

‘An exploratory investigation into how the implementation and internalization of processes within a MNC are affected by the regulatory, cognitive, and normative domains of Institutionalism’.

A thesis submitted for the degree of Doctor of Philosophy

by

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**Abstract.**

*This research investigates the relationship between the Headquarters and Subsidiary (HQS) of the Multinational Corporations. The particular aspect of the relationship is the transfer of activities and processes between the units which is viewed through the framework of Institutionalism and Scott's Three Pillars. The aim was to investigate the areas of contention between the Headquarters & Subsidiary and to assess the importance of the Regulatory, Normative and Cognitive - Cultural carriers on the legitimacy of a transfer process. Semi structured interviews were undertaken with participants from two MNCs with subsidiaries in Ghana. The initial response to the interviews was that there was minimal conflict, even a harmonious relationship between H.Q. & the Subunits. However, despite the general level of agreement it was found that there had recently been conflict in reality between the two parties regarding work processes and activities. Arising from Scott's Three Pillar framework an exploratory qualitative approach was used to assess the potential barriers to the implementation & internalisation of novel processes into the everyday routines of the workforce. Methodological assumptions such as forms of Reality & Dominant Logics underpinning interpretivism & constructivism were made in order to assess any relationships using Constructivist Grounded Theory analysis. The NVivo qualitative package was applied to conduct an exploratory investigation of the data. This approach indicated that there tended to be an overall acceptance of activities and processes that appeared to be part of the regulatory instructions from the Head Quarters. On the other hand, where there were instructions on activities and processes which appeared to impact on the cultural/cognitive aspect of working practices of the employees there appeared to be a different outcome. It was found that certain activities and processes were not psychic internalised and there was considerable reaction from the employees which lead to dissent within the corporations. The theoretical implications of the findings indicate that, considering the constructionist stance and utilising the Three Pillar framework, it is potentially possible to model the outcome of H.Q. directives and mandates on the implementation and internalisation of reactions of a workforce in an international cultural/cognitive context.*

Key words: - Multinational Corporations; MNC. West African Subsidiaries. Legitimacy. Institutionalism. Constructivist. Implementation. Internalisation. Grounded Theory. NVivo.




**Declaration**

I hereby declare that the thesis is based on my original work, except for quotations and citations which have been duly acknowledged. I also declare that it has not been previously or concurrently submitted for any other degree at Brunel University or other institutions.

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## **Glossary.**

HQS. Organisational Field. Legitimacy. Isomorphism. Country Institutional Profile. Schema/frames of ref. Mimetic. Institutional logics.

**'H.Q.S'**. Headquarters. and the Subunit.

**'Internalisation'**. *'I define implementation here as the degree to which the recipient unit follows the formal rules implied by the practice; hence, it is reflected in certain objective behaviours and actions at the recipient unit. Internalisation is that state in which the employees at the recipient unit attach symbolic meaning to the practice-they "infuse it with value" (Selznick, 1957). A practice becomes infused with value when it is accepted and approved by employees, when the employees see the value of using this practice, and when the practice becomes part of the employees' organizational identity'.*

(Kostova, T. 1999 Transnational Transfer of Strategic Organizational Practices.

The Academy of Management Review, Vol. 24, No. 2).

**'Organisational Field'** as 'those organisations that, in the aggregate, constitute a recognised area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organisations that provide similar services or products'. (Di Maggio and Powell, 1983. 1991).

**'Legitimacy'** 'is a generalised perception of, or assumption that, the actions of an entity (MNCs) are desirable, proper and appropriate within some socially constructed system of norms, values, beliefs and definitions'. (Suchman 1995b:P574). Levels of Justification. (Habermas, 1979).

**'Isomorphism'**. The concept that best captures the process of homogenisation and congruence is isomorphism.

Isomorphism is a constraining process that forces one unit on a population to resemble other units that face the same set of environmental conditions.

**'Semiotics'** is communication through the use of codes. A code is a set of expressions or symbols. For example, in the forestry or lumber industry a shout of 'timber' means that a tree is about to fall down; there is an immediate danger. (the expression is widely known outside the industry). (Richardson, A. Dowling, J. 1986)

**'The dominant logic'** of the situation is a 'logic of action' (Vargo S and Lusch R 2004); that is the logic which will give rise to the 'common understanding' of a socially mediated construction of a 'common framework of meaning' within the cultural pillar. (Besharov, M and Smith, W 2014. Newenham-Kahindi, A. and Stevens, C.E. 2017. Purdy, J. M., and Gray, B. 2009).



## Chapter 1 Introduction.

### Overview.

The general area of this research is concerned with the relationship between the Headquarters of a Multinational Corporation (MNC) and its Subsidiaries or Subunits (HQS) which are situated in other countries, in this case Ghana. The relationship between the H.Q. and the Subunit (H.Q.S) has a number of perspectives, for instance it can be viewed as a matter of power balance and control. This is the traditional economic sense of 'ways and means' of profit maximisation in a rational, hierarchical world. (Buckley, P and Strange, R, 2011; Gooderham, P. et al 1999). As set out later in the Literature Review chapter there are a number of other frameworks with which to consider the existence & operations of the MNC.

The initial research into the Multinational Corporation is generally ascribed to Stephen Hymer, (1960). His work beginning in the nineteen sixties was an investigation into Foreign Direct Investment (FDI) undertaken by corporations. These firms were assumed to use their market power to have a monopolising intent. A further perspective, which relates to the growth process of the MNC, is the theory of Internalisation (of production). This Internalisation is the process of bringing production 'in house' and includes the debate surrounding Coase's minimisation of transaction costs. Internalisation theory here refers to the question as to why firms & multinational corporations exist. (Coase, R. 1937).

*The definition that is used to describe this particular mechanism of Internalisation: - is that 'Internalization theory has long provided one of the main theoretical rationales for the existence of the multinational enterprise. It is founded on the basic idea that the exploitation of firms' knowledge-based assets across national boundaries is often most efficiently undertaken internally within the hierarchical structure of the multinational enterprise (MNE)'. (Buckley, P and Strange, R, 2011). The Neoclassical economic theory states that the allocation of resources is 'price guided' by supply and demand within a perfectly competitive market at a given level of technology. The firm here is a Black Box whereupon there it is assumed that the firm acts only in an objectively rational, efficient manner. (this is not the definition of internalisation that provides the focus of this research. This research considers psychic internalisation).*

*In contrast Harold Demsetz sets out the theory whereupon the allocation of resources is carried out by senior managers and as such is 'management guided'. (Demsetz, H. 1988; 1997).*

From this point of view, it now becomes necessary to understand how management guidance works within the firm. It brings forth the structural and organisational theories of the firm such as the Managerial Discretion concepts of Berle and Means. (Berle, A. & Means,

G. 1933). From this insight many new areas of the theory of the firm have been offered in order to understand the managerial guidance of the allocation of resources.

The expansion of the theory of the firm has necessarily included research into MNC. Therefore, the enquiry into the Black Box of the MNC has been about the HQS relationship and has focused on the differing environments brought about by a country's institutional profile (Kostova, T. 1997) and the related questions of Legitimacy. (DiMaggio, P., and Powell, W. 1983; DiMaggio, P. J., and Powell, W. W. (Eds) (1991). The concept of Legitimacy is particularly relevant in the study of the MNC as it is the additional layer of cultural legitimacy that is, potential, a defining aspect of a foreign subsidiary.

There is an ongoing investigation about the importance of legitimacy due to the differing Institutional Profiles associated with different countries. This has led to a development away from the basic economic maximising imperative towards a more organisational based theory of the MNC which embraces a firm's Institutional conditions as well as the specific resources and capabilities. (Demsetz, H 1997; Kostova, T. 1999; Peng, M. et al 2009)

From the Institutional standpoint, incorporating the three pillars; Regulative, Normative and Cognitive Cultural as set out by Scott (2008), the focus tended to move more towards the subunit and how it was able to balance the legitimate orders and directives of the H.Q's strategy and the legitimacy requirements of the foreign country in which the Subsidiary existed. Much work was stimulated by the 'Iron Cage' problem highlighted by DiMaggio, P., and Powell, W. (1983). The 'Iron Cage' is an allusion to the isomorphic tendencies of an environment or context which pressurises a firm to act in an accepted manner and do the 'right thing'. The purpose of becoming similar to the competition is carried out in order to gain acceptance and legitimacy within that context even though the action might be a sub-optimal pathway for the firm. This implies that all the firms within the environment tend to become the same.

Further development saw the research of H.Q.S relationship as being part of the institutional framework surrounding the units in the form of organisational fields. It is how these institutional arrangements affect the control and balance between the H.Q. and the Subsidiaries which have their own pressures in its relevant (local) organisational fields. (Kostova, T. Roth, K., and Dacin, M. T. 2008).

### **Research Gap.**

*There is a research gap in this area regards the institutional factors affecting the transfer of processes and activities, that is 'organisational practices' between the H.Q. and Subunit at the level of workforce implementation & internalisation. The Institutional framework is used*

*to view this phenomenon and how it is affected by conformity driven explanations stemming from the institutional concept of isomorphism. A basic question is 'in what circumstances might there be a problem with the transfer of either processes or activities within a MNC'? The aim of the research is to investigate the workings of the organisational field relationships when looking at the operations of a corporation and the impact of the institutional pillars of regulative, normative or cultural cognitive domains have on these relations when processes and activities are exchanged or transferred.*

This research began by considering the general question of how legitimacy and isomorphic factors affected the relationships of a MNC. The research developed into an investigation of the influence of Institutionalisation on the relationships between the respective Organisational Fields involved within and across the organisation. As there was limited specific theory development on this particular subject an exploratory, Grounded Theory methodology was adopted to try to disentangle some contradictory elements that seemed to be evident within the recorded semi-structured interviews. The main contradictory problem was that generally in the interviews from both subsidiary company sites the answers suggested that there was complete accord of views and goals within the organisations. On further and deeper investigation some major disagreements and tensions were revealed.

#### **African Context.**

The research is based on interviews set in a West African context in the country of Ghana. Research in the area of the world is focused on the growing cultural and institutional heterogeneity between home and host countries in emerging economies. (Ayentimi, D. et al, 2018). This heterogeneity has an effect on the policies of the MNC, the transfer of practices and knowledge sharing capabilities which can cause tension and disruption to the organisation.

*This relatively new area of interest to International Business research and is particularly concerned with the emerging economies and their relationship with similar economies as well as organisations of developed economies. In order to investigate this other aspect of the institutional and cultural complexity this research was able to encompass subsidiaries in Africa. Semi structured interviews were held in the Ghana subsidiaries of the South African multinational MTN and the British Blue Skies company. The research contributes to an interesting, non-traditional perspective of relationships in the context of West African counties. Ghana is an example of a country which is a rapidly developing and attempting to become a greater part of the international economy.*

## **Research Rationale.**

*Much of the motivation for this research stems from spending many years not only studying but also teaching economics and International Business to University students and becoming fascinated by the organisation and operation of firms with particular reference to Multinational Corporations. These global behemoths move relentlessly to control more and more of the world's resources and output. These organisations are on a scale and complexity that is hardly comprehensible to an individual and so it would seem there is an imperative for a continuing investigation of this phenomena that has such a major impact on the global population. (The Analytical AMNE database, OECD, 2017). It must be right that we do our best to understand the 'Janus Face' of these organisations. These organisations that on the one hand have helped develop economies and arguably propelled millions of people out of poverty but on the other hand have wrecked habitats and squandered scarce resources around the planet. (Eden, L & Lenway, S. 2001).*

Another important facet of the MNC is its interaction with the people and institutions of different countries and how those interactions reveal that there may be universal rules and actions that apply to most organisations. Conversely however there are particularities; peculiarities that can have a major impact on the functioning of these groupings. It is posited that the degree of legitimacy revolves around the institutional pressures that determine the particular view of reality that a population or group accept and operate by. It is the aim of this research to contribute to the unravelling of the complexities which make up the routines that can be of benefit to the population by creating stability for instance or a cost by denying opportunities. (Scott, R. 2008).

As previously mentioned the research data obtained from the semi structured interviews in Ghana pointed to highly legitimised organisations which nevertheless had specific relationship problems within its ranks thus casting a light on the complexities emanating from its differing cultures and institutions.

*Some of the previous research suggests that tensions arise when there are competing logics in an organisation and the outcome of a particular order or directive depends upon the composition or how strong the group is that represents a particular logic. (Pache & Santos 2010). This research goes to another level of investigation which is not necessarily concerned*

*with group composition but with the institutional root reflected in the orders or directives. The Problem Statement that arises from the literature on legitimacy concerns the role of an institutional framework and how it can be applied within a given context to assess the level of impact of either the Regulatory, Normative or Cultural/Cognitive pressures. These three pressures may be referred to as institutional 'domains'. What, in turn then, do these domains have upon the legitimacy responses by way of implementation and internalisation of different HQ processes and activities.*

### **Contribution.**

*This research will seek to contribute to the development of an Institutional Framework which will allow the further in-depth investigation of factors affecting organisational legitimacy and more specifically add to the theory of MNC legitimacy. The African context makes use of little explored MNC subsidiaries within emerging economies specifically of West Africa. The work particularly contributes to the understanding of the processes of maintaining legitimacy within multiple levels logic of organisational fields, (levels). The institutional framework is set in the context of constructivist reactions to pressures of Regulatory; Normative and Cognitive domains. A novel Data Structure using the Nvivo package allowing for a 'willing or witting suspension of belief' so as to construct an inductive exploratory Grounded theory analysis from the interviews.*

### **Research Aims and Objectives.**

*From the literature such as that of Gooderham, P; (1999; 2009). Kostova. T. (1997; 1999; 2002; 2008; 2020), Pache, A- C. & Santos, F. (2010; 2013, 2021) there is a general call for further research in Organisational Legitimacy which can develop the understanding of the elements of a theory of legitimacy. There is a deficit in both the theoretical and practical causes of legitimacy. It is suggested that there should be more effort to uncover the factors that cause difficulty in establishing and maintaining legitimacy and from this understanding it could be possible to develop strategies to respond to or prevent legitimacy problems.*

*From this suggestion this research will seek to investigate the specific factors of Institutional legitimacy and focus on regulative; cognitive and normative pressures and how they might be addressed in a practical sense. The research question arising from this line of investigation might be constructed as follows:- 'An exploratory investigation into how the implementation and internalization of processes and activities within a MNC are affected by the regulatory, cognitive, and normative domains of Institutionalism'.*

***The objectives are set out as follows: -***

*To review the literature on Institutionalism, legitimacy, constructivism and how it might impact on the transfer of activities and processes with regard to implementation and internalisation.*

*To investigate and assess the existing research and models appropriate to African subsidiaries situation and the particular context within their developing economies.*

*To develop a suitable framework and model that is appropriate to carry out the research on legitimacy problems of MNC HQ and subsidiary relationships within an institutional context.*

*To conduct semi-structured interviews in order to generate data for analysis with respect to the investigation of the impact on regulatory, normative pressures, and cognitive/cultural pressures.*

*To develop a suitable analytical procedure using appropriate grounded theory technique.*

*To acknowledge the limitations of the study in a practical sense and from a reflective viewpoint. Additionally, to further highlight the contributions to this field of research as well as provide conclusions and directions for future research.*

### **Organisation of Thesis content.**

This thesis is organised on the basis of seven chapters which cover the background problem statement and the research gap surrounding the process and problems of implementation and internalisation of MNC Headquarters directives and activities into a Ghanaian subsidiary.

The research area and background problem are covered in Chapters 1; the Introduction. Chapter 2; the Literature review firstly critically sets out the Institutional framework and then develops the theory of 'action and motivation'. The final section critically assesses the work on implementation as opposed to internalisation and the role of conflicting 'logics' in organisational fields. Chapter 3; The theoretical framework tries to address the subsidiary's legitimacy aspects in a broader context. It sets out the context in which the Subsidiary is deemed to operate, that is within spheres of organisational fields. Chapter 4 investigates the methodological options and takes the path of exploratory, explanatory, qualitative analysis that leads to the use of constructivist grounded theory. Chapter 5 offers the analysis and findings that stem from the use of the qualitative Nvivo package and the subsequent evolution of the nodes which reflect the drivers of acceptance and rejection of processes and activities. Chapter 6 is concerned with the discussion and relevance of the findings with regard to the legitimacy of the subsidiary in a social context. Flowing from that is the contribution made to this area of research into the pressures of institutional forces on implementation and internalisation. Chapter 7, this is a reflection on what might be concluded from the data & analysis and the limitations of this particular project.

