and other secondary sources</li> </ul>	<ol style="list-style-type: none"> <li>Funding of the system</li> <li>Awareness and training</li> <li>Subject matter expert</li> <li>Data sovereignty</li> <li>Accessibility</li> <li>Data security</li> <li>Complexity of process and procedure</li> <li>Lack of support</li> <li>Lack of direction</li> <li>Rush through</li> <li>Objective not met</li> <li>Differentiated treatment</li> </ol>
Identifying forms of sensemaking based on:		
<ul style="list-style-type: none"> <li>Analysing centre manager sensegiving</li> <li>Analysing subsidiary manager sensegiving</li> <li>Identifying process characteristics of organizational sensemaking</li> </ul>	<ul style="list-style-type: none"> <li>Confirm that all individuals were involved in most of the key issues identified earlier.</li> <li>Identifying a list of centre, manager sensegiving activities.</li> <li>Matching the sensegiving activities to the key issues identified.</li> <li>Identifying the frequency and intensity of sensegiving activities.</li> <li>Grouping the 12 key* issues into the 3 categories of centre, subsidiary and internal sensegiving roles.</li> <li>Review of the centre-subsidiary, subsidiary-subsidiary, subsidiary-internal interaction for each form.</li> <li>Review each sensemaking process to determine their characteristics for each form.</li> <li>Conduct iterative analysis to build a more abstract process descriptor.</li> </ul> <p><i>*7 for SOM, 4 for CMF</i></p>	Robust descriptors for each organizational sensemaking form.
Identifying outcomes as a result of each of the organizational sensemaking form	<ul style="list-style-type: none"> <li>Identifying commonalities in each account associated with each form and performing iterative analysis to build a more abstract description of the sensemaking form.</li> </ul>	Robust process outcomes for each organizational sensemaking form.

### **3.6.2 Second Order Analysis**

In the second order analysis, themes from the first order analysis were examined from a theoretical perspective. The following steps were undertaken in the second order analysis:

- i. Examining each of the interview accounts via qualitative content analysis (Miles & Huberman, 1994) in the attempt to ascertain explanations of various critical events that took place.
- ii. Ascertaining whether the accounts were consistent over time or were there changing over the period of the change initiative.
- iii. Examining the data across the various informants, level and sources. This process helps to form a kind of data validity for qualitative study (Saunders, Lewis, & Thornhill, 2009: 142-143), which some also refer to as triangulation. Data related to emerging dimension were consistently compared with other data until patterns became evident. Finally, emerging patterns are put into a framework.

### **3.7 Chapter Summary**

This chapter presents a detailed discussion of the chosen research design, methodology and the data collection and analysis methods used in the conduct of the research. A pilot study conducted is discussed that includes its relevance and limitation towards the primary research. An extensive case study settings and research conduct is detailed in this section to a level of rigor and robustness expected from a qualitative research.

The research uses in-depth interview method as its primary method of data collection. A small focus discussion group discussion is also use and explained in this chapter. A two-order analysis similar to that use by Gioia and Chittipeddi (1991) is explained in the data analysis steps section. The following chapters provide the research results, discuss the implications of the findings and suggest future direction for research.

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## CHAPTER 4: RESULTS

### 4.1 Introduction

As discussed in chapter one, the aim of this research is to explore and understand the complex relationship between the MNE HQ and its subsidiaries through centre-led change initiatives. This chapter reports the results of data analysis collected as explained in chapter three. Actors or managers interaction will be illustrated in shaping the meaning of change through their communication and meaning construction. This will be traced from the first stage of each initiative's planning and implementation stage and later at the steady state, which will be called as business-as-usual (BAU) stage.

The results extend as follows. First, the interplay and enacted environment between CenCo manager and the subsidiary managers will be described. This process will then be repeated for each subsidiary manager with their internal staffs in each country. Second, these different interactions will be examined and serve as feeders during the sensegiving and sensemaking processes. Both the first and the second approach above provide the necessary context that sets up the analyses of data related to the first two research questions. Third, other types of interplay and enacted environment will be examined such as among peer subsidiaries manifest in the informal discussion rooms that helps shape the sensemaking about change. Finally, this will form the context that sets up the analyses of data related to the third research question.

The entire process is then repeated for the remaining two initiatives, namely the Standard Operating Manual (SOM) and the Competency Model Framework (CMF). In the course of the interviews, another initiative was discovered that will be covered in this chapter briefly which is named the line resource (LR) initiative. This initiative is about using resources from other CenCo's department on a temporary basis. However, as this initiative is not implemented in all subsidiaries, it will be described with reference to one or two subsidiaries only.

## **4.2 The CEMS Initiative**

The Central Electronic Management System or better known as the CEMS initiative is the most rigorous among the three initiatives implemented by CenCo's group. It is also the lengthiest initiative to be implemented. It took three years from the planning stage to the business-as-usual (BAU) for CEMS to stabilise as a working system. The following is the detail results section.

### **4.2.1 Planning/Implementation Phase**

#### **4.2.1.1 Sensemaking/Sensegiving – CenCo and Subsidiary**

CenCo introduced the CEMS initiative after they obtained the board's approval in late 2012. They then searched for a solution provider from several vendors before finally deciding on one in early 2013. The CEMS project rollout was assigned to a subject matter expert from MyCo supervised by CenCo. CEMS is pre-designed to operate centrally with a server, hence it was determined by CenCo that it will reside within MyCo's data centre located in Kuala Lumpur.

A presentation of the CEMS initiative was conducted at the regional meeting (hereinafter RM<sup>14</sup>) held in Kuala Lumpur in mid-2013. The RM has been held since 2009 chaired by the Head of CenCo and attended by all heads of department and several subject matter experts. The project manager for CEMS at the time was a resource from MyCo who had IT background. In this RM meeting, the project manager highlighted the CEMS overview and functionalities. High level objectives of CEMS were deliberated and ideas were exchanged among the managers. CenCo's head outlines that the CEMS initiative is the right move for them:

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<sup>14</sup> RM is an operational meeting held quarterly and attended by all department heads of CenCo subsidiaries.



‘Our overall idea is this we are hoping as a multinational company, how do multinational company managed to exist for number of many, many years, it’s not because they have a set of separate people or because they try to get the best people in, it’s because of their system – they have a strong system and process.’ (CXO)

For one CenCo team member, he remembered that the CEMS was quite foreign from the very beginning, he recalled:

‘At the time, back then we were not familiar with the idea of using this tools for our day-to-day job basically, so we were kind of not pretty sure of what we required at the time. So, when we may put up our requirement to the vendor at the time, I would say it was not adequate’. (MS2)

For InCo, BaCo and LaCo managers, CenCo’s introduction of CEMS’s to them at the time was best described as persuasive and engaging. CenCo informed the subsidiaries that CEMS was approved by the main board. Hence, with the mandate given to CenCo, CEMS needs to be implemented across all subsidiaries. Following the governance structure and the board’s terms of reference, the primary function of the board is to implement and support the oversight function. This entails that the board approves and leaves the operational delivery to the management, which in this case is CenCo.

What follows several RMs later was that discussions were much deeper as the objective, timeline and cost implications were being discussed. In these RMs that disagreements and objections began to surface. For example, the subsidiary board raises especially with regard to data protection, data security, questions like ‘who will have access to our data their concern’. One BaCo team member remembered how he was able to access other subsidiaries data:

‘But then again if you go to the ‘shared folder’ actually its open to all meaning that say I am a finance team member. I am going to this ‘shared folder’ I can see all, you can. Because I am already in the system using VPN, so this is the shared location in the KL server, so I am accessing that location using VPN, I can see all items. In even BaCo, I can see the others’ one as well. I am not sure I haven’t tried I don’ know but maybe I can go to the LaCo data also’. (SM4)

Cost and data confidentiality issues were highlighted by BaCo and InCo respectively. LaCo on the other hand raised issues about remote accessibility and the stability of CEMS. CenCo responded partly in that, all license fees of CEMS shall be at no cost to subsidiaries, while data confidentiality was assured by the data centre team. LaCo manager explained:

‘Some of the incentive that was given to us the lesser money-making company (so to say) at that time, they said for my company, LaCo at that time, they said, LaCo, “you can use this system for free”. Essentially all the licensing fee and what not is going to be borne by CenCo, we only supposed to use it we can of course try to convince our own company to buy it if we can which happened for InCo at that time they wanted to use the same model as how LaCo was using for free everything paid by CenCo’. (M3)

LaCo manager further explained he approached his local board to appraise them on the CEMS initiative. He presented it in one of the board meetings:

‘It’s started with an informal talk direct with my board chairman at that time. At that time my board chairman was Dr. Khan. So, he was the chairman and I said to him, "Dr, I'm about to device the next year the Business Plan for the division. And one of the ideas is to use this system". And I guess he himself an engineer by qualification also see the value in having the system and he said, “yes why you don’t come out full Business Case for this”’. (M3)

A simple Business Case on CEMS was put as an agenda in the board meeting, it was discussed in full in the board. A board member asked about the performance of the system since it would be a cross boundary and most there will not be a dedicated access such as fiber optic connectivity from Malaysia. Although that was noted to be an issue, but another senior board member said, ‘forget about all that worry because we are now in a borderless world where internet connects everyone and there are so many encryption, decryption, and security measures to make sure the information is safe’. The CEMS was subsequently approved, this provided the mandate for LaCo to implement CEMS there.

In table 4.1, the CEMS post data analysis is presented from the initial planning up till the business-as-usual stage. As explained earlier, CEMS as the primary focus for the first centre-led change initiative was central during the interview sessions. Two layers of interaction were analysed, first is between CenCo and subsidiary managers and next between subsidiary managers and their respective team members. However, unique to this CEMS initiative, a third set of sensemaking emerged at the data collection stage which will be termed as the subsidiary-to-subsidiary. A dedicated section under the 'Rebel Alliance' pact will be later explained.

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**Table 4.1: Sensemaking and sensegiving examples for subsidiaries that made significant progress in relation to the CEMS initiative**

	Planning to Implementation		Barriers / show-stoppers	Business-As-Usual		Barriers / show-stoppers
	Sensemaking	Sensegiving		Sensemaking	Sensegiving	
<i>Centre</i> → <i>Subsidiary</i>	“use or explain” approach by HQ directive rather than supportive	Approval at central board and subs to comply	Funding for system	CEMS requires a consistent push from the leadership team at subs as the centre is primarily concerned about the usage	Centre achieved its target to deploy CEMS across subsidiary and comply with the Standards	Users complain about accessibility
	Intention is good but no understanding at subsidiary	CEMS as primary agenda in major leadership meetings	Subsidiary local law's requirement – governance of sharing information	Centre very slow or not forthcoming at considering concerns/issues raised by subs	CEMS not used at MyCo after 1 year of implementation so up to subs to proceed	Potential information breaches via hacking
	Centre-led initiative pressure	The system must be standardized as per established MNE practices	Lack of awareness at divisional subs	CEMS is a project in the centre not a paradigm shift in new ways to do the work	CEMS to be decentralised via own subs budget	non-secured information on central server
	CEMS will benefit only the centre	System strong enough to withstand personnel changes		Planning was superb, but implementation was haywire and too far from what centre wanted to achieve		No dedicated CEMS administrator or part timers to manage system
		No cost to be incurred by subsidiary (FOC), thus just use it		Many CEMS capabilities not achievable due to central CEMS		CEMS PIR results
		CEMS usage by subs performance tracking at leadership meetings (name and shame)		Suppressed CEMS PIR weakened centre position		

Table 4.1, continued

	Planning to Implementation		Business-As-Usual				
	Sensemaking	Sensegiving	Barriers / show-stoppers		Sensemaking	Sensegiving	Barriers / show-stoppers
<i>Subsidiary</i> <i>→ internal</i>	The team considers the use of CEMS as optional	CEMS will improve the cycle time of performing work	Unfamiliarity of CEMS as an option to do work as usual	Tremendous effort must be put in to ensure CEMS is being used to an optimal level	Go green project (paperless)	Lockout from system	
	Ample time to getting use of CEMS	CEMS will reduce the storage space of files and at the same time reduce use of paper (cost)	A dedicated resource to project manage CEMS	Unfair treatment of subs e.g. MyCo lack usage, InCo dedicated resource.	Behavioural change of the end in mind (not about having a system)	Internet speed too slow	
	Behavioural change in adopting CEMS (reward system)	Part of 3 years pillar plans to increase automation		Double work, time waster, dumping data, the added burden (impossible to use CEMS real-time (repository system)	Need to support the centre initiative of CEMS	Very slow learning curve to understand CEMS	
					Paradigm shifts in how doing work and at par with MNE practices		

CenCo proceed to install the CEMS system at MyCo data centre in KL and performed a pilot trial through CenCo's head office as a web-client access<sup>15</sup>. At the same time, MyCo's team was sent for CEMS' training conducted by the vendor. CenCo's manager indicated that all subsidiaries should be CEMS ready within a year. Although the pilot trial in KL went relatively well since the client and server were in the same country, the real test is with other clients outside Malaysia. LaCo of Sri Lanka and InCo of Indonesia were next to be tested via web-client access, followed by BaCo of Bangladesh. LaCo's manager remembered how the CXO instruct them to implement CEMS "Ok, we have sectioned of one of the system for you and these are your user names, someone is flying in to teach you how to use it, start using it after you are comfortable". LaCo recalled about how he reacted to this:

So, at that point in time our first foray into the system was being shown, so called, finished implemented product, used it. That's when we started the whole journey and it was a painful one, essentially, because we noted that the system has a lot of strengths, but the weaknesses were everywhere (laughed)'. (M3)

While the pilot trial was ongoing, InCo's and LaCo's manager complained further about the web remote access problems. They complained that it is not secure and when they opt for a virtual private network (VPN<sup>16</sup>), the access becomes difficult and slow. InCo's manager had a different and rather unique problem with CEMS, the system is technically operating illegally as per BAPEPAM<sup>17</sup> of Indonesia rule. According to BAPEPAM's rule for listed companies, all data and information for listed company must reside within the Indonesian borders. As CEMS' database is located at MyCo in Kuala Lumpur, this is in direct contravention to BAPEPAM's rule. Although InCo's manager

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<sup>15</sup> Web-client access refers to access through the internet to a server.

<sup>16</sup> Virtual private network is a secured tunneling protocol for client and server connection.

<sup>17</sup> Agency in charge of regulating and supervising the capital market and financial institutions.

incessantly explained that the CEMS system will not be operating lawfully in Indonesia but it was to no avail. CenCo reasoned that although technically InCo's data and information is kept at MyCo's data centre, however they are fully secured. Access to these sensitive information is strictly to selected and authorised individuals. InCo's manager summed up the attitude of CenCo, "so it's like use or explain, kind of attitude."

The relationship between CenCo and InCo's manager were mostly tensed with the regards to CEMS initial setup. As an observer in one RM, the author witnessed an explosive argument between InCo's manager and CenCo in mid-2013 about the potential penalties from the regulators due to the database location issue. While CenCo was adamant that InCo had to follow the way CEMS is setup, InCo on the other hand refused to bend the rule. This type of heated exchanges of words exclusive between CenCo and InCo and was quite prevalent in the CEMS' early days.

Despite CenCo's strict instructive manner in CEMS' deployment, InCo can be seen to be more dominant than the rest, many times standing their ground and not giving in to CenCo. Apart from the strict country laws where InCo operates, one possible explanation for their strong attitude towards the centre could be due to CenCo's significantly lower number of shareholding in InCo (66.5%). As with the other subsidiaries, CenCo's shareholding ranges between 85 to 100%. In another different initiative that will be explained later, InCo was again involved in a heated argument with CenCo. This time the exchange of words had turn into a shouting match followed with tables being banged.

Sensing potential major turbulence in the CEMS project ahead, InCo's manager approached local independent directors and relayed his primary concerns about the data sovereignty and integrity issues. The data integrity issue of CEMS was further confirmed by MyCo's system administrator,

‘Yes, one limitation of CEMS at that time because the work papers and everything is shared in windows folder and it’s not in the application folder. Meaning if I want to allow the user to access the work paper, I need to allow them to access the folder, so if user is like technically knowledge enough to go into that folder, he can access everybody’s work paper... basically’ (MS2)

The confrontation between InCo and CenCo persisted for a while until it eventually led to InCo opting out and building their own CEMS system<sup>18</sup> with the database residing within their country borders. This process where InCo successfully managed to opt out from CEMS was a complex round of discussions that involve the InCo regulatory team and one local independent director (shareholder). Although CenCo was not happy at the time but they had to concede due to mounting pressure from one of the local shareholder. Another factor that contributed for them to successfully opt from being a part of CEMS’ centre-led initiative was that, InCo at the time was among the most profitable and successful of CenCo’s subsidiary (Mudambi et al., 2014). Thus, they not only have the financial capability to fund the entire CEMS project but also the influence to do so. The CXO recalled the entire episode with M2 from InCo in the following excerpt:

Because I engage the Board Members as well so all these impediments which is actually for them to hear that this is now a new system – which is actually a database – system that is accepted by the world as opposed to InCo. I suppose that’s why they are... on the other hand for InCo we have this issue of independence; they don’t want to share the information. They become so tired and afraid of information being disseminated to others in the Group. Initially, we had a server in MyCo – we still have the server in MyCo but we made it in CenCo so that the people in InCo won’t feel that it’s in MyCo, it’s more CenCo is the holding company. But it is actually located in MyCo. By doing that then the likes of CEO felt that they are not sharing information with MyCo but sharing information with CenCo but they didn’t want the server to be located in CenCo so we said “Okay, InCo, you pay your own server and that is a start. CenCo has its own server. I think try to take away all these problems which are impediments then things will be quite smooth when it comes with the system (CXO).

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<sup>18</sup> The CEMS system developed for InCo was from by same vendor as CenCo’s with similar framework and specifications.



Amidst the spat between InCo and CenCo, other subsidiaries such as BaCo and LaCo sensemake that the CEMS initiative was seen to be too centred centric, they saw that a lot of CEMS's features were pre-decided and put to them by CenCo. BaCo's manager further highlighted that many of CEMS modules in terms of capabilities were not tested during the pilot, hence they remained not usable. This includes the CEMS risk planning module and library share option. Whereas BaCo's manager was concerned about CEMS' capabilities, LaCo's manager signalled to his team that CEMS was an option rather than a mandatory system. He conveyed to his staffs that CEMS is an option as he understood from CenCo. He mentioned that the use of CEMS will require a getting to use period that was not specified by CenCo. MyCo's manager on the other hand had little to say about the implementation phase as he was directly involved in the project. Having CEMS's server located at MyCo and the proximity with CenCo, he was in a difficult position to criticize about the ongoing CEMS implementation at the time.

At the implementation period, there were several major issues or barriers that were identified ranging from limited bandwidth, access ports, user friendliness of CEMS and others. As it was in the implementation period, many users considered the CEMS usage as totally voluntary. They were already burdened to prepare reports manually and to add another task which is considered redundant was not welcoming to them. This feeling was shared by many of the team members / users in BaCo and LaCo. Due to the lack of emphasis on the use of the system, the number of CEMS users began to drop significantly. CEMS was about to lose its track one year post its rollout.

Post the early implementation stage, CenCo realised that CEMS was hardly being used, reports were still prepared manually rather than via CEMS. CenCo began to put pressure, they again cited the main board's mandate. Thus, it was imperative for subsidiaries to comply. One of the approach they suggested to the subsidiaries to increase the usage of CEMS was to implement the KPI measurement for team members. Apart

from the above issues, many of these earlier issues were still not addressed. Subsidiary managers began to question among themselves of CEMS's purpose and objective. InCo's manager recalled that CenCo's approach had shifted from supportive at the start to more directive at implementation phase. Put simply "use or explain" and this was not taken lightly by InCo and the rest. BaCo, LaCo and InCo managers felt and believed that the CEMS initiative was all about CenCo and not the subsidiaries. This was further reinforced when it was made known later to them that the CEMS initiative is one of CenCo's major key performance indicator (KPI) for the year 2013.

#### **4.2.1.2 Sensemaking/Sensegiving – Internal Subsidiary**

Except for MyCo, the rest of the subsidiaries held their own divisional monthly (DM) meetings at their respective office. In DMs, they held various agendas that include corporate communications and sustainability issues, day-to-day operational issues and occasionally news from CenCo. In mid-2013 in one of the DM, post the RM where CEMS was introduced, each subsidiary manager started to introduce the concept of working with CEMS as a tool followed with details of its implementation.

Subsidiary managers sensegive their staffs that CEMS was about improvement in the work process, it was about shorter reporting cycle time and virtual work. LaCo's manager commented:

'[...] looking out the trend of how many companies across the industries and also outside of telecommunication industry. We saw that all of them are embarking to have automated system. Either embarking or already middle of the journey of shifting from pen and paper or manual based, Microsoft word based kind of audit recording system to a proper automated system.' (M3)

LaCo's manager consistently carried part of CenCo's message about CEMS being a work system akin to any establish MNEs within the industry. However, LaCo's staffs on the other hand, were already burdened with heavy daily workload mainly consisting

of fieldwork and reporting, were very sceptical about CEMS. Questioning what it can do to alleviate their situation. One LaCo team member recalled:

‘When the system first came on, everybody was excited, you know there’s a system coming out, coming in and you could do it but then after we got to know that it is just a repository off course it came as an “added burden” because you know after each you have to do it back again, its duplication to a certain degree although I don’t think its 100% duplication’. (AM1)

Similarly, at BaCo, the manager conveyed similar message to his staffs on the CEMS initiative but went a little further by portraying CEMS as part of a 3-year journey plan (Gioia & Chittipeddi, 1991) to increase automation. BaCo manager emphasises that the industry is moving towards automation, thus they need to be in tandem with that practise. He went further to motivate his staffs that their value in the work force market will increase with the new CEMS’ knowledge as a work system. The staffs on the other hand, felt that the CEMS initiative and the use of it require a ‘getting to use period’. To them, they rationalize that the urgency of CEMS should come in the later part of the third year, hence they see the CEMS initiative as something totally voluntary.

In addition to the individual effort undertaken at respective subsidiary, BaCo and LaCo’s managers went further. They push for a “Go Green” campaign with CEMS that will lead to reduce storage space, paper and eventually overall cost. In contrast, both BaCo and LaCo staffs were not concerned about cost saving as that does not form any part of their KPI. To them, CEMS was the centre’s key initiative and their managers were supposed to execute what CenCo had planned. As LaCo manager had conveyed that CEMS being a part of CenCo’s long term plan to go for office automation, LaCo’s staffs rationalise that its usage was purely voluntary at least for the first year. In what follows is the period of CEMS’s stabilization or also known as the business-as-usual (BAU) post one year of its installation, this will be discussed next.

## 4.2.2 Business-As-Usual Phase

### 4.2.2.1 Sensemaking/Sensegiving – CenCo and Subsidiary

The business-as-usual (BAU) phase is defined post the expiration of the free of cost support by the vendor. This is one year from CEMS's installation date. Even at the BAU phase, CenCo kept sensegiving to subsidiaries that the CEMS usage is of no cost to them and at the same time helps to elevate their status as a group to a more established MNE worldwide. Up until 2015, CenCo paid to the CEMS vendor, the annual license and support fees.

At the end of 2013, CenCo had achieved an overall KPI of level-L5<sup>19</sup>. This was strongly supported by the successful CEMS rollout across its subsidiaries in addition to complying with the Professional Standards<sup>20</sup>. CenCo had recommended earlier that subsidiary to carry CEMS usage as one of their departmental KPI. This departmental KPI is further cascaded down to internal staffs as individual KPI. By contrast to CenCo, no subsidiary achieved a level L5 for that year as they were measured based on CEMS's usage which was very low at all subsidiaries. The poor departmental 2014 KPI achievement at BaCo and LaCo were most glaring as a result from not a single individual KPI met its target for the CEMS usage.