*This section also considers the likely contributions made to the research area such as the organisational legitimacy factors that may add to the development of the general theory of MNC legitimacy. More specifically there is an addition to the development of an institutional framework relevant to a MNC in context of an emerging market on the African Continent. How the Institutional domains of Regulation, Cognition & Normativity exert pressure on establishing and maintaining legitimacy. All together it is a contribution to the understanding of legitimacy at multiple levels of organisational fields.*

## **Chapter 2. Literature Review.**

### **Introduction.**

This Narrative Literature Review is a report that seeks to summarise and critique the literature on the topic of MNC and Subunit relationships. It endeavours to provide a broad overview of the topic and address the main issues associated with the topic which has been distilled from the relevant and appropriate academic articles. There are four types of Narrative Review which are i) General; ii) Theoretical; iii) Methodological; iv) Historical Narrative. In this situation the Theoretical narrative is not useful as there is limited amount of developed theory associated with this area of research. The Methodological narrative is a description of the research design and methods found and used in the extant articles. Such knowledge is lacking in this area of research so that 'best options and possible directions are not forthcoming. The Historical narrative looks at the literature in historical context, in some form of chronological order and future research is situated as part of an historical process. This research will utilise the traditional method of the General Narrative of a Literature Review. The method tries to give a critical account of the salient, the most important aspects of the present interpretation of the available knowledge on the theme or topic of MNC relationships. The understanding that propels the General literature review is the substantive findings which are investigated through the framework of concepts, theoretical and methodological structures developed around the research area and objective. This review is the underpinning of the thesis argument. (Onwuegbuzie, A. Frels, R. 2016)

The Literature Chapter seeks to firstly assess the extant theories which illuminate the standing and position of the Multinational Corporation within the global economy. To this end the MNC definitions are firstly considered. This reveals that the MNC as an entity is difficult to encapsulate and situate in one particular role in an economy. Because of this multifaceted aspect of the MNC there is a need to address the various forms and theories that have been established. These forms range from the rent seeking unit of the neo classical firm through a range of roles and internal structures to the MNC that is a politically driven constellation of production units. In order to research the MNC phenomenon and the substantive internal relationship which is deemed to be between the Head Quarters and the Subsidiaries the lens of Institutionalism is used as an investigatory tool to assess relationships between the stakeholders associated with the H.Q. and Subunits.

The Institutionalism has some theoretical problems. Firstly there is the question as to what level does the effect of the stakeholder's relationships primarily take place? There is the sphere of the global economy; the industry field level; the country sphere and the intrafirm level. Kostova (2008) states that the organisational field dimension is not relevant because of the multitude of organisational field to which a MNC belongs. This research will argue that it is legitimate that the concept of organisational field can be used as an area for investigation when the MNC is looked upon as having a global identity and operates in a self-identifying entity.



One continuous and major aspect that confronts a MNC identity is the problem of 'legitimacy' to operate in different countries and cultures. The research addresses the concept of both the liability and advantage of foreignness and how that legitimacy is accommodated by institutional factors. These factors are set out from primarily the Neo Institutional viewpoint which has been developed from the Old and New Institutional stance such that Neo Institutional embraces the progressive combination of 'the balance of interests' and 'legitimacy' as sources of inertia. (DiMaggio, P. and Powell, W. W. 1991).

These institutional mechanisms for 'humanly devised constraints that structure people's interaction'; North (1990) are observed through the concept of the three pillars; Regulative; Normative and Cognitive using the processes of Orders, Obligation and Orthodoxy respectively. The Three Pillars offers a framework with the potential to assess the MNC's relationships.

Following on there is a development of the micro-foundations of the research into the substantive relationships. Here there is a discussion on the development of a 'Theory of Action, Motivation and Behaviour'. The outcome is an acceptance of Powell and DiMaggio's 'Theory of Practical Action' which is believed to underpin the micro-foundations. This basis leads to the promotion of the general concept of Social Construction whereupon it is understood that there are multiple realities in joint existence derived from individuals experience and meaning. This notion is strongly related to the cognitive aspect of Neo Institutionalism. The next stage of this chapter goes on to look at the practical side of the research by assessing the relevant articles such as Kostova's (1999) Transnational Transfer of Strategic Organisational Practices and Pache, A.C. Santos, F, (2010). When Worlds Collide.

The theoretical framework chapter sets out to establish a concept based on the Organisational Fields that impact on the MNC relationships through the idea of Institutional Hubs. To tie in this idea with the three pillars process of institutionalisation the concept of Dominant Logics is proposed and linked with pillar alignment with the range from conscious to non-conscious processes of decision making and action. It is then suggested that the outward signs of and indications of the decision-making process and trends is revealed using Scott's elements of Social Constructors and Carriers.

The coding analysis of the interviews will in the first instance look for these constructors and carriers to assess on what basis action within relationships is taken and if the main 'driver of the action' is the Regulation, Normative or Cognitive pillar or domain.

## **Definition and explanation of Internalisation.**

*For the clarity of the positioning of the argument there must be a clear distinction of the term 'internalisation'. Within the MNC literature there is reference to a traditional form of internalisation. This particular process initially revolves around the debate about Coase's transaction costs & especially the work of Peter Buckley. Internalisation theory here refers to why firms & multinational corporations exist. This definition is used to describe this particular mechanism of Internalisation: -*

*Internalization theory has long provided one of the main theoretical rationales for the existence of the multinational enterprise. It is founded on the basic idea that the exploitation of firms' knowledge-based assets across national boundaries is often most efficiently undertaken internally within the hierarchical structure of the multinational enterprise (MNE). The internalisation approach to modern theory of the multinational enterprise rests on two general axioms: (1) Firms choose the least cost location for each activity they perform, and (2) firms grow by internalising markets up to the point where the benefits of further internalisation are outweighed by the costs. (Buckley, P.J. 1989. Buckley, P and Strange, R, 2011) Journal of Management Studies 48:2 March 2011.*

*With regard to this thesis one of the major planks is the possibility of Regulative, Normative & Cognitive/Cultural domains & conduits of an institutional framework having varying effects on the 'Internalisation' process at a psychological level of the agents rather than the mechanical level associated with the transaction costs theory. This thesis centres on the Internalisation Process as applied to the acceptance of a practice or process visited on a workforce. To highlight the distinction between the transaction cost internalisation of Buckley et al. this thesis will take the line offered by Tatiana Kostova (1999) in her Transnational Transfer of Strategic Organizational Practices.*

*Here it is posited that Tolbert & Zucker conceptualise 'practice adoption' with two dimensions – 'implementation and internalization'. Implementation is expressed in the external and objective behaviours and the actions required, or implied, by the practice. Internalization is that state in which the employees at the recipient (subunit) view the practice as valuable for the unit and become committed to the practice. The positive perceptions about the value of the practice reflected in internalization are important because of their "action-generating" properties that facilitate not only the initial adoption of the practice but also its persistence and stability over time' (Tolbert & Zucker, 1996) Kostova gives her own definition of Implementation and internalization. 'I define implementation here as the degree to which the recipient unit follows the formal rules implied by the practice; hence, it is reflected in certain objective behaviours and actions at the recipient unit. Internalization is that state in which the employees at the recipient unit attach symbolic meaning to the practice - they "infuse it with value" (Selznick, 1957). A practice becomes infused with value when it is accepted and approved by employees, when the employees see the value of using this practice, and when the practice becomes part of the employees' organizational identity'. (Kostova, T. 1999)*

### **The Research Gap.**

*The research gap to be investigated stems from the title of the thesis; 'How Is the implementation and internalization of process and activities within a MNC equally affected by the regulatory, cognitive, and normative institutional domains'? It revolves around the responses that a workforce might adopt to any particular directive or mandate that H.Q. might impose on a process or practice. The first question is to ask if the workforce have any reaction or do they passively accept all directives and mandates. If there is a reaction are some directives & mandates rejected. Finally, is the directive or mandate rejected on the basis of it being rooted in a Regulative dimension or domain, a Normative dimension or domain or a Cultural/Cognitive dimension or domain. Is it the case that legitimacy of an action is more important when associated with a Regulative, Normative or Cultural/Cognitive domain? It would appear that much of the work in this area is still based on Oliver's paper on Strategic Responses (1991). The five responses to new strategy being Acquiesce, Compromise, Avoid, Defy, Manipulate. There seems to be two strands of research, one associated with Tatiana Kostova (2019) & various forms of 'Institutional Distance' for implementation and internalisation about typology, categorisation & measurement. The other strand seems to be promoted by Anne-Clarke Pache & Filipe Santos regarding 'Conflicting Demands & Responses'. (2021). Much of this latter work concerns means and goals.*

*To some extent the work here does not lend itself so much to this present debate is due to the perspective that is taken. This research is concerned with the 'psychic' (internalisation) aspect of Institutional Theory (Kostova, 2020, p468). The work attempts to investigate the elements of an organisational field, such as the Subunit, and when/why the Subunit will confront/react to the orders & directives of the H.Q. It is investigating what may be termed as the 'legitimacy breakdown' arising from either regulatory based, normative or cognitive/cultural based associated task implementations / capabilities transfer.*

*The thesis title as it was developed from an older Kostova paper (1999) might appear to be lacking in immediate and novel relevance however this area of research still appears not to have been investigated in any great depth. This is why the research question may have only marginally evolved and be reflected as follows:- 'An exploratory investigation into how the implementation and internalization of processes and activities within a MNC are equally affected by the regulatory, cognitive, and normative dimensions or domains'.*

## **Definitions of the Multinational Corporation.**

There are a number of definitions which can be applied to the Multinational Corporation (MNC) such that 'MNCs are firms which own and control income generating assets in more than one country'. (Dunning 1974). Additionally, Lilienthal, D. (1985) defines MNCs as firms 'which have their home in one country but which operate and live under the laws and customs of other countries as well'. A third definition of a MNC can be described as an organisation being 'made up of a parent firm located in one country and a cluster of affiliated firms located in a number of other countries'. (Vernon, Wells and Rangan, 1996). The main characteristics drawn from these statements are firstly, that the MNC operates in a number of countries and is thus dependent on the concept of the nation state for an intrinsic definition of a Corporation. The MNC also has been classed in the neo classical economic paradigm as a 'unitary form' and a rational, strategic and social actor (Gooderham, P. et al 1999). To a great extent these definitions offer only a broad outline of the phenomena, it seems that it more easily allows the classification of that which is not a MNC. These definitions do not tell us a great deal about the core elements and relationships of the MNC as an organisation. (Walgenbach, P. et al. 2017).

Walgenbach (2017) proposes that the MNC is not a unitary entity but a constellation of agents in the same network but some parts being either more local or global than others. (Dunning, J. H., and Lundan, S. M. 2008. Powell, W. W. 2001). Given the threshold definition 'that a MNC owns and controls income generating assets in more than one country'. That is to say that the MNC at least has some sort of a foreign aspect it can therefore be suggested that an individual MNC is at some point on a continuum between substantially globally oriented or locally oriented. The MNC definition can be achieved by self-identification through the perspective taken by the form of processes and functions carried out within the organisation. (Drori, et al. 2014; Walgenbach, P. et al. 2017) For example these processes might be within the HRM and the Marketing section of the firm. Such processes will be revealed in the level of global advertising and the planned expat to local staff ratios. This functional aspect is combined with the actions taken by the professionalised managers and their relationships, including the Corporate Social Responsibility and Corporate Political Strategy operations, which are set up within their specific Organisational Field. (Edman, 2016).

*This 'Self-Identification' is not necessarily all about the level of the functions and strategic operations that is undertaken by the firm. It also can be reflected in the makeup of the management teams as previously mentioned and the communication process and language used for operations which then ties in with the mono or polycentric state of mind held by the professionalised management. (Perlmutter, 1969. Walgenbach, et al 2017). This perspective of the MNC can account for a number of criticisms targeted at the neo institutionalism's method of analysis such as dealing with the problem of multidimensionality and the many or excessive number of related Organisational Fields. (Kostova, T. et al 2008).*

### *Why self-identification?*

*The Self-Identification definition as proposed by Walgenbach (2017) is a particularly relevant proposal in that it has the notion of the organisation being at some place on a continuum between substantially globally oriented or locally oriented. That is the degree of global orientation. The global orientation of the corporation is not just a way of describing functional or operational globality. The level of global orientation accounts for the multidimensionality of contemporary global environments where global and local are not opposites but are rather co-constitutive, self-reinforcing and intertwined into glocal forms (Drori et al., 2014a, 2014b). This view of the MNC allows for a degree of flexibility which fits in with an investigation through the lens of institutionalism and the levels of legitimacy that the organisation has to deal with in its various units within the relevant organisational fields.*

### **Theories of the Multinational Corporation.**

When investigating organisations such as MNC there are a number of perspectives from which to view the corporation. Economic theories tend to conceptualise the MNC as a set of rational actors making efficient decisions in some way so that their objective is to increase the economic performance of the firm. An additional concept is that the firms' structure is dominated by the Headquarters with the subsidiaries in a subordinate role. (Vernon, 1966). Within this economic category there is the theory that the MNC is a monopolistic firm seeking market power, (Hymer, S. 1976). There is also the coordinating theory that looks on the MNC as a hierarchy that develops relationships such as internalising activities on the basis of transaction costs. (Williamson O.E. 1975. Buckley and Casson 1991).

The evolutionary viewpoint considers the firm that seeks value creation based on the levels of organisational capability. (Barney,1991. Teece, 1997). This is the firm that relies on finding a strategic fit appropriate to its environment and changes to that environment. This arrangement is accounted for by the contingency theory of the MNC. (Stopford and Wells, 1972. Bartlett and Ghoshal, 1981). The MNC is a firm that can be also seen as a web or network of relationships that holds together the 'value adding' activities of the various unique resources and capabilities held by the MNC's units, (Cyert and March, 1963; Forsgren et al, 2005). The subsequent 'principal – agent' view is the resource dependency outlook that considers MNC subsidiaries as interdependent, exchanging resources and also relying on the HQ to add its own expertise on obtaining and distributing resources. These themes all have valuable insights to offer into one of the major institutions of the global economic system. (Forsgren 2013).

Traditionally international management research has developed from a neo classical economic foundation. (Gooderham, P. 1999; Peng et. al. 2009). There have been two influential trends within this paradigm; the Industry Based framework (Hymer, 1976; Porter, 1980) and Resource Based framework, (Barney, 1991; Teece et al; 1997). These frameworks

are generalizable at firm and industry level and they have been successfully applied to the investigation of a Multinational Corporation (MNC). The underlying concepts nevertheless still have their roots in the idea of traditional rationality, leading to an efficiency seeking, profit maximising organisation. The process and objective is derived from marginalist neoclassical market economics. (Forsgren, 2013. Powell, W.W. Di Maggio, P.J. 1991). It is the case however that much of these conceptual frameworks do not address the political and social relationships of the internal, external and boundary spanning processes that take place within and around the organisation. (Peng et al 2009; Dunning and Landan 2008).

### **Identity of the MNC**

Roland Robinson first promulgated the word 'Glocalisation' at a 1997 conference on "Globalization and Indigenous Culture". Walgenbach further advances the concept of 'Glocalisation' when he posits that a MNC can be placed at some point on a continuum between a 'totally globally oriented' firm in contrast to the other end of the spectrum, 'a totally local oriented' firm. To some extent the 'constellation' of subunit which make up the MNC is achieved by self-identification through actions taken by the professionalised managers and their relationships within their related organisational field. This self-identification is not necessarily about the level and process of the functions and technical operations undertaken by the firm but is reflected more in the makeup of the management teams, the language used, the variations between the ethno, poly and geocentric state of mind. (Perlmutter, 1969) It also includes the level of involvement in aspects such as Corporate Social Responsibility and Corporate Political Strategy. (Walgenbach, et al 2017).

The class of Professional Managers are a system or class of managers in the host and home countries whose aim is to combine the 'give and take' of 'long-term relational contracting' over a 'short-term focus on results and market discipline'. (Powell, 2001). The traditional view of the MNC as a rational strategically-acting entity, seeking profit, with a headquarters in the home country and activities in various host countries would seem to be an overly rigid categorisation of the organisation. The importance of the 'Professional Class' of managers is that it underpins the concept of the Multinational Corporation as set out within the terms of 'Glocalisation'. (Walgenbach et al. 2017 Delmestri, G. 2006).

To summarise; the traditional theory of the hierarchical profit seeking MNC as noted and described by Kostova (2008) is limited in its ability to assimilate the complexity and diversity of the modern organisation. The traditional description would restrict investigators to unhelpful linear pathways on institutional matters such as rigid Organisational Field's, isomorphism and legitimacy processes. A MNC should, in the first instance, be looked on as an organisation based on the 'strength of its orientation'; that is the balance between Global and Local intention and action. (Walgenbach et al. 2017 Delmestri, G. 2006).