Post the CEMS installation and training sessions, usage was still low considering the number of user licences purchased by CenCo. In one of the RMs, CEMS's project manager at MyCo presented the usage statistics. He revealed that less than 50% of subsidiary employees were using CEMS for the six months past the installation period. CenCo was obviously not happy with the statistics and later held few rounds of individual discussion with the subsidiary managers. What follows was that CEMS was introduced

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<sup>19</sup> L1 being under performer, L3 being average performer and L5 being top performer.

<sup>20</sup> Professional standards refer to the 'external quality assurance review' performed by an external assessor every 5 years.

as a mandatory module, for new entrant to the department, at the yearly Kickstart<sup>21</sup> orientation program. From 2014 onwards at the yearly kick-start program and RMs, CenCo made the CEMS usage as a permanent agenda. For BaCo, he recalled this as CenCo's 'name and shame' tactic, he remembered the CXO said "[...] you guys have to step up - one step and you guys have to start using it". This was followed by CEMS usage being 'recommended' for all subsidiaries to be part of their headline KPI. Taken together and to be fair, this move had some effect on few subsidiaries in providing the nudge for CEMS's usage. Some traction and momentum were seen especially at LaCo. Users being motivated by the KPI drive started to learn to use CEMS in their work in 2014.

By this BAU stage, InCo had fast tracked its CEMS implementation and built its own platform. InCo in fact deployed a newer version of CEMS with an enhanced performance and new features. InCo's manager has dedicated staffs, system administrator, to work on CEMS fulltime and this allowed others to continue performing their routine tasks. Any problems related to CEMS were channelled to the system administrator for corrective or remediation steps. InCo's manager shared the following,

'So, we create our own small team right, so we call it the quality and the technicality team that look and focuses more on this initiative of CEMS.'

Although InCo runs a separate CEMS system from CenCo, many from other subsidiaries believe that InCo is more successful in implementing and using CEMS as a work system. MyCo's CEMS project manager, later became the part time system administrator for CEMS, agrees that InCo was more successful due to the strong leadership there to drive the initiative. In contrast, he indicated that CEMS was hardly use by the team at MyCo based on the report he had taken out from the system.

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<sup>21</sup> The kick-start program is a four-day orientation program for the department's new joiners; the program is run by subsidiary managers and senior staffs.

While many agree about InCo being more successful at CEMS, there are others that went as far in stating that CenCo's CEMS initiative was a failure. BaCo and LaCo's manager were very critical on what the CEMS had achieved throughout its three years' journey. BaCo manager mentioned that "[...] the execution, the implementation part is never compared against the objective". While InCo's manager in his own words elaborated,

'So why has the failure at the centre? And not in my side in my opinion because I decided that for a major shift of paradigm and behaviour this requires dedication.' (M2)

Through LaCo and BaCo managers' lens, they saw that CEMS was more about a project to CenCo rather than a paradigm shift. It is supposed to be a paradigm shift on new ways in doing work via automation or a paperless work environment. To them, CenCo was seen more effective at driving the CEMS initiative but was less concern about the on-going detail of its implementation. LaCo's manager explained:

'We had to push when I said "we" – I meant all the managers outside of Kuala Lumpur. We were pushing for things like a standard audit management system manual for the entire group, we were pushing for someone to come up with a library within the system so that everybody can benefit from that. But all of these are seen as just things which priority of CenCo to the point are not where the system essentially was "used as you like" kind of system'. (M3)

While InCo had more freedom to explore CEMS as a standalone system as discussed earlier. However, it was BaCo that had to improvised and work within the limited in-house resource. They had to make CEMS work. LaCo too had initiated a series of effort to make CEMS work but they were not as successful as BaCo. Based on interviews and reports reviewed, it was quite evident that BaCo and InCo were more aggressive than any of other subsidiary, they go to a certain effort to make CEMS a workable system. Details of this account will be described in the later sections of this chapter.

#### 4.2.2.2 Sensemaking/Sensegiving – Internal Subsidiary

At the initial onset of CEMS's stabilization phase, the number of users grew rapidly drawing mainly from new recruits at all subsidiaries. This is also a result of the growing business in the year 2015. However, CenCo's relentless pressure to increase usage coupled with unresolved issues such as on the bandwidth problems have frustrated many of CEMS' users. Those users located abroad such at BaCo and LaCo were experiencing more frequent CEMS user non-accessibility incidences. One BaCo team member remembered:

'The major issue was actually connectivity because data used to get locked that was a really serious issue because uploading the title and suddenly the connection was lost. We didn't know whether the work is saved or not and then in most cases we had to redo the things, so this was the most important part. Another part is cultural issue – practical awareness, administration because what happens in work there is multiple resources engaged in an engagement'. (SM1)

Other than that, many CEMS' users still claim that the system is not user friendly apart from the annoying technical issues they faced daily.

Resulting from CenCo's consistent pressure on subsidiary managers to increase CEMS usage and complains from internal staffs, BaCo's manager initiate a quick initiative to improve some of CEMS problems such as the user friendliness issue. He engaged one of his technical senior staffs to brainstorm the problem. His team embarked in a couple of rounds of internal discussions to identify and simplify all the necessary steps for the CEMS system to work. The outcome of this initiative was the introduction of a simple one-page spreadsheet step-by-step checklist on how to use CEMS. One BaCo team member recalled how he experienced the workaround effort:

'I can't recall the exact date maybe I can check in the server that SM3 came up with the CEMS checklists that checklist is another 'giant leap'. I would say the second giant leap after the earlier one. By that checklist SM3 has set minimum standard of CEMS meaning that you have to do all these things, this is the minimum. There are around 140 items maybe I can show you'. (SM4)

This document which they named the ‘CEMS-101 checklist’ (see Appendix D) spells out the bare minimum steps on how a user can use CEMS with very minimum supervision.

BaCo shared his recollection of the episode:

‘[...] my team started writing their own manual - how to use the system - and essentially we were doing a lot of “trial and error”, trying to know how we can use the system. It is a good system, it has a lot of capabilities, but I guess a lot of these capabilities were not really tested or not really developed for CenCo real use up to the point where the system just becomes a dumping or not dumping...repository system, not an electronic work system’. (M1)

On top of the CEMS-101 checklist, they also introduced a specific KPI element on CEMS usage that measures the use of CEMS in staffs’ daily work. Head of BaCo recalled how he addressed his team ‘we must try to set KPIs and we have set KPIs which give that so-called discipline to our team members to use the system’ (M3). This was intended to drive behavioural change. Although these fresh initiatives had some initial profound positive reaction from staffs in the increase of CEMS’s usage, other more serious technical problems still impeded CEMS’ usage. CEMS users outside Malaysia mainly LaCo and BaCo still at regular times experience ‘time outs’. Users were logged out from CEMS after more than 30 minutes of consistent CEMS usage. A BaCo staff shared the following,

‘[...] problem of disconnection like we input all things into the system and at that time when we put through to approve it, but suddenly the system is gone. We need to again log in and it will take 20 minutes and then again we need to input all these things into CEMS.’ (SM1)

The timeouts frustrated the users as what was uploaded into CEMS will be lost during the timeouts. Users then had to reattempt several times to log into the system and then re-upload the previous work into the system. This cycle can go on for several hours before a successful job work can be completed. Contrary to what was promised to users at the beginning that CEMS is about ease of use ‘anytime and anywhere’, CEMS was then becoming more of a burden rather than about improving users’ daily work. The



situation worsens as the unachieved KPI targets frustrate those at BaCo and LaCo. They were pushed further and further to the edge.

With the various challenges mounting both internally from users and externally from CenCo, BaCo's manager was not about giving in. He kept his team members' spirits high and works with them almost every step of the way. He formed a dedicated team of two IT qualified employees, they were given a full one month to test out CEMS and find ways to improve its overall user experience. As per the team members' own words, they were given the mandate to 'thrash the system'. One of BaCo team members recalled his experience:

'there are two working solutions: So, one is the checkout options, so what we have to do we have to checkout and we do it on our laptop. Yes, offline that was one of the options. Other option we found out that after 6 or 7 pm Bangladesh about this time. The timeout doesn't have. So, we use that, so if we have to upload lots of files we prefer to do it after 6 or in some cases we come on Sunday. On Sunday Bangladesh is open and Malaysia is holiday. So, on Sunday we face very less problem. So, we took that day as our CEMS or any huge working done. So, we do it on that'. (SM3)

He continued his explanation expanding into the second phase of the process:

'we just enhance the checklist to make it paperless. So, we did some few changes in the way we work for instance, we only get a sign off on the RAM, that's only the paper work. Apart from that, the thing we do it in the system. So, in system not only the CEMS that also we use excel and other tools. For instance, we do that RAM in excel and we past the RAM email the RAM account manager. Account manager approves it, so we take the email as an approval and we attach the email along with the RAM in the CEMS as our audit working paper. So that's how apart from the ToR everything we even if we finish any evidence we just scan, and we upload'. (SM3).

The result was quite remarkable, after the one-month test period the team proposed three short-to-medium term measures to improve CEMS' user experience which they hoped to increase CEMS usage. Firstly, the team proposed that the internet WiFi access at BaCo's department be upgraded from Gold to the Platinum service. Platinum service is the WiFi service dedicated to BaCo's CxOs e.g. the CEO, CFO and CIO with an unlimited bandwidth capacity around the office WiFi zone. The team

discovered that the limitation of the bandwidth contributed to the timeout issues experienced as CEMS requires a sizeable amount of bandwidth especially at the planning and reporting stage of the work where uploading of huge file sizes are common.

Secondly, they recommend using a special ‘checkout<sup>22</sup>’ function embedded in CEMS where the user can pre-download work templates and work off-line on their personal laptops. This feature was intended for users to use when there is prolonged period of no internet service such as during off site office work and the use at remote areas. As in Bangladesh, where BaCo operates has some of the world’s poor electric grid supply, power outages are quite normal. A single power outage occurrence can last as long a few hours or to just a few minutes. Power outages even for short periods will affect the internet access and this in turn affect CEMS’ system. One team recalled his experience trying to resolve one of CEMS issues:

‘We however found a way of how to do it locally thru the individual PC itself, it’s like creating the report from the server and putting it in the PC and work on it locally (“checkout” feature) and loading it in the PC and then uploading it. That’s how we were using it until last year...’. (SM1)

Thirdly, they recommend BaCo users to use CEMS, especially when there is a need to upload lots of document, during work off-office hours (KL time). The team discovered that during the KL peak office hours, the huge internet traffic creates congestion and that contributes to the frequent timeouts experience by BaCo CEMS’ users. As BaCo’s work days are Sunday to Thursday, users streamlined their uploading of CEMS report on Sundays or after KL office hours (4 hours’ time lag difference in Dhaka). This third proposal had the most desirable outcome as it improves the users experience in more than one area. By working KL’s off-office hours, the BaCo CEMS users are not in competition with other users for ports and bandwidth access to the data

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<sup>22</sup> The checkout function allows users to work off-line and upload into CEMS later when there is internet access.

centre in Kuala Lumpur. This minimizes the occurrence of timeouts that in turn eliminated the requirement of double work (re-upload). One BaCo staff shared the following,

‘but if we do CEMS in Sunday because at that time the other offices are closed, I can run the CEMS very easily [...] so that my main target is to solve all the things inside so that it is not hampering my work.’ (SM5)

The combination of the three proposals paid off, BaCo’s CEMS usage began to improve. This in turn made the KPI targets more achievable both individual and department’s level. This sudden improvement was noticed by MyCo CEMS’s system administrator, ‘because I am still the administrator so I can see how they do their work papers [...] for BaCo they were more successful than us, I think in terms of, I think their head’s or leader’s, imposes it very well to their subordinate.’

As for LaCo, the manager sensegive to his team members that the CEMS initiative is all about paperless environment, he enhanced further the “Go Green” project initiated earlier during the planning phase. Staffs were treated with out-of-office retreat to celebrate small CEMS achievements such as completion of individual report through CEMS. However, LaCo’s staffs were of different understandings of CEMS is all about. They still understood that CEMS was a trial system and CenCo had chosen LaCo as one of its trial project in which the usage was voluntarily.

LaCo’s staffs indicated that the CEMS initiative was a time waster and it added unnecessary burden to their daily routine. They call it “dumping data system or double work”. One staff mentioned,

‘...there was no interactive reporting mainly because I think of the network connectivity issue<sup>23</sup>, so we were actually using it (CEMS) as a repository just to keep on reports “dumping data” after the work. There was no sort of on-going work within the system, it just acted as a repository.’ (MS1)

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<sup>23</sup> Network connectivity issue also refers to timeouts due to lack of bandwidth at BaCo.

Individual LaCo team member attempted to rectify few of CEMS known issues such “timeouts” and “access”. However, many of these efforts did bear much fruit as one team recalled:

‘I contacted someone in Singapore and India, MS2 gave me his contact, his name was..... I can get you his name later. However, I can recall although I had two contacts, but the Singapore was more helpful than the one in India (laughter...). It was mostly issue on technical matter. MS2 is the contact person on administrative such as creating the user, unlocking accounts’. (AM3)

Another staff remember that “ultimately it can only be used at this end merely as a repository as due the limitations”.

LaCo manager’s effort to improve CEMS usage was not bearing much fruit as the statistics still showed low usage. He introduced the departmental KPI on CEMS usage but its internal staffs rallied together to convinced him that there are too much barriers to the use of CEMS as a work system. Despite LaCo’s manager emphasis that CEMS is a system that will replace the then current way of reporting, internal staffs remain sceptical. As a result, they remain laggards for CEMS’ usage.

#### **4.2.2.3 Sensemaking/Sensegiving – Subsidiary and Subsidiary (The Rebel Alliance)**

LaCo and BaCo managers related their displeasure about CenCo’s disparate treatment on matters concerning set milestones and deliverables. MyCo, the local subsidiary, though clearly lag from others such as BaCo and LaCo was less pressured to deliver hardly any KPI for CenCo. As the pressure from CenCo became more intense, subsidiary managers began to discuss this more openly, at times at nearby coffee shops post the regional meetings. On top of their list was the lack of support for the multitude of CEMS’s issues followed by the double standard treatment that MyCo was enjoying. To them, CenCo simply seemed to incessantly ignorant to all of this. This episode was agreed by a MyCo team member, he shared:

‘... we are not fully utilized the system capability, we just use the system basically for storing our document or something like that and it’s not for doing the work per se like during the work you need to follow the step and what not, work plan so that’s step was not followed at that time...’ (MS2)

What transpired next was that the informal discussions cum gathering among subsidiary managers became more intense. They further established discreet internal forums via the social media. One alliance member explained that “although we are based geographically very far, we just used emails and SMSES and social media to connect amongst ourselves...(M3). Within this limited space that they began to understand the magnitude of CEMS issues, LaCo manager explained:

‘So, with this knowledge we started to understand why there are so many problems in CEMS and again because InCo in Indonesia have their own system, they managed to change a lot of it so that it works better than the one in KL’. (M3)

This group that comprised of BaCo, LaCo and InCo managers subsequently evolved into a pact which they called themselves as the “Rebel Alliance”. Two managers explained,

‘By then we started to share to brainstorming how best to generate reports and BaCo at that time came up with a comprehensive checklist what are the do’s and don’ts, well, the do’s more than the don’ts, all that you must complete so that a report comes out nicely and it also complies to what we require when we do our auditing in terms of the working paper and what not. So...and with the discussion – the so-called alliance – with the three Heads, we said to ourselves, we must bring this to the attention of CenCo not Senior Management but CEMS and we must come in a more concerted effort to really show the pain that we are really facing’. (M1)

‘... we had to agree among ourselves and not like having a ‘rebel alliance’ per se, just the three of us, we were brainstorming, how do we share, how do we use this system more effectively so that it can benefit not ourselves, but the group as a whole, that’s how we managed to position CEMS as the system that we can use in our daily work not just a repository system.’ (M3)

The alliance at first had the sole objective of CEMS’ knowledge exchange, this is evident in the sharing of the KPI setting in the drive to change behaviour. Next there was also the sharing of the short to the mid-term remedial steps such as those performed by BaCo’s team e.g. CEMS-101 checklist and the checkout function. In parallel to this, on-

going request for support to the CEMS issues were also moving along. Some of the issues that led and transpired out of the forming of the rebel alliance are discerned below:

- Informal discussion between BaCo, LaCo and InCo - Head of subsidiary against the centre primarily resulting from CEMS' deficiency and lack of response.
- Lobby for a CEMS post implementation review (PIR)
- Centre's double standard for non-local subsidiary when reporting CEMS' progress

The alliance felt that the much-needed assistance and support from CenCo was heedless. Several discussions at different platform such as in RMs, kick-start and divisional meetings did not come to any fruitful outcome. CenCo was adamant that CEMS' issues are to be handled in-house, thus they were highly dependent on the single part-time MyCo system administrator resource. However, on top of his day-to-day work, he is overloaded with all the unresolved trouble tickets<sup>24</sup> raised by CEMS' users. One alliance member recalled:

‘So...and with the discussion – the so-called alliance – with the three Heads, we said to ourselves, we must bring this to the attention of CEO of CenCo not just the CXO about the CEMS, and we must come in a more concerted effort to really show the pain that we are really facing.’  
(M1)

The alliance further discovered that the CEMS's vendor support had expired recently in the late 2014 and the renewal was in negotiation. To make matters worse, they discovered that the CEMS developer, based in East London, was appointing a new regional support vendor based in India. The previous CEMS regional support was based in Singapore, hence this contributed to the delay of the support and maintenance renewal. M3 in summary of all the issues they face with CEMS “and for the lack of a better word, we

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<sup>24</sup> Fault or complain raised by CEMS user within the group.

just want to go back and say how badly the system needs overhauling or if we have the means we should just change it altogether”.

At the height of many disagreements between the three managers and CenCo, the alliance sensemake that CEMS’s implementation was in disarray with many issues unresolved. Thus, they decided among them that they need to force CenCo to act before all blames were to put to them as the end users. The alliance had to channel this intention elegantly and not create any unnecessary altercation like the InCo’s experience. In the first quarter RM in Kuala Lumpur in 2015, InCo’s manager presented the milestone that they had achieved using CEMS in that standalone environment in Indonesia as a benchmark. Next LaCo and BaCo managers shared their lists of barriers and showstoppers of the CEMS system that were still unresolved. Finally, they called the part-time MyCo CEMS system administrator to respond to all the unresolved issues raised more than a year. The MyCo staff explained:

‘...I would say that I am just a part-timer to do this... so me and that time I was doing this alone. So, it’s quite tough as I cannot concentrate to fully support this function for all those subsidiaries...’ (MS2)

He admitted that he was unable to resolve many of the issues raised due to lack of expertise and time. A member of the alliance recalled,

‘[t]he primary System Administrator is not really familiar with the system and could not satisfactorily answer many of the questions on functionalities of the system’. (MS2)

The CEMS system administrator also mentioned that the CEMS vendor technical support was not up to mark. At this juncture, CenCo being pressed for solution had to open the floor for suggestions on how to resolve the long pending issues. This is when, via a concerted effort, one of the alliance member suggested that a post mortem be performed akin to a post implementation review (PIR) of CEMS. A PIR is a review performed at the end of a project with the objective of evaluating the project’s delivery, gaps, recommendations and lesson learned. On the second day of the RM and post several

internal discussions, CenCo eventually agreed to commission a PIR. One alliance member suggested that BaCo's manager is to lead the PIR, this was supported by others and agreed by CenCo. An alliance member recollected the incident:

'Yes, we did, that's why we are actually faster than MyCo. I think there was a review which was performed at the MyCo site. I think M1 did that review. I mean the result says it all I guess. And you yourself having to do your own benchmarking. I believe you have your own view'.  
(M2)

As the team lead for the CEMS PIR, BaCo's manager seeks assistance from other alliance members on how best to perform the review. They held discreet meetings both off and online. InCo's manager who by then had advanced the use of CEMS provided BaCo with much of the scope's review. BaCo manager recalled how he approached the CEMS PIR assignment:

'So, when I did the assessment, I started from the very beginning, from the objective from the paper when we wanted to purchase the system, we selected the system, all the objectives set all the way to...'. (M1)

LaCo's manager on the other hand, based on his experience in Sri Lanka, assisted in providing information in the area where CEMS failed to achieve. BaCo's manager based his observations against CEMS's original objective as a work system as suggested by an alliance member. Then after, the PIR terms of reference (see extraction in table 4.2) was drafted and presented to CenCo, it was shortly approved. The primary objective of this review is to evaluate CEMS's operational success and to assess whether the key system objectives and schedules have been achieved.



**Table 4.2: Background and Project Deliverables**

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**Background**

The Central Electronic Management System (CEMS) is a tool to support the operation to achieve their business objectives by increasing their efficiency and productivity of the entire work process including risk assessment, scheduling, planning, execution, review, report generation, trend analysis, working paper and information storage.

**Project Deliverables**

Some of the expected benefits from the implementation of CEMS, as described in the project paper are:

- Structured entity risk assessment
- Electronic Work Papers
- Paperless environment
- Maintain systematic and standardized process flow
- Controlled process and review coverage
- Ease sign-off and review of each tasks and work papers
- Dashboard for snapshot
- Ease tracking of review progress, reports and issues
- Accessible anywhere and anytime (via web)

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Extracted from the Post Implementation Review CenCo CEMS Project

The PIR was forecasted to be performed with one resource and 10 man-days<sup>25</sup>. For this review, BaCo's manager flew to Kuala Lumpur from Bangladesh. As the CEMS PIR was mandated by CenCo, the reviewer (BaCo) was granted full access to all CEMS' virtual servers located at the data centre (Jalan Semarak, Kuala Lumpur). System reports such as performance and fault were made available. Other non-system-based documents such as the CEMS tender specification, tender submission (technical and commercial) documents and the final agreement were reviewed too. In addition, the following individuals were also interviewed:

- i) MyCo managers,
- ii) Current CEMS system administrator,
- iii) Previous CEMS system administrator and,
- iv) CEMS project manager.

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<sup>25</sup> Five man-days assigned for fieldwork and five man-days for the PIR reporting.

As the review was planned carefully in addition to the full cooperation given by the team at MyCo and the data centre, the fieldwork plus the PIR report was completed on time. The PIR report (see Appendix C) identified seven major findings, namely:

- i) Poor project management,
- ii) Non-utilisation of CEMS modules,
- iii) Inadequate training provided,
- iv) Unclear KPI achievement expectations,
- v) Inconsistent usage of CEMS,
- vi) Inadequate system administration and,
- vii) Unrealized project benefits.

Each of the findings above is discerned in detail in the final report. However, the last finding titled 'Unrealized project benefits' is perhaps the most significant that set the tone of the entire report. Additionally, from the ten project benefits identified for CEMS project, only two of them were found to be 'Partially achieved', whereas the remaining eight were found to be 'Not achieved' (see table 4.3). The report provided individual explanation and evidence to support each of the findings such as system printouts and exception reports.