It is argued that the MNC is then still open to complex organisational field relationships as well as the related isomorphic process of legitimation. As such the professionalised

management still has to balance the needs of the host country subunit, home country H.Q., the Global MNC Organisational Field and the intra-organisation of the MNCs internal environment. Walgenbach, et al (2017). However, with the alternate perspective of the global/local MNC being a constellation there is a sense that various levels of legitimacy and of isomorphism are prevalent in the institutionalised world of the MNC and it is possible that these many relationships are able to exist at the same time; concurrently. (DiMaggio, P. J. 2009).

### **Institutional Based View.**

In order to understand more clearly the intricate workings of a MNC firm another approach is needed which is above and beyond the aforementioned rather mechanical process of the functional, profit maximising objective. To this end there has been much research activity for over more than three decades regarding organisations through the perspective of the New or Neo Institutionalism paradigm. (Kostova, T., Roth, K., and Dacin, M. T. 2008; Meyer and Rowan, 1977; Powell, W.W. Di Maggio, P.J. 1991; Zucker, 1977; Scott, 2008.).

Peng et. al. (2009) proposes the idea of the Strategy Tripod which offers an assessment of the role of the institution relative to the alternate extant paradigms. The first two elements of the 'Tripod' consist of the Industry Based and Resource Based paradigms which have been developed around a firm's Organisational Strategy. The Industry and Resource Based viewpoint, although important for strategic analysis, tends to develop around and focus upon the 'here and now' and process of 'best practice' (Ingram, P., and Silverman, B. 2002). These two approaches lack an appreciation of the historical precedents that influence the firm's actions. The theories assume that when processes and activities are transferred and applied to subunits across the globe there is no reason to believe that the fit will not be seamless as rational forces come into play at an intra-multinational corporation level. These theories also suggest that the management will look upon the legitimating/acceptance process as an asset that can be acquired by investing in an asset building procedure and thereafter the legitimating process can be manipulated as a resource. (Peng et. al. 2009; Gooderham, P, N; et al. 2019), A framework for comparative institutional research,

As an alternative to the Industry and Resource Based concepts Peng argues that the 'Institutional Based View', unlike the two other paradigms extends to embrace the historical, political and social sphere of the firm's operations. As such the Institutional view takes the investigation of firms into the areas of context, environment and historical construction which underpin the development of any firm, (Scott, W. R. 2008. Gooderham, Paul N.; et al, 2019). As noted by Peng these are forces that are barely addressed by the Industry and Resource Based analysis. (Peng, et al, 2009: Dunning, J. H., and Lundan, S. M. 2008). It is argued that an organisation such as Multinational Corporation cannot be fully

understood in solely in terms of aims and objectives but should be looked on as a living, organic whole. With this holistic approach the Corporation can be investigated through the lens of institutionalism where a paramount contention is that the institutional arrangements impacting on a firm are seen as a replacement for the market. It is the institutional arrangements that maintain some form of effective economic order. (DiMaggio and Powell, 1983; Gooderham, P. et al 1999).

**The framework of Institutionalism.**

The work of Douglass North provides an economics-based definition of an institution, which he defined as ‘the humanly devised constraints that structure human interaction’. (North, 1990). Moreover, the organisational sociologist Richard Scott (Scott, 1995) describes institutions as the ‘regulative, normative and cultural/cognitive structures and activities that provide stability and meaning to social behaviour’. Institutions then, may be described as symbolic frameworks that give guidelines, pathways and some certainty for human behaviour which in turn provide the foundation of social life. (Campbell, 2004). Institutionalism has evolved over time and has gone through three phases of development each termed Old Institutionalism, New Institutionalism and Neo Institutionalism.

**Table 1.1 The Old and the New Institutionalisms**

	Old	New
<b>Conflicts of interest</b>	<b>Central</b>	<b>Peripheral</b>
<b>Source of inertia</b>	<b>Vested interests</b>	<b>Legitimacy imperative</b>
<b>Structural emphasis</b>	<b>Informal structure</b>	<b>Symbolic role of formal structure</b>
<b>Organization embedded in</b>	<b>Local community</b>	<b>Field, sector, or society</b>
<b>Nature of embeddedness</b>	<b>Co-optation</b>	<b>Constitutive</b>
<b>Locus of institutionalization</b>	<b>Organization</b>	<b>Field or society</b>
<b>Organizational dynamics</b>	<b>Change</b>	<b>Persistence</b>
<b>Basis of critique of utilitarianism</b>	<b>Theory of interest aggregation</b>	<b>Theory of action</b>
<b>Evidence for critique of utilitarianism</b>	<b>Unanticipated consequences</b>	<b>Unreflective activity</b>
<b>Key forms of cognition</b>	<b>Values, norms, attitudes</b>	<b>Classifications, routines, scripts, schema</b>
<b>Social psychology</b>	<b>Socialization theory</b>	<b>Attribution theory</b>
<b>Cognitive basis of order</b>	<b>Commitment</b>	<b>Habit, practical action</b>
<b>Goals</b>	<b>Displaced</b>	<b>Ambiguous</b>
<b>Agenda</b>	<b>Policy relevance</b>	<b>Disciplinary</b>

(Scott 2008)



### **Old Institutionalism.**

Institutions are 'routine systems and processes' that establish ways to deal and cope with the multiplicity of human existence, (Scott 2008). The complexity of the environment in which we exist is in contrast to the inability of human beings to absorb and assess all the available information needed to make many of our decisions. It is not surprising then that humans have developed ways in everyday life where it is acceptable, even necessary to perform common routine tasks and play out repetitive processes in order to maintain individual and social equilibrium. To this end Institutions are formed to simplify and facilitate the interface of human endeavour and their environment. (Simon 1945).

The early, economics based, Old Institutionalists did not accept the neo classical concept of equilibrium within systems. They were more attuned to the process of evolution and fundamental changes that can take place over time. Their focus was on coalitions and competing values and the levels of influence and power within informal structures. (DiMaggio and Powell 1991).

In order to capture this aspect of coalitions and power old institutionalists tended to use case studies as the main method of investigation. (Marx, 1844/1972; Durkheim, 1949; Weber, 1968; Parsons, 1951). Much of their work, although rooted in practical, pragmatic investigation, was associated with 'normative' statements regarding 'what ought to be'. On the other hand, if they had adopted the 'positive' perspective of 'what is' this method may have facilitated a greater tendency towards the practice of theory building. (Coase 1983).

As it is, with the normative or value judgement-based process, the Old Institutionalists could be accused in some respects of having a deficit in analytical rigour with regard to their scholarship. This being the case the Old Institutionalists School was found lacking when faced with the general, all-encompassing assumptions and theoretical abstracts of the neoclassical economic belligerents. These economists had at their disposal the powerful tools of marginal analysis, (Ricardo,1817) and the General Mathematical Theory of Political Economy, (Jevons, 1862) and the 'reasonable' concept of the 'Rational Economic Man'. (Hollis and Nell, E. 1979). The perceived 'flabbiness' of the Old Institutionalists led Ronald Coase to declaim that:- 'without a theory they had nothing to pass on except a mass of descriptive material waiting for a theory or a fire'. (Coase 1983).

Despite these drawbacks many of the old institutionalist authors such as Schumpeter, Galbraith and Myrdal continued to vibrantly describe events and techniques in a way that contrasted well with the dominant neoclassical economic order. Their work in some cases gave much more insight into the 'black box' that represented the firm and its environment, (Swedberg 1991). Neo- classical economics had adopted the production-function maximising view of the firm. Here the firm was considered an area of unknown internal activities that efficiently transformed inputs into outputs. To some extent it was because of the challenge that Ronald Coase (1983) and Oliver Williamson (1975; 1981) levelled at the old institutionalist that there developed a strong retaliatory thread of research in the

institutional tradition aimed at maintaining the emphasis on the firm's internal organization, (Scott, 2008). This impetus led to the development of New Institutionalism where people/labour are considered more than passive actors and that they do have a degree of agency apart and away from the efficiency constraints of the production function,  $Q = aK + bL + X_1 + X_2 + \dots + X_n$ .

### **New Institutionalism.**

It was not until the nineteen seventies that the New Institutionalism significantly takes shape as an analytical process of research. (Meyer and Rowan, 1977, Zucker, 1977). This form of institutionalism has pursued research along a more rational route concentrating on the concepts of legitimacy and embeddedness within Organisational Fields. These concepts require an understanding of scripts and schemas and firm classification which takes us into the realm of rules and values in terms of orthodoxy and expectations. (Scott 2008).

For the new institutionalists it is the institutions established through the organisations that underpin the business environment, not the market. In turn the institutions have a strong influence on individual agents and their decision making. Contrary to neo classical premise of 'rationality, efficiency and benefit maximising', Institutionalists consider that if there is a non-maximising force such as isomorphism brought to bear on organisations and individual agents the proposed objective of 'profit maximising' is not necessarily the ultimate outcome. With the application of institutional analysis it can be seen how scenarios with alternative objectives to profit maximisation are tolerated and maybe prevalent in the business world. (March and Olsen, 1984). The view is that, through interaction, organisations develop a mutual awareness that they are involved in a 'common domain or area'. Within this common domain, within this context, there are social forces that influence, even direct, agents to act according to the rules of the game and subtleties of the culture and values. (DiMaggio, P., and Powell, W. 1988). This is in a somewhat similar manner to firms that exist in an oligopoly structure. The managers understand that they are in an interdependent domain and have the option of competition but are more likely to choose a strategy of tacit collusion. (Pindyck, R and Rubinfeld, D. 2001).

Generally, we can say that the comparison with 'neoclassical economics' and 'institutionalism' is that the former searches for the 'general and timeless' whereas the latter concentrates upon the 'particular and temporal'. (DiMaggio, P. J. 2009; Scott 2008) In this sense the 'general and timeless' view was embedded within the neo classical economic

concept of market forces and individual agents. On the other hand, new institutionalism looks for the particular theories and forms of hierarchies that can best suit a situation in an existing context. (Scott, 2008; North, 1989; Langlois, R, 1986).

Much early work of the New Institutionalists looked at political and legal systems. (Scott 2008). Subsequently and most importantly the field widened to embrace organisations in general which were considered as 'adaptive, organic systems affected by the social characteristics of its participants as well as by the varied pressures imposed by its environment' (Selznick 1948). This form of analysis then drew on the findings of Organisational Studies which researched particular and separate types of social forms. The approach was set out by (Selznick, 1957) who posited that organisations are 'social systems' that become institutionalised through the process of routine and repetition, later understood as 'structuration' as suggested by (Giddens, 1984).

A firm then can be considered a social system. An organisation such as a MNC is an institution that is 'a structure in which powerful people are committed to some value or interest' according to Stinchcombe, (1968: P107). This definition of the old institutionalist imbues the institution with some element of agency within its structure. The concept considers the institution as being stable and with a clear set of rules that protects the values and interests of the powerful. For the new institutionalists the institutionalisation of an organisation sees the development of procedures, goals and values for firms in the common domain or area referred to as the 'organisational field' which in turn creates certainty and stability for its members. There is however a drawback as this routine of certainty within the organisational field gives rise to the notion of the 'Iron Cage', (DiMaggio and Powell 1983). It means that the organisation faces 'constraints and limitations' due to the forces of isomorphism arising from the process of acquiring and maintaining legitimacy. Here the elements of the organisation relinquish diversity and become similar to its near neighbours. (Weber, 1924/47: Parsons, 1960).

From a New Institutional viewpoint the 'organisation' is infused with a system of beliefs or 'schema' and frames of reference as to what is common to a particular type or class. Parsons took the idea of the cultural institution and related it to the social aspect of the organisation. He then expanded the argument to state that being 'social' the organisation would be dependent not only on its internal resources and procedures for obtaining its objective but would also be subject to the external environment such as that of a foreign country. This view reinforces the idea that any organisation, which in turn is social, will be influenced by the outside pressures of its external environment. (Parsons,1960a). This then means that a firm's outcome is not necessarily wholly dependent on rationality, efficiency and objective maximisation but may in fact be exposed to subjective serendipity and 'social facts'. (Zucker, 1986).

## **Neo Institutionalism.**

The theory of neo institutionalism tries to provide a convergence, a synthesis of both old and new institutionalism. Scott went as far to suggest that neo institutionalism involved all the elements of the two preceding theories. (Scott, 1994). Di Maggio did suggest that in the process of moving from the old to the new institutionalism we may have lost something important. It is the neo institutionalism that tries to recapture these erstwhile important factors. (DiMaggio, and Powell, 1991).

From the neo institutional perspective it is possible to incorporate elements from both the old and new schools. From the old institutionalist school the investigation should include its major elements which would be concerning the vested interests and conflict. The new institutionalism provides the concept of Legitimacy, Organisational Fields, schemas, scripts, habit and a theory of practical action. Neo Institutionalism to some extent also moves the emphasis of the research from regulations, legal and economic perspective towards the cognitive and cultural viewpoint as the imperative for action and motivation.

## **General Organisational Field.**

From the table 1.1 there is reference to the Locus of Institutionalisation which for Old Institutionalists centres on the organisation but for the New Institutionalists it is the Field or Society that is important. It is the Neo Institutionalists that brings these two ideas together to form the concept of the Organisational Field.

A MNC Headquarters and its subunits can face global level, country level and firm level sets of stakeholder groupings. These are the agents that can directly confer legitimacy on an organisation. (Kostova, T. Roth, K., and Dacin, M. 2008). Di Maggio and Powell sought to establish that, as whole, these stakeholders are the components of the 'Organisational Field'. They defined 'Organisational Field' as 'those organisations that, in the aggregate, constitute a recognised area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organisations that provide similar services or products'. (Di Maggio and Powell, 1983. 1991). The Organisational Field constitutes an area of institutional life which is firstly founded on the concept of the industry but does have wider associations beyond what is statistically termed an industry as set out by the Standard Industrial Classification (S.I.C). (Hirsch, 1985)

The Organisational Field firstly consists of a class of agent that have a common meaning/belief system and as such it can be said that the Organisational Field has, or is an 'institutional system' of its own. The MNC may be considered a special case with regard to Organisational Fields as the firm is involved in many institutional contexts that would have separate, common meaning and belief systems associated with each Organisational Field. (Di Maggio and Powell, 1983. 1991. Scott 2008).

### **Legitimacy; Embeddedness. Global and Local Legitimacy.**

Belonging to an organisational field implies that a level of social acceptance has been acquired. It is important that the firm must fit in with its surroundings because most of human existence takes place within a social framework which in turn relies on its institutions, (Scott 2008). Entities and agents therefore need to fit in with their social framework in order to operate successfully without 'let or hindrance'. Social acceptance or 'Legitimacy' 'is a generalised perception of, or assumption that, the actions of an entity (MNCs) are desirable, proper and appropriate within some socially constructed system of norms, values, beliefs and definitions'. (Suchman 1995b:P574). Legitimacy is a generalised rather than a specific concept. 'Possessed objectively, yet created subjectively'. (Suchman 1995b). Furthermore, Zucker, (1977 p726) reinforced this by stating that 'social knowledge once institutionalised exists as a fact, as part of an objective reality'. This statement suggests that legitimacy and social acceptance is an understood element by society, which to some extent could be considered a measurable asset, (Kostova - Zaheer 1999). A tangential example might be that when a firm is purchased, the concept of 'good will' exists which is paid for by the buyer of a 'going concern' over and above the firms 'liquidation value' and is different from the net present value. This appears in the accounts but in essence is subjective. (Transfer a business as a going concern; VAT Notice 700/9)

The aforementioned general perception of legitimacy implies that a firm takes on a similar guise to its neighbours or competitors. The process of becoming as the others in the field and therefore gaining acceptance is the process of 'Isomorphism'. This is a situation where there is a tendency for all firms in an organisational field to follow the norm and become the similar. There is a need for legitimacy for a firm amongst its stakeholders such as shareholders, suppliers, customers, employees, government. (Scott 2008) This form of acceptance is Organizational Legitimacy, the acceptance of an organization within its external environment (DiMaggio and Powell, Rowan, 1977; Meyer and Scott, 1983b). As a foreign firm a MNC subunit has higher barriers to overcome compared to the natural embeddedness of a domestic firm. (Denk, N. et al. 2012. Hymer, S. 1976. Luo, Y. and Mezias, JM. 2002; Zaheer, S. 1995). Another aspect that the operations of a MNC is concerned with is its 'embeddedness' into the system of the economy and country. This is the ongoing structure of social relationships which is connected to its level of isomorphism. Embeddedness of a firm in a particular context shapes their structures, function and processes through the forces of social acceptability, legitimacy and 'the rules of the game' evoked by the institutions. (DiMaggio and Powell 1991; Granovetter 1985).

### **Liability and Advantage of Foreignness.**

The Alien MNC.

For a MNC being foreign is potentially both a hindrance and a help. In the first instance the 'alien' MNC will be faced with the stigma or liability of foreignness, (Hymer, 1976) which is a

problem. On the other hand the 'exotic' MNC can be considered an asset and give rise to the advantage of foreignness such as bringing in foreign exchange, new technology and labour practices. Whether the MNC is alien or exotic there is still a need for the firm to gain some level of legitimacy. (Regner and Edman, 2014. Edman, 2016)

Traditionally the belief was that in order to gain legitimacy entrants into an Organisational Field would need to show that they were like the other firms in the Field and as such would act in the same manner and in accordance with their domestic competitors to achieve acceptance. This is the process of adapting to the rules/order, appropriateness/obligation and 'taken for granted'/orthodoxy of the three Institutional Pillars which are Regulative, Normative and Cognitive/Cultural as discussed more fully later. (DiMaggio, P. J., and Powell, W. W. (Eds) 1991; Scott 2008). By showing a strong similarity or homogenisation to and with other firms and fulfilling the three pillar prescriptions there would then be no tendency to isolate the firm from the legitimacy within the Organisational Field. The drawback of course is that being the same as the other firms could nullify a firm's specific advantages in the market as well as complicating desired strategic organisational and productive process. Both these restrictions can lead to higher costs and implications for reduced competitiveness and may well require the use of a less efficient technique to carrying out tasks. (Goodenham 1999). The seminal text on the process of isomorphism is *The Iron Cage: Revisited*, (Di Maggio and Powell, 1983.) which in turn had built on the work of Max Weber. (Weber, M. 1968).

#### Exotic MNC.

A MNC by its definition has units around the world but within itself, it is an institution that has its own organisational field. It is these units of the MNC that form the constellation of the 'intra-organisational' field encompassing the corporation. These units when juxtaposed to any external organisational field raise the potential of conflicting logic and pressures for the relationship between headquarters and a subsidiary operating in a host economy. Some conflicting pressures must arise due to legitimacy concerns in various cultures.

Nevertheless, some form of legitimacy is necessary if extra costs are to be avoided irrespective of whether it is gained through host isomorphism or other methods and practices. Legitimacy gained gives comparable influence with domestic firms over access to resources, including employees, product consumers and external agencies including governments (Granovetter, M.1985). This being the case it means that it can be an important option that for MNC managers, as significant actors, are able to involve themselves in strategies of negotiation and manipulation with external agents. This is because in the host country's organisational field it is the stake holders who can fashion or socially construct levels of acceptance within a culture. If the managers can influence the stakeholder's acceptance without becoming 'the same' as domestic firms it means that being different can be transformed into an enhancing factor for what now could be termed the 'exotic' MNC. (Edman, J. 2016)

MNC and Individual Duality.

Having argued that MNCs can be perceived as both alien and exotic it would seem that there is a duality associated with Neo Institutionalism when looking at the role of the organisation. With Neo Institutionalism's focus on the cognitive aspect towards institutions there is a dominance of 'schema and frames' and these are regarded as paramount to guiding agents in the actions they take. (Scott, 2008) Institutions then are considered a phenomenon wherein there are largely 'taken-for-granted', culturally embedded understandings of appropriate social arrangements and behaviours and this applies to the MNC. (McGaughey et al; 2016). These outcomes as previously stated by North (1990) can be constraints to the 'alien' MNC due to its foreignness. The contradiction is that subsequent research has pointed to the possibility that the 'exotic' MNC where there are advantages of foreignness and hence opportunities for the organisation. (Edman, J. 2015. Edman, J. 2016. Regner, P., and Edman, J. 2014. Dunning, J.H. 1981).

A second duality concerning the individual can exist where an institutionalised organisation sets out the prevailing norms and values of Old Institutionalism or schema and frames of the Neo Institutionalism which in turn restricts an 'individual's thought and action'. On the other hand, it is argued that as institutions provide stability and support by setting out a framework of rules and roles within which individuals, as institutional entrepreneurs, can take purposeful and positive action towards their circumstances. (Scott, R. 2008). This is the 'duality' that must be accommodated when negotiating acceptance by a particular environment or organisational field and it is an aspect which is of interest with regard to the management of the constellation of the MNC.

To summarise, a MNC subunit/subsidiary strategy must deal with a number of Organisational Fields such as its internal 'intra- organisational' arrangements of the Corporation. This is in addition to the arrangements of the host countries and culture in which the subunit finds itself. The problem for the headquarters is that it has to work with or accommodate approximately as many countries and cultures as it has subunits/subsidiaries. (Kostova, T. etal 2008). Another consideration is the duality that exists because of the potential choice of the isomorphic pull of legitimacy or adopting strategies to avoid isomorphism. The alien aspect of a foreign MNC is where the firm has to become acceptable within the Organisational Field thus potentially curtailing some of its 'competitive advantage' but on the other hand being able to introduce some innovations due to its exotic status. In addition to this a second duality sees that the inhabitants within the Organisation can be restricted with their actions but there is also on offer levels of support and stability within the environment.

### **The Three Pillars of Institutionalism.**

This section sets out the fundamentals of the institutional concept of the three pillars which can also be regarded as domains. A subsequent section looks more closely at the practical, operational factors associated with each of the pillars which together maintain social order. (Scott, 2008).

To begin the investigation of the 'institution' phenomenon Scott, (2008) and others proposed the concept of the 'three pillars' concerning the process of institutionalisation. These pillars are 1) Regulation. 2) Normative. 3) Cognitive /Cultural. There is a similarity to DiMaggio and Powell's categories which describes the process of isomorphism and legitimation. These categories were; a) coercive isomorphism that stems from political influences; formal and informal sanctions. b) normative isomorphism which derives mainly from professionalism and accepted training regimes. c) mimetic isomorphism which occurs due to uncertainty so that one entity follows another in form and action. (DiMaggio and Powell's, 1983). Scott's expanded definition of institutions is that 'institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life' (Scott, 2008) because of their routine and legitimacy.

Different sociologists and organisational theorist will tend to highlight one particular pillar with the understanding that it is the driving force behind an institution's development and maintenance. Parsons and Selznick for example were Normative Institutionalists. (DiMaggio and Powell's, 1991).

Consideration of each of the pillars will be taken in turn and will be made with a view to forming an operational analytical framework that can be used to identify the role that each pillar and its process might have on how various HQ instructions are received and acted upon with regard to acceptance and legitimacy within the subsidiary. This in turn implies that the level of direct analysis will be concerned with intra-organisational relationship and the actions and processes within the MNC. Bearing in mind however that the subunit is also embedded in the related Organisational Fields which means that there is also a consideration of the inter-organisational (globalised field) level and the country (institutional distance) level Organisational Fields.

**The Regulative Pillar.** (Orders imperative) consists of the form of rules, laws and sanctions operating in an environment at the level of the organisation which is the institution under investigation.

'The rules of the game' can be either Regulative or Constitutive. Regulative rules influence the antecedent, existing activities and are used to impose order on established processes. For example, the setting up of the dollar as the legal tender for the USA. This was needed in so far as the exchange processes had developed, maybe using gold as the medium of exchange and so the dollar exchange medium was based on the preceding circumstances. On the other hand, Constitutive Rules are used to create opportunities. To create the very possibility of certain activities as with the establishment of the USA dollar gave rise to the respective financial markets and monetary policy which operates in that nation state. (Scott 2008). The Regulative pillar consists of rules, laws and sanctions which normally is



underpinned by monitoring and sanctioning processes that culminate with reward and punishment options. According to North, this pillar is analogous to the rules of the game in a competitive sport. (North 1990; p4). An Authority has control of a system of rules which is built up and is generally applicable to all organisations in the relevant industry. Legitimacy then comes about by abiding by the rules of the game. Alternatively, by not following the system and breaking the law the opposite effect can occur and lead to a loss of that legitimacy. Legitimacy in this case can be seen to be legally sanctioned and thus breaking these rules incur not only penalties and monetary costs but also the potential loss of legitimacy. (DiMaggio and Powell, 1983). Fig 2 sets out the main facets of the Regulative Pillar as well as the Normative and Cognitive/Cultural pillar.

**The Normative pillar** (Obligation imperative) is concerned with maintaining routine and certainty and gaining social acceptance by fitting in with 'how things should be done' or 'appropriateness'. This means that within an organisation, as with a society, there is a 'way of doing things' that has a legitimate 'means process' leading to 'acceptable ends'. Straight forwardly, it is a process for knowing what is accepted as right or wrong. A moral code. As previously mentioned Parsons and Selznick were considered Normative Institutionalists who emphasised that it was the norms and values which were the basis of social order. (DiMaggio and Powell's, 1991). Norms then are considered as the legitimate means to pursue goals and valued ends within a society. These normative rules are, in all, obligatory, evaluative and in some sense prescriptive. (Scott 1995). This gives rise to normative expectations of how specific actors should behave and in turn the norms give rise to specific 'roles' for particular actors. Along with norms there are sets of 'values'. Values are conceptions of the 'preferred or desirable' and are used to establish standards or benchmarks to which existing frameworks and actions can be compared to assess their appropriateness and therefore legitimacy. The Normative pillar, through its values and norms, provides a set of standards or benchmarks of what is preferred and appropriate in a society.

In order to achieve the standards and benchmarks which are deemed appropriate there are, for example, processes such as obtaining levels of certification and accreditation which are given as respectable standards set by governing or professional bodies. Additionally, specific roles for agents to play out are established so that with these elements there comes about a set of beliefs which are a prescription of what ought to happen and how it ought to happen. (Scott,1995).

**The (Cultural-) Cognitive pillar** (Orthodoxy imperative) relates to the 'common understanding' of a shared 'dominant logic' derived from the joint view of reality established by the community. (Vargo S and Lusch R 2004). Whatever the dominant logic of the situation; that is the logic which will give rise to the 'common understanding' of a socially mediated construction of a 'common framework of meaning' within the cultural

pillar. (Besharov, M and Smith, W 2014. Newenham-Kahindi, A. and Stevens, C.E. 2017. Purdy, J. M., and Gray, B. 2009).

These elements of an institution are shared conceptions and underlying mechanisms relating to the constitutive schema that make up the nature of social reality and the 'cognitive frames' (framework) through which meaning is made. (Berger,P. et al 1966) These meanings are taken from words used and the semiotics employed such as signs and gestures. The actor attaches meaning to this behaviour. In order to explain the actions one must take into account the objective conditions, context and the actors' subjective interpretation of the conditions. As an example, subjective interpretation may depend upon different gender or racial viewpoints. This leads us all to a socially mediated construction of a common framework of meaning; our reality. (Berger, P.L. and Luckman, T. 1966).

The 'thinking' or the cognitive dimensions of human existence interprets the received stimuli of the external world in order to give a response of the single organism which is a 'collection of internalised symbolic representations of the world' (Scott2008). This cognitive process is about humans doing what is 'a function of the human representation of its environment'. (D'Andrade,G, R. etal 1984). The process gives rise to the main element of the cognitive cultural pillar with regard to action taken and that is the notion of 'taken for grantedness' of the action of entities driven by the environment. Here it is argued that an entity or actor could not conceive of an alternate action but will and must adhere to the orthodoxy. This is in contrast to just having the desire to undertake the obligation or 'appropriate action' which is a term related to the normative pillar. (Scott 2008)

Fig 2. The Three Pillar Domains of the Social Framework

	Regulative	Normative	Cultural–Cognitive
Basis of compliance	Expedience	Social obligation	Taken-for-grantedness/ shared understanding
Basis of order	Regulative rules	Binding expectations	Constitutive schema
Mechanisms	Coercive	Normative	Mimetic
Logic	Instrumentality	Appropriateness	Orthodoxy
Indicators	Rules Laws Sanctions	Certification Accreditation	Common beliefs Shared logics of action Isomorphism
Affect	Fear/guilt/innocence	Shame/honor	Certainty/confusion
Basis of legitimacy	Legally sanctioned	Morally governed	Comprehensible Recognizable Culturally supported

(Scott 2008).

In order to get to grips with the Orders, Obligation and Orthodoxy revealed by the institutional domains there must be a discussion on the concept of rationality, human motivation and behaviour as they link neo institutionalism to human cognition or thinking processes.

**A Theory of action, of motivation and behaviour.**

For a full investigation of a topic it is useful to develop an idea of the micro- foundations of a macro-phenomenon. For these foundations the role of the human being is taken as a necessary component in the study of society and international business. A theory of action (of motivation and behaviour) is needed for the social and organisational scientist to construct theories of society including Institutionalism. At the beginning of the twentieth century the search for a theory of action (of motivation and behaviour) moved away from the idea that it was due to the aspiration ‘of the greatest happiness’ which was linked with utilitarianism. This was supplanted by a more rational idea of logical behaviour as the motivating force. (Parsons 1937).

The concept of the Rational Economic Man (Homo Economicus) (Hollis and Nell, E. 1979) is generally invoked in neoclassical economic theory. The assumption is that a person has the power to make rational or logical choices to maximise their individual utility or satisfaction via concepts such as ‘revealed preferences’ and ‘marginalism’. It is posited that Homo Economicus know what they want through free choice and it is their self-interest that allows them to maximise the benefit through the process of marginal utility, (Jevons, 1861).

Although certain branches of the social sciences propose functional explanations and will utilise this concept on the basis that people act 'as if' they were rational the concept does not resonate in more sophisticated models of human action and behaviour within organisations.

Both old and new institutionalism promote the idea that institutions constrain organisational rationality. Neo institutionalism however holds that the irrationality is due to the formal structure of the organisation and it is the importance of 'cultural accounts' which subvert the operators from carrying out their functions efficiently. Behind this then is the need to develop a practical Theory of (Human) Action, (Motivation and Behaviour). (Powell and Di Maggio. 1991. P15).

In order to allow for a shift away from strict but dubious rationality and logic as the 'ceremonial' modus operandi the concept of 'bounded rationality' was proposed by Simon, H. (1945). This meant that in so far as people intended and wanted to act rationally they find the task of obtaining all relevant information and synthesising it for practical use is beyond mental capacity and so failings in maximisation must occur. Luckmann contends that this leads to the recognition that an actor may not reach the optimum objective but will be satisfied to achieve something akin to an outcome in the same region as that optimum. (Luckmann, N. 1979). This point does in fact open up the notion of 'loose coupling' between what is promoted (the myth) and what is fact and achievable. (Meyer and Rowan, 1977).

Parsons general theory of action is a normative theory of action; an objects – relations theory. (Parsons and Shils, 1951). It concerns human behaviour that is grounded in morality and commitment, obligation. Here there are norms and values which are the rational facets to which the actor aspires to achieve. It is however driven by the relation of people to things from which the person obtains some form of gratification so in this sense the theory is still centred on a maximising strategy. (Powell and DiMaggio 1991)

In response to this subtle Parsonian maximising theory Garfinkel undertook an investigation into the extent that cognitive aspects such as 'taken for grantedness' and orthodox action was evident in peoples' behaviour. These cognitive aspects of how people were motivated had been revealed in previous research by social scientists (Garfinkel, 1967. Powell & DiMaggio 1991) . The method that Garfinkel adopted was to look at the way people involve themselves in social interaction in order to establish and maintain a sense of reality adopted by a society. Garfinkel combines this ethno- methodological approach with the study of the relationship between only objects and events. This phenomenological method of the study of a person's perception of things allows an investigation into the effects of frameworks and schemas of institutions on actors within the Organisational Fields.

Garfinkel argues that in order to make sense of their environment and interactions the language is predicated on the idea that people employ tacit knowledge and cognitive classifications to establish 'socially sanctioned facts of life in society that any bona fide

member of the society knows'. This gives rise to the concept of 'people like us'. (Garfinkel 1967: 76). These 'socially sanctioned facts' create scripted and justifiable legitimating accounts which to a great extent are used to justify actions 'after the fact' in an institutionalised environment. This process once again underlines the idea of 'action' being mainly a cognitive function rather than some action based on rationality such as profit maximisation or gratification optimisation. (Garfinkel 1967).

This concept of 'socially sanctioned facts' moves the argument away from entities or agents that are likely to choose that which seems to be a logical option and therefore away from an objective reality to be used as a basis for action. This is evidence of a form of choice for agents that is now constrained by type or class and is due to a pre-cognitive function. It is now possible to acknowledge that there is a façade of reality and that our reality, as experienced by the day to day activities of entities and relationships, is in essence a constructed reality. (Berger, P.L. and Luckman, T. 1966).

### **'Theory of Practical Action'**

A further iteration of the study of human motivation and behaviour comes with the 'Theory of Practical Action' (Powell and DiMaggio, 1991). The authors describe this as a 'set of orienting principles that reflect the importance of the cognitive dimension of action and moves away from Parson's belief in the quasi rational and calculative view of cognition'. The theory of the Practical Actor promotes the pre-conscious processes and schema that are part of the routine and taken-for-grantedness in day to day life. Giddens (1984 p54) states that the control of 'diffuse anxiety' (G.A.D. generalised anxiety disorder) is the most general motivational source of human conduct. To avoid anxiety people repeatedly look to maintain social interaction of daily life in a structured form; Social Order.