**Table 4.3: Unrealised project benefits**

Description	Remark
1. Structured entity risk assessment	<p><b>Not achieved.</b> Module not utilised at all. No risk universe defined and no risk register or rating input into the system.</p>
2. Electronic Work Papers	<p><b>Partially achieved.</b> Working files are included in the system but with so many differing practises, so is the level of achievements. There are review works without RAM, without any evidences attached; evidences are not cross-referenced to issues or tests, etc.</p>
3. Paperless environment	<p><b>Not achieved.</b> Hardcopy records are still being kept. This is not even minimised as all are printed out, even existing softcopy evidences.</p>
4. Maintain systematic and standardized process flow	<p><b>Not achieved.</b> There is no standard process flow developed with CEMS in the picture. This is also evident in the practises of all members and the records in CEMS.</p>
5. Controlled process and review coverage	<p><b>Not achieved,</b> same as above.</p>
6. Ease sign-off and review of each tasks and work papers	<p><b>Not achieved.</b> ToR sign-off is outside the system. Sign-off in the system is not reliable as anyone can select GCIA as approver. RAMs are either not created or not signed-off. Reports are being reviewed outside the system. Points arising module is not utilised for this purpose.</p>
7. Dashboard for snapshot	<p><b>Not achieved,</b> not utilised at all.</p>
8. Ease tracking of review progress, reports and issues	<p><b>Not achieved</b> as in most cases, input into CEMS is done post report completion. No members performed reviews and updates CEMS concurrently.</p> <p>The main problem that members have is the system's inability to generate report according to the current format, which is not realistic.</p> <p>Report format might need to be simplified if the aim is to automate.</p>

**Table 4.3, continued**

Description	Remark
9. Accessible anywhere and anytime	<p><b>Partially achieved.</b>            There is a web version available but at the moment very problematic for users to use.            It auto disconnects very often that it discourages usage by the users until they can use the client version.</p>
10. Other unrealized benefits worth mentioning.	<p>Maximized productivity and increased efficiency, where users have to perform additional work currently in the system as well as outside and there are still no best practise RAMs or sharing between the members yet.</p>

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Extracted from the CEMS Post Implementation Review report

The CEMS PIR report was presented at CenCo’s divisional meeting attended by all departmental staffs of CenCo and MyCo. The report was presented by the reviewer, BaCo’s manager. The CEMS PIR presentation agenda lasted about an hour, mostly monotonous and without a single finding being challenged. BaCo manager shared,

‘[...] it was reported and presented during the divisional meeting. So, everyone was there and everyone didn’t contest the findings at all. Beyond that I never took note because it was an internal report so if they wanted to do anything about it, it was their prerogative, more or less.’ (M1)

Post the presentation, CenCo called BaCo for a close door discussion on the PIR report findings. CenCo indicated that although he agreed on the report’s findings and recommendations, but he prefers that the report not be published<sup>26</sup>. CenCo went further to inform BaCo that the report recommendations or remedial works was to be done in house by the MyCo team.

LaCo’s manager described the awkward scenario post the close door meeting with CenCo and on behalf of the alliance,

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<sup>26</sup> Report published are circulated to the board.

‘... and (laughed) officially the report never came out because the person who reviewed the implementation, the project that actually come out with CEMS for the Group was our own buddy we know actually what happened behind the scene.’ (M3)

Taken together, the alliance felt that through the PIR CEMS review that they had accomplished to weaken CenCo’s position. The PIR report which contained information pertaining to various non-deliveries of CEMS project benefits justified many of issues earlier faced by subsidiaries. The fact that the report was never challenged and later suppressed from being published, shows that there was acknowledgement of its content by CenCo. Post the CEMS PIR report presentation, there was a marked difference in CenCo’s treatment towards the alliance and in particular BaCo and LaCo.

#### **4.2.3 CEMS Initiative Summary**

This research explores three major change initiatives within the span of four years at CenCo. Clearly, the CEMS is the most complex, expensive and longest initiative that was faced by CenCo among the three. The development took more than three years to reach the BAU stage with hundreds of man-hours invested.

In these last few sections, the CEMS development journey will be described in detail right from the planning / implementation to the BAU phase. Relevant sensemaking (meaning to experience) and its related description of what manager’s experience throughout the CEMS initiative development is shown in table 4.4. The table depicts all the four subsidiaries including the centre as the primary actors involved in the CEMS development. From the five, three actors namely InCo, LaCo and BaCo were the most active.

As for InCo’s case, they were the most critical from since the introduction of CEMS as a centre-led initiative. InCo challenged CenCo’s approach to CEMS planning and delivery to a point they question the legality of CEMS’ operation in Indonesia. CenCo’s initial high-handed approach eventually turned mellow post several tactics taken

by InCo. InCo was later allowed to install and operate CEMS as a standalone system. Throughout the rest of CEMS's development at CenCo, InCo although not directly involved, remained active as part of the rebel alliance. They advanced the use of CEMS to be among the most advance in the region as mentioned by the CEMS regional support office in Singapore. Within the CenCo group, InCo provided invaluable information and insights on CEMS's strength and weaknesses to the alliance. InCo manager shared his CEMS experience by the following excerpt:

‘So that was the start of the journey and luckily enough, our IT team at that time was very, very strong, I gave them the liberty of playing around with them system and really, they trashed the system until they know essentially what is the bare minimum that we must input in the system so that an audit report can come out. So...and slowly but surely from that point onwards we started to build on this, started to build our own understanding’. (M3)

LaCo on the other hand was relatively more flexible in the effort to have internal staffs using CEMS. This was translated by LaCo users, where CEMS was to them, an option and consider its use as totally voluntary. The ‘Go Green’ fun campaign reinforced to LaCo users that CEMS was not something that needs to be taken seriously. As for those that who were using CEMS called it ‘double work’, ‘dumping data’, ‘added burden’, ‘impossible to use CEMS as real-time’ and ‘repository system’. A BaCo team member shared what he recalls about CEMS:

‘...actually for Bangladesh cases main thing is that at first, we are doing it at paper, in fact, laptop then we convert, it is double work’. (SM2)

This was collectively due to the many non-resolved issues raised and unachieved CEMS objectives, which then lead to the increase of LaCo's users work load. A LaCo team member explained:

‘[...] what I can see in CEMS was there was no interactive auditing mainly because I think of the network connectivity, so we were actually using it as a repository just to keep on audits “dumping data” after the audit. There was no sort of ongoing audit within the system, it just acted as a repository’. (MS1)

BaCo by far has the highest level and most active CEMS's user in the CenCo group at the end of this study in 2016. At the early stage, BaCo was quite reluctant and sceptic about CEMS. They were highly critical on the approaches CenCo undertook from the initial identification of the CEMS vendor up to the post training sessions. At the time, BaCo's voice was less prominent within CenCo, this was due to the relatively lesser contribution they made e.g. revenue and profit to the CenCo group. Hence, BaCo had to contend with all the shortcomings of CEMS. However, under the alliance, BaCo's manager at many times took the lead to steer the alliance and at its height led the PIR CEMS review. One interesting fact was that BaCo took several significant in-house initiatives amid all the barriers. This has transformed them to be among the most successful CenCo subsidiary to operate CEMS outside Malaysia.

The alliance comprised of BaCo, LaCo and InCo had at least achieved one of its objectives which was to steer CenCo's CEMS focus. Subsidiaries' incessant plead to CenCo to resolve CEMS' issues did not bear much fruit up till to the implementation stage. CenCo, once very aggressive on subsidiaries to adopt and utilise CEMS to its fullest, but paid little or almost no attention on CEMS' issues. CenCo as the central HQ more often overruled any concerns raised by subsidiaries and in the case of CEMS the same approach was used. All that changed dramatically under the informal rebel alliance, comprised of BaCo, LaCo and InCo, by devising a plan to curtail the pressure put upon by CenCo. The concerted effort to lobby for a PIR CEMS review to be done had successfully curtailed the Centre's power.

**Table 4.4: Sensemaking in the CEMS development**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
1.	“use or explain” approach by HQ directive rather than supportive	InCo	<ul style="list-style-type: none"> <li>• Pressure by the centre as this is being monitored by the CenCo’s board</li> <li>• Minutes of meeting on CenCo update and progress</li> </ul>
2.	Intention is good but no understanding at subsidiary	Alliance <sup>27</sup>	<ul style="list-style-type: none"> <li>• Capability of the subsidiary practices not at par with centre</li> <li>• Bandwidth capacity from Malaysia and abroad not considered</li> <li>• Resource constraint on CEMS expertise</li> </ul>
3.	CenCo pressure	Alliance	<ul style="list-style-type: none"> <li>• Consistent reminder via meeting agenda on CEMS</li> <li>• CEMS usage highlight based on subsidiary to subsidiary</li> </ul>
4.	CEMS to benefit just the centre	Alliance	<p>CEMS not used at centre or local subsidiary for more than a year</p> <p>Issues and concerns of CEMS were handled promptly</p> <p>Highly dependent on vendor</p>
5.	CEMS require consistent push from the leadership team at subsidiary as centre is primarily concern about usage	Alliance	<p>CEMS usage presentation revealed that local subsidiary and centre has not use the system for more than 1 year after installation</p> <p>Subsidiaries were running the CEMS without any assistance but centre was consistently demanding for increase of its usage</p>
6.	Centre very slow or not forthcoming at considering concerns/issues raised by subsidiary	Alliance	<ul style="list-style-type: none"> <li>• Various issues such as system timeout, lock out and other issues were not addressed by the Centre</li> <li>• Many of the issues were tackled in-house via workaround solution such as Sat/Sun, checkout, KPI, checklist.</li> </ul>

<sup>27</sup> Alliance refers to BaCo, LaCo and InCo.



**Table 4.4, continued**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
7.	CEMS is just a project to the centre not a paradigm shifts on new ways to do work	Alliance	<ul style="list-style-type: none"> <li>• Centre consistently requested for usage updates and achievement from subsidiaries but less about the detail of CEMS’s implementation</li> <li>• CEMS manual was done at the tail end of the project as opposed to the initial stages</li> <li>• Demerger outcome</li> <li>• Centre was focused on updating centre’s board of CEMS progress primarily</li> <li>• Outcome of the eQAR exercise by external party</li> </ul>
8.	Planning was superb but implementation was haywire and too far from what the Centre wanted to achieve	Alliance	<ul style="list-style-type: none"> <li>• No proof of concept was done of CEMS’s project</li> <li>• CEMS was mostly vendor driven without any User Acceptance Test (UAT) done especially at the user side (subsidiary)</li> </ul>
9.	Many CEMS capability not achievable due to central CEMS location (design)	BaCo, LaCo	<ul style="list-style-type: none"> <li>• Location of CEMS server at the centre limits the various functionality that cannot be exploited. Also, this is due to limited resources i.e. system administrator at centre.</li> </ul>
10.	Suppressed CEMS PIR weakened centre’s position	Alliance	<ul style="list-style-type: none"> <li>• CEMS PIR with the ‘Unsatisfactory’ report opinion was presented at the centre-MyCo divisional meeting.</li> <li>• There was no one that contested the findings.</li> <li>• The report was never published; in better words, it was suppressed.</li> </ul>
11.	Team consider the use of CEMS as an option	LaCo, BaCo, MyCo	<ul style="list-style-type: none"> <li>• The use was not mandated at the working level</li> <li>• Superior gave time for the working level to thrash out the system inside out</li> </ul>
12.	Ample time to getting use of CEMS	LaCo, MyCo	<ul style="list-style-type: none"> <li>• Superior made the impression that the use of CEMS is expected to be a gradual knowledge transfer</li> <li>• Soft approach to use with fun “Go Green” campaign</li> </ul>

**Table 4.4, continued**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
13.	Behavioural change in adopting CEMS (reward system)	InCo, BaCo	<ul style="list-style-type: none"> <li>• No incentive (initially) to use CEMS as it was not calculated in the yearly appraisal system or KPI</li> <li>• Senior working level would appoint a junior to perform CEMS related works</li> </ul>
14.	Tremendous effort put in to ensure CEMS is being used to an optimal level	BaCo	<ul style="list-style-type: none"> <li>• Work on Sat/Sun and off office hours (KL)</li> <li>• Bandwidth upgrade</li> <li>• Checkout option based on trial and error</li> <li>• Checklist 101 designed and implemented to ease KPI drive</li> <li>• CEMS induction training for new joiners</li> </ul>
15.	Unfair treatment of subsidiary e.g. MyCo lack usage, InCo dedicated resource.	Alliance	<ul style="list-style-type: none"> <li>• Other MyCo and InCo; BaCo and LaCo were primary target of ‘name and shame’ by the centre at regional meetings</li> </ul>
16.	Double work, time waster, data dumping, added burden → impossible to use CEMS real-time → repository system.	BaCo, LaCo	<ul style="list-style-type: none"> <li>• Primary objective of real-time system not achieved</li> <li>• Work had to be done outside the system and input into CEMS at the end of the work completion</li> </ul>

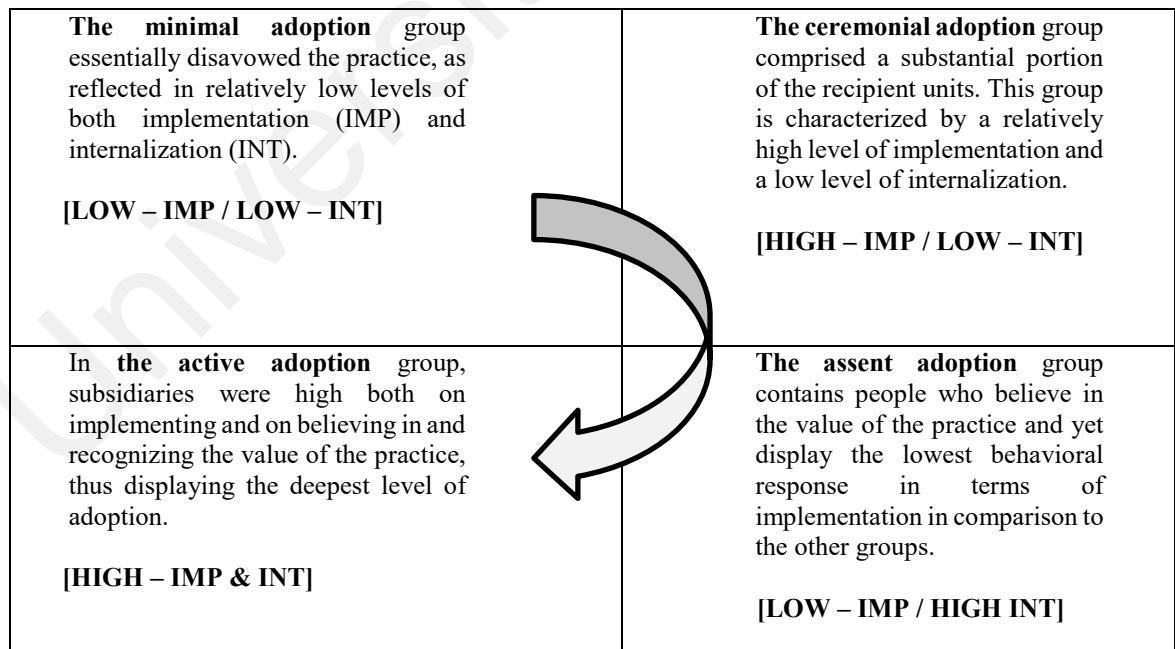
Today CEMS is showcased as one of the work system for CenCo office automation as describe in CenCo’s annual report. However, if deeper analysis into the actual usage of CEMS, as shown in table 4.5, we can see that not all the subsidiaries are using it the same. In this table, the sensemaking level experience by managers at each of CEMS’ development level is defined. We can see that the three most active subsidiaries namely InCo, BaCo and LaCo also known as the rebel alliance displayed medium to high level of sensemaking throughout the development of CEMS. They not only displayed but experience high level of sensemaking throughout CEMS.

**Table 4.5: The CEMS Final development sensemaking/sensegiving combination**

Actors	Planning	Implementation	BAU	CEMS Final Development (usage)
CenCo	Directive	Engaging	Inert	Low
MyCo	Comply	Dormant	Inert	Low
InCo	Combative	<b>Rebel Alliance</b>	High engagement	High
BaCo	Recalcitrant		High	
LaCo	Contemplate		Medium engagement	Medium

#### 4.2.4 Level of Adoption

Kostova and Roth (2002) described the types of adoption to change practice based on the level internalization to the level of implementation of individuals involved. Kostova and colleague’s definition of the level of adopters as per figure 4.1 is applied for this study’s analysis.



Adapted from Kostova and Roth (2002)

**Figure 4.1: Type of adopters**

Kostova and Roth explored a number of US based MNE with subsidiaries in Europe, North America and South America, and Asia, based on the institutional duality of institutional and relational context (Tsai & Ghoshal, 1998; Zucker, 1987). Two measures namely implementation and internalization were proposed in their study, while the former refers to the level practice (change) implemented and the latter refers to the level of adoption of practice. Kostova and Roth (2002) explain that while subsidiary's practice implementation is positively related to cognitive context, internalization is positively related to trust or dependence towards the parent. Hence, when subsidiary trust the parent, the change implementation is usually high. Whereas when regulatory pressure is high, the level of internalization usually reflects a lower level. Like the original study where there was no empirical measure of what e.g. high adoption or low implementation means, this study applies a similar qualitative descriptive perspective of the different adopters. While the Kostova and Roth do not imply any best state among the four, this study takes the position that active adopter as being the most desired state followed by ceremonial. Assent and minimal adopter are the least desired state for the parent. Taken together, based on the realm of institutional duality outlined by Kostova and Roth (2002), this research findings will be discussed next.

### **CEMS - InCo**

InCo, at the early stages of CEMS centre-led initiative experience a volatile relationship with CenCo which is termed as 'combative'. There were several confrontational moments between both managers (CenCo and InCo) with both parties not willing to give in. In the beginning, InCo fits into the minimal adopter profile, they disavowed the change precipitated from their low dependence on the CenCo. InCo rejected the CEMS arising from the strict regulatory limitation in Indonesia. At the height of one of the disagreement, board member's and regulatory team members' involvement had to be called-in to mediate the situation. However, for the case of InCo, CenCo had to

concede due to country regulatory requirement and allow for InCo to build a standalone CEMS system. During the implementation stage, InCo's role was rather minimal as they were not involved directly with CenCo's CEMS. However, InCo did contribute significantly as a profound member of the rebel alliance. InCo, being in a better position at CEMS, was able to use the system more freely and at the same time provide invaluable CEMS insights to the alliance.

Currently, InCo's CEMS is the most advanced system across CenCo. Apart from realising CEMS as an information sharing tool among users, InCo's CEMS now features 'app based' use and data ware ability for data mining and advance reporting tool. Beyond this new advance feature, what is paramount is that InCo had managed to inculcate its employees to use CEMS as an electronic work system. As for InCo's manager, for this to happen, they had to do a series of change behaviour among users and further prepare a friendly environment to facilitate this transition. He stressed that the end objective should not be just about having a new system, it needs to focus on behavioural change too. Any behaviour not supporting that objective needs to be minimize and that's why he initiated a dedicated team from the very beginning to manage CEMS fulltime as a system administrator so that users were not burden with CEMS' technical issues. InCo believed that the CEMS centre-led initiative was a good initiative but it was hampered by a lack of a thorough thought process. This is reflected from the long list of non-achieved CEMS objective especially centralizing information in one system. The following excerpt summarizes what the head of InCo experienced during the CEMS initiative in his own words:

'So why has the failure at the centre? And not in my side in my opinion because I decided that for a major shift of paradigm and behavior this requires dedication. So, we create our own small team, right? So, we call it the quality and the technicality team that look and focuses more on this initiative of CEMS. And not only that we make it in half we don't transfer it to the IT because the IT could be the one manages the overall enterprise but no we don't do that. So, we said let's focus in because they do not have the knowledge on that they only have the knowledge on business

but not on the review side. So, the team members can focus more on their engagement program and using the system to provide their grievances etc. What do they like, what do they dislike unless the other team focuses on building the system building the information architecture working with the vendor etc. To come out with user needs. So that's my opinion. So that's the micro-level thing that we want to do and how we did it'.  
(M2)

As mentioned earlier, InCo is rated as the most successful CEMS system user for this initiative. Throughout the CEMS developmental period they displayed consistent high level of sensemaking intensity. InCo was aggressive and at times displayed 'combative' attitude towards the centre predominantly in the planning stage. This had led them to build their own CEMS system outside Malaysia. Although InCo were implementing their own CEMS system, they remain in constant contact with other subsidiaries. Later, under the informal pact of the rebel alliance, InCo played a significant role in providing sensitive information on CEMS to other alliance members on how to perform the PIR CEMS review with maximum impact. At the BAU stage, InCo was highly engaged both formally and informally, exchanging new insights on what they have achieved with CEMS.

Applying Kostova and Roth (2002) study, the regulatory limitation in Indonesia did not warrant the implementation of CEMS. One of the institutional duality was not in favor for the CEMS implementation. Furthermore, InCo has very low dependence to CenCo due to their higher status than other subsidiaries. They were in the position to reject adoption if they do not agree with the value of change. What makes this finding interesting is that InCo which could easily disavow the CEMS and be minimal adopters, they eventually become active adopters. Post the disengagement from the CEMS centre-led initiative, they took charge of the practice. They believed in the CEMS system that this can increase their efficiency, displayed with careful resource planning and change management. InCo's manager use the term 'end-in-mind' and 'behavior change' to signal what he envisioned CEMS to be. In summary, when viewed at the final developmental

stage for CEMS, InCo can be coined as active adopters, they display high level of both implementation and on believing the value of the initiative confirming the study by Kostova and Roth (2002). As InCo built the system within Indonesia conforming to the regulatory requirement of Indonesia, relieving any regulatory pressure. This helps to improve internalization, whereas trust and dependence are irrelevant as they were not bound to the centre for the CEMS initiative. New joiners at InCo are now immersed on doing things via CEMS and they cannot imagine doing their daily work without CEMS.

### **CEMS - BaCo**

BaCo, in the planning stage can be described as non-cooperative towards the CEMS initiative. In reality, BaCo wanted to have control on how CEMS was to be operated. They were keen to building a standalone CEMS like InCo's but were deprived to do so due to financial constraints. BaCo at the beginning reflects an assent adopter profiled by their high dependence on CenCo, both resource and financial limitation. While the lack of funding was remedied by CenCo to fully borne CEMS project cost, their lack of voice within the CenCo group was also among other factors that had forced to them to be followers of the CEMS initiative rather than as leads (Bouquet & Birkinshaw, 2008b). In the beginning BaCo's institutional and relational contexts were reflexive, BaCo has a high dependence on the parent while a somewhat neutral institutional context towards CEMS. They were indifferent about CEMS, displaying a more curious and skeptical stand towards what CEMS was all about. In the beginning, BaCo reflects an assent adopter profile.

Kostova and Roth (2002) provides limited explanation on the assent adopters category, described as a high dependence subsidiary towards the parent and lack of implement capability. This study extends the limited knowledge of assent adopters and how they can elevate to higher statuses. Looking inward, BaCo's action towards CenCo

is best described as recalcitrant. They challenged many of CEMS' concept at the beginning phase. BaCo's manager recalled that he raised many concerns to CenCo such as on how to improve CEMS usage and to explore the correct usage of CEMS. Though keen to take charge of CEMS locally but were not able to do so, they reluctantly embrace the CEMS centre-led initiative.

Post the planning stage was a turning point for BaCo, they displayed strong commitment in using CEMS. Amid the many unresolved CEMS issues, BaCo's team work together to push the CEMS to its fullest capability. BaCo's team was in constant communication with CenCo in acquiring assistance in fixing the problems. As BaCo realised that many of its problems with CEMS were not being looked at by CenCo, they began to do things their own way. They realised that the substantial CEMS' issues cannot be resolved by CenCo which is primarily due to the resource constraint.

They had to do things independently. They maintain a high level of engagement within their internal teams at BaCo by introducing several number of workaround solutions to make CEMS more user friendly. Other issues such as the timeouts and accessibility were resolved too by the in-house efforts championed by BaCo's manager. Many of these efforts eventually led them to emerge as one of the top<sup>28</sup> CEMS' user within CenCo.

Looking back, BaCo's manager felt that CenCo were too far off from what they wanted to achieve as a group with CEMS. Two BaCo team members shared:

'We have been using it as repository and nothing else because the way we work like in the planning stage there are few things which need to be done. So, in the planning stage we do the RAM/TOR and we upload that. Then we do the work outside and after its being done then upload it when everything is finalized then we upload it'. (SM3)

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<sup>28</sup> This is measured based on the original project (centre-led initiative) measures namely i) consistent user usage, ii) reporting tools and iii) features.



‘I mean so far I understand about CEMS for whatever it is, but the automation actually reflects to that. But in our case, whatever we are doing we are doing it by Outlook, we are doing it by interview session, we are doing it by interview notes, we are doing it by collecting evidences, analyzing them, sharing it with the auditee, confirming the findings with the auditee as well as confirming and getting it reviewed by Account Manager. So, everything is being done outside CEMS’.  
(SM4)

Issues such as resource capability and the case of very low usage of CEMS were among those that he pointed out. He further reiterated that CenCo simply did not have the capability to deliver the CEMS initiative. To prove his point, he commented that CenCo themselves hardly use CEMS as a work system as what he saw during the PIR CEM review.

BaCo currently is using the CEMS as a work system based on the original centred initiative set upon by CenCo. The number of CEMS users at BaCo remains the highest among the subsidiaries. Hence, they fit within the scope of Kostova and Roth (2002) work, termed as ceremonial adopters. Ceremonial adoption is described as those that display high level of implementation and low level of internalization of a practice. BaCo team members are mechanical CEMS users, they use it as it forms one of their annual KPI measures. As a work system, BaCo team members are still reluctant to call CEMS a work system due to its various limitations. Many still call CEMS a repository system not an online system. Hence, although they apply CEMS to its fullest capability, however the practice lacks belief. BaCo’s transition from assent to ceremonial adopter is an interesting phenomenon that will be discussed in the final chapter.

### **CEMS - LaCo**

LaCo, in the planning stage, was best described as being in a state of contemplation as they were neither cooperative nor contentious towards CenCo. LaCo was more of a follower rather than a driver compared to other subsidiaries. There are times LaCo echoes the same argument as per BaCo in the case of CEMS’ non-achievable

capability and its usage being merely optional. Even in the implementation stage, LaCo treated CEMS as being a system going through a long trial period. When CenCo pushed for the increase usage of CEMS, LaCo still at the time proceeded to use the system more like trial-based system. They went ahead with a fun “Go Green” campaign to get staffs to use more of CEMS but this is far from other approach like BaCo or InCo.

LaCo’s manager involvement in the rebel alliance was more supportive rather than aggressive, collective rather than instructive. However, even with LaCo’s milder involvement in the alliance, they indeed benefited. Post the CEMS PIR review orchestrated by the alliance, CenCo’s momentum to drive CEMS usage dwindled and LaCo was spared much of the pressure put to them.

It was not a good experience, this was what LaCo team members described about CEMS at the final development stage. They labeled CEMS negatively such as ‘double work’, ‘time waster’, ‘dumping data’ and ‘added burden’. To them the journey was a ‘painful one’ with many users not knowing what CEMS was all about. There was no CEMS user manual, awareness and worst, the centre was not forthcoming to resolve many of CEMS issues at the time. LaCo manager indicated that they were never involved in any of the CEMS development until the very end when CenCo said:

“Ok, we have sectioned one of the system for you and these are your user names, someone is flying in to teach you how to use it, start using it after you are comfortable”. (M3)

Although, LaCo is still using CEMS till today but they show a low level of internalization coupled with a moderate implementation level. For this case, LaCo fits between a hybrid of between the assent to ceremonial adopters (Kostova & Roth, 2002). As compared to BaCo, LaCo clearly are the bottom ceremonial adopters and bordering minimal adopters. BaCo users are mostly cynical about CEMS and their usage are minimal.

## **CEMS – CenCo and MyCo**

This study acknowledges that Kostova and Roth (2002) research may not be relevant to CenCo as the measure of institutional duality was about subsidiary and parent and not vice versa. However, as means of general comparison CenCo's adoption level is presented with the exception of consideration for dependence of the parent. CenCo's role from the very beginning of CEMS is best described as directive rather than engaging and finally inert at BAU phase. MyCo's role does not seem to differ much from CenCo especially at the BAU stage. In a wider contrast to the rest, CenCo and MyCo, central to the CEMS initiative displayed the lowest with respect to internalization and implementation. Both are best described as minimal adopters (Kostova & Roth, 2002). CEMS usage at the final development stage is low for both CenCo and MyCo, in a way they both almost disavowed the initiative themselves. Post the PIR CEMS report led by BaCo, many felt justified about what they had experienced about CEMS. However, MyCo's users had little to say about CEMS, this is probably due to their proximity to CenCo or due to their limited involvement in the development itself. Contrary to what CenCo's head had sensegave about CEMS, he still believes that the CEMS initiative was a success and he went on to say that it is among his top achievement throughout his career in the industry.

### **4.3 The SOM Initiative**

The standard operating manual or better known as the SOM initiative is the second centre-led change initiative initiated by CenCo identified for this study. It constitutes the principle and practices recommended to CenCo subsidiaries relating to business operation process. The SOM serves as a guideline in providing practical advice and guidance for the benefit of the business operation in the review of risks, controls, governance and compliance. The primary objectives of the SOM are: 1) to serve as an introductory document to new employees, 2) standardization of business operation across the group

and 3) to ensure continuous business operation during handover. The SOM indirectly supports both CenCo's vision and mission statement, specifically in the vision to achieve the 'single goal: Advancing Asia' and the mission 'to develop an operational excellence model [...]'.

### **4.3.1 Planning/Implementation**

#### **4.3.1.1 Sensemaking/Sensegiving – CenCo and Subsidiary**

CenCo is an MNE with a growing number of subsidiaries in different parts of Asia, they envisioned that a standardized manual will facilitate to improve achieving operational excellence. The CXO mentioned how he compares CenCo is compared to other MNE in Malaysia:

‘Some of the multinationals in Malaysia – that I know – I have to say they are not doing so well because they are not exposed to multinationals. I don't want to mention names, we have multinationals in Malaysia who has different system, manual’. (CXO)

This was the primary sensegiving being communicated to all subsidiaries about the SOM. The SOM was conceptually introduced by CenCo in 2012 to its subsidiaries. This was then followed up by several informal discussions between CenCo and the regional industry experts. Among those that CenCo approached and discussed was with FixedCo<sup>29</sup>, FixedCo had established their SOM in 2007.

At the planning stage, a brainstorm session was held among subsidiaries managers chaired by CenCo. As there are hundreds of processes and sub-processes involve in their daily work, it was obvious that they approached this by listing them. 120 process and sub-processes were identified that required to be documented in the proposed manual. However, as the sessions were comprised of subsidiary managers, certain detail elements

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<sup>29</sup> Post the demerger in 2008, two entities were formed namely RegionCo and FixedCo. Later in 2009, RegionCo was renamed CenCo.

of the sub-processes that they were not well versed. It was clear that they were not the subject matter expert, they lack both the time nor the expertise to deliver such project.

As for CenCo, its primary task for the SOM initiative was to ensure its comprehensiveness and business accuracies to the processes involved. This was to be followed with the implementation across the group at the later stages. As such, CenCo decided to appoint an external consultant to deliver the SOM which primarily involving documenting CenCo's key processes.

Like the earlier CEMS initiative, table 4.6 lists the various patterns of interaction between the centre and subsidiaries, and internally within each subsidiary.

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**Table 4.6: Sensemaking and sensegiving examples for subsidiaries that made significant progress in relation to the SOM initiative**

	Planning to Implementation		Barriers / show-stoppers	Business-As-Usual		Barriers / show-stoppers
	Sensemaking	Sensegiving		Sensemaking	Sensegiving	
<i>Centre Subsidiary</i> →	<p>Too dependent on 3rd party, they are not familiar with the internal process and procedure of the CenCo group</p> <p>How can we implement the SOM, where the 1st draft comments were not incorporated into it?</p> <p>Not possible without a manual to transfer knowledge to new resource and also stakeholders.</p> <p>Do not see adding value to IT part:</p> <ul style="list-style-type: none"> <li>• Create value</li> <li>• Solve pain points</li> </ul>	<p>We need to have the same manual and also almost the same KPIs as per established MNC practices</p> <p>System strong enough to withstand personnel changes.</p> <p>The organisation is not based on one person.</p> <p>We are the only unit within CenCo that, except for HQ as the holding company, the rest is the same.</p> <p>So, all need to be the same because that is the only way you can go on.</p>	<p>No dedicated resource to initiate the SOM.</p> <p>External 3<sup>rd</sup> party is costly and may not have the expertise.</p>	<p>Believe that it is more of the eQAR post exercise but consider this as the best centre-led initiative with:</p> <ul style="list-style-type: none"> <li>• Establishment</li> <li>• Review</li> <li>• Enhancement</li> </ul> <p>SOM is used as principle guidance, but certain shall be tailor made.</p> <p>As local board is primary stakeholder, the centre missed this crucial part.</p> <p>End-in-mind was good, but with poor execution:</p> <ul style="list-style-type: none"> <li>• Rush through</li> <li>• Receive but 1st draft</li> <li>• We are going to use this</li> </ul>	<p>We must use the SOM as this is a guiding principle to all our process.</p> <p>We have invested quite significantly to come out with this SOM.</p> <p>Cannot understand why the SOM project did not excel as expected. The support that should have been given to the 3<sup>rd</sup> party from MyCo was lacking.</p>	<p>Resistance from InCo</p> <p>Stakeholder are local board</p> <p>No dedicated resource</p>

Table 4.6, continued

	Planning to Implementation		Barriers / show- stoppers	Business-As-Usual		Barriers / show- stoppers
	Sensemaking	Sensegiving		Sensemaking	Sensegiving	
<i>Subsidiary</i> → <i>internal</i>	<p>As a ‘bible’, a step-by-step on how to do things.</p> <p>No one likes to read the red book (refers to the Standards)</p> <p>Internal organisational issues subjectivity of report rating.</p> <p>Not user friendly for the case of CEMS in SOM.</p> <p>Mandate or ground rule for both team members and engaging parties.</p>	<p>Streamline to carry 80-90% similarity to CenCo.</p> <p>Resource sharing across CenCo is easier and possible with minimal or negligible difference in practice.</p>	<p>Not aligned to subsidiary on certain areas</p> <p>CEMS should not have been detailed in SOM</p> <p>CEMS was cut and paste into the SOM</p>	<p>Manual standardization is good, but some level of customisation is needed to adapt to local need.</p> <p>Matters were decided without prior discussion with subsidiary.</p> <p>No one is in charge of the SOM e.g. changes of 4 (4 not covered).</p> <p>Never use the CEMS caption in the SOM.</p> <p>SOM works as a ‘bible’ for LaCo team. The 1st version of SOM was good as it was comprehensive.</p>	<p>This is by far the best practice and not all best in the industry do have this.</p> <p>Implementation of the SOM is the right thing to do.</p>	<p>Rules and regulations are not practical.</p>

CenCo sensegive that SOM is about emulating establish MNC best practices. They build upon the cue that establish MNCs ‘have the same manual with almost the same KPIs. [...] the organisation is not based on one person and it needs to be resilient against personnel changes’. Contextually, CenCo like many emerging MNEs experience high employee turnover and this affects their business operations. With the SOM initiative, CenCo believes that it will alleviate problems associated to employee turnovers. Among the problems they faced is training and development of new recruits. Time and effort had to be invested by the existing team to train the new recruits and often their own work is affected due to this.

As for the SOM initiative, CenCo was also proud to claim that they are the only unit to have MNC-like practice in the group. CenCo reinforce the SOM initiative to its subsidiaries:

“Except for some changes here and there because of local histories. So, all need to be the same because that is the only way you can go on”. (CXO)

At this planning stage, two barriers were identified namely absence of expert resource and high cost of external third party engaged. The absence of the expertise led CenCo to engage an external consultant. According to CenCo, the consultant (hereinafter FAB) identified for this initiative is an expert in the field with over 20 years of relevant experience. CenCo head had known FAB previously when they both worked in an Oil and Gas industry. The engagement assigned to FAB, in documenting the SOM was for a duration of six months that includes engaging all team members at MyCo, BaCo, LaCo and InCo. As the SOM is a centre-led initiative and with FAB onboard, CenCo’s role was more like a project sponsor, they were monitoring the SOM at every major milestone.

CenCo introduced the initiative to its subsidiaries formally for the very first time at one of the RMs in 2012. FAB was invited to present SOM’s objective, scope of work and timelines. The session was lively with different expectations from different



subsidiaries exchanged between participants. Most subsidiary managers shared their 'pain points' at work with the hopes that the SOM can remedy them. BaCo for instance shared about the problems relating to difficulties they faced with other departments in Bangladesh during exit meetings. Similarly, LaCo, raised the issue with regards to the different format styles of group reporting that other subsidiaries use. Later in 2012, during the kick-start program in Langkawi, FAB conducted a workshop on SOM. Teams of four were split to brainstorm, review and identify CenCo's primary work processes such as planning, fieldwork and reporting. In the wrap up session, teams were given tasks to be completed and submitted to FAB later.

Post the kickstart in Langkawi, FAB was mostly stationed at MyCo's office in KL, hence her direct communication was predominantly with MyCo team members. In the course of documenting the SOM, FAB conducted both telephone and limited face-to-face interviews with the rest of CenCo's team members. MyCo's team members sensemake that CenCo's approach on the SOM, was almost laissez-faire, FAB was given full authority to interview any team members but the interview schedule started to become too demanding. Other than MyCo's team member daily work being interrupted, they sensed that FAB was not familiar with too many of CenCo's processes. Hence, the need for the frequent interviews.

A few months' past the starting point, CenCo began to realise that there was a significant area within CenCo's business unit of operations that FAB was unfamiliar with. Subsidiaries complained to CenCo that FAB required extensive clarifications on many areas just to understand basic processes. This impeded SOM's documentation work progress significantly. On the hand, FAB raised issues to CenCo pertaining to lack of cooperation from MyCo's team in KL. Though CenCo attempted to remedy the situation but they were not successful.

The situation ended up with CenCo having to extend further FAB's job work for another six months. Additionally, several tasks were added into FAB's scope of work. This has ended up in breaching CenCo's original budget allocation meant for the SOM initiative. With the addition of extra scope and timeline, the SOM was finally 'completed'. However, five percent of the SOM was incomplete, this was due to the delay of pending information from BaCo and LaCo. As FAB had disengaged at the time from the SOM, the remaining project was assigned to an internal CenCo resource to complete. This was eventually completed and the SOM finally published in late 2013.

Taken together, the subsidiaries perspective of the SOM was generally more positive than the CEMS initiative. For instance, subsidiary managers were undividable in deducing that this initiative is a key initiative. It allows new joiners to familiarize with the way CenCo operates within a short period, at least in theory. BaCo elaborated that it was 'not possible without the manual to transfer knowledge to new resource and also stakeholders'. Furthermore, the SOM was used to provide awareness and guide stakeholders on areas where they engage other departments or external parties. Some of the main barriers in the early stages of the SOM will be briefly discussed next while the details in the following section.

One of the most important components of the SOM was the responsibility matrix as mentioned by BaCo's manager. The responsibility matrix clearly delineates each team members' responsibility and accountability. BaCo recalled that the responsibility matrix was a contentious issue due to differences of practices between MyCo and foreign subsidiaries. As MyCo's nomenclature of their team members designation were more aligned with CenCo, thus they experience no problems with the responsibility matrix. However, the matter was a highly debatable subject between the different level of team members within BaCo and LaCo. For this, both the subsidiary managers have to exercise their discretion before the SOM within their internal country operations.

InCo's manager on the other hand was more critical on the SOM. He sensemake the SOM was deficient in certain areas especially within the Information Technology (IT) aspect. LaCo's manager added that the SOM does not add much value to InCo's IT practices as they have a different version of the CEMS in place. He also added that the SOM failed to resolve certain pain points rose earlier. As for the latter, InCo manager further elaborated that there were specific problems which he and BaCo's manager highlighted to FAB and CenCo. However, it was not captured or addressed in the subsequent SOM's first draft. As for the high dependency on FAB to deliver the SOM, all subsidiaries sensemake uniformly that CenCo was too dependent on FAB. Furthermore, the fact that FAB was not familiar with CenCo's group internal processes aggravated the negative perception towards FAB further.

#### **4.3.1.2 Sensemaking/Sensegiving – Internal Subsidiary**

In the internal subsidiary level, the managers sensegive to their subordinates that the SOM initiative was about streamlining the process and practices across CenCo. Team members of each subsidiary were generally positive at the early development stages of the SOM. However, as the development progress to implementation several barriers began to emerge. Although these barriers were initially detected by BaCo but they were eventually agreed and supported by LaCo's team.

Firstly, there were certain areas in the SOM that was not aligned to certain subsidiaries' practice. BaCo for instance raised the concern on the level of authority practice defined in SOM that was not applicable to them. The following are recollection from what BaCo's manager:

'SOM was never aligned to CEMS until we came up with a new manual, as we had as per our internal Manual, we did a revision manual so in that assignment that we requested an external party to do, we told them that they have to incorporate CEMS steps in there. [...] it was not as detailed as should have been done so you still need a checklist like the one BaCo did internally themselves that provided step-by-step approach from beginning to the end. In the SOM, there are only pictures that were

provided, just pictures of its modules. It doesn't even say which field needs to be filled in, which doesn't'. (M1)

Secondly, CEMS which was an initiative recently introduced at the time was not included in the SOM. CEMS' inclusion into the SOM was a long-debated issue on the level of detail needed to be captured. In the next few paragraphs, the interaction between subsidiary managers and their subordinates will be described.

LaCo's manager informed the team that the SOM initiative was the way forward for them to have a standardized manual across the group. However, he felt that the level of standardization should be approximately between 80 to 90%. What this entails is that they are to be given some degree of freedom to customize the SOM to suit to the local needs and practices. This may include local nomenclature or authorizing level. LaCo's manager further envisioned to his team that the SOM is an enabler to allow for resource sharing across CenCo. He elaborated that resource sharing across subsidiaries is to be much easier 'with minimal or negligible difference in practice'.

As for BaCo, similar themes as LaCo were sensitive towards his team members with regards to the need to standardise the manual and the sharing of resource across CenCo. However, a minor difference from what LaCo sensitive to its team is about the absence of the CEMS topic in the SOM. BaCo's manager mentioned that, as they were the de facto CEMS' subject matter expert, he felt that the CEMS' process and procedure should be an essential part of the SOM. He reasoned that as CEMS is about office automation and it forms a major part of their daily work. It was rather ironic that it was not stated anywhere in the SOM.

On the receiving end, subsidiary team members sense that SOM is the best among the many initiatives that has been implemented by the centre. A LaCo team member described the SOM as a step-by-step on how to do things while another from BaCo described it as a sort of a 'bible'. A BaCo team member recalled that during his

early days after joining the company, he recalled being given a few documents to read and one of it was the Redbook<sup>30</sup>. In comparison, he felt that the SOM was far more superior to any of the other documents he was asked to familiarize during his orientation week.

The SOM was not only compact but also comprehensive enough to cater many of the details involved in the day-to-day tasks. Another great feature that BaCo team indicated about SOM is that it serves as ‘a legal mandate’ not only for team members but to all other internal stakeholders within the subsidiary. This is established by virtue that the SOM is approved by the local board and the local management.

MyCo’s team member recalled that during the annual kick-start program in 2013, there was a specific workshop agenda on SOM entitled “Summary of Recommendations on Enhancing Procedures & Practices”. In this workshop, FAB conducted a two-hour breakout session with team members of CenCo’s group. The discussions revolved mainly on SOM’s content i.e. manual versus the actual practices on the ground. According to him, this is like a reality check of the SOM accuracy by actual users. At the end of the workshop, ten-page document describing detailed action areas with relevant recommendations, start and end date, and person in charge was circulated to all. At this stage that users highlighted some barriers to the SOM. This will be explained next.

Firstly, the team members felt that information on CEMS was insufficient, it was not only scarce but it is also not user friendly to the common novice user. Although this barrier was universal to all subsidiary team members but BaCo’s team was the most vocal to highlight this issue to CenCo through their manager. At the time when the SOM was introduced, the CEMS initiative was still in the middle of the implementation phase. They raised this issue to their respective managers in return fed this issue to CenCo. However,

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<sup>30</sup> The Redbook refers to the standards book similar to the financial accounting standard boards (FASB).

it was not until additional CEMS scope was included to FAB’s scope of work that the efforts were taken to document this into the SOM.

Secondly, BaCo’s team felt that there are areas in the SOM that is too subjective. One such area is in the ‘Fieldwork’ section. This section explains the step-by-step process of how a fieldwork is conducted post the planning stage. One of the key steps in this section involves the ‘review and finalisation’ in which individual observation is rated as ‘Low’, ‘Moderate’, ‘High’, ‘Significant’ and ‘Extreme’ (see table 4.7 below). Based on BaCo team members, they have repeatedly encountered problems with internal stakeholders<sup>31</sup> when issues were rated either ‘Significant’ or ‘Extreme’.

Often the internal stakeholders challenge the justification of assigning a ‘Significant’ rating to an observation, at times, these contentious rating issues ended up in heated arguments, eventually requiring senior managements to intervene and mediate. As the SOM do not provide any explanation on how to derive to any of the ratings, team members were left to defend by themselves. Although they based their judgement based on facts and analysis derives from their work, however, many times it comes down to negotiations.

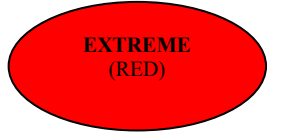
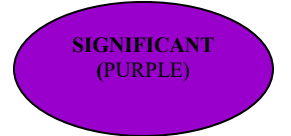



**Table 4.7: Rating Table (Level of Likelihood vs. Impact)**

LEVEL OF LIKELIHOOD	LEVEL OF IMPACT				
	Insignificant	Minor	Moderate	Major	Catastrophic
Almost Certain	Moderate	Moderate	High	Significant	Extreme
Likely	Moderate	Moderate	High	Significant	Significant
Moderate	Low	Moderate	High	High	Significant
Unlikely	Low	Low	Moderate	High	High
Rare	Low	Low	Moderate	Moderate	High

<sup>31</sup> Departments such as marketing, engineering, operations and IT.

One of the primary reason why individual rating becomes a source of confrontation at subsidiaries especially at BaCo is due to the level of exposure that such rating will need to be reported to the board. Ratings with ‘Significant’ and ‘Extreme’ (see table 4.8) will be highlighted to the board and the centre, such observation will be tracked until resolution. Other than the above, observation with the above ratings may affect relevant senior managements’ annual appraisal results thus, affecting their annual eligible bonuses.

**Table 4.8: Risk Rating and Action Plan**

RISK RATING	ACTION PLAN
	<ul style="list-style-type: none"> <li>▪ Board's attention is required.</li> <li>▪ Immediate action by senior management with a detailed research and management risk treatment plan.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Board's attention is required.</li> <li>▪ Senior management responsibility specified.</li> <li>▪ Risk must be managed by senior management with a detailed risk treatment plan.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Senior management attention required.</li> <li>▪ Management responsibility specified.</li> <li>▪ Risks should be treated using one or more of the risk treatment options i.e. Avoid, Take, Remove, Change, Share or Retain.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Management attention required.</li> <li>▪ Management responsibility specified.</li> <li>▪ Risks should be treated using one or more of the risk treatment options.</li> </ul>
	<ul style="list-style-type: none"> <li>▪ Risk is accepted with minimal treatment and can normally be managed using existing routine procedures.</li> <li>▪ Low risks need to be monitored and periodically reviewed to ensure they remain acceptable.</li> </ul>

### 4.3.2 Business-As-Usual Phase

#### 4.3.2.1 Sensemaking/Sensegiving – CenCo and Subsidiary

The BAU stage of the SOM was achieved 18 months after the start of the initiative. CenCo and FAB performed series of iterative process with the subsidiaries to fine tune the SOM for the major part of the development period. BAU is defined post the publishing of the first SOM draft copy. This took place in the fourth quarter of 2013.

CenCo sensegive that it was critical for them as a group to be a world class MNE, they must among others aspire to achieve operational excellence. One way is to use the SOM as a guiding principle to all their process. CenCo then pointed to the vision and mission:

“To be a regional champion by 2015 by piecing together the best throughout the region in connectivity, technology and talent, uniting them towards a single goal: Advancing Asia.”

*CenCo's Vision*

- “To expand its presence in the region by addressing the unfulfilled communication needs of local populations with affordable and innovative products and services.
- To develop an operational excellence model to maximize growth and margin in a competitive environment.
- To be the leading mobile operator in South/South East Asia by 2015.”