This then is a cognitive theory that uses 'scripted behaviour' that is not reliant on norms and values. 'Routine' and 'Behavioural Convention' however are not enough to maintain institutions, as pointed out by Mary Douglas. Here it is stated that in parallel to the scripted behavioural convention there is a *'cognitive convention that has an authority or precedence so one strand reinforces the other'*. (Douglas, M. 1986). This indicates that the conventional behaviour has to be, in some way, upheld and reinforced by accepted thought processes.

The effects or indicators of common understanding or orthodoxy provided by 'culture and logics' gives a sense of certainty. Without this orthodoxy there is a lack of understanding which leads to confusion and heightens general anxiety disorder. This 'belief within the social field or organisation is not based on knowledge' or 'doxa' (orthodoxy). This then moves people's understanding away from any sense of reality dependent on values and norms towards that of scripts, schema and symbols. That is, from morals to existing accounts and routines.

## The Hungry Motorist.

As an illustration of the practice of the different models of human behaviour and motivation Powell and DiMaggio offer the example set in the Highway/Motorway Restaurant. A passing motorist pays a one-off visit to a diner/restaurant. At the end of the meal the 'rational motorist' would not leave a tip, calculating that, as there would be no return, the waitress would have no opportunity to sanction or punish their stinginess. A 'Parsons' motorist would leave a tip because they have internalised that it is the right thing to do. They would both feel good about the gratuity as they had carried out their respective and expected roles. On the other hand, the 'Practical Actor' would leave a tip because that is what one routinely does but there would be no 'warm glow' as the action is 'taken for granted'. (Powell and DiMaggio, 1991; Intro, note 24).

The argument here is that institutional structure imposes a set of routines on a community that may not reflect logic or actuality in itself but it does represent the community's reality. It is possible that this reality can be changed over time but 'in the present' it can be different to the 'reality of other groups'. These differences can then in turn can lead to conflict.

### **Social Construction -Theory of action.**

This trail towards a theory of action leads us to the social construction of Berger and Luckmann where a reciprocal typification of habitualised actions by 'types of actors' make up institutions that can be analysed at the level of cognition. It is a natural outcome for neo institutionalist to embrace this theory of action based on a reality constructed by actors/people within the institutional framework. Here pre-cognition points to the cultural-cognitive pillar as an eminent area for the investigation of relationships within and across organisations. (Berger and Luckmann. 1966. Bourdieu, P. 1977.)

'Man is biologically predestined to construct and to inhabit a world with others. This world becomes for him the dominant and definitive reality. Its limits are set by nature, but once constructed, this world acts back upon nature. In the dialectic between nature and the socially constructed world the human organism itself is transformed. In this same dialectic man produces reality and thereby produces himself'.  
(Berger and Luckmann. 1966, p. 168)

Social constructivism believes that 'human beings do not find or discover knowledge so much as we construct or make it . . . we do not construct our interpretations in isolation but against a backdrop of shared understandings, practices, language, and so forth'  
(Schwandt, 2000, p. 197).

The theory of social constructivism was built on social constructionism, which Gergen (2003, p. 15) describes as being 'principally concerned with explicating the processes by which people come to describe, explain, or otherwise account for the world (including themselves) in which they live'.

'Reality is what "we" agree on [where] the "we" can refer to a unit as small as a dyad or as large as a society' (Carpenter, 2011, p. 121).

Individual functioning is determined by the culture and environment, which have an influence on the individual Dewees, (1999). Knowledge that is obtained by individuals' interaction with the environment has been influenced by the social and political institutions that dominate that environment (Dean, R.G. and Rhodes, M.L. 1998) and is historically situated and thus evolving. (Mailick and Vigilante, 1997). From Teater, (2014)

It can be claimed that a community can have its own routines and reality. This process of the construction of reality is underpinned by developing the Constructivist model established by Berger and Luckmann and is set in the following sections. These insights form the micro-foundations of the institutional edifice through which an investigation, in the first instance, can be made of the intra- institutional organisational relationship between a MNC Headquarters and the subsidiaries.

As previously stated a MNC can be investigated from a number of standard perspectives. However, following on from Forsgren (2013) and Peng et al (2009) it is the political perspective within the institutional paradigm that is taken up. (Forsgren 2013). This leads to the understanding that the MNC becomes an institution in itself and as an institution is subject to social forces (much of which is beyond its agents' control). The institution is the humanly devised constraints that structure human interaction; (North, 1990) but the question is raised as to how are these constraints generated and how are these worlds constructed? It is argued that the world or reality in which people exist is constructed through social interaction which involves some form of agreement on what constitutes truth and reality. 'Reality is what "we" agree on; Truth is agreement' (Carpenter, 2011, p. 121). It arises through people of differing experiences making sense of their world given the existing conditions. This truth and reality comes about when people of a community accept and operate by the conventions, habits and social facts of that community. From this social order they create the culture of the community. To the members of the community their view of the world is real; it is reality. (Berger and Luckmann, 1966).

This form of the truth of reality is concerned with constructing the world through 'meaning and behaviour'. The concept of Social Construction was built on the works of Immanuel Kant, Friedrich Nietzsche, Karl Marx, Lev Vygotsky and Jean Piaget with their writings on knowledge development. More specifically there were authors such as Paul Watzlawick and Ernst von Glaserfeld who developed the arguments regarding social construction. (Carpenter, 2011; Witkin, 2012). These efforts lead to a concept of Socially Constructed Reality from which three theories of the construction of reality were developed. (Berger and Luckmann, 1966).

Firstly, there is 'Social Constructionism' which in particular looks at the use of language within social interactions and how this is influenced by history, society and culture. This then is about 'nurture' impacting on development. (Teater, 2014).

Alternatively, 'Constructionism' considers the biological forces through the internal development processes of people through their cognitive structures and the mind. It is more concerned with the 'nature' side of reality.

Adding these two strands together, 'Social Constructivism' considers both societal (nurture) and biological (nature) influences as having a major impact on how people see the world. (Teater, 2014).

By adopting the wider remit, Social Constructivism uses the core principles of meaning, language and thought. Here people use symbols such as words, rules and roles to give meaning to and make sense of the world. (DaLamater and Meyers 2011). From this it is argued that people act on what they believe, not on some objective truth, (that which is objectively true). The view of the real world then is group, community and individually specific depending on the level of abstraction under investigation.

The investigation of the relationship between MNC H.Q. and the Subunits may best be looked at on the level of Organisational Field and the view of reality pertaining to the stakeholders involved in the Organisational Field.

***The following articles address the transfer of activities in a multi logic & complex organisational fields in which a MNC operates.***

*This literature is regarding the relationships between MNC entities including H.Q. and Subsidiary (HQS) managers. The investigation of these relationships generally appears in studies of the transfer of activities and processes including technology. The following papers address these transactions but with a specific consideration of the Institutional framework and to some extent discusses the Three Pillars and the domain's impact on the relationships.*

***Institutional and Rational Determinants of Organisational Practices; Human Resource Management in European Firms*** (Gooderham et al 1999) is an interesting article setting out the effects on organisational practices of a firm where there is a strong influence of Institutional forces such as the existence of well-established rules and laws on labour and industrial relations. These effects are couched on terms of collaborative practices which are aimed at promoting the aspirations of both the employee and the employer. The other aspect investigated is the Rational perspective which promotes the goal of efficient use of well-ordered human resources. This perspective tends to be management driven towards a point of economic maximisation. (Gooderham, P. Nordhaug, O. Ringdal, K. 1999). The contrast is that Institutionalism eschews the concept of the models of 'rational actors' but promotes the importance of maintaining legitimacy in an organisational environment. The



*Rationalists predict that organisational models will become similar not only within a country's industrial segments but the models and practices will be similar across national borders. The Institutionalists model suggest that the search for legitimacy will generate similar organisational processes and outcomes within a country but it might not be so in different countries. This they contend is because the isomorphic forces which mould firms into the industries replicas are generated by the institutional arrangements such as laws, values and frameworks. These arrangements can be different in the various countries. The authors use Human Resource Departments to determine whether Calculative HRM practices are used in the industry. The Calculative practices may be termed the 'Hard' model whereupon HRM seeks a fit between the firms' strategy and human resources. It is focused on the individual. The 'Soft' model, the Collaborative HRM, aims to enhance mutuality and consensus. It is the development of the labour force that is encouraged and employees are appraised as core assets in terms of creativity and innovation. HRM practices in six countries, Germany, France, Norway, Denmark, U.K., Spain, were investigated. Looking at the laws and regulations, along with the history of the economy, the countries HRM practices were ascribed to being either Collaborative or Calculative on the basis of the Institutions that existed in the country (country embeddedness) and industry (industry embeddedness). The findings are strongly supportive of the institutional theory in so far as there is the effect that strong institutional factors promote the Collaborative diffusion of HRM theories in the economy and industry in general. The authors state that the fundamental point is that when regulative and political conditions vary firms are more likely to implement different organisational practices and processes. They argue however that although there are mimetic processes leading to isomorphism the impact of institutional obstacles is unclear on the isomorphism processes within the organisational fields within a country and to some degree across nations. Nevertheless, there is a lack of isomorphism across forms in different nations due to the singular combinations of legal and political processes. It appears that this indicates that regulative and power related structures are important in explaining the complexity and multitude of international variations in organisations. On the other hand, the cognitive processes of imitation are more important at defining the practices that dominate within each organizational fields and country. Finally, the authors state that 'instances of collaborative management practices' that are deemed less institutionally contentious are 'more easily disseminated across nations'.*

**Country Institutional Profiles,** Kostova's (1997) article reinforces the institutionalist's idea that an entity is socially embedded within the Organisational Field and according to Kostova, the agents are affected by their external environment of the country of which they are part. Kostova's country institutional profiles are constructed with regard to the 'management of the level of quality of products and services' within a particular country and how this level of quality is dependent on institutional factors. Using a survey and questionnaire process Kostova assessed the levels of product quality with regard to mainly the Regulative institutions effective in each country. The findings are that, as an example, Canada and UK have better 'quality' management than Argentina and Malaysia due to such aspects as more stringent rules and laws along with sanctions which reside specifically in the Regulative

domain. Of course, there also will probably be differing attitudes across countries within the cognitive and normative domain but these are not highlighted in this research. This paper is one of the first to try to operationalise and quantify elements and processes of the three pillars. In practice there is an investigation of only the Regulative Pillar and the paper does not discuss how the problem of distance or the mismatch of the country's profiles can be overcome. (Kostova, 1997).

In her article '**Transnational Transfer of Strategic Organisational Practices; a contextual perspective**', Kostova (1999) theorises on the general principles and aspects that need to be addressed for a successful transfer of practices within a MNC. 'Organisational practices' is initially defined in Kostova 1999, p309. In a later paper the organisational practices definition is put more expansively as 'an organisations routine use of knowledge for conducting a particular function that has evolved over time under the influence of the organisation's history, people, interests and actions'. (Kostova and Roth, 2002 p216). It would appear that the term 'routine' is used to imply the presence of 'institutionalism'.

The success of the transfer of knowledge in the form of organisational practices can be separated into two parts. The first part is the 'behavioural or implementation' process of the practice whereupon the recipient population carry out the rules that are set out for the practice and the practice is completed. This is the first stage where a procedure as enacted as if by rote and could be aligned to the regulatory pillar. The second stage is 'attitudinal or internalisation' process which according to Kostova is that the population of the subunit will 'internalise' the practice so that the managers and employees will attach 'symbolic meaning' to the practice. They will develop some form of understanding as to the necessity of the role played by the practice. (Kostova 1999). The practice become 'infused with value'. (Selznick, 1957). This indicates that the practice has meaning for the subunit managers and workers in the way of it having become orthodox and a 'social fact' within the mechanism of the cognitive/cultural pillar. This concept of 'internalisation' is carried forward in this thesis and asks if it is the cultural/cognitive domain's factors which are most important for a practice to become 'infused with value'.

In order for Kostova and Roth to research 'practice adoption success' they looked at issue-specific 'Total Quality Management' implementation (Kostova and Roth 2002). They identify two factors; at one level there is a 'Relational effect' between HQ managers and the Subunit managers and workers. The other factor is the 'Institutional level' where institutional distance between the two countries is measured using the 'Country Institutional Profile' (CIP) (Kostova 1997). They considered these two factors but do note that there are other factors such as 'world organisation levels of influence' for example which is used in this thesis to represent the Global Organisational field. Using the Likert Scale questionnaire method they selected subunit managers and workers to respond to questions relating to a set of variables. The 'Institutional factors' were captured by the components of the C.I.P. These were the Regulative stance rules and sanctions; the Normative stance on social norms and

values and the Cognitive stance regarding the shared social knowledge. The questions on the second Relational factor regarded the level of 'Dependence' of the subunit on the H.Q., the 'Trust' between HQ and the subunit and the strength of 'Identity' and attachment towards the Corporation held by the subunit population and the HQ. The main focus of the results was on the internalisation aspect, as opposed to the implementation, which has a major effect on institutionalisation and hence process of adoption of new practices.

Although the type of institutional variable is the important factor here, it arises that the study's outcome did find that the Relational stance between the Managers at HQ and the Subunit was also significant. The Institutional implementation factor was found to be affected by aspects of the Cognitive C.I.P. but not for the Regulative or Normative pillars. The Dependency variable had a negative effect on implementation which was not predicted. Identification and Trust variables both had a strong positive effect on the Relational factor. For internalisation, the cognitive profile had a positive effect whereas the normative had a negative effect on internalisation. The authors suggest that maybe more objective measures of a Pillar's variables could be devised. This paper to some extent shows the limitation with 'arms reach' surveys because they do not generate a great deal of in depth understanding.

Kostova, T. Marano, V. Tallman, S. (2016) Headquarters–subsidiary relationships in MNCs Fifty years of evolving research is a review of the trends over the past five decades of the area of research. The authors analyse the trends that have been reported in the Journal of World Business regarding HQ and Subunits relations which include changes which have been brought about by the advancement of technology and information flows. This trend that has seen the development of more complex relationships between HQS. Another branch has been the investigation into the management of global supply chains across the diverse forms of international businesses. A third branch is the changes in configuration of the Global management networks. There is also a call for further investigation of how 'Agency Theory' can and should be applied to HQS. This thesis is concerned the final two areas highlighted by the article, these are the need to look at the non – traditional markets & new types of MNC such as the Emerging Markets and MNCs from non - traditional markets. Following on from this is the understanding of the complex embeddedness across multiple institutional environments and the ability to transfer activities and processes across subunits. Other questions to be answered are what is the role of agency, who are the important agents and what will be their response to new mandates & activities. Once again there is an important research gap as to the actions of agents and the factors that trigger those actions. This thesis will focus on the later question with regard to the subtle factors that give rise to the various response set out initially by Oliver (1991) and beyond.

Another example of where the influence of the three pillars is directly addressed in an article is the **Three Pillars of Institutional Theory**. Trevino et al (2008). Some previous papers have considered the neo institutional three pillars but have focused only on the regulative pillar mainly consisting of laws and rules. Due to an existing legal structure it was considered that the regulative elements were easier to identify and classify than that of the non-regulative domains of cognitive- culture and normative. (Grosse and Trevino 2005). The Trevino paper

looks at the decisions made for Foreign Direct Investment (FDI). Within the positive co-ordinate quadrant Trevino allocates the abscissa, X axis, from low to high, to the Regulative pillar. The Cognitive and Normative pillars are allocated to the ordinate, Y axis. The argument is that legitimising variables exhibit tangible or intangible characteristics. The more tangible the characteristic that is associated with a legitimising variable then the more it is considered within the Regulative Pillar and vice versa. One of the seven legitimating variables is Financial Account Liberalisation which involves financial regulation where the government becomes more open to controls and sanctions from the foreign exchange and capital markets. This relatively tangible variable is considered low in the cognitive and normative domains but is the highest of the variables in the regulative domain. On the other hand, the educational system (of the country) is deemed to have high intangible elements such as 'socialising experiences' therefore this relatively intangible variable is rated the highest on the cognitive-normative scale. Trevino (2008) does find that some legitimising variables do affect decision - making concerning FDI. It is concluded that legitimising can be more effective through one or two of the pillar processes than through the others. This investigation comes closest to separating out the three pillars/domain influences in legitimacy but once again it is an arm's length default process.

The article '**When Worlds Collide**' (Pache and Santos, 2010) sets out the potential for conflict when there are a number of institutional environments or Organisational Fields which inhabit the identity of a MNC. The aim of this research is to systematically investigate the influence of conflicting institutional pressures on an organisational transfer of processes on knowledge and behaviour. Additionally, what is the response to conflicts arising from an organisational change? The Mexican microfinance institution Banco Compartamos is Pache and Santos's example of a clash of dominant logic within the institutional environment whereupon the 'social faction' wanted low interest rates for borrowers but the 'business management faction' wanted high profit to use these extra monies to eradicate poverty. The authors set up a model that regards institutional demands being aligned with institutional logics and that reflects the faction's particular view of reality. The strength of these realities or dominant logics within an organisation's conflict zone depends upon the commitment of the referents to a particular logic group. The logic factions/groups are ascribed levels of cohesion. There are three levels of cohesion; fragmented; moderately centralised and centralised. There is also a consideration as to whether the problem revolves around a 'goal' situated at the ideological level of the organisation or alternatively the 'means' (or courses of action) at the functional level. The authors invoke the response strategies set out by Oliver (1991) which are a) acquiescence b) compromise, c) avoidance, d) defiance, e) manipulation. As an example, the authors predict that if there is a conflict over 'means only demand' as opposed to 'goals demand' and there is the absence of strong internal referents or a fragmented institutional field the response is likely to be avoidance or compromise. The remainder of the article discusses what of the five likely outcomes would be when one of the variables is altered. Interestingly the article highlights the increasing exposure of firms to global practices and those accompanying global institutional pressures. (Pache and Santos, 2010). This paper highlights but is limited to commitment and cohesion of a group which in

some sense is related to power. The paper relies on these two concepts and seems not to be easily generalisable whereas it could be worthwhile to be able to analyse what or when a logic clash may not be dominant or destructive as well as when the logic clash may occur.

**When Worlds Keep on Colliding:** Exploring the Consequences of Organisational Responses to Conflicting Institutional Demands. (Pache and Santos, 2021). This paper is a follow - up of their award-winning paper; *When Worlds Collide*, published ten years previously. Once again, the authors highlight the phenomenon of conflicting institutional demands and discuss the reasons for organisational responses and offer factors that may lead to successful enactment of mandates. The authors look back at their original model where they categorised organised demands as coming from groupings that were on some degree from 'fragmented' to 'centralised' with associated responses. They propose that major changes to business during the intervening years has been Glocalisation and Digitalisation. They point out that although their original model was still relevant on organisational responses there is now much scope for development. They look for more in the way of understanding the factors driving the responses and how Business Management Schools, for instance might respond by developing 'impression' and 'coping' strategies that managers can use to deal with the ever increasing complex world of competing organisational logics. This article along with their 2010 article sets out the research gap that exist due to multiple organisational logics, the agents responses and the factors that trigger those responses.

Along with Kostova and her compatriots, the duo of Pache and Santos have pursued a path of investigating Hybrid organisations which includes Multinational Hybrid Organisations. This is a term that reassigns the Multinational Corporation explicitly in the context of organisations incorporating competing institutional logics. This complexity is a natural outcome of the foreignness of the organisational fields embraced by MNCs. (Pache and Santos, 2013a & 2013b). They look at the contexts in which specific reactions of the agents might occur, in so far as they cite responses in terms of ignorance, compliance, resistance, combination and compartmentalisation along with standard and in addition to the Compromising, or (selective) Decoupling Strategy. These are enhancers and adjuncts to Oliver's (1991) Acquiesce, Compromise, Avoid, Defy, Manipulate. These outcomes or responses are predicted in various ways due to aspects such as of degrees of fragmented or centralised organisational field. (Pache, A. Santos, F, 2010). One problem with this paper maybe that it tends to just expand the categories and typology associated with organisational dominant logics.

The Li, J. et al (2016) article; **Institutional Distance and the quality of the Headquarters–Subsidiary relationship** investigates the effects of types of institutional distances on the quality of HQ and Subunits relationships. They use the concept of 'Formal Institutions' which are explicitly the rules and laws operating in industry. These are seen as a proxy for the regulative pillar processes. The 'Informal Institutions' represent the social norms, belief, values, custom, traditions and codes of conduct. As a whole these are the Cultural and Normative pillars of an institutionalised society. Much of the argument revolves around the hypothesis that if the Host and Home countries are not institutionally distant then the

*internal collaboration and coordination between HQ and the Subunit is not vital in order to establish and maintain legitimacy. The HQ institutional processes will not be that far out of line with the Host countries requirements so that intensive co-operation and relationships do not need to be consciously developed between the HQ and Subunit. When however, the institutional distances are greater then the HQ and Subunit are required to develop a close working relationship in order to find strategies that will maintain legitimacy in the Host nation's organisational field.*

*With regard to the regulative pillar the following list of seven indicators (1) Fiscal policy. (2) Anti-trust regulation. (3) Political transparency. (4) Intellectual property protection. (5) Judiciary system efficiency. (6) Rarity of market dominance in key industries. (7) Inflation were considered the relevant elements of the regulative pillar. These elements were compared in the Home and Host country for their likeness or difference using a questionnaire based on a Likert scale.*

*To test the countries difference with regard to the cultural and normative pillar the Hofstede scale was used. (1) Power distance. (2) Uncertainty avoidance. (3) Individualism. (4) Masculinity. (5) Long-term orientation measured the low or high distance between countries. (Hofstede, G. (1991).*

*The conclusion of the analysis is that Institutional Distance may not always be a negative factor in so far as a greater distance could herald greater synergy between HQ and Subunits leading to a higher quality relationship because of the closer working relationship. A second point is that although the subunit managers must focus on their internal legitimacy or on the other hand by institutionalising H.Q. practices this adherence to the H.Q. dogma will increase the confidence of the HQ managers to allow greater transfer of resources to the Subunit so that there is an enhanced ability to find alternate strategies to cope with external legitimacy demands. The manager confidence in relationships within relevant organisational fields is enhanced so that better networks are developed. This does seem to be a fairly obvious categorisation which appears risk adverse.*

*In the article 'Managing interrelated tensions in headquarters subsidiary relationships' the authors Ambos, T.C., Fuchs, S.H. & Zimmermann, A. (2020) set out the multiplicity of logics that arise in a MNC operating in a complex international environment which go beyond the initial 'local adaptation – global integration strategy' problem. MNCs are now trying to combine a number of different goals arising from the strategic logic demands. (Buckley, P.J., Doh, J.P. & Benischke, 2017). The authors introduce the concept of 'Guardrails' from Smith, W. K., & Besharov, M. L. (2019) which is concerned with how managers through the experience of leadership, the formal structures and external stakeholder pressures are able to create these guardrails between the two pressures of global organisational objectives and local subunit conditions. These guardrail buffers maintain the organisation's on roughly a course towards its strategic objectives thus trying to underpinning that HQS relations are greater than the integration – responsiveness dyad. An interesting point that the authors make is that they chose an inductive methodology in order to gain an insight to an*

*'emergent and poorly documented phenomenon. This article is a good example of the state of the research in this area. It shows that there is a move towards the concept of the pressures of dominant logics but there is little coherent understanding as to what are the motivating forces or elements.*

*The foregoing articles generally consider the MNC operating in a multi organisational field context where there are complex institutional demands pressurising the HQS relationship. The articles set out the important role for Institutional perspective in understanding the structure of the problem. With the acceptance of the institutional perspective there comes to prominence the concept of legitimacy. Where actions remain desirable, proper and appropriate within some socially constructed system of operation. There is then consideration of the development of measurements of institutional distance and an understanding of the role of Dominant Logics exist in organisational fields. Using the institutional pillars or domains a framework is generated for investigating when and how conflicting logics might cohere and facilitate not only implementation but also internalisation. Or on the other hand breakdown and obstruct the all important process of internalisation. In effect these papers provide the groundwork for exploration of the relationships and the reasons for the acceptance or resistance to changes in organisational working practices and innovative processes from an institutional point of view. The authors in some instances try to ascribe the reactions to changes to a particular institutional pillar, that is Regulative, Normative and Cognitive domain. It is the aim of this research to add to this delineation by investigating the three institutional domain forces acting on the relationship between the MNC HQ and the Subsidiary and the associated organisational fields.*

## Chapter 3. Theoretical Framework

### Dominant Logics.

*In order to appreciate the institutional factors affecting the legitimacy of MNC mandated changes to activities & processes it is necessary to understand the complex multi layered organisational logics that subunit agents have to negotiate. The level of legitimacy is predicated on the degree of internalisation above and beyond the level of only implementation. (Kostova, T. 1999)*

It is argued, that because of Constructivism, individuals and groups can have varying realities. There is then a need to establish what are the ramifications for these individuals and groups with special regard to any ordering of these realities. The different reality held by different groups leads us to encapsulate the concept of dominant logic. A dominant logic is the 'logic of action' and is an important aspect of investigating phenomena as it is the 'basis from which a researcher looks at a phenomenon'. (Vargo S and Lusch R 2004). The UK the National Health Service provides an example of a conflict of 'logic of action', there being two dominant logics within the organisation. The traditional medical 'dominant logic' would put the 'care of patients' at the centre of its culture and understanding. Over the last four decades however the alternative logic has been the economic/managerial logic based in 'marginal analysis and market forces' ascribed to the accounting and managerial professions. (Reay, T., and Hinings, C. R. 2009).

Cultures provide a 'pattern of thinking' or a 'set of mental programmes'; 'the software of the mind' (Hofstede, 1991) which is associated with various 'dominant logics'. It is a similar to evocation to Bourdieu's 'habitus' where culture is described as ingrained habits, skills and dispositions. He offers the example of the English social class structure that is acquired through imitation and where there is domination by the upper class. (Bourdieu, 1977).

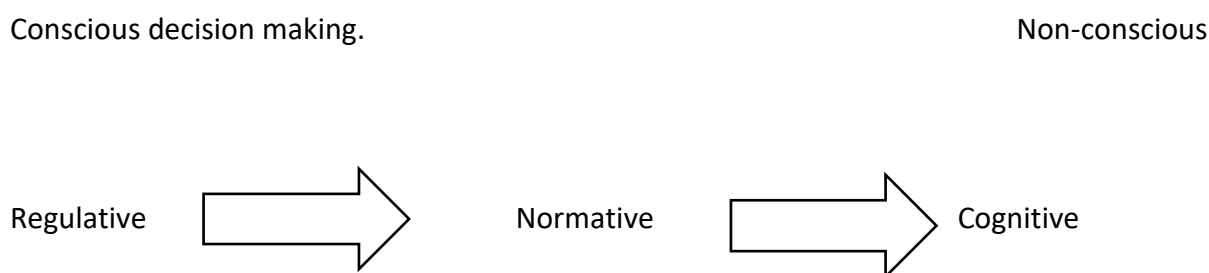
The effects or indicators of common understanding or orthodoxy provided by culture and dominant logics, where it is situated, gives a sense of certainty to the members of the community. Whereas without this orthodoxy there is a lack of stability which leads to confusion, uncertainty and hence General Anxiety Disorder. (Garfinkel 1967).

It is suggested that the MNC is not a unitary organisation based on hierarchical processes and binary decisions. The neo institutional research programme envisages people with a degree of agency acting within Regulative, Normative and Cognitive-Cultural institutional domains. To each of these domains are ascribed a different bundle of processes and forces operating within their domain boundaries. Moving across from Regulative to Cognitive



Cultural via the Normative pillar gives us a range from the 'conscious to non-conscious' process of action and motivation undertaken by agents. This diagram is the representation the rules laid down in the Regulative pillar moving across to that which is 'taken for granted' and that which is considered orthodox which resides within the Cognitive/cultural pillar. (Scott, 2008).

Fig 2.



Regulative ratifications. Coercive; Expediency; Instrumentality; Legally Sanctioned Orders.

### **Regulative pillar operations and mechanisms.**

A closer look at the pillars on a particular and specific basis facilitates an attempt to establish a workable set of indicators for each Pillar. These indicators can then be applied to what was found in the field through the use of interviews. The Regulative pillar with its set of rules and sanctions has a strong element of coercion which means that there is a regime encouraging isomorphism attached to an organisation operating in the organisational field. With this homogenisation there are constraints by way of limitations on the alien firm's activities; activities that are outlawed by the regulations. On the other hand there can also be advantages to the exotic firm arising from such things as the conferring of licenses and rights which offer empowerment.

The elements of coercion and empowerment can act as indicators of the regulative influence. Some of the feelings recorded as being associated with this pillar are those such as fear, dread and guilt as well as relief, incorruptibility and vindication. (Scott, 2008). These emotions stem from the idea that the Regulative Pillar is bound up with power and that its coercion creates a practical framework of acceptance and legitimacy. Due to the legality ascribed to the rules and laws an organisation can use the means offered by the rules to achieve their legitimacy. This indicates that the process involved with the Regulative pillar is

'instrumental' as it is a bundle of tools that is used as a means to an end. This, to some extent, recalls the idea that legitimacy can be manipulated as an asset associated within the resource dependency paradigm (Edman, 2016. Taussig, 2016). As set out in Fig 4 the Carriers to look for that are related to the regulative pillar are protocols, standard procedures and objects complying with mandated specifications.

Normative Ratifications. Appropriateness; Obligation; Morally Governed.

Normative pillar operations and mechanisms.

Common responses experienced by not adhering to the Norms are shame and disgrace whereas alternatively pride and honour are ascribed to those who feel obligated and act appropriately. The Normative pillar provides the institution with the mechanism with which it can act 'morally' and so to act with the best intentions within the context. A Normative institutionalist would argue that institutions have 'moral roots' and those morals are governed by norms. (Scott, 2008). The indicators here might be feelings such as pride for carrying out ones obligation. On the other hand the feeling of shame would arise from acting inappropriately. The sanction here, although not being legal, would be something like socially opprobrium leading to the withdrawal of legitimacy on grounds of being immoral. The carriers associated with the Normative Pillar are routines such as jobs, roles and duty. Also there is the requirement to abide by conventions and standards. (Scott 2008).

Culture/Cognitive Ratifications. Mimetic; Orthodoxy; Taken for Granted; Recognisable and Culturally Supported.

Culture/Cognitive pillar operations and mechanisms.

For Scott, the cultural aspect should be recognised in a way that the 'internal interpretive processes' are shaped by the 'external' cultural framework'. To emphasise the influence of the environment and the external conditions Scott uses the hyphenated term Cultural – Cognitive; this practice will be followed here. (Scott, 2008 p57). [on p57 he states cognitive-cultural although elsewhere it's cultural – cognitive].

The cultural – cognitive institutional theorist from the Sociology discipline such as Berger and Meyer as well as Organisational Theorist including DiMaggio, Powel and Scott who are

concerned with 'the orthodoxy', 'the common understanding' or 'that which is taken for granted' by a group of individuals. These are groups of 'people like us' who have a shared culture that may include collective symbols such as flags, national anthems, prevailing political, economic systems and histories. (Garfinkel 1967. Scott 2008). This background gives rise to a set of templates and scripts that the relevant actors use for action and hence this bundle provides the aforementioned 'software of the mind'. The institution is embedded in the individuals experience by means of role playing. By playing these roles a 'recurrent realisation' occurs reinforcing the institutions and objectifying the subjective nature of the institution for the actor. (Hofstede, 1991).

Culture provides a pattern of thinking in so far as some forms of behaviour are seen as the only way of undertaking a task. Alternative action is inconceivable even though at some level of abstraction the action would be quite rational. Here the term 'taken for granted' can be understood as a form of 'orthodoxy'. Scott (2008, p61) states that the cognitive is the deepest level of mental conditioning relative to the regulative and normative. This is due to the fact that it is believed that the 'cognitive' rests on 'preconscious' understandings of the frameworks and roles that are 'taken for granted'. Carriers of this institutional pillar are for instance scripts at the level of routine and objects with symbolic value to the group.

#### Institutional Hubs and Organisational Field. **(Institutional Environment).**

The question arises 'Is the Institutionalisation of a firm equally affected by the regulatory, cognitive, and normative pillars'? The level, focus and form of the stakeholders influence on the two 'institutional hubs', (the HQ and Subsidiary) must be set out in order to answer this question. An 'Organisational Field' is defined as 'those organisations that, in the aggregate, constitute a recognised area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organisations that provide similar services or products'. (Di Maggio and Powell, 1983. 1991).

Firstly, a discussion of these institutional environments which are known as 'Organisational Fields' will be undertaken.

**The institutional environment** made up of the culture and context in which a firm exists has a direct impact on the level of agency, strategy and hence the operations that can be undertaken by the firm. (Peng, Wang, and Jiang 2008). The MNC has two immediate institutional centres, the Headquarters and the Subsidiary. These are places where the different institutional or cultures effects will interface and have an impact on the business. These centres or main entities of the MNC will be referred to as 'institutional hubs'. These 'institutional hubs' are integrated into a number of 'Organisational Fields'. One 'institutional

hub' interface is that experienced by the Headquarters (HQ) in the Home country. The other 'hub' interface being that of the subsidiary/subunit with the Host country.