*CenCo's Mission*

As pointed out by CenCo, the company's vision and the second mission statement clearly give prominence to a single goal and development of operational excellence. Both these elements encompass what the SOM is all about. He explained that the SOM is an enabler for them to fast track to achieve the status of regional champion.

Two barriers to the SOM were identified at this BAU stage. First, the lack of a dedicated CenCo resource after FAB's tenure ended to complete the SOM. Second, the resistance from InCo with numerous issues raised by them. Among them is with regards to the reporting format section of the SOM which was not aligned to their practice.



CenCo with the help of FAB as the appointed consultant to deliver the SOM had invested substantially both in the first phase and in the later additional scope for the CEMS' section manual. At the final stage of FAB's work, CenCo instructed a resource from MyCo to assist in the finalisation of the SOM. This was to be followed by relevant approvals and circulation. CenCo was disappointed with the lack of commitment by the MyCo resource. CenCo's manager recalled that, she (MyCo's resource) was incapable to further the work by FAB and this had stalled the SOM's progress by a few months. It was not until CenCo appointed their own resource that the final portion of the SOM was completed and finally published in late 2013.

Among the subsidiaries that was most critical on SOM's initiative was non-other than InCo. InCo's manager conveyed about the SOM that 'the end-in-mind was good but the execution is poorly done'. He went even further to challenge the need for the SOM initiative in the first place. He mentioned that he was present in almost all discussions and SOM's workshops conducted throughout its development. He sensemake that the SOM was a rush job, he remembered what CenCo conveyed to them in one of the discussion, 'okay never mind the element, let's getting the first draft out first...'. He went further by mentioning that the first draft publish of the SOM was poorly prepared with certain areas too centre centric and it failed to take cognizance of local stakeholders' view e.g. Indonesia. Many of the formatting section in the SOM were not align to how things have always been done in Indonesia. Thus, InCo's manager attributed the poor SOM's execution was partly due to the rush through approach coupled with the lack of dedicated resource at CenCo.

However, as InCo wanted to see the SOM work, they had to exercise a certain level of discretion in customizing the SOM. According to them this managed to salvage the SOM from becoming another failed centre-led initiative. He elaborated:

"The principal guidance as the essence of all the key of process components should be there and therefore the spirit is to actually follow

the principal guidance. Instead, we just tailor a bit on certain things because after all the end result of following that manual. Let's say the Report or the Terms of Reference or the Work Program is a bit local board, it's the local management anyway". (M2)

InCo's manager revealed that he had taken two major parts of the SOM and customised it. The first being the CEMS, as InCo build its own CEMS system. This had led them to do many things differently from the centre. Such area was the different modules that they had embedded into CEMS e.g. the reporting and monitoring module. Both modules require different set of rules and processes, hence it is different from the centre's SOM. Perhaps the most critical part about InCo's CEMS was that they had installed a newer version. This came with the latest features such as web-based and cloud computing. Hence, it is imperative to customised the SOM's Information and Technology (IT) section.

Next, InCo had made significant changes to the annual appraisal of the KPI section of the SOM. The centre had stressed that subsidiaries need to maintain an eighty percent similarities of CenCo's KPI with less than twenty percent localisation. However, InCo had made more than sixty percent change to the annual appraisal in the KPI section of the SOM. The changes included formatting, percentage, unit of measurement and target elements. The KPI issue was a thorny issue between InCo and CenCo that peaked during the first quarter RM meeting in Kuala Lumpur. Heated arguments between them were observed, several times the meeting table was being banged by CenCo's manager as he vented his anger. On the other hand, InCo's manager refused to allow CenCo the upper hand, upon returning to Indonesia, he went to secure the local board's mandate on the matter. This was accomplished when he presented (later approved) the relevant paper at their year-end board meeting in November 2013.

LaCo and BaCo's managers both had similar sensemake about the SOM initiative, to them, the SOM was by far the best centre-led initiative. They both indicated

that the SOM was well crafted in the areas of i) establishment, ii) review and iii) enhancement. In the establishment part, they saw that the engagement of FAB was imperative to ensure the right momentum to kick-start the initiative. However, they relayed that CenCo simply had no subject matter resource expert and neither the time to deliver the SOM initiative. This was however salvaged with the appointment of FAB and later some internal resources.

As for the review part, they reckoned that the workshops conducted together with online forums provided avenues for subsidiary teams to provide feedbacks on the SOM, as it progressed. Finally, as for the enhancement part, they recalled that in the first draft of the SOM there was no section on CEMS. Later, as their team highlighted this, the SOM was incorporated with the CEMS section in the later version. This was handled rather swiftly although some parts of the CEMS section seem a little too detail. One BaCo team member shared:

‘... it was not good idea to put a specific product in the manual because the product will have version upgrade, product can be changed so which will trigger change of the whole SOM. Rather the SOM it was just played on how to do work and a separate guideline for how the CEMS system should be used’. (SM3)

While this was acknowledged as one of the better initiatives, however, CenCo did expressed a slight disappointment as the amount of resource spent did not commensurate well to the expected outcome. CenCo also felt that the required support that they expected from MyCo being the local subsidiary was lacking in assisting FAB.

#### **4.3.2.2 Sensemaking/Sensegiving – Internal Subsidiary**

In contrast to the CEMS initiative, the SOM took about six months longer to achieve the BAU state (18 months). However, it can be argued that the SOM is relatively less complex than CEMS to deliver. At BAU, there was no real barrier that impedes the progress of the SOM except for the non-practical of certain rules and regulation section.

As for the non-practical rules, subsidiary team members were against the regimented rules spelled out in the SOM such as on dress codes, office clock in time and physical attendance. They argued that with the advancement of information technology, the internet and office automation, many of these rules need to be removed or adjusted to be more flexible. For this, CenCo had taken the input positively, by amending the rules. The said rules are now an option rather than compulsory with the exception during formal meetings.

As for subsidiary managers, they sensegive that the SOM is the best centre-led initiative and it deserves full support from everyone in the group. The managers added that to their best knowledge, no other MNE in the same industry have anything like the SOM in practise as a policy and guidelines. BaCo for instance, mentioned that another MNE in Bangladesh within the same industry were grappling with different policies and procedures. Whereas in Sri Lanka, LaCo mentioned that its closest competitor was actively trying to recruit LaCo's staffs in the hopes of learning many of their best practices embedded in the SOM. LaCo's manager recalled about the SOM initiative:

'Of course, we do take the liberty to changing here and there based on our local flavors, but I would say 80 to 90% of how the SOM activities are being done across CenCo Group is just based on this particular manual. And by this center-led initiative it has come to a stage whereby by sharing resources across the group is so much easier because all the team members know how to do audit in the same way that any OpCo would do it and very little differences are very negligible, and it doesn't hamper any work whatsoever'. (M3)

As for InCo and MyCo, whereas the latter was less cooperative with this initiative, the latter was critical. However, both of them felt that it is by far the best centre-led initiative undertaken by CenCo. Taken together, subsidiary managers were in unison in agreeing that the SOM implementation was the right thing to do at the time.

However, when we view the dialectic sensemaking of managers' sensegiving of subsidiary team members, we see more pessimism than enthusiasm for the SOM initiative. Starting with BaCo, they see the SOM as being too centre centric. One team member explained that:

“Another issue is the question of how effective is the standardization, yes obviously it is a very good thing to have but I think some kind of customisation needs to be done in view of internal organisation point of view [...]” (SM5)

BaCo's team agreed that the SOM was about standardization but they felt that the amount of customization allowed for the subsidiary to exercise was too little. Specific area regarding the organisational stakeholders' expectations analysis is one part where the SOM should be allowed to be customised more freely at subsidiaries. He explained:

‘Another issue is the question of how effective is the standardization, yes obviously it is very good thing to have but I think some kind of customization needs to be done in view of internal organization point of view i.e. organizational stakeholders expectations analysis expectations and also taking the input from the team members maybe in a year we can run two three weeks campaign and we are trying to report what are the issues we have taken into consideration by the SOM, this is how you get all of them to review the SOM’. (SM1)

One BaCo team member was pleased with what the SOM had achieved at least in bringing new joiners to the level expected of them in the orientation stage, he shared:

‘Yeah, I think the SOM was highly available and that was one of the ‘Bible’ for us whenever any new recruiters come, the first thing we give them, the SOM, but people may go through the work and then they go through working practice, training by their own supervisors. And this SOM is really helpful it has a step-by-step process of doing the work’. (SM1)

In contrast, another BaCo team remembered how the SOM at times were being decided without prior discussion with them as the primary users. The team also felt that at the later stage of the initiative (BAU), there was a sense that no one was in-charge of the SOM. They recalled that there was a change in the review opinion of the reporting section (see table 4.9 below). Although, the change was tabled and approved by the main board and followed by the local board, however, the SOM had not reflect this change promptly. It was not until that team members at the subsidiary highlighted this that action was taken by CenCo to update the SOM. One BaCo team member shared:

‘Sometimes in, like in some cases, we need to be flexible, sometimes we need to be flexible with the auditees to get the information to get the things done but the SOM sometimes we strictly have to follow these things, we have to follow these things but sometimes in practical’. (SM2)

**Table 4.9: Approved Review Opinion and Implication statements**

OPINION	IMPLICATION
<b>Effective</b>	<ul style="list-style-type: none"> <li>• Controls evaluated are adequate, appropriate, and effective in providing reasonable assurance that risks are being managed and objectives should be met.</li> <li>• No actions needed to change the control framework. No follow-up is required by the next level of management.</li> </ul>
<b>Some Improvement Required</b>	<ul style="list-style-type: none"> <li>• A few specific control weaknesses were noted. However, controls evaluated are adequate, appropriate and effective in providing reasonable assurance that risks are being managed and objectives should be met.</li> <li>• The next level of management should be advised of and monitor the actions being taken to enhance the control framework.</li> </ul>
<b>Major Improvement Required</b>	<ul style="list-style-type: none"> <li>• Numerous specific control weaknesses were noted. Controls evaluated are unlikely to provide reasonable assurance that risks are being managed and objectives should be met.</li> <li>• The next level of management should directly supervise the implementation of agreed actions/improvements. Senior and top Management should be informed.</li> </ul>

**Table 4.9, continued**

OPINION	IMPLICATION
<b>Unsatisfactory</b>	<ul style="list-style-type: none"><li>• Controls evaluated are not adequate, appropriate, or effective in providing reasonable assurance that risks are being managed and objectives should be met.</li><li>• The next level of management should take urgent action to confront the situation and commit appropriate resources for immediate solution. Board attention is needed.</li></ul>

The team at LaCo in Sri Lanka are indifferent about the SOM being used as an operating manual. They raise an interesting view about the SOM post the inclusion of the CEMS section. For a start, they mentioned that post the inclusion of CEMS procedure into the SOM, they hardly refer it when performing their work. The CEMS caption was too detailed and serves more as a distraction than a guide. They also felt that as if it was ‘cut and paste’ from another document, straight into the SOM. To them it suggests that the person lacks proper knowledge of the CEMS system and the lack to gather input from those on the ground. Thus, the feeling of no one is really in charge, similar to that raised earlier by BaCo.

On the other hand, LaCo’s team members indicated that the SOM works like a ‘bible’ for them even after what has been ‘said and done’ about. The SOM is convenient to refer to when there is any ambiguity in their daily work. They sensemake that the first version of the SOM prior to the inclusion of CEMS was good in the sense of its comprehensiveness and well structured, and ease of reference.

### **4.3.3 The SOM Initiative Summary**

The SOM in comparison to the CEMS falls second with respect to the level of complexity and the amount of resource involved. The SOM centre-led initiative took

almost 18 months to complete (the first published copy) with the first 12 months being led by the FAB consultant. The SOM initiative cost was borne by CenCo while the subsidiaries did not have to bear any direct cost. In table 4.10 next, relevant sensemaking (meaning to experience) with the related description of what manager's experience throughout the development stage of the SOM will be explained. Based on the table, the primary actors involved apart from the centre are InCo, BaCo and LaCo. However, as for the SOM initiative, there was no mention of the rebel alliance pact throughout the study.

For the SOM initiative, InCo's manager is the most critical actor. From the beginning, he raised few points about the 'supposed value' that the SOM has to come with. The SOM was created to bring value apart from solving users' pain points. However, the SOM was deficient in adding value to the IT area section and it also failed to solve several pain points raised by team members. Moving forward to the BAU phase, InCo's manager sensemade that the SOM was poorly delivered. It was rushed through for adoption by CenCo and several elements within the SOM was not thought through well. The SOM failed to take cognizance of the local stakeholders at the subsidiary. Apart from the various issues raised by InCo, they continuously take their own initiatives to customize the SOM with the consent of their local board. Hence, despite the above, today InCo remains committed to using the SOM as the primary document in the department. He explained:

'Again, the end-in-mind was good, but the execution is poorly done. Poorly done in my opinion, I think it was rush through. Okay never mind the element was let's get the first draft out first and we are going to use this on this. While I do understand that could be one of the way of doing it. If the process doesn't do that even from the reporting point of view, there is a control design flaw. As simple as that, so how can we implement a manual which is I don't it has to be perfect but even the first draft comment was not incorporated into the manual. There is a spirit of as an MNC we must common process which I agree but there is certain thing that it doesn't have to be that rigid. So, there are like we could have allowed say 80 percent of the things ok let's follow this standard or this



process, 20 percent so let's customize it first then we build slowly towards that.'. (M2)

BaCo now adopts the SOM as their policy and procedure to perform work. The SOM is primarily use as the guiding principle for engagement with other internal stakeholders. BaCo started the SOM initiative journey positively with a high level of participation in the various workshops and forums initiated by CenCo. BaCo manager shared his thoughts on the SOM:

'...the implementation is the 'right thing' to do. I think what we are trying to say here that...as a lot of projects in Malaysia, 'planning is superb' but 'implementation goes haywire'. Yeah...the execution, the implementation part is never compared against the objective'. (M1)

Despite the above, BaCo did highlight several areas of improvement for the SOM which some were not resolved timely. In general, the BaCo team were pleased with the SOM. Both the new joiners and existing team members within the BaCo team benefited from the SOM. Seniors especially felt that they needed lesser effort to bring new joiners up to speed in the orientation period with the SOM in place.

LaCo currently adopts the SOM as the primary document for new recruits to be brought up to speed on how they perform their daily work. New recruits use the SOM as guidance for their few initial job assignments observed by seniors. As for the seniors, the SOM is used extensively as LaCo's team members are fond to calling it 'the bible' when they face any uncertainties.

Notably LaCo manager did indicate that the need to clarify things with the centre the day-to-day business operation had dropped significantly post the launch of the SOM. It is only when they fail to find answer from the SOM that they will refer to the centre for advice and solution.

**Table 4.10: Sensemaking in the SOM development**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
1.	Too dependent on 3 <sup>rd</sup> party, they are not familiar with the internal process and procedure of the CenCo group	All	<ul style="list-style-type: none"> <li>• If this to be done in the house, then it needs to be linked to the KPI.</li> </ul>
2.	How can we implement the SOM, where the 1 <sup>st</sup> draft comments were not incorporated into it?	InCo	<ul style="list-style-type: none"> <li>• Frustration that the input made earlier at the kick-start were not responded by CenCo.</li> <li>• The next version presented was clearly much the same from the 1<sup>st</sup> draft version.</li> </ul>
3.	Not possible without manual to transfer knowledge to new resource and stakeholders.	BaCo, LaCo	<ul style="list-style-type: none"> <li>• Senior team members see that training new recruits were very tedious and require lot of time to be invested.</li> <li>• However, with the introduction of the SOM, this process was very much structured and requires less one-on-one engagement with new recruits.</li> </ul>
4.	Do not see adding value to IT part: <ul style="list-style-type: none"> <li>• Create value</li> <li>• Solve pain points</li> </ul>	InCo, BaCo	<ul style="list-style-type: none"> <li>• The advancement usage of CEMS at InCo created the notion that the SOM was far lagging in its content. No one had the know-how on CEMS work and how to document its process and procedure.</li> <li>• InCo supported BaCo's predicament when they engaged internal stakeholder; review opinion.</li> </ul>
5.	As a 'bible', a step-by-step on how to do things.	BaCo	<ul style="list-style-type: none"> <li>• It is one of the available and reliable documents which the team refers to both new and season team members.</li> </ul>
6.	No one likes to read the red book (refers to the standards)	BaCo	<ul style="list-style-type: none"> <li>• The SOM provides a quick reference on the everyday day-to-day work processes.</li> </ul>
7.	Internal organisational issues subjectivity of report rating.	BaCo	<ul style="list-style-type: none"> <li>• The issues raised were not really understood by FAB and CenCo. This issue was quite unique to BaCo and no seems to be interested to address the issue. As a matter of fact, the issue was not addressed when the post 1<sup>st</sup> Draft copy was presented.</li> </ul>
8.	Not user friendly for the case of CEMS in SOM.	BaCo	<ul style="list-style-type: none"> <li>• Revision for inclusion of CEMS is being taken on-board by 3<sup>rd</sup> party, but not as detailed as BaCo i.e. 101 checklists.</li> </ul>
9.	Mandate or ground rule for both team members and engaging parties.	BaCo	<ul style="list-style-type: none"> <li>• The SOM is being used more than just a manual. It is also a mandate for team members to engage internal stakeholders within the company.</li> </ul>

**Table 4.10, continued**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
10.	<p>Believe that it is more of the eQAR post exercise but consider this the best centre-led initiative with:</p> <ul style="list-style-type: none"> <li>• Establishment</li> <li>• Review</li> <li>• Enhancement</li> </ul>	LaCo	<ul style="list-style-type: none"> <li>• The SOM is believed to be more of the post eQAR’s recommendation rather than an initiative initiated by the centre. However, it is considered as the best centre-led initiative.</li> </ul>
11.	<p>SOM is used as principle guidance, but certain shall be tailor made.</p>	InCo	<ul style="list-style-type: none"> <li>• Use the SOM as a principle guidance where the essence of all the key of process components; tailor a bit on certain things because after all the result of following the SOM.</li> </ul>
12.	<p>As local board is primary stakeholder, the centre missed this crucial part.</p>	InCo	<ul style="list-style-type: none"> <li>• The initiative was performed by a non-dedicated function at the centre.</li> </ul>
13.	<p>End-in-mind was good, but with poor execution:</p> <ul style="list-style-type: none"> <li>• Rush through</li> <li>• Receive but 1st draft and,</li> <li>• We are going to use this.</li> </ul>	InCo	<ul style="list-style-type: none"> <li>• This initiative, like CEMS, has the right objective and intention for the group as a MNE.</li> <li>• However, the execution was poor.</li> <li>• The first draft was rushed out and the instruction was for subsidiaries to start using the SOM apart from the concerns or issues raised earlier.</li> </ul>
14.	<p>Manual standardization is good, but some level of customisation is needed to adapt to local need. Matters were decided without prior discussion with subsidiary.</p>	BaCo	<ul style="list-style-type: none"> <li>• Although standardization is one of the characteristic of the manual but as processes may change, more frequent feedback from team members in the frontline needs to be considered at least annually.</li> </ul>
15.	<p>No one is in charge of the SOM e.g. changes of 4 (not covered).</p>	BaCo	<ul style="list-style-type: none"> <li>• There was a feeling at the subsidiary that no one oversaw the SOM (centre) e.g. matters raised earlier not adopted in the 1<sup>st</sup> draft SOM.</li> </ul>
16.	<p>Never use the CEMS caption in the SOM.</p>	BaCo	<ul style="list-style-type: none"> <li>• Post the inclusion of CEMS section into the SOM, none from BaCo use this.</li> <li>• They felt that the CEMS section was a cut and paste job.</li> <li>• They preferred the 101-CEMS checklist.</li> </ul>
17.	<p>SOM works as a ‘bible’ for LaCo team</p>	LaCo	<ul style="list-style-type: none"> <li>• The 1<sup>st</sup> version of the SOM was a structured framework that new and season team members can refer to quickly.</li> </ul>

The SOM is presently use by all the subsidiary of CenCo with a slight degree of variation, this will be discussed next. As we go deeper into the actual application of the SOM, as shown in table 4.11, with the exception to the centre that all the subsidiaries are adopting the SOM uniformly. In this table, the sensemaking level experience by managers at each of the SOM development level is defined. We can see that all the subsidiaries display a medium to high level of sensemaking throughout the development of CEMS. All subsidiaries displayed a high-level usage of SOM at the final development stage.

**Table 4.11: The SOM Final development sensemaking/sensegiving combination**

Actors	Planning	Implementation	BAU	SOM Final Development
<b>CenCo</b>	Collaborative	Guiding	Supportive	Med
<b>MyCo</b>	Comply	Low Engagement	Medium Engagement	High
<b>InCo</b>	Sceptic	Medium Engagement	High Engagement	
<b>BaCo</b>	Comply			
<b>LaCo</b>	Comply			

### SOM - CenCo

CenCo’s role from the very beginning of CEMS is best described as collaborative and then changed to guiding and supportive at BAU stage. CenCo’s early approach to engage as many team members from the subsidiary by handling workshops and regional meetings appears to bring a sense of ownership from them. Although there were what appear to be pockets of resistance from BaCo and InCo, these voices were considered constructive criticism for the continuous improvement of the SOM. Throughout the development of the SOM and even with FAB being brought in later in assisting with the SOM initiative delivery, CenCo maintained a guiding and supportive role throughout.

CenCo's role as the centre requires them very little to apply the SOM as opposed to the rest. Although, CenCo is indeed passionate about the SOM value and practice but their application of it is best described as being mostly seasonal e.g. quarterly and annually such as in the BCIs<sup>32</sup>. As discussed earlier in the CEMS example, the relevance to the institutional duality may not apply wholly to CenCo. However, they are best described as assent adopters (Kostova & Roth, 2002), where their SOM application in the final development stage is medium to low. CenCo's internalization of SOM is considered seasonal as explained earlier.

### **SOM - InCo**

InCo, in the early stages of the SOM initiative can be termed as being mild as compared to other subsidiaries. InCo's manager felt the dependency of CenCo on FAB to deliver the SOM as a sign of weakness. Few issues raised by InCo at the early stage were not handled effectively and timely by CenCo. This eroded further the confidence InCo had on CenCo. This relationship between InCo and CenCo is termed as 'sceptic'. Similar to the CEMS example, they best fit the minimal adopter profile. InCo has low dependence towards CenCo and were sceptic about what SOM can bring as any value to them.

As per the current, InCo and other CenCo's subsidiaries are using the SOM as the primary orientation document for new recruits. However, what is unique to InCo compared to the rest is the way they had localised the SOM. InCo through its local board's mandate had made several key local adaptations to the SOM which include the IT and KPI sections. As for the IT section, due the deviation of InCo to implement its own CEMS system, InCo had the justification to put in the relevant CEMS section into

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<sup>32</sup> Business control incidences forum are performed quarterly and report produced annually

the SOM. For the KPI section, InCo's deviation from the SOM involves in the area of annual appraisal. The component, format and percentage of the annual appraisal are unique to InCo with less than forty percent similarities to the SOM. This far less than from what CenCo wanted from each subsidiary to adhere to, to the SOM. InCo manager summed up about the SOM:

'We use the SOM as a principal guidance. The principal guidance as the essence of all the key of process components should be there and therefore the spirit is to actually follow the principal guidance, but we just tailor a bit on certain things because after all the end result of following that the SOM. Let's say the report or the Terms of Reference or the Work Program is a bit local Board, it's the local management anyway. So, who is the ultimate stakeholders here? I think that is what missed by CenCo and again it's because this initiative is performed by a non-dedicated function. You can do that, but it has to be embedded into some project or which are linked again to KPI hence people are more motivated. It's all about behavior. If it's not link to any KPI or it's not serious about it then we can see the result in my opinion'. (M2)

InCo's manager noted that the SOM initiative had the right end-in-mind. However, like many of the rest of the centre-led initiatives, they were poorly executed with issues raised not looked at seriously by CenCo. The few tensed moments he encountered with CenCo was testimony to the persuasiveness and forcefulness approach the SOM initiative was pushed to him and his team at InCo. He summed up that the SOM was a rush through project and it was push through via a high-handed approach by CenCo.

InCo is rated to be at par with the rest of the subsidiary in terms of the SOM usage. Throughout the SOM developmental phase, they displayed consistency in their sensemaking. InCo was mild in the beginning and at times displayed a 'sceptical' attitude towards the centre by remaining critical towards the centre. Although InCo was seen to be milder during the implementation stage, they remain in constant contact with other subsidiaries especially BaCo.

At the later stage, InCo had made significant changes to the SOM with the approval of their local board. Based on InCo's role from the planning / implementation

till the BAU phase and finally the final development stage, they displayed high level of both implementation and the believe in the value of the initiative. Hence they can be coined as active adopters (Kostova & Roth, 2002). New recruiters at InCo are now provided with access to the SOM few days before they report for duty. Whereas, seniors are expected to run workshops on targeted SOM sections to the internal team quarterly as part of their yearly KPI. The SOM InCo's example is another that depicts a subsidiary's transition from a minimal (initial stage) to an active (final development stage) adopter.

### **SOM – MyCo, BaCo and LaCo**

In the beginning, MyCo, BaCo and LaCo were generally compliant to what CenCo sensegive about the SOM initiative. CenCo's collaborative approach in including subsidiary managers and their relevant teams to discuss about the SOM at the beginning stage was met with a sense of inclusiveness. The regional meetings in 2012 were used by CenCo to lay the grounds for the SOM initiative.

In the implementation stage of the SOM, BaCo and LaCo engaged CenCo at a normal pace but they were critical in highlighting CenCo on the need of an expert resource. This is when CenCo decided to bring in FAB. Although MyCo experienced slightly milder engagement with FAB as opposed to the rest but this did not affect much of the SOM progress. The three foreign subsidiaries had no specific objections against the SOM initiative but they did raise a few concerns. The concerns raised were operational in nature and meant to improve their operational work process and procedures.

FAB's inability in certain areas such as the CEMS did not deter the subsidiaries as they supported the SOM by providing suggestion on how to move forward. Though

there were one or two key processes such as the reporting opinion and CEMS related matters, they were settled amicably at the later stage.

Post the planning/implementation stage, all three subsidiaries displayed a medium to high level of commitment in the usage of SOM. The SOM is cited more times than any other documents that the team used during the interviews. Although one can argue the level of extensiveness on how the team use the SOM, but the author found that the SOM is widely used by both new and season team members. This can be attested by LaCo and BaCo's team naming the SOM as the 'bible' that they use to refer to when there are any doubt or confusion about any processes they encounter. If they fail to find the solution in the SOM, it is then they will contact CenCo for further clarification. One subsidiary manager mentioned that the need for him to communicate to the centre for clarification had significantly reduced, post the introduction of the SOM.

Looking back at the SOM, LaCo's manager felt that this was the best centre-led initiative, whereas MyCo was indifferent. Meanwhile BaCo felt that the SOM was the right thing to do. Ironically, CenCo had pointed out a sense of disappointment on MyCo's commitment towards initial cooperation with FAB. However, CenCo was happy that the SOM was successfully published on 27 September 2013. The usage of SOM is certainly higher than CEMS even though they might not be any distinctive measurement that we can use to compare the two such as using the KPI measurement based for CEMS. However, it is quite safe to mention that the core users of the SOM have taken ownership by confirming that it as the most referred document in their day-to-day operations.

LaCo, BaCo and MyCo fit in between the description of active to ceremonial adopters as described by Kostova and Roth (2002), they are described as those with high level of implementation and low level of internalization. Whereas active adopters display high level of both implementation and believe in the value of the initiative. Without any exception, team members cited the SOM as the single most critical document that they



will need to have when performing work outside and inside the office. All three subsidiaries, although not exact in all aspects, they were consistent in their journey from the beginning to the final stages of SOM. They all were consistent ceremonial adopters throughout the development of the SOM initiative.

#### **4.4 The CMF Initiative**

CenCo implemented the competency model framework (CMF) initiative in the middle of 2014 which took three months to complete. Compared to the earlier CEMS and SOM initiatives, the CMF initiative has no direct cost involved to CenCo or its subsidiaries. The initiative is totally implemented with in-house resource. This study acknowledge that the institutional duality for the CMF is mostly favorable for all subsidiaries, there were no impediments such as regulatory constraint or pressure. The next section will discuss the CMF's initiative development.

##### **4.4.1 Planning/Implementation Phase**

CenCo introduced the CMF initiative in mid-2014 followed by its rollout at the end of the year. This was done during the annual kickstart program in Kota Kinabalu, Sabah. Similar to the SOM initiative, CenCo sensegive to the subsidiaries that the CMF is about benchmarking themselves within the industry in terms of best practices. CenCo envision that the CMF, with the tools embedded in it, can shape the department to become at par with the industry best. The CMF tool is basically a set of questionnaires that identity gaps within teams and further recommends for areas of improvement. The CMF output will then be use for the department's human resource purposes such as training and development.

According to CenCo, based on the CMF, ten core competencies were recommended for each broad job level. These are namely team members, managers and the head of department. Firstly, the CMF output will be useful to develop competencies

that will help the team members meet their individual career objectives. Secondly for the managers, the CMF is to be used as a point of reference for comparison of benchmarking with their own competency frameworks or to gain a clear and detailed view of the levels of expertise required. Finally, as for the Head of Department, the CMF is used to develop strategies to support their position in the international community with respect to standard setting.

CenCo conducted the awareness of the CMF initiative at the 2013 kickstart program in Kota Baharu, Malaysia. Most of the subsidiary managers were receptive to the CMF initiative. Many ideas and comments were exchanged, they felt inclusive in the awareness session. BaCo's manager on the other hand had a different perspective, he felt that the CMF initiative was inferior. What is unique to BaCo is that they had rollout their own version of the CMF much earlier. This was later copied by CenCo according to BaCo's manager. BaCo manager shared what transpired then:

'No...The first I did when I joined BaCo, I did a lot of analysis on manpower requirements, competency analysis and so on. So, this competency analysis contributed basically to how I restructured the organization in BaCo and whether I – and how many resources in Network, IT I required, overall structure I required. And coming from that, the competency framework that I had was basically split into 3 areas namely: (1) functional knowledge, (2) industry knowledge, and (3) more or less soft skills area'. (M1)

In comparison to the previous initiatives, the CMF is the least complex initiative in terms of time, resource and cost involved. Thus, there was hardly any barrier identified at the planning stage. However, at the implementation stage, one barrier surfaced. The barrier was about the difficulty in understanding or interpretation of some of the CMF elements.

In the next table 4.12, the CMF post data analysis is presented from the initial planning phase till the business-as-usual phase congruent to the approach on previous initiatives presented in earlier sections.

**Table 4.12: Sensemaking and sensegiving examples for subsidiaries that made significant progress in relation to the CMF initiative**

	Planning to Implementation			Business-As-Usual		
	Sensemaking	Sensegiving	Barriers / showstoppers	Sensemaking	Sensegiving	Barriers / showstoppers
<i>Centre</i> → <i>Subsidiary</i>	Another copied initiative by the centre	The CMF is a way to benchmark the CenCo group across the industry.	Understanding the CMF.	A very strong centre-led initiative.  Certain components of the CMF were open to interpretation.  The one performed at the MyCo / centre was not even a framework but rather an assessment.	A gap analysis tool for development and improvement. This tool is meant not only for subsidiary but also to the CenCo group.  <ul style="list-style-type: none"> <li>List of weakness / strength.</li> <li>Analysis of similarities</li> <li>Sharing knowledge across at no cost.</li> </ul>	Lack of expertise  Frequency not reasonable (annual)  Follow-up not complete
<i>Subsidiary</i> → <i>internal</i>	Show case a condensed version at the local board	Extensive application of the framework: <ul style="list-style-type: none"> <li>Functional knowledge</li> <li>Industry knowledge</li> <li>Soft skill</li> </ul>	Difficult to understand.  Feedback loop not closed.	Not a continuous thing but rather once a year i.e. “comes and goes”  Versions of the CMF came year after year, not a serious initiative.  Nothing much comes out of the CMF.  One-to-one session as compared to CMF was much better.	This is an annual exercise IIA set of competencies expected from the team.	Interpretation of the survey related to the CMF not clarified

#### 4.4.1.1 Sensemaking/Sensegiving – Internal Subsidiary

Very little themes emerged in the planning and implementation phase for both the levels when analysed. Like the earlier level interaction, the exception was at BaCo where the manager and his team members saw the CMF differently than other subsidiaries. BaCo's manager sensegave that the version of CMF he implemented is about improving the hard and soft skills of his team. BaCo's CMF put greater emphasis on the extensive application of the framework that covers functional knowledge, industry knowledge and soft skill. This was different than the CenCo's CMF version which emphasize mostly on functional knowledge, hence CenCo called it a development tool. It was not later that the remaining two components were added into the CMF.

BaCo's manager informed his team that they will maintain two sets of CMFs. One will be the CMF meant for BaCo's team and another shall be the CenCo's version. This was done so that they will comply with the centre's instruction while at the same maintaining their CMF version. BaCo's team member felt that although it was quite cumbersome to complete and undergo two separate CMFs, they sensemake that both CMFs they implemented had a positive outcome. Both CMFs were presented to their local board in a condensed version and it was well accepted.

Other than BaCo, LaCo was another subsidiary that raised concerns on the CMF. According to them, there was a certain section in the 2014-CMF that was ambiguous. For instance, there was a set of questionnaires about ethics at the workplace that was open to many various interpretations. As a result, many of LaCo's team members had misinterpret the questions. Thus, LaCo's team scored poorly in that area. What transpired later was that CenCo post the CMF analysis, recommended or prescribed less relevant training programs for LaCo's team in 2015. The author defines the BAU stage for this initiative post the first CMF analysis which was done in 2015 for the 2014-CMF. This will be discussed next.

#### 4.4.2 Business-As-Usual Phase

##### 4.4.2.1 Sensemaking/Sensegiving – CenCo and Subsidiary

The BAU for the CMF initiative was achieved six months after it was introduced in late 2014. There were 35 team members from the CenCo group that were involved in the 2014-CMF, the breakdown is shown in the following table 4.13.

**Table 4.13: CenCo Competency Model Framework 2014**

	<b>MyCo</b>	<b>LaCo</b>	<b>BaCo</b>	<b>InCo</b>
Head	1	-	-	-
Manager	4	6	3	1
Team Member	3	4	6	7
<b>Total</b>	<b>8</b>	<b>10</b>	<b>9</b>	<b>8</b>

CenCo sensegive to its subsidiaries that the CMF is about a development tool that will bring the group's status to be at par with the industry. CenCo further stresses that the CMF is applicable to all at no cost, the CMF as a tool that is capable to identify individuals' weakness and strength. It can also be analysed for similarities within teams. Thus, human development of individual and within teams can be performed more effectively and efficiently.

As for the subsidiary, LaCo manager sensemake that the CMF is among the strongest centre-led initiative implemented by CenCo. Although, they identified certain components of the CMF that were difficult to interpret, these were considered minor and was later rectified by CenCo. However, LaCo's manager was slightly concerned with the effectiveness of the annual frequency the CMF is performed. He felt that due to the length of the duration of one CMF cycle, the follow-up output was hardly realized by his team.

Compared to LaCo, BaCo's manager was more critical on the CMF initiative. CenCo's claim of the CMF being a centre-led initiative was strongly refuted by BaCo's manager. In the interview conducted by the author, the response was clearly 'no' when posed about the CMF being a centre-led change initiative. BaCo manager explained:

'The first thing I did when I joined BaCo was analysis on manpower requirements, competency analysis and so on. So, this competency analysis contributed basically to how I restructured the organisation in BaCo and whether I – and how many resources in Network, IT that I required, overall department I required. So, after we rated that, we came up with the training needs assessment (TNA), we came up with the appointment of subject matter expert. So, the development of people is based from the competency framework all the way to the output file.'(M1)

BaCo's manager elaborated that the CMF he introduced was a hybrid version, based on his current role and his previous experience in another organisation (an established MNE). He claimed that the CMF version introduced by CenCo is 'not even a competency framework but just as an assessment tool'.

#### **4.4.2.2 Sensemaking/Sensegiving – Internal Subsidiary**

At the BAU stabilization stage, subsidiary managers consistently sensegive to team members that the CMF is about an annual exercise benchmarked against the best in the industry. They explained that the CMF is about measuring team members' competencies based on the deliverables set for the department. At the end of each of the CMF exercise is the roadmap for training or development programs to improve and bridge any gaps identified. The output file of the CMF, as being called by BaCo, is used by managers to discuss with his team members within teams or individually, among them is the discussion on development and annual resourcing. For this reason, the CMF cycle

takes place in the first quarter divisional meetings and in the one-on-one<sup>33</sup> appraisal review of the previous year.

Team members treat the one-on-one appraisal review sessions seriously. They take this opportunity to express their aspiration or concerns for the coming year. After the first CMF cycle in 2014, LaCo team members sensemake that the CMF is ‘not a serious initiative’. For them, the CMF initiative is not continuous and although it is meant to be an annual exercise, they described it as something that ‘comes and go’. They described this initiative as being an exercise that has no real outcome. What was being articulated by their manager at the onset of the initiative, however, was not apparent at the completion of the first CMF cycle. This was apparent when they experienced the irrelevant training set by CenCo post the CMF-2014 analysis.

As for the team at BaCo, they portrayed the CMF quite differently from LaCo’s. For them, they viewed that their version of the CMF is superior than the one implemented by CenCo. They stated that their version was not merely an assessment but was a mechanism for identification of individual’s strength and area of improvement benchmarked against the industry. Data from this are then mapped into the TNA<sup>34</sup> program meant for individual’s development. They also took pride that for BaCo’s version of the CMF, this is done more intimately via a one-on-one session eliminating any abstract questions that was apparent in CenCo’s CMF which is questionnaire based.

#### **4.4.3 The CMF Initiative Summary**

The CMF in comparison to the previous two initiatives befittingly falls last when measured based on the level of complexity and the resource required. The CMF took less

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<sup>33</sup> Takes place between January and March between the subordinate and immediate superior to determine annual appraisal achievements that contribute to determination of increment or bonus (if any).

<sup>34</sup> Training need assessment conducted with the collaboration of BaCo’s human resource department.

than six months for its delivery and required no external resources. This initiative unlike the previous two initiatives did not have any direct cost to be incurred by CenCo or the subsidiaries. The initiative was totally implemented in-house. The CMF initiative is now transformed since its initial setup akin to an annual exercise performed to gauge development needs of team members but to now a human resource development tool.

In the next table 4.14, the description of the relevant sensemaking (meaning to experience) related to the CMF initiative is presented throughout its developmental stages. From a quick observation from the table, two subsidiaries namely BaCo and LaCo were most active for this initiative.

**Table 4.14: Sensemaking in CMF development**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
1	Another copied initiative by the centre.	BaCo	<ul style="list-style-type: none"> <li>The CMF was initially showcased by BaCo in 2013 but later copied by CenCo.</li> <li>Other than the CMF, the line resource initiative was also copied by CenCo.</li> </ul>
2	The CMF is a way to benchmark the CenCo group across the industry.	CenCo	<ul style="list-style-type: none"> <li>The industry is utilising a standard assessment tool to benchmark themselves against the best within the region.</li> <li>CenCo drives the CMF with the aim to be at par within other establish MNEs.</li> </ul>
3	A very strong centre-led initiative.	MyCo, InCo, LaCo	<ul style="list-style-type: none"> <li>By far the most less painful initiative executed by the centre.</li> <li>It was delivered with little to no involvement from subsidiaries, however, with maximum effectiveness.</li> </ul>
4	Certain components of the CMF were open to interpretation.	BaCo	<ul style="list-style-type: none"> <li>CenCo may have not had enough knowledge of this.</li> <li>The CMF is a direct copy version from the industry standard.</li> </ul>
5	Versions of the CMF came year after year, not a serious initiative.	LaCo	<ul style="list-style-type: none"> <li>The CMF came in different versions every year but the outcome of the exercise was hardly seen.</li> </ul>
6	The one performed at the MyCo / centre was not even a framework but rather an assessment.	BaCo	<ul style="list-style-type: none"> <li>According to the initial briefing about the CMF by CenCo, the CMF is a tool meant to improve the department and be as close to the industry practise as possible.</li> <li>However, the CMF remains to be merely a self-assessment questionnaire.</li> </ul>



**Table 4.14, continued**

No	Sensemaking (meaning from experience)	Subsidiary	Experience – description
7	<p>A gap analysis tool for development and improvement. This tool is meant not only for subsidiary but also to ALL.</p> <ul style="list-style-type: none"> <li>List of weakness / strength.</li> <li>Analysis of similarities</li> <li>Sharing knowledge across at no cost.</li> </ul>	CenCo	<ul style="list-style-type: none"> <li>The questionnaires of the CMF were very comprehensive.</li> <li>However, the post analysis of the CMF portrays that the centre lack expertise.</li> <li>The follow up of the CMF were inconsistent.</li> </ul>
8	<p>Show case a condensed version at the local board that includes the following framework:</p> <ul style="list-style-type: none"> <li>Functional knowledge</li> <li>Industry knowledge</li> <li>Soft skill</li> </ul>	BaCo	<ul style="list-style-type: none"> <li>The local version of CMF is superior to the centre’s version. The board was impressed with the local version.</li> <li>The local version of the CMF explores the three critical elements namely functional knowledge, industry knowledge and soft skill.</li> <li>The local version incorporates the recommendation into the TNA and development program of individuals.</li> </ul>
9	<p>Not a continuous program but rather once a year i.e. “comes and goes”</p>	LaCo	<ul style="list-style-type: none"> <li>Not a serious initiative as this is thought to be a yearly cyclical exercise.</li> <li>Nothing much comes out of CMF.</li> </ul>
10	<p>This is an annual exercise IIA set of competencies expected from the team</p>	All	<ul style="list-style-type: none"> <li>The CMF initiative is uses as a part of the development tool for TNA planning by the subsidiary managers.</li> </ul>
11	<p>One-to-one session as compared to CMF was much better.</p>	BaCo	<ul style="list-style-type: none"> <li>The yearly appraisal embedded with the localised CMF approach was far more superior to the centre-led CMF initiative.</li> </ul>

InCo and MyCo has been performing the annual CMF exercise up until 2016. They both sensemake that the CMF is one of the best centre-led initiative by CenCo and that it provides a quick and convenient tool to assess gaps for their respective teams. In

contrast, however, BaCo and LaCo sees the CMF a little differently. Their team members were more critical on the CMF initiative throughout its development phase.

According to BaCo, they claimed that the CMF initiative was originally implemented by them and that CenCo merely copied it from them. Team members and BaCo's manager echoed the same thought about this as they remembered having to complete two sets of CMF in 2014. BaCo had implemented their version of CMF which to them is more superior to than the centre's. According to BaCo's manager:

'... the one that they did in CenCo, it was not even a framework. They took everything from the website, the 4 files, turn it over get people to rate it themselves, that's it. That's not even a competency framework that's just 'an assessment''. (M1)

To them, the CMF they implemented incorporated more than just the TNA as per the centres, theirs' assess both the hard and soft skill of an individual from the perspective of the industry standard and churn out essential recommendation for improvement. BaCo explained how he planned the original CMF:

'This is something I learnt from my previous companies. They have...usually you would be loss in terms of trying to measure or trying to formulate something that is so subjective, but I saw from my previous company, BAT, specifically that they had a way about going through this. So, I followed some of it from that angle, but the rest of it obviously in my experience in there'. (M1)

LaCo too was critical of the centre's CMF initiative, to them the CMF is not a serious initiative. They term the CMF as something that 'comes and goes'. The primary criticism is that while the initiative is implemented annually, the outcome of it was not felt. While the CMF initiative claims for improvement such as in the area of individual development and TNA, LaCo's team members hardly saw any changes from the time before the introduction of the CMF. This is perhaps best explained by their experience with the misinterpretation of the CMF questionnaire. This then led them to be assigned the wrong set of training by CenCo post the CMF-2014 analysis.

In maintaining the consistency of previous initiatives presentation, the following table 4.15 presents a deeper analysis of the CMF initiative with regards to its actual usage and implementation. The CMF is still being run annually till 2016 but the method has now moved on to using online surveys whereas the analysis is via a software based application. This has helped to improve further the number of CMF participants. However, certain issue raised by LaCo persist. Development plans post the CMF analysis remains unclear. While the CenCo group still implement the CMF till today, the internalization level perhaps tells a different story. This will be discussed next.

**Table 4.15: CMF Final development sensemaking/sensegiving combination**

Actors	Planning	Implementation	BAU	CMF Final Development (usage)
<b>CenCo</b>	Collaborative	Supportive		Medium
<b>MyCo</b>	Comply	Medium Engagement	High Engagement	Low
<b>InCo</b>	Comply	Low Engagement		
<b>BaCo</b>	Recalcitrant	High Engagement		Medium
<b>LaCo</b>	Comply			

#### CMF - CenCo

CenCo from the beginning of the CMF initiative applied an inclusive approach, by conducting an awareness session at the regional meeting in Kuala Lumpur with subsidiary managers. The awareness session was followed with another briefing at the annual kick start program in Kota Kinabalu. The centre engaged all the subsidiary managers from the beginning and relayed the message that the CMF is about improving the competency of their team members. At least most of the subsidiaries, except for BaCo, seemed to ‘buy-in’ to the centre’s sensegiving theme. Throughout the

development of the CMF, CenCo's approach was prominently collaborative and supportive. Any issues raised by subsidiaries were tackled collectively and promptly. When viewed from the perspective of the CMF adoption and barring the limitation explained earlier for CEMS and SOM, CenCo fit the description of an assent adopters (Kostova & Roth, 2002). Although, CenCo believed the value of the CMF, however the implementation of the practice among the team members were inconsistent. Only fifty percent of the team members within CenCo participated in the 2014 and 2015 CMF assessment. CenCo's manager elaborated that due to small size of the team in the centre coupled with high turnover, this had contributed to the poor statistics.

### **CMF – The Subsidiaries**

It is natural that BaCo is described first from the rest as they are being the most critical about the CMF initiative from the very beginning. BaCo started the CMF initiative journey can be described as recalcitrant. They opposed the claim that the CMF is a centre-led initiative. They felt that their version of the CMF is superior to the centre by claiming that the centre's CMF is merely a survey questionnaire not a framework. Throughout the CMF development, BaCo was active in highlighting areas of improvement for the CMF and this was reciprocated well by the centre. While the centre was indifferent to the claim by BaCo that they had copied the CMF initiative, both parties engaged cooperatively in developing the CMF further. BaCo's implementation of CMF is best described as being active but medium in internalizing the CMF initiative. LaCo will be described next.

Unlike BaCo, LaCo started out the CMF initiative journey in a more compliant manner like the rest of the other subsidiaries. The centre's collaborative approach was well accepted by subsidiary managers and this effect trickled down to the respective team members. However, starting from the first year of implementation and followed through

to the second, criticisms from LaCo's team members were being raised. Team members sensemake that the CMF akin to something that 'comes and goes' annually. They felt that nothing really comes out from the CMF. With regards to the current state the CMF at LaCo, they are well described close to that of BaCo. Hence, both BaCo and LaCo are best described as ceremonial adopters (Kostova & Roth, 2002) where both display high level of implementation but with medium levels of internalization. However, as LaCo and BaCo were consistent throughout, they are considered consistent ceremonial adopters for the CMF. As at end of 2016, both are still performing the CMF while BaCo had ceased to perform its internal CMF. BaCo felt that the centre's CMF has since 2016 evolved to the one they initiated earlier.