The level of cultural difference facing these two 'institutional hubs' is referred to as the 'Institutional Distance'. (Baubakai, Mansi and Saffer 2013; Kostova, 1997; Kostova and Roth, 2002; Meyer and Nguyen; 2005). This is the difference in a set of institutions operating at a country level. Kostova T (1997) conceptualises this distance as 'Country Institutional Profiles' (CIP) and describes a Profile as that which reflects the institutional environment in that country and is defined as the 'set of all relevant institutions that have been established over time, operate in that country and get transmitted into organizations through individuals'. Using Hofstede's Dimensions, (Power/Distance; Individualism /Collectivism; Masculinity/Femininity; Uncertainty Avoidance; Long/Short-Term Orientation and Indulgence/ Restraint); Kostova is able to quantify the different distances between the USA and Canada and the USA and Malaysia for example. (Kostova T 1997).

Above and beyond the two institutional hubs 'country level' environments Institutional Theory indicates that there is the possibility of multiple levels and areas of 'institutional distance' or influence. (Kostova et al, 2008. Walgenbach, P. et al 2017). This then leads to an interwoven set of domains or Organisational Fields. The initial interest is at the country level aspect affecting the firm at its HQ and the subunits which are situated in different countries and Organisational Fields.

Having discussed the two immediate Organisational Fields, the Subunits host country and the HQ home country external environment, we must now consider other surrounding external environments that might impact on a MNC. There is the 'intra-organisational field' within the MNC itself. This represents the internal environment of the MNC. Here subunit managers can look for certainty and legitimacy from within the organisation. (Kostova 2002) etc.

Additionally, there is the 'inter-organisational field'. This is the environment that is made up of the similar firms that constitute the global class of MNCs. At this macro-institutional level of MNCs there is a 'global professional management' who have established, over time, procedures and guidelines that in some way a MNC is expected to adhere to. Examples of expected procedures would be Corporate Social Responsibility, Shareholder Value, Total Quality Management and Global Human Resource management. (Walgenbach et al. 2017).

The concept map, Fig 4, below, is set out by positioning the Host Nation (Local) 'Organisational Field' as being separated from the MNC Sub Unit by institutional barriers or 'distance'. The map describes the linkages generated by institutional theory that establish both structural and behavioural barriers or institutional distance that is faced by any foreign/alien MNC subsidiary in a host country. The linkages are the perceived channels and

conduits that a Sub Unit must negotiate in order to cope with the Liability of Foreignness and utilise the Advantage of Foreignness. This is done in order to be competitive in the relevant Organisation Field which constitutes a recognized area of institutional life.

As displayed in Fig 4 there is the possibility of a number of Organisational Fields that have an impact upon the subsidiary unit. These fields operate at various levels of the organisation and hence influence the Sub Unit in terms of cultural demands, legitimacy and isomorphic pull.

Furthermore, there is the organisational field of the H.Q.s Home Country which has an institutional influence on the H.Q. itself.

The relationship between the HQ and Subunit is termed the 'institutional duality' and is the mortar and linkage of the 'intra organisational field' (Kostova 2002. Zhang, Zhao, Ge. 2016. Kostova. Roth. Dacin. 2008).

Surrounding both the HQ and Subunit organisational field is the Global MNC Organisational Field, concerned with the class of international profession managers, which influences the HQ and the Subunit. It could be argued that the Global MNC Organisational Field has an effect on the Host and Home country fields and this must be so. For clarity however, it will be assumed that the impact of the Global MNC Organisational Fields' influences will be accounted for and channelled into the HQ and Subunit via the respective conduits and frameworks already described as the HQ home country organisational field, the subunit host country organisational field and through the MNC Intra organisational field.

Fig 4. Multidimensional Organisational Field Concept Map.

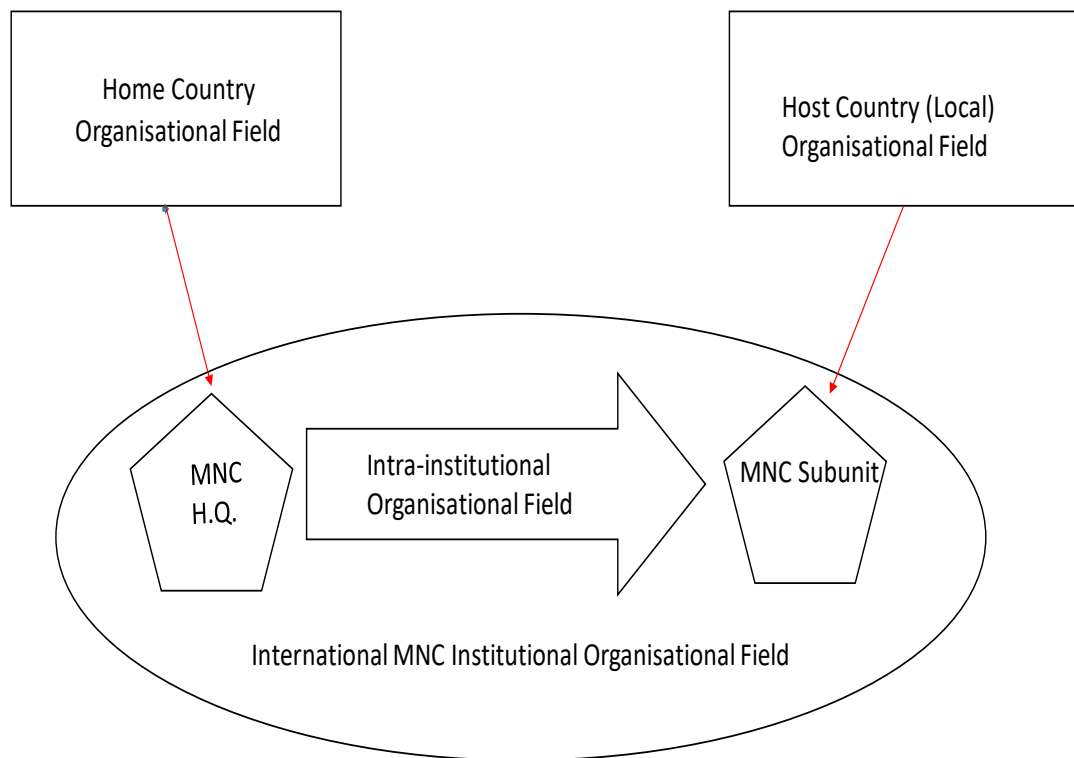


Fig 4. sets out a concept map that incorporates a number of Organisational Fields. There is a contention that MNCs are different not only 'in degree' but also 'in kind' compared to a domestic firm, (Westney and Zaheer, 2001). This difference comes about because of the 'consequences of multidimensionality and heterogeneity' of the organisational field, (Doz and Prahalad, 1991; p146).

For some authors this brings into question the usefulness of a number of the neo institutionalist's key analytical instruments. Kostova's (2008) objection to the use of the

concept of Organisational Fields when applied to the MNC is that although MNCs are 'firms' it is because of their peculiarity and diversity they do not belong to, or are unable fit into a single Organisational Field and so they fit into none. Kostova states that this is due to the highly fragmented, ill defined and contradictory set of Organisational Fields the MNC is exposed to. It is this fragmentation that does not make it possible for sufficient processual interactions to take place to develop unique structuration (Giddens 1984) within the MNC. Without well-defined Organisational Field and structuration there is little possibility for the necessary isomorphic processes that lead to general legitimacy. (Kostova et al, 2008).

In answer to this objection it is argued that the modern corporation should not be looked upon as a disoriented and fragmented body. It should be considered more as a solidly related constellation of organisational units. A MNC constellation which although having indistinct boundaries between customers, suppliers, government agencies and sub-contractors etc., still has a strong relational system or network. This network is held together by a generally less hierarchical system of professional managers. (Powell, 2001; Meyer and Hollerer, M. A. 2014).

### **Social Constructors and Carriers.**

Marx's comment on the sociology of knowledge was that 'human consciousness is determined from their social being'. (Berger and Luckmann 1966, p17). To investigate how the social consciousness in an organisational field is constructed the role of the 'carriers' must be set out. Carriers operate in order to inculcate the actors and entities within the framework of an institution.

The MNC social constructors have to deal with three major categories of actors; individuals, organisations and societies (i.e. nation states) (Kostova, 1999. Scott, 2008). Scott also proposes four types of carriers which convey the regulations, normative and cultural – cognitive processes. These carriers are a) symbolic systems, (semiotics) b) relational systems, c) routines, d) artefacts.

Jepperson, R. (1991) offered three primary Carriers of Institutionalisation. The first and formal type of Carrier was the 'Organisation'. The study here is of how work organisation, itself, has an effect on individual conformity.

The two informal carriers of institutionalisation are 'Regimes' and 'Culture'. The Regime here refers to implicit or tacit authority systems. For example with 'the professions' where 'expectations' sanction and monitor 'by some form of differentiated, collective, 'centre'' (Jepperson, 1991. P150). The institutionalisation brought about by the 'Culture' are concerned with the rules, procedures and goals where these elements are not driven by formal organisation and sanction but become custom and convention where 'others' constrain the actions of the community. These three 'carriers' of institutionalisation set out by Jepperson are somewhat different and less specific than those stated by Scott but they offer the shape of what can be looked for within the language used in the recordings by the interviewees.

Further to that relational systems are highlighted by (Zaheer, S. 1995) in her reference to factors affecting cultural distance. For example, Cross- subunit learning could be used to transfer sensitivity regarding cultural distance.

The Carriers set out below may generate a range of operational elements relevant to the institutional edifice that may allow the identification of practical, positive and negative relationships which will make sense of the varying reactions to differing initiatives introduced from the Headquarters. The investigation of the H.Q. and Subunit relationship will use the categories of Carriers: - Symbolic systems, Relational systems, Routines, Artifacts as set out below from Scott (2008) as a basis for identifying the institutional ties that are evident and those ties that are potential stress points between the H.Q. and Subunit. With regard to what are the areas of most tension. Do the problems occur within the area of 'rules and laws' which would indicate a strong effect from the regulative pillar. If 'Regimes and Authority' systems were a root cause of a problem this would indicate that the Normative pillar was to the fore compared to the prominence of 'Scripts' within the organisation would relate to the Cognitive pillar.

There exists a platform to begin the analysis of the interviews with the wording embedded in the Carriers; Fig 3 and the Ratification script. This offers strong descriptors associated with the Institutional Pillars. The investigation will seek to use these words and phrases as initial codes and categories. In later analysis the terms and statements used in the interviews may reveal attachments to emergent themes. These wordings will be used to provide a starting lexicon for the Grounded Theory Process and matched to any relevant terms provided by the informant in order to highlight any meaning and action associated with the three pillars.



Fig 5.

**PILLARS**

<b>Carriers</b>	<b>Regulative</b>	<b>Normative</b>	<b>Cultural-cognitive</b>
Symbolic systems	Rules, Laws	Values, Expectations	Categories, Schemas
Relational systems	Governance systems, Power systems	Regimes, Authority systems	Structural isomorphism, Identity
Routines	Protocols, Standard procedures	Jobs, Roles, Duty	Scripts
Artefacts	Objects complying with mandated specifications	Objects meeting conventions and standards	Objects possessing symbolic values

(Scott 2008 p79)

**From Fig 5. Ratifications**

**Reg.** Coercive; Expediency; Instrumentality; Legally Sanctioned Orders.

**Norm.** Appropriateness; Obligation; Morally Governed.

**Cul/Cog.** Mimetic; Orthodoxy; Taken for Granted; Recognisable and Culturally Supported.

## Chapter 4. Methodology

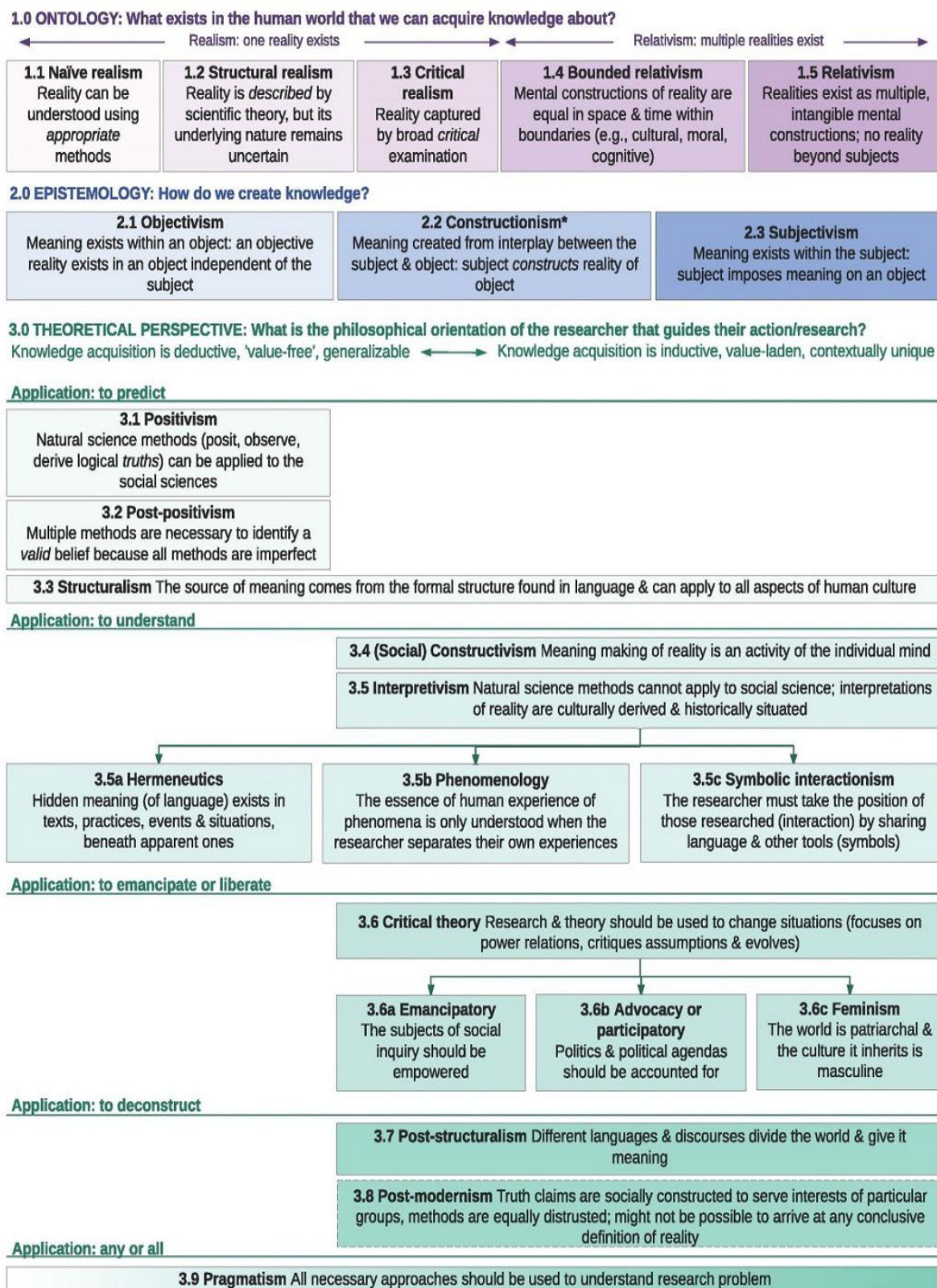
### Introduction.

The initial research area was concerned with how cultural and legitimacy processes differ across countries and organisational fields and what are the effects that these differences might have on the relationships between Headquarters (H.Q.) managers and Subsidiary (Subunit) managers within the Institutional framework. Additionally, can these differences be understood and managed through reference to the Institutional Three Pillars so as to avoid disruptive misunderstandings within and across organisations. This leads us to the current research question which asks 'Is the implementation and internalisation of the processes and activities within a MNC equally affected by the regulatory, cognitive and normative dimensions of Institutional Theory.

To begin to answer this question it is necessary to develop a plan or road map on how to carry out the investigation; this is where the researcher needs to develop a combination of processes which are used to enquire into a specific situation. A 'Methodology'. Easterby-Smith, M. (2018).

A Methodology is the strategy, plan of action, process design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcome. (Crotty, M. 1998). Here the Methodological Strategy is informed by the perspective adopted from the Institutional Framework that was previously set out in Chapter 2. (Powell, W.W. Di Maggio, P.J. 1991. Scott, R. 2008). This perspective assumes concepts of order through regulation, obligation due to normative considerations and orthodoxy dependent on culture do in some way determine people's actions and affects their relationships. This being the case the research strategy will be taking the line of relativism, subjectivism, interpretivism as opposed to the realist, objectivist, positivist approach. This leads to the use of inductive argument through qualitative information.

Table 1. (Moon and Blackman, 2014)



## **Philosophical Foundations and Research Paradigms.**

Research paradigms can be defined as ‘a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted’ (Saunders et al., 2012: P118).

The Research Paradigm is developed from a fundamentally philosophical base and so the paradigm reflects the elemental assumptions about how the world is viewed.

Above is an outline of the Ontology and Epistemology as set out / guided by the scheme of Table 1 on page 3, (Moon and Blackman, 2014). The Table 1 addresses the range and complexity of the substance of the methodological landscape. It must begin with what ontological state of being that is assumed to be in existence, be it the realist stance through the range to relativism. Nominalism, beyond relativism, is a theory that states that ‘there are no universal essences in reality’. Nominalism is not majorly considered here as a contender for an ontological basis as there should be some form of truth for knowledge to exist. (Easterby-Smith, M; etal, 2018).

Having first looked at these fundamental concepts of Realism through to Relativism, the knowledge that is garnered needs to be understood in the form it was created. The creation of knowledge is developed through a ‘theory of science’ which takes up an epistemological stance of one of the following ‘objectivism; constructionism and subjectivism’. This places the research either in the deductive, generalisable field of investigation or moves it towards the inductive process which assesses the contextually unique theoretical perspective of a phenomenon.

The next stage of the research is the ‘Method’ and its Application which is set out on the third levels of Table 1. As we are dealing with the texture, the qualitative aspects of events, the aim is to ‘describe and understand’ the phenomenon. This brings forward the process of Constructivism - Interpretivism where there is ‘meaning making’ of a reality which is culturally and historically dependant. The mechanism for analysing the data is to be Constructivist Grounded Theory. In order to offer a transparent process of the development and emergence of the categories and theory the inductive research will apply Gioia’s methods of establishing rigor and legitimacy for qualitative analysis. (2018. Charmaz, K. 2014. Cunliffe, A. 2011. Easterby-Smith, M; etal 2018. Gioia, .Moon, K. and Blackman, D. 2014.

### **Perspectives of the relevant Ontology**

The first step of research strategy and design development is to consider what exists and what is meant by reality. The nature of reality is in the realm of Ontology which is the ‘study of being’ (Crotty, 1998). The range of prominent ontological options are given at the first level in table 1 on page 3.

## **Realism.**

The present discussion of reality centres on an ontological continuum which begins with the concept of Realism. Here the world is looked on as being that which exists even if it is incomprehensible and not directly experienceable. It is considered 'real' and 'out there'. Reality is formed of separate entities, untainted by subjective human intervention. These entities can be observed and examined in order to obtain facts and establish causality. By knowing of the casual links between entities and events it is then possible to make predictions. (Easterby-Smith, M; etal (2018).

The ontological stance of (Naïve) Realism argues that reality exists and can be understood. This provides a framework where concepts are Objective and on examination can provide a single truth. (Morgan, G and Smircich, L. 1980; Cunliffe, A. 2011). There is a range of alternatives within the broad category of Realism which is distinguished by the nuances of what can and cannot be known. Some examples of these alternatives are Internal Realism, Structural Realism and Critical Realism which will be discussed subsequently.

As an example, adjacent to the (Naïve) Realist camp, there exists the Internal Realist who understand that the world and its things are 'real' in the sense that they exist as separate entities. Due however to the opaqueness of human investigation a real truth exists but it is obscured and the true nature of things is not revealed due to the observers biased perspectives. The observer however can still establish some kind of approximation of the reality of things. The other Realist categories mentioned above also focus upon the degree of difficulty that there is in comprehending reality, truth and facts. Although it is the 'degree of difficulty' in Reality comprehension that separates the 'Shades of Realist'. Nevertheless, the underlying contention is upheld, in that there exists a world within itself and separate from the subjective. (Moon, K. and Blackman, D. 2014).

## **Relativism.**

Nominalists conceptualises ideas such as facts as being totally subjective and open to interpretation. This means that there is no truth as all facts are human creations and so this stance will be put to one side and will not be considered within this ontological range.

Relativism is set in contrast to realism on the ontological range. This is where Reality is considered to be created by people who are social actors. It means that there are no single or external truths. (Easterby-Smith, M; etal 2018).

Here there is a move away from the notion of there being only one reality as posited by the Realists. A Relativist understands a situation where there is a possibility of many realities. Relativism proposes that what is taken as laws or facts are arrived at and established in order to fit in with the perspective of the individual observer and their 'framework of experience'. Thus, there can be many truths supported by the facts that are constructed and manipulated by the observer through their experience. (Easterby-Smith, M; etal 2018: Levers, M-J 2013).

With Relativism there is a number of, or multiple realities, which depend on a Subjective view of a phenomenon. The Subjectivist viewpoint is that reality is, to some degree, a mental construction by the Subject and as such the meaning of a phenomenon exists within the Subject. It is the social actors who impose their relative meanings, derived from their experience, onto the object. An important aspect is that a subjective meaning may be affected or shaped by the 'legal, moral and cultural environment'. (Moon and Blackman, 2014. Saunders, M. 2019)

This subjective view of research generates the need for the collection of 'qualitative' information. It means that there can be the measurement of qualities by way of description. This data is the collection of words which is obtained from observation using techniques such as focus groups, interviews and questionnaires. The aim is to reveal the texture of the problem so that a better understanding and interpretation of the phenomenon's meaning can be formulated. This then is in contrast to the Realist/ Rationalist empirical process of quantitative data collection whereupon the Realists data collection is carried out so that the measurements using numbers can be analysed and then compared against the established deduced hypothesis.

### **Critical Realism.**

The ontological approach of the Critical Realist is situated between the two extremes that of the Realists and the Relativists and therefore attempts to have a foot in both camps. The Critical Realist accept that an objective world can exist 'out there' and be apart from human cognisance in line with the realist position. On the other hand, although there is a 'real world', humans are unable to observe this world 'in its self'. It is believed that the understanding and meaning of the world is a socially mediated phenomenon and that knowledge of the world and how it operates is some form of construction. The main questions regarding the Critical Realist position is 'how different are these two concepts; reality and the socially mediated phenomenon'? The question to be answered here is 'how close can the subject get to know the object'? The epistemology used by the Critical Realist needs to be a process whereupon knowledge and meaning is created by combining both the Objectivist and the Subjectivist view in an interplay or nexus of events. (Moon and Blackman, 2014).

The foregoing sets out the scope of the 'nature of being' and what might exist. This constitutes the Ontological area of scientific and social research.

## **Epistemology.**

Stemming from the 'nature of being' there arises the need for a 'theory of science' centring on the range of knowledge, the justification and the rationality of a belief. Epistemology, 'the theory of science', is about how knowledge is experienced and created which takes its starting point from the two main ontological options of Realism and Relativism. (Moon, K. and Blackman, D. 2014. Saunders, M. 2019). The three significant epistemological mechanisms, Objectivism, Constructionism and Subjectivism are arranged on the second level of table 1, page 3.

From the Realist viewpoint the concept of reality is concrete in that 'things' exist separate and apart from the observer. As this is the case, Reality can be understood by experimentally studying and investigating the object. This process of epistemology is 'Objectivism' where there is no reference to the Subject when investigating the 'meaning' of the Object. Through this method an investigation can facilitate the natural scientific theory and processes through Deductive reasoning in the form of Positivism. (Moon, K. and Blackman, D. 2014).

For the Relativist the theory of science and acquisition of knowledge is within a 'Subjective' framework. This is the belief that knowledge is 'filtered through the lenses of language, gender, social class, race and ethnicity'. (Guba and Lincoln, 1994). Here knowledge is gained via an Inductive approach which is value laden and is context dependent. It is by a process of 'interpretation and inference' that a theory is built up from ground level using the data. It then follows that as all events are within their own context and so each investigation/experiment is technically unique.

Between the two poles of Objectivism and Subjectivism there is the concept of on Constructivism. This concept promotes the interplay between the subject and object to give meaning to reality. Here the nexus of object and subject determines the construction of the accepted reality. (Moon, K. and Blackman, D. 2014)

## **Application of the Theory.**

Following on from the Ontological and Epistemological stage of understanding which establishes the philosophical basis of how the world is viewed there is a move to how to apply the understanding through a relevant research process. At the third level of debate there is a consideration of the different Applications arising from the established philosophical basis.

## **Positivism.**

For the Realist/Objectivist approach the main application of the theory is Positivism. The Positivists approach to a research investigation states that there is an objective reality. This reality can be observed. (Popper, K. 2002; 1959), (Hasan, N. 2016). Here the methodology calls for theories that generate hypothesis which can be tested. The Positivist viewpoint is deemed to be 'value free' and uses the 'Deductive' process of investigation i.e. (If  $A > B$ ; and  $B > C$  then  $A > C$ ). The rational, deductive process invokes experimentation to test the hypothesis derived from the theories. The experimentation should be repeatable and, in line with Popper's philosophy, the hypothesis must be theoretically falsifiable although, conversely however the hypothesis cannot be accepted as necessarily true. The Deductive process offers a set of hypotheses that if not falsified contributes to the support of the theory. Positivist use repeatable experiments to gather data or facts on an objective logical/rational basis in an attempt to generate law like generalisations or Universals. (Levers, M-J.2013), Easterby-Smith, Mark; etal (2018)

## **Subjectivism and Constructionism.**

Positioned towards the Subjective end of the epistemological methods there is the concept of Constructionism. Constructionist hold that in order to be able to know a phenomenon its meaning has to be derived or created from the interplay or dialectic of subject and object. Here the reality of the object is constructed through the subject. (Moon, K. and Blackman, D. 2014).

When considering the application of Constructivist and Subjectivist concepts to a research area the direction of travel is towards Social Constructivism and Interpretivism method of investigation. As has been stated the 'Institution', is the humanly devised constraints that structure human interaction; (North, 1990) but the question is raised as to how are these constraints generated and how are these worlds constructed? It is argued that the world or the reality in which people exist is constructed through social interaction which involves some form of agreement on what constitutes truth and reality. 'Reality is what "we" agree on; 'Truth is agreement' (Carpenter, 2011, p. 121). This being so, reality arises through people of differing experiences making sense of their world given the existing conditions. This truth and reality comes about when people of a community accept and operate by the conventions, habits and social facts of that community. From this social order they create the culture of the community. To the members of the community their view of the world is real; it is reality. (Berger and Luckmann, 1966).

This form of the truth of reality is concerned with constructing the world through 'meaning and behaviour'. The concept of Social Construction was built on the works of Immanuel Kant, Friedrich Nietzsche, Karl Marx, Lev Vygotsky and Jean Piaget with their writings on knowledge development. More specifically there were authors such as Paul Watzlawick and Ernst von Glaserfeld who developed the arguments regarding social construction.



(Carpenter, 2011; Witkin, 2012). These efforts lead to a concept of Socially Constructed Reality from which three theories of the construction of reality were developed. (Berger and Luckmann, 1966).

Firstly, there is 'Social Constructionism' which in particular looks at the use of language within social interactions and how this is influenced by history, society and culture. This then is about 'nurture' impacting on development. (Teater, 2014).

Alternatively, 'Constructivism' considers the biological forces through the internal development processes of people through their cognitive structures and the mind. It is more concerned with the 'nature' side of reality.

Integrating these two strands there arises 'Social Constructivism' that considers both societal (nurture) and biological (nature) influences as having a major impact on how people see the world. (Teater, 2014).

By adopting the wider remit, Social Constructivism uses the core principles of meaning, language and thought. Here people use symbols such as words, rules and roles to give meaning to and make sense of the world. (DaLamater and Meyers 2011). From this it is argued that people act on what they believe, not on some objective truth, (that which is objectively true). The view of the real world then is group, community and individually specific, depending on the level of abstraction under investigation.

The investigation of the relationship between MNC H.Q. and the Subunits may be best looked at on the level of Organisational Field and the view of the reality pertaining to the stakeholders involved in the Organisational Field. As previously discussed in chapter two there were potentially six organisational fields, that is those organisations that constitute a recognised area of institutional life. The type of relationships that could be revealed by the participants responses may give an insight into the institutional workings of the organisation. (Di Maggio and Powell, 1983. 1991).

### **Subjectivist and Constructivist Epistemology.**

At the Relativist end of the ontological spectrum there is the epistemological approach of the Constructivist and Subjectivist which leads to the philosophical paradigm of the Interpretivist. There are claims that the Constructivist approach has an ontology of Critical Realism and a Subjectivist epistemology. (Levers, M-J. 2013). It can be understood that the Critical Realist aspect of this research has some relevance but only to the extent that the researcher's participation exists at the level of 'reflexivity' associated the Constructivist Grounded Theory method. The research is based in the Relativist ontology which begets the application process of Interpretivism. Interpretivism claims that the world does not exist as an objective entity and it does not exist independent of human 'social' activity. Interpretivist

state that all our knowledge is socially constructed. This philosophical perspective looks at the data obtained from the research and then it is the role of the researcher to interpret the meaning of the events and the social actors involved in the phenomena. (Saunders et al 2012)

The centralised but overlapping paradigm of the Social Constructivist proposes that each society constructs the world of experience through cognitive activity, the thinking process. This picture of the world is understood and relevant to the group and its situation. This position is derived from the Constructionist stance where the 'individual' mentally constructs the world of experience through the mind. (Andrews, T. 2012).

### **Interpretivism and Social Constructionism.**

This particular research sets out to interpret and understand the relationally tensions that may occur between the H.Q management and the Subunit personnel due to different pictures of Reality. Following on from the generally Relativist philosophical branch this research considers the three techniques associated with Interpretivism; that is, Hermeneutics, Phenomenology and Symbolic Interactionism. As with the nature of the relativist stance the researcher must be influenced by their own experiences and to that end should acknowledge the set of assumptions that will structure their approach to the investigation. The three stated main epistemological methods that are relevant to the investigation are firstly Hermeneutics. Hermeneutics is concerned with hidden meanings and implications of conversations, literature and language. This is aligned with Phenomenology which is about the investigation of the way the world appears to an individual who is experiencing the world. Additionally, phenomenology from a social perspective is the way we come to share similar understandings of the world and the way we construct a sphere of intersubjectivity. This means that a community can generate and uphold an implicit agreement about how the world looks and operates. Finally, there is Symbolic Interactionism which encourages interaction between the researcher and the researched in order to get to grips with the language and symbols that are meaningful to the group and the way they view the world. (Charmaz, 2014. Levers, M-J. 2013. Moon and Blackman 2014.)

## **Quantitative or Qualitative data collection.**

The facts used by the Positivist's school is the quantitative data gathered via the experimental process of objective observation and these facts are analysed in finality as numbers. This is the case even when questions on a topic are set out using a questionnaire, here the researcher may use a Likert scale. This is a process that often uses numbers from one to five in line with the strength of response or reaction to the questionnaire statement. These numbers are allocated, to maybe, even an emotional response. When a number is then applied to the process the methodology becomes quantitative and positive. This methodology is most suited to natural scientific research where experiments are precisely repeatable so facts and truths can be deduced using numbers to reveal the under lying causality between events in order to predict an outcome. The application of this method leads to the ability to assume future relationships and to predict the outcome of events. (Levers, M-J. 2013).

Contrary to the Realist; Objective; Positivist process the alternative Relativist; Subjective; Interpretivist view of research generates the need for the collection of 'qualitative' information. It means that there can be the measurement of qualities by way of description. This data is the collection of words which is obtained from observation using techniques such as focus groups, interviews and questionnaires. The aim is to reveal the texture of the problem so that a better understanding and interpretation of the phenomenon's meaning can be induced. In essence Qualitative Research tries not to fix meanings but tries to draw inferences made about meaning. (Murphy etal 1998. Andrews, T. 2012)

This then is in contrast to the Realist/ Rationalist empirical process of quantitative data collection whereupon the Realists data collection is carried out so that the measurements using numbers can be analysed and then compared against the established hypothesis. With the Relativist approach there is theory building based on inductive analysis.

### ***Justification of Selected Methodology.***

*To make a justification of the appropriate methodology to be used the foregoing aspects of the Realist and the Relativist philosophy and the associated methods of research are taken into account. It is argued that the Positivist paradigm would not have the facility to uncover the relationships and exchanges that were and are taking place between the H.Q. and the Subsidiaries in their different social environments. (Holden, M. Lynch, P. 2013). When adopting the Positivist, deductive approach there needs to be firstly, the development of a theory and an arrangement of a set of hypotheses which is difficult when dealing with tacit social phenomenon. A phenomenon, which is not necessarily repeatable must then be tested empirically by gathering observable facts, which is problematic in this social situation. Beginning with the theory and hypotheses which is, for the Positivist, a precursor to making predictions which can suggest generalisable, causal relationships between variables. The final stage of the research is where the theory is refuted or by confirming the theory it is maintained as an 'operational truth'. The process of a top downwards method would be a major misalignment with this area of research as much of the phenomenon of relationships is not markedly described or understood