The remaining subsidiaries namely MyCo and InCo were less active in the development of the CMF from the beginning till today. They were mostly in full compliance to what CenCo had planned for the CMF initiative for them. Both subsidiary managers took on the initiative without much complaint and implemented it at their respective subsidiary office. Team members of both subsidiaries too were mostly compliant to the initiative. Although both can be described as being high in the CMF implementation, MyCo and InCo should best be described as minimal adopters (Kostova & Roth, 2002). This is different to BaCo and LaCo. Apart from the low level of internalization, the implementation may have proven to be low if the CMF initiative requires more resources to be accomplished. Since 2016, the CMF has progressed to the online survey version, this has had a profound effect on the number of team members participating in it.

During one of the research interviews at BaCo, the author discovered another centre-led change initiative. This initiative is about the sharing of external resources which the team called Line Resource (LR). The LR is an interesting and relevant to this

study as it shares some similar patterns discussed earlier, thus helps to strengthen some of the findings. This will be discussed next.

#### **4.5 The LR Initiative**

As mentioned previously, the line resource (LR) initiative surfaced during one of the interviews with BaCo's team member about the CEMS initiative. It was first introduced in BaCo in 2012. This initiative is about the sharing of expert resource from other departments in performing review engagements. The author decided to include this because of some of the common themes and later patterns that emerged in other initiatives. However, as the interactions involving the LR initiative is limited just between the BaCo and CenCo / MyCo teams, the analysis and result presentation for this initiative is more condensed than the earlier initiatives.

##### **4.5.1 Planning/Implementation (Centre – Subsidiary)**

In the early stages, the centre sensegive to subsidiaries that the LR initiative is about emulating established MNE practices. This is consistent to earlier sensegiving approach in the CEMS, SOM and CMF initiatives. Additionally, CenCo emphasized that the LR is supported by the board as many of its members had previously worked in MNEs. However, the author noted that there was very little guidance from the centre on how to implement the LR. Post a board meeting in Kuala Lumpur in the first quarter of 2012, the LR was first discussed, the centre issued decision memos to subsidiaries on the LR initiative implementation. The decision memo contains a brief description of the LR initiative.

Except for BaCo, other subsidiaries sensemake that the LR initiative was impossible to implement. According to them, the LR requires too many cross functional efforts to get the initiative to even start. This is compounded with the lack of guidance

from the centre on the LR. LaCo manager explained on how he was made to understand about the LR initiative:

‘The thing is... with this particular initiative, yeah you can say that it is center-led but it is not something which was being pushed very heavily on everyone. It is something which the CXO at that time gave us freedom, “If we want to do it, do it”. (M3).

A LaCo team member had the following to share on the LR:

‘Well it was quite difficult to set off you know to get somebody to perform our work per say. But of course, we got from the Management to come and set up you know, explain the system and you know as internal training for you know for some Heads or who are competent in Technical and Financial areas to comment such as do presentation and explain us the current system what current system are running and you know how all the processes work in this company. But for the LR, I don’t think we managed to find potential people within the organization who like to command you know do our work’. (MS1)

Other subsidiary managers were complaining that there was evidently the ‘what’ about the LR but there was very little about the ‘how’ part. BaCo manager shared the following about his initial plans on the LR:

‘So according to the plan, I had this outline of what I wanted to do, the initiatives I wanted to put in place so ‘line resource’ was one of it with the objective of trying to improve the quality of the people in the business, in the line, there are two main objectives. One is, basically, we want to train more and more people from the line about risk and control. At the same time, we give them exposure to any area where they are not usually exposed to, so it gives them exposure visibility knowledge so that’s what they get out of this initiative. The other one from our perspective we improve our quality of our reporting because we get line perspective. So, it’s a lot more business savvy’. (M1)

Out of the many barriers identified one was determined to be biggest showstopper, commitment from line business. Line business is defined as any other department within the subsidiary or the CenCo group. As the LR initiative itself is about co-conducting engagement with a resource from other departments, the primary task is to secure such resource to be released by their relevant supervisor. This barrier is perhaps the single most hindrance to subsidiaries from implementing the LR.

#### 4.5.2 Planning/Implementation (Subsidiary – Internal)

There is no formal planning involved for this initiative, as BaCo's manager mentioned that he had laid out his three-year plan in 2010 that included the LR. BaCo's manager sensegive the LR initiative was a success from the very beginning without or little support from the centre. He was very much involved in introducing the initiative concept to BaCo's top management in the MC<sup>35</sup> meeting. With the support from the MC members, BaCo's manager managed to secure good line resource for this initiative. The outcome of this success is translated in the high turnover of involvement for line resources with 35% engagements in 2013 and 2014. BaCo manager recalled the experience show casing the LR in one of the leadership meetings:

‘... I presented that this was one of the things that we have done, and they were happy simply because I think I remembered them asking for a statistic. I think it was a question from the CenCo Chairman whom visited asking for statistic on percentage of turnover of team members and then also percentage of line management involved. So, when we gave them very high percentage in participation of line management that's when I had to tell them we had this line resource program in BaCo'. (M1)

From the perspective of BaCo's team members, they sensemake the LR is a good idea. It has proven to be a 'win-win' situation for both parties. As for the LR, they can learn about risk and control while for the team members, they are able to learn more from LR to improve their functional capabilities. However, one BaCo team member mentioned that as their manager had adopted this in their annual business plan, they had no choice but to implement the LR initiative.

There were few barriers to this initiative such as conflict of interest, absence of LR in the SOM and lack of right resource. However, the BaCo team collectively managed these barriers. BaCo's manager consistently uses the management committee meetings

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<sup>35</sup> Management committee meeting is performed weekly that involves the CEO and his direct reports.



platform to highlight the LR initiative benefit, thus able to secure relevant resource from the operations. Team members on the hand devised a non-disclosure agreement (see Appendix G) with the help of BaCo's legal team to address the remaining two issues. The non-disclosure agreement (NDA) is a three page confidentially agreement, signed between the company and the LR resource. The NDA helps to ensure that confidential information gathered during any LR engagement period is protected for a specified period of time. One BaCo staff remembered that he "prepared an [...] NDA, because there was some confidentiality" (SM2).

#### **4.5.3 Business-As-Usual (Centre – Subsidiary)**

Moving on to the BAU phase, the centre maintained a similar sensegiving theme. LR was projected as one of the enabler to improve their department's image in CenCo as well as in the industry. The centre reminded subsidiaries that the LR is mandated by the main board which they are expected to do at least one LR engagement per year. Two years later in 2014, the centre implemented the LR initiative that will be explained next.

The centre implemented the LR in 2014 when they managed to secure a resource to perform an engagement in MyCo. The LR resource, a top talent from CenCo's company secretary department, was recommended by his immediate superior to perform the engagement. The engagement was a governance review in MyCo, with two resources (one from MyCo and the LR resource) for a duration of 30 man-days. However, from the very beginning MyCo's resource complained about the LR resource from CenCo. According to him, it was very difficult to secure the LR resource time to have even a simple discussion, he was simply uncooperative. Although the engagement went through the planning stage and an entrance meeting performed with senior management at MyCo, the progress halted mid-way.

With incessant absence of the LR resource and with CenCo unable to mediate the situation, in the end, the engagement was abandoned mid-way. According to the LR, he

cited that he had underestimated the overall task needed to complete the engagement. The amount of time needed he needs to invest between his permanent job and the LR initiative was too much for him to handle.

When the LR initiative is viewed from the subsidiary perspective, BaCo the sole subsidiary that implemented it sensemake that the centre is primarily concerned about the implementation statistics. BaCo mentioned that CenCo had numerously showcased the LR initiative statistics to the main board short of detailing where there were mostly done. BaCo further claimed that the LR initiative was clearly copied from them, CenCo claimed it a centre-led initiative later. BaCo's manager responded to a question posed to him about LR being the centre-led initiative:

'No way, the centre copied it [...] everything started from my "Three Year Plan". So according to the plan, I had this outline of what I wanted to do, the initiatives I wanted to put in place so 'line resource' was one of it with the objective of trying to improve the quality of the people in the business, in the line, there are two main objectives.' (M1)

For BaCo, as they claim to be the pioneer for the LR initiative, they felt the freedom of implementing the LR and saw no pressure at all from the centre.

#### **4.5.4 Business-As-Usual (Subsidiary – Internal)**

Moving on to the BAU phase, BaCo's manager sensegive to his team that the LR initiative is by far the most successful initiative ever been implemented. He claimed that the initiative was well accepted with good feedback from top management. Unlike the failed attempt by CenCo to perform this initiative, BaCo had successfully delivered more than eleven LR engagements between 2013 and 2014. BaCo manager shared his views of the LR experience:

'I think, okay. In terms of whether their knowledge has improved or not the one thing that can substantiate that is firstly, the feedback that we got whenever we have an engagement, we have a feedback session at the end with all the team member and the LR that was involved as well so we rated the LR performance as well, we give back to her / his boss. So, from that angle, from the feedback session, we got to know that definitely they

learn a lot so that contributed to the first objective. Secondly, we got less and less challenges from the line when we finally came up with the reporting. So, a lot of points made by teams was accepted so then they just started to work on the findings rather than challenging it'. (M1)

However, when reviewed from BaCo's team members perspective, the response was in contradiction to BaCo's manager. They sensemake the LR is a dying initiative with less and less participation from the LR. One BaCo team member said that the LR was not a good experience, 'there was hardly any room to accommodate these activities – in reality, multi-tasking was near impossible.' He clarified that the LR experience was like babysitting someone throughout an engagement as the LR, where most of the time had very little knowledge of the required expertise. Another BaCo team member shared that as there was hardly any LR initiative guideline, the implementation was open to interpretation. One BaCo team member had the following to share about the LR, he explained the issues in two scenarios:

'One general scenario was they accepted it because every time you assign somebody, or you pick up somebody to work with you. Their supervisor must agree also right. So, it's not only that your name is there but you physically must give some efforts right. So, in some cases the supervisor agreed they came on board, but they didn't put much effort because they couldn't manage time. So, you can only say that their name on the paper but in terms of 'time management' they couldn't really contribute.

The other scenario was that maybe in the beginning when we approach they agreed but when we went to the supervisor or when we clarified that this is how you want your engagement because we did not expect them to come and work with us for the whole week. So, we ask them at least work with us two weeks maybe 50 percent of the daily in time, meaning that four hours with a leave four hour with the additional time. But, they could not agree, they deny because they thought that they will not be able to manage time. So, this is how actually the whole assignment went'. (SM4)

In some engagement, the LR resource only spent less ten percent of his time for one engagement while another as much as sixty percent. However, for both of these extremes, they are both counted as successful LR initiatives.

#### **4.5.5 The LR Initiative Summary**

The author acknowledged from the beginning that the LR initiative is limited to between CenCo and BaCo. This was primarily because of the strong barrier in implementing this initiative. However, BaCo has successfully implemented this initiative compared to CenCo. For this initiative, BaCo is classified as a ceremonial adopter due to the high implementation level coupled with a coalesce internalization level within (Kostova & Roth, 2002). On the other hand, the centre attempted to implement the LR initiative but failed midway. CenCo is classified as assent adopters categorized by a high belief but a low implementation of the practice.

#### **4.6 Chapter Summary**

This chapter reports the analysis of the qualitative data results. It presented the results of the qualitative part where the development of the three centre-led initiatives namely the CEMS, SOM and CMF. A fourth initiative that emerged later, the LR was described at the end of this chapter. The development stages of the initiatives start from the planning up to the business-as-usual stage.

The initiatives were analysed based on the first order analysis followed by the second order analysis. Based on the first order analysis, themes and patterns were identified and presented. This was followed with the second order analysis where data from the first analysis were examined for underlying meanings. The second order analysis was formulated in two layers, i) the centre and subsidiary and ii) internally within the subsidiary. Finally, the outcome of each initiative's final development based on the combination of the actors' sensemaking / sensegiving is presented.

## CHAPTER 5: DISCUSSION AND CONCLUSION

### 5.1 Introduction

This chapter discusses the results of the interviews presented in chapter 4. The research questions posed at the beginning of this thesis are revisited and the relevant answers according to the findings are discussed. The discussion specified the theoretical relevance as well as the practical implications of the findings of the research. This chapter discusses the limitation encountered during the research process and presents recommendations for future studies.

### 5.2 Research Overview

The primary objective of this research was to explore the dynamic relationship between the Centre and its subsidiaries when implementing centre-led initiatives. This section presents answers to the research questions posed by the researcher at the beginning stage of this thesis. The research questions have been used as a guide throughout the research process. This section revisits the questions and provides answers with explanations according to the findings of the research. The three research questions are:

- RQ1 What are the patterns of interaction enacted by centre and subsidiary managers involved in centre-led change initiatives?
- RQ2 How do these patterns of interaction influence the development of centre-led change initiatives?
- RQ3 What are the implications of these patterns of interaction towards the outcome of the centre-led change initiatives?

To answer the above three questions, the research design has been conducted in five main phases.

**First**, an extensive literature review that deals with subsidiary management was performed. Four phases from the eighties till the present of the subsidiary management scholarly debate were present. The first debate was on HQ-Subsidiary relationship (Brandt & Hulbert, 1977; Hedlund, 1980) that focuses on the aspects of dyadic relationship between subsidiary and HQ. Later the debate evolved to subsidiary role (Bartlett & Ghoshal, 1986; White & Poynter, 1984) where the focus was about internal, corporate and environmental factors. The third phase was about subsidiary evolution (Birkinshaw & Hood, 1998a, 1998b) where the focus was on changes in role and activities of subsidiary over time. The current phase of the subsidiary management focus is on the dialectical relationship between HQ and subsidiaries, the managers (micro political behaviours); the HQ-subsidiary managers (Balogun et al., 2011; Geppert, Becker-Ritterspach, & Mudambi, 2016; Geppert & Dorrenbacher, 2014).

**Second**, relevant theories of MNE-subsidiary dynamics were reviewed: the institutional theory, neo-institutionalist theory and sensemaking. The present debate on sensemaking theory can be segmented into two namely: sensemaking in crisis and sensemaking in change. The latter is more relevant to this research with more contemporary works by scholars within the organisational sensemaking domain (Balogun, Bartunek, et al., 2015; Guiette, Matthyssens, & Vandenbempt, 2014).

**Third**, a pilot study was performed to assess the relevance of the phenomenon under investigation. A semi-structured questionnaire protocol was developed and pre-tested to carry out face-to-face interviews. A total of 22 interviews were carried out at the HQ and a foreign office in Europe. The semi-structured protocol was further revised to solicit more relevant information from the respondents. The pilot study confirms that micro-political behaviour does occur between the actors in the subsidiary and the HQ especially when both interest are not aligned.

**Fourth**, the finalised version of the semi-structured interview protocol was used to collect the primary data. Face-to-face interviews and a focus group interview were performed at four different organisation settings that includes Kuala Lumpur-Malaysia, Colombo-Sri Lanka, Dhaka-Bangladesh and Jakarta-Indonesia. All the interviews were taped recorded and later transcribed. Secondary data such minute of meetings, board meeting papers, email communications, policy and procedures were also collected. Both the primary and secondary data collected were then input into NVivo to assist in the preliminary investigation.

**Finally**, a two-order analysis (Gioia & Chittipeddi, 1991) was performed on the data set. The first order analysis is performed to look for themes and patterns that included meaningful to and used by interviewees in the research. The second order is a more theoretical analysis level where the data and the first order analysis outcome were examined for underlying meanings.

The primary unit of analysis of this research are the managers that was involved in centre-led initiatives, thus, interviews were centred throughout each of their development. There were three unique patterns of sensemaking that appears to drive the centre-led initiatives from the planning/implementation to the Business-as-Usual phase, namely 1) communication intensity, 2) adoption to change and 3) resolution to barriers. Firstly, communication intensity refers to the intensity of the enacted sensemaking and sensegiving between actors involved throughout the change development. Secondly, adoption to change refers to the level of change, this ranges from low levels of adoption to those that go beyond ceremonial adoption (Kostova & Roth, 2002). Lastly, resolution to barriers refers to efforts taken to overcome barriers to the change initiative. Thus, the above three patterns of sensemaking/sensegiving offers the answer to the patterns enacted during the change development (RQ1).

In answering how the patterns of sensemaking/sensegiving influence the development of the centre-led change initiatives (RQ2), the results from the analysis shows that the subsidiaries that are active at least one or more sensemaking patterns mentioned above are likely to be active or assent adopters of change (Kostova & Roth, 2002). Whereas those that display one pattern or none are likely to be ceremonial or minimal adopters of change.

The implications of these patterns of interaction towards the outcome of the centre-led change initiatives (RQ3) show the need of centre MNE to be involved at every single step of the change initiatives. Furthermore, MNE centre should take effort to address barriers to change especially at the subsidiary managers level. Subsidiary managers' ambiguity and uncertainty on issues pertaining to change need to be addressed promptly. This need to be steered through sensegiving in providing managers involved in change assurance through sensemaking (Kraft, Sparr, & Peus, 2016).

### **5.3 Discussion of Key Research Findings**

The presentation of the key findings of this research covers findings from the entire stage of the qualitative research. It is imperative to take note that the discussion in this chapter is based on the linkage between the research questions, methods, and findings of this research.

The overall research findings suggest that subsidiaries that made significant progress implementing one or more centre-led change initiatives were those that engaged in both sensemaking and sensegiving processes. There were several patterns of sensemaking/sensegiving that appear to drive the development of the centre-led change initiatives. However, three of the most significant relevant to this study are 1) communication intensity, 2) adoption of change and 3) resolution to barriers (Abdullah & Ismail, 2017). Each of this will be discussed in detail next.



### 5.3.1 Communication Intensity

Communication intensity refers to the intensity of the enacted sensemaking and sensegiving between actors involved throughout the change development. In this study, we observed several layers of communication happening at the same time, they are 1) the centre with subsidiary managers, 2) subsidiary managers with their internal teams and 3) peer subsidiary managers. The author acknowledged that there were some other forms of communications such as those between the centre and subsidiary team members and team members with external parties. However, these are considered insignificant or irrelevant to this study's analysis.

In the CEMS initiative, InCo and BaCo stands out to be the most that display high level of communication intensity. InCo from the start displayed a highly combative approach towards CenCo. Both were embroiled in intense heated debate ranging from issues on the legality to several non-resolutions of CEMS problems. InCo displayed intense sensegiving and sensemaking activity, they make sense of things before assigning meaning to it. They then adopt them into managerial practices within the organization (Park, 2014; Scarduzio & Tracy, 2015).

In the CEMS activity, InCo emerges to be the most that show high level of communication intensity. The American IJV partner of InCo, in its initial foundation days, had initiated a few key administration positions in the organization including American ostracizes. Henceforth, it's not amazing that InCo's present hierarchical culture does not resemble the typical Asian organizational culture. They show some higher indices of individualism with attributes, for example, confidence, aggressiveness and value (Trompenaars, 1994).

InCo for example from the beginning of the CEMS activity showed a very confrontational approach towards CenCo. Both were involved in serious heated verbal confrontation going from issues on the legality to a few non-resolutions of CEMS issues.

InCo showed extraordinary sensegiving and sensemaking movement, they make sense of things before assigning meaning to it. Their self-reliance in preserving their organisational culture consistently allows them to do things their way. Their confidence in preserving their authoritative culture reliably enables them to do things their way. On account of CEMS, InCo figured out how to gain endorsement from CenCo to build their own stand-alone system. Within the greater discourse of the InCo's organisational culture derived from the early period of the American IJV management, InCo are still Indonesian by nationality. In light of the nationalistic-Pancaseela based philosophical hypothesis of the Indonesian state, InCos conveys strong social esteems such relationship, notoriety and participation. This show of solid national social esteem was among the essential lever that tilt the choice to enable InCo to execute the CEMS on an independent premise. InCo's manager, at the height of the conflict with CenCo, had sought for the local Board's sanction. Under the appearance that all data must dwell inside Indonesia, CenCo in the end had no choice but to allow InCo to construct their own CEMS system.

In the rebel alliance, InCo was an active member regularly feeding information to the alliance about CEMS. This later drove the alliance to pressure CenCo to perform the PIR on CEMS. Despite the fact that at the time, InCo was not part of CenCo's CEMS initiative, they remain as an active alliance member. Indeed, even later in the BAU organize, InCo helped the alliance in the post remedial activities of the CEMS PIR report. It is likely that the remnants of InCo's American IJV culture interplay in some of the engagements between the centre and subsidiary. For instance, the uncertainty avoidance index (UAI) for Indonesia and USA is marginal as compared to for example Germany and Japan (Hofstede, 1994). In the period under the American IJV management control, InCo has adopted some of the strong litigation culture accustomed to America MNCs. The number of contingent liabilities in the nineties were significantly higher than post CenCo's takeover after 2008. In the rebel alliance example, InCo was instrumental in

leading the pact to devise meticulous tactics such as lobbying for a PIR engagement. The reality is that many of CenCo's intended objective was either derailed or transformed later.

BaCo on the other hand appeared recalcitrant from the beginning. Often, they were non-cooperative and at times was skeptical of CenCo's capability to deliver the CEMS. Although they were not directly confrontational like InCo but BaCo was actively communicating with others, appear to steer others' view of the CEMS (Maitlis & Sonenshein, 2010). Later in the rebel alliance, BaCo was chosen by the alliance members to lead the PIR engagement. BaCo with the support from other alliance members were able to convince CenCo in numerous CEMS' key action plans post the implementation.

BaCo's communication intensity was not just limited to the top echelon but it also transcend to the internal teams (Balogun & Johnson, 2004). BaCo within its internal team held small workshops and awareness sessions. In the end, they managed to produce several workaround solutions that minimized many of CEMS' limitations and issues. Historically, BaCo was under several different management styles such as Japanese shareholders, a German CEO and a Sri Lankan CEO. This mix of organizational styles infused into BaCo perhaps has influence some of the unique traits within BaCo. The difference in the way BaCo responded to CenCo described as recalcitrant in the earlier stages of CEMS was overturn later. BaCo's team members rallied together post the planning stage displaying very strong communication intensity to overcome many barriers they encountered. This will be described in further detail in the third findings under resolution to barriers. Other than InCo and BaCo discussed above, LaCo is another subsidiary that displayed a strong level of communication intensity.

As for LaCo, the communication intensity displayed was mostly in the rebel alliance and within its internal teams. LaCo initial reaction to the CEMS was mostly characterize as contemplating but later grew assertive when they became a part of the

alliance. As part of the alliance, LaCo was actively providing support on how to strategize the CEMS against CenCo. LaCo's manager consistent push via symbolic 'Go Green' campaign managed to keep the momentum of the CEMS initiative (Gioia et al., 1994).

As for the SOM initiative, we observed that all subsidiaries appear to display a fair amount of communication intensity. They were actively participating in the early planning stage held by CenCo. With the involvement of FAB as the consultant later, subsidiaries again displayed strong collective participation. Subsidiaries were actively providing both positive and negative inputs to FAB, the high communication intensity extended even post FAB's departure. Consistent with the SOM, the CMF is another initiative that displayed subsidiaries strong communication at both layers. Subsidiary managers communicated to their respective managers about the CMF, team members provided feedback about gaps about the CMF. Except for BaCo who were implementing two versions of the CMF (internal and CenCo's version), post several constructive discussions with the centre, they eventually migrated to CenCo's CMF in the end. In both initiatives, we see extensive cooperation approach through the interplay between the centre and subsidiaries actors (Lundgren-Henriksson & Kock, 2016).

InCo, BaCo and LaCo were those that displayed strong levels of communication intensity. Next, the second pattern of sensemaking/sensegiving, adoption to change, will be discussed using the same approach of the first pattern.

### **5.3.2 Adoption to Change**

Groysberg and colleagues (2018) define response to change as one of the elements that determine an organisation's culture. In this study, another pattern that emerged is adoption to change. Adoption to change refers to the level of change (see fig. 4.1), this ranges from minimal adopters to active adopters. Minimal adopters are those that display low levels of both implementation and internalization, in essence they disavow the practice of change (Kostova & Roth, 2002). While on the other end of the extreme, active

adopters are those that display highest level of both measures of change. Based on the three initiatives explored in this study, table 5.1 below depicts the different adoption level for each entity.

**Table 5.1: Adoption level of initiatives**

	<b>CEMS</b>	<b>SOM</b>	<b>CMF</b>
<b>CenCo</b>	Assent	Assent	Assent
<b>MyCo</b>	Minimal	Ceremonial	Minimal
<b>InCo</b>	Active	Active	Minimal
<b>BaCo</b>	Ceremonial	Ceremonial	Ceremonial
<b>LaCo</b>	Ceremonial	Ceremonial	Ceremonial

### 5.3.2.1 Adopters transition

This study has uncovered an interesting phenomena of adopter transition in two initiatives namely the CEMS and the SOM. In both the initiatives, InCo at the beginning stages portrayed the minimal adopter profile. InCo disavowed both the initiatives, challenging the mandate for CEMS and belittling the SOM of its value to InCo. Their low dependence displayed by their strong financial strength among other subsidiaries coupled with relatively lower shareholding right by the centre, provide an opportunity got them to reject the centre-led initiatives (Boussebaa, 2009; Mudambi et al., 2014). In addition, the institutional duality at the time was not fully favoring towards at least CEMS (Tolbert & Zucker, 1999; Zucker, 1987). However, a number events that took place within the development of each of the initiatives that provided the catalyst for InCo to transition to active adopter status. As for the CEMS, their disagreement with CenCo arising from the regulatory confinement finally allowed them to lead the initiative autonomously. However, this study acknowledge that InCo was at a better financial standing any of its other subsidiary to fund the initiative. This coupled with a clever tactic by InCo's manager

to seek support from the local board member managed to convince CenCo to allow them to go autonomous for CEMS.

Post the InCo CEMS autonomous initiative, they manage to deliver the initiative more effectively than the centre. InCo's manager inculcated the CEMS initiative from the beginning of its implementation, building the system both physically and logically. He ensured that a proper resource was allocated to see through the project management of CEMS separating from system administrator and user. This allowed to the transition from paper based to electronic work to go smoothly. He also ensured that the CEMS was delivered with the 'end-in-mind' with behavioral changes managed through a proper KPI based system to rewards team members.

The SOM example was not much different than the CEMS except that there was regulatory limitation to this. However, InCo was skeptical about what the SOM can bring in terms value to its team members. InCo was not impressed with the lack of expert resource allocated for the delivery of the SOM. Like the CEMS, InCo's manager approach to the SOM began to change as he began to see that the SOM was about providing standardization to the work process. When the SOM is practiced group wide, it facilitates sharing of resources across the group as the team members practices are common. They began to belief to the SOM and allowed for the internalization leading to implementation to achieve high levels at the end of this study. These two examples was allowed a sort of a longitudinal exploration of change practices, extending further what Kostova and Roth (2002) had demonstrated earlier. This study shows that certain subsidiary managers' cues or behaviors if manage careful can steer towards them achieving active adopters.

In the CEMS example, we observe that both InCo and BaCo are ranked the highest for the level of implementation. LaCo followed next with medium implementation and finally CenCo and MyCo both ranked at low implementation. InCo's

belief in the CEMS practice surpassed that of BaCo, hence they are well suited to be coined the active adopters and the latter as ceremonial adopters. LaCo on the hand, best suit the term ceremonial adopters' due to their mild combination level of internalization and implementation of CEMS.

InCo's strong individualism trait derived from its IJV era may have played some role for them to achieve active adopter status in most of the initiatives. BaCo's and LaCo's ceremonial adopter status in all the initiatives could suggest the high indices for uncertainty avoidance based on Hofstede's cultural dimensions. Unique to BaCo, several of the ceremonial adopter status may suggest an act of defiance (Kostova & Roth, 2002). This was evident the two initiatives namely the CMF and LR, both according to BaCo was copied by the centre.

In comparison to the CEMS, the SOM and CMF initiatives were significantly less complex for subsidiaries to implement. Subsidiaries require minimal investment in terms of time, manpower and funds to deliver the SOM and CMF. This primary factor suggests why the implementation of both the above initiatives were relatively better than the CEMS.

Based on the adoption measure we apply earlier for CEMS, we discover that BaCo and LaCo both fit the ceremonial adopters' descriptions for both the SOM and CMF initiatives. They both displayed significant level of implementation compliance but lack the belief of the initiative practices. Whereas MyCo are ceremonial adopters of the SOM and minimalistic adopters of the CMF, InCo are active adopters of the SOM. It is interesting to note that except for CenCo, all subsidiaries are currently active users of the SOM. However, it is only InCo that fit the active adopter description because of their strong belief in the SOM practice.

In general, the study shows that BaCo and LaCo are consistent ceremonial adopters for all three initiatives. While the institutional duality was mixed for all three

initiatives for both subsidiaries, none were presented with any regulatory pressure. This can be explained from a cultural perspective, both LaCo (Sri Lanka) and BaCo (Bangladesh) are situated in Asia South Asian continent. Both of these cultures has relatively low machoism level (Trompenaars, 1994), they hold strong parochial mentality; while they may not believe in certain things but they are come from a compliance culture. This perhaps helps to explain why as ceremonial adopters they achieve high implementation status but relatively low internalization.

The final pattern that emerge from this study is called resolution to barriers. This last pattern extends the additional initiative of LR explored in BaCo, this will be discussed next.

### **5.3.3 Resolution to Barriers**

Lastly, resolution to barriers refers to efforts taken to overcome barriers to the change initiative. Anand and Barsoux (2017) defines barriers or blockers as vital components of change that need to be targeted when it happens.

When we analysed the data available within the three initiatives undergone at CenCo's group. We discovered that BaCo and InCo were the two most active subsidiaries. They were consistently trying to find ways to overcome barriers in one or more initiatives. They were quick to respond to change barriers at different levels both internally and externally.

BaCo for instance, came out with innovative solutions to CEMS' predicament in the form of the CEMS 101 checklist, wifi upgrade and off-office hours work. At the managerial level, BaCo's manager overcome the LR barrier by engaging the senior management at the MC. In the CMF's initiative, BaCo overcame the barrier by securing the endorsement of the board to implement a dual CMF version for 2014.

InCo was highly active looking for ways to overcome many barriers related to both the CEMS and SOM initiatives. In the example of CEMS, InCo manager's assertive



approach towards the centre eventually gained them the right to operate CEMS independently. Additionally, he identified potential barriers to CEMS inwardly such that related to the CEMS project management. He later hired a dedicated system administrator to ensure that his existing team members are burden with additional tasks related to CEMS' delivery.

The rebel alliance pact prevalent in the CEMS initiative display how BaCo, InCo and LaCo concertedly steer the course of CEMS development. CenCo's strong hand tactic towards few subsidiaries midway was tactfully managed by the alliance. Hence, the indirect barrier formed by CenCo was overcome effectively by the alliance in the end.

As for the SOM initiative, InCo's manager overcame the formatting barrier by engaging his local board. This allowed InCo more than ten percent flexibility to customize the SOM to suit to local needs. InCo also manage to convince the centre that as they were allowed to operate CEMS independently, they should be allowed to customize further the CEMS' section of the SOM. In the end, InCo's version of the SOM has deviated more than thirty percent of that of the centre (group).

## **5.4 Research Contributions**

There are some important contributions for both theory and practice in this study. This section, therefore, is classified into two categories -knowledge and practical implications.

### **5.4.1 Knowledge**

This study is perhaps the first to explore, through the actor-centred approach, centre-led change initiatives across subsidiaries and to do so in a "high velocity industry" (Eisenhardt & Bourgeois, 1988) a MNE operating in Asia. It is also well understood, in the IB literature that this area of research is considered scarce as compared to the more established structurally based approach studies.

Therefore, this actor-centred study is considered among the few research projects applying the qualitative approach in the IB field (Birkinshaw et al., 2011). For this study, it is the quality of access, both to the centre and the subsidiaries, that offers the potential to undertake a study that has not been undertaken by others. Hence, it has the potential to expand and develop further knowledge of how managers (centre and subsidiary) contribute strategically in the process of centre-led change initiatives.

This study explores how subsidiary managers as change recipients were at times in a state of confusion due to the imposed implementation by the centre (Guiette & Vandembemt, 2017; Lundgren-Henriksson & Kock, 2016). Here, we see subsidiary managers attempt to make sense of the situation (Maitlis, 2005; Sonenshein, 2010) with their different set of individual view of the situation. Within this array of confusion that they grouped together in what they call themselves as the “rebel alliance” to overcome barriers set by the centre.

Consistent with Giuliani’s (2016) work on sensebreaking (Vlaar, Van Fenema, & Tiwari, 2008), it was found that during the change development, alliance members assign different meanings to CEMS calling it “double work”, “failure” and “repository system”. This shared light on how the rebel alliance played a more protagonist role (Maitlis & Christianson, 2014). It further unravelled how the interplay between organisations and their members interpret change, steer the course of change.

The centre’s persistency at maintaining exclusivity in their decision-making processes according to Filstad (2014) may have led to contradiction between their own sensemaking and sensegiving processes. Consistent with Kezar (2013), it is shown that not only sensemaking and sensegiving was prevalent throughout the various initiatives development but its nature alters slightly along the way from it was intended initially. In the CEMS initiative for instance, the initiative was meant to be a ‘real-time’ system but in the end, was simply a ‘repository’ system. We see that those that made the most

significant progress among the four subsidiaries were InCo and BaCo. They were early adopters of change, by being early at addressing difficulties and pressure (Higgins et al., 2014), they shape the meaning of the initiatives.

#### **5.4.1.1 Change development vs change adopters**

For CEMS and SOM example at InCo, what started out from minimal adopter transition to active adopter at the end of the initiatives. This interesting phenomena expands what we already know of the four adopters' characteristics as per Kostova and Roth (2002) work. Within InCo, the sensemaking level at every level of these initiatives reflected high levels. The high sensemaking level were consistent throughout both initiatives at three different levels of HQ-subsiary, subsidiary-subsiary and internal subsidiary. As for BaCo and LaCo, we see that they were consistent ceremonial adopters for all three initiatives. What this implies is that certain national cultures such as those from South Indian continent exhibit strong compliance culture. Change agents need to address beyond the implementation aspect of change analyzing deeper within the meanings of change. Ceremonial adopter lacks the internationalization as compared to active adopters, they exhibit relatively lower levels. As the author posit that active adopter as the ideal state for subsidiary involve in change, thus ensuring special emphasis on put on internalization should help.

#### **5.4.1.2 Power and politics of managers' sensemaking**

Earlier in the chapter, a short paragraph was dedicated on Strategy-as-Practice (SaP). SaP is interested with the detailed activities that constitute strategizing linking these activities with the larger societal and organizational dynamic (Seidl & Whittington, 2014). This sensemaking study exploring managers as the primary unit of analysis expands the theoretical knowledge of we know very little about how practitioners, those

who do the work of strategy (Jarzabkowski, 2005; Jarzabkowski, Balogun, & Seidl, 2007).

Organisations are political arena, while power and politics are interrelated, that provide dynamics for the development of change initiative (Hardy, 1996). The conflicts between actors involved in change, some refer as change agents (Balogun et al., 2005), often become catalyst for political behaviours to be enacted (Buchanan, 2008). This paper examines the tactics or ploys change agents' use in achieving personal gains (Dorrenbacher & Geppert, 2009) or simply to project divergent behaviours against the centre (Dorrenbacher & Geppert, 2006). Power is not static, it is rather relational and in change, powerbases also shifts (Balogun et al., 2005). Hence, the paper briefly examines the sources of power form related to change agents, based on the work by Hardy and Phillips (2004). Hardy and colleague defined four forms of power namely: (i) formal power; (ii) critical resources; (iii) network links; and (iv) discursive legitimacy.

Each subsidiary head possess formal power, they use this sparingly at leadership meetings in front of the CXO. However, within their individual subsidiary domain, in front of their employees the formal power is exerted to its maximum. M1 had his IT team to 'thrash out' the CEMS system for an entire month, this led to the 'checkout function', '101-checklist' and KPI. M2 restructured his team and dedicated specialist team in managing CEMS while allowing other team members to carry on with day-to-day work. This allowed a smooth transition from the manual work process to fully CEMS work process.

The 'Rebel Alliance' members are subsidiary heads, they have within their resources subject matter experts such as in information technology, operations and finance (Birkinshaw et al., 2005; Dorrenbacher & Gammelgaard, 2006). In some of their political ploys, they carefully harness the different expertise within their teams to challenge the credibility of the vendor, centre and CEMS system architecture. Hence, it

can be seen how critical resources were carefully use by the 'Rebel Alliance' in realizing their political agenda.

As for network links, the 'Rebel Alliance' members concertedly build upon each other's strength both internally in each subsidiary (subject matter experts) and peer-to-peer subsidiary. The alliance formed provided a powerful force that tilted the centre power base (Fairclough, 1992: 94). On a micro level, M2 managed to persuade a local board member to highlight its country regulatory requirement, that eventually led them to be spared from centre's change initiative.

The 'Rebel Alliance' member mostly are department heads at the respective subsidiary, hence having the legitimacy to speak (Phillips & Brown, 1993). Alliance members were also cautious when communicating with their subordinates, as they symbolised the CEMS as 'Go-Green' and 'paperless' project (Gioia et al., 1994). This provided them further validation to speak as perceived as the right set of people (Taylor et al., 1996).

#### **5.4.1.3 Middle manager in Action**

This study has explored middle management political actions in centre-led change initiative. Recent literature has confirmed middle managers' significant role in the development of strategic change initiatives (Appelbaum et al., 2017; Bakari, Hunjra, & Niazi, 2017; Sarkar & Osiyevskyy, 2017). Middle management have within their span of resources the power to choose whether to act convergently or divergently towards imposed change. This study shows how middle managers through several political tactics deployed both at the individual levels or concertedly via the 'Rebel Alliance' manage to alter the change outcome of CEMS. Within this array of confusion, they had grouped together in what they call themselves as the 'Rebel Alliance' in deploying political tactics against the centre. The 'Rebel Alliance', taking a more protagonist role (Maitlis & Christianson, 2014), manage to steer the course of the CEMS change initiative through

the control of various forms of power. They accomplished this by carefully manipulating the meaning of change at different stages (Balogun, 2006; Balogun et al., 2005). Micropolitical behaviours enacted by middle managers harnessing the four power forms (Hardy & Phillips, 2004) allows the authors to better understand how applied tactics are interwoven with purpose and goal.

This study contributes to current literature on organisational sensemaking by providing insight into rich qualitative accounts from informants involved in political behaviours in change. Such studies are considered to be rare (Birkinshaw et al., 2011), as it provide a glimpse of what transpired within the organisation, “how” and “why” certain actors act in the way they do in certain change. This enhances the existing change literature by broadening our understanding of how managers enact political behaviours in change, as they manoeuvre along the power corridor.

## 5.4.2 Practical Implications

This study has important implications for practitioners. The implications are as follows:

The findings of this study should help centre managers involve in delivering change initiatives. Corporate transformations have a miserable success rate, three-quarters of change initiative ends up in failures (Anand & Barsoux, 2017). We know that the current MNE's structure is no longer the traditional command and control type, hence subsidiary managers have within their circle of influence, the power to decide on how to respond to centre-led change initiatives (Bouquet & Birkinshaw, 2008b).

This study has explored three centre-led change initiatives from an actor centred approach. Why individual and individuals do what they do is examine through the sensemaking lens. The three patterns of sensemaking / sensegiving that emerged from this study offers centre managers a glimpse of how the development of change progresses over a period of time.

In this study, we see how the centre manager appears to employ the coopetition<sup>36</sup> strategy (Luo, 2005). BaCo for example, while they cooperated in the activities within 'the rebel alliance', internally they were actively looking for ways to make the CEMS work. It was implemented through sensegiving the meaning of the initiatives (Maitlis & Lawrence, 2007). The centre manager assigned meaning to the initiative such in the CEMS case, they sensegive to the subsidiary that it was about emulating establish MNEs via office automation. The centre carried a similar sensegiving message for the remaining two SOM and CMF initiatives. However, this study has shown how they were relatively more successful at deploying the SOM and CMF initiatives as compared to the CEMS.

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<sup>36</sup> Refers to simultaneous use of cooperation and competition strategy.

In the development of the SOM and CMF initiatives, the centre was more subsidiary-centric than in the case of the CEMS. They were attentive and collective in their decision making, and the approach describes as guiding, collaborating and supporting. Another factor that needs to be considered is the extend of resource needed for a certain initiative to be delivered.

This study was conducted at the end of 2013 until early 2017 in a real-life environment of a MNO-MNE. By far InCo was the only one achieved the active adoption level for both the CEMS and SOM initiatives. For both initiatives, InCo are still using them till the end of this study in early 2017. The implementation by InCo have gone beyond just the normal, e.g. CEMS, they are now using CEMS in business intelligence and for data analytics. BaCo and LaCo both came second to InCo, they both showed high level of implementation but lack the internalization component. Hence, we recommend that practitioner pay close attention to change recipients throughout the development phase of the change, especially change that require extensive resources from subsidiaries.

Additionally, BaCo and InCo were the furthest in terms of geographic distance from CenCo but this study's finding suggest that contextual distance is perhaps more prominent than geographical distance when it involves HQ value creation (Beugelsdijk, Nell, & Ambos, 2017).

## **5.5 Ethical Issues**

This research explores several companies with different governance structures, laws and sets of local cultural contexts. Several ethical issues had to be treated with special consideration due to the various stakeholders and the complex nature of the companies involved in this research.

Access to these companies for interviews depended on the consent of the Group Chief Executive through the office of the Chief Human Officer. Accessing data, for instance was always a challenge even though the head office had granted permission. In



general subsidiaries are unwilling to cooperate in research projects, they are reluctant to share data citing confidentiality. In the complex and fast moving environment they operate, leaked company strategies often can be disastrous (Anand & Barsoux, 2017).

As the author is an ex-employee of CenCo, he re-established rapport with key managements. This helps to instil confidence especially when conducting interviews. Strict guidelines underlined in the ethics form and participant information sheets were adhered to in full to ensure participants' confidence in the treatment of guaranteed confidentiality throughout the study is maintained (see Appendix A).

These ethical issues discussed above were identified and prioritised in advanced based on the local context of the research and the many stakeholders that needed to be considered such as University of Malaya, CenCo group and its shareholders. As InCo and LaCo are public listed companies in their respected local markets, certain country regulation needed to be observed. The author acknowledged the demands of completing the research as well operating as an ethical researcher. Hence, the author had to meticulously choose between the many sets of values and acceptable practices while maintaining a level of consistency throughout the entire research process (J. Williams, 2011).

## **5.6 Limitations and Suggestions for Future Research**

This study provides some new insights into the development of centre-led change initiatives from an actor-centred approach. This study findings here, however, should interpreted in the light of certain limitations that suggest further possibilities for empirical research.

The first limitation concerns the context of the study (Asia), which puts constraints to generalizability of the findings in other parts of the world or in different industries. While the findings of this study may be applicable to firms in fast-moving environment, it may not be applicable to others such as in the financial sectors where the

regulatory requirement is more stringent. Different industry with stronger regulated regime involved in centre-led change initiatives may influence actors to act differently. Different nuance from these different settings may result in actors to deploy different tactics or strategies against or for the centre. Thus, it is envisioned that further studies be expanded in other different industry than the MNO or other parts of the world.

The second limitation concerns the theoretical perspective that this study deploys. As the objective of this study is to understand why and how people do certain things the way they do. Hence, the obvious approach to do this is through qualitative research. Recently there appears to be a strong interest in qualitative study through narratives and discourse analysis (Balogun, Jacobs, Jarzabkowski, Mantere, & Vaara, 2014; Guimarães & Alves, 2014). Perhaps future research should consider using some of these theoretical perspectives in unravelling the different plots through layers of different discourses that may exist within employees, middle managers and senior managements (Hardy & Maguire, 2010).

Finally, as this research was exploratory in nature and not meant to establish causal relationships. The author acknowledges that this qualitative study may not be relevant to the extent of the type of generalization expected from a quantitative study. For this multiple embedded case study, managers involved in centre-led change initiatives - the primary unit of analysis, were interviewed in the four MNE subsidiaries. This study multiple case study follows type of replication (literally) at the outset of the study (Yin, 2003: 53). However, recent work by IB scholars has begun to unpack the internationalization-performance relationship, such as in the study of international intensity, diversity, and distance (S. R. Miller, Lavie, & Delios, 2016). A quantitative research based on some of this study's findings could prove to be beneficial in unpacking some of the complex heterarchical relationship of the transnational company (Ghoshal & Nohria, 1986; Hedlund, 1986). Similar to what Kostova and Roth (2002) highlighted in

their study further study should explore the relative measure between change implementation and internalization amid the moderating factor institutional duality such as regulatory pressure.

## 5.7 Chapter Summary

The overall findings suggest that subsidiaries that made significant progress implementing one or more centre-led initiatives were those that engaged in both sensemaking and sensegiving processes. In table 5.2 below, the findings based on the research question set forth at the beginning of this thesis is presented.

Three patterns of sensemaking/sensegiving emerge in this study that help to drive the centre-led initiatives from the planning/implementation to the BAU phase. Firstly, communication intensity refers to the level of sensemaking and sensegiving enacted by managers throughout the development of change. Secondly, adoption to change refers to the level of change, this ranges from minimal adopters to active adopters (Kostova & Roth, 2002). Lastly, resolution to barriers refers to efforts taken to overcome barriers to change initiative.

The following points may highlight the expected development and outcomes of centre-led change initiatives in-line with findings of this study:

- The centre needs to emphasise the behavioural aspect throughout development stage of the change. This should help to ensure higher number of active adopters of change.
- The centre needs to pay attention to any negative cues from subsidiaries, they need to be attended as quickly as possible.
- The three patterns identified may be guiding principle for centres when delivering change initiatives.

**Table 5.2: Research Questions, Objectives and Findings**

Research Question	Objective	Findings
<p>What are the patterns of interaction enacted by centre and subsidiary managers involved in centre-led change initiatives?</p>	<p>To identify patterns of interaction of actors involved in centre-led initiatives between centre and subsidiary, subsidiary internal teams and peer subsidiary.</p>	<p>Three patterns of sensemaking / sensegiving emerges namely:</p> <ul style="list-style-type: none"> <li>▪ <b>Communication intensity</b> refers to the level of sensemaking and sensegiving enacted by managers throughout the development of change.</li> <li>▪ <b>Adoption to change</b> refers to the level of change, this ranges from minimal adopters to active adopters (Kostova &amp; Roth, 2002).</li> <li>▪ <b>Resolution to barriers</b> refers to efforts taken to overcome barriers to change initiative.</li> </ul>
<p>How do these patterns of interaction influence the development of centre-led change initiatives?</p>	<p>To see the influence of the patterns identified has towards the development of the centre-led change initiatives.</p>	<p>Subsidiaries that progress the most in one or more initiatives, display a strong combination of the above patterns identified. Whereas, those that did not progress much in the initiatives were less likely to display any of the above patterns.</p> <p>When subsidiaries are treated differently while pressured to deliver, rebellious behavior may emerge. This then may lead to formation of informal alliance that can challenge the centre later.</p>
<p>What are the implications of these patterns of interaction towards the outcome of the centre-led change initiatives?</p>	<p>To identify the implications of the patterns has towards the outcome of the centre-led initiatives under the categories of knowledge and practical implications.</p>	<ul style="list-style-type: none"> <li>• Practitioner needs to pay close attention to change recipients throughout the development phase of the change, especially change that require extensive resources from subsidiaries.</li> <li>• Any confusion or uncertainties needed to be address as quickly as possible.</li> <li>• Practitioner also needs to address the behavioural aspect of those involve in change, as this helps to strengthen the internalization of change practice.</li> </ul>

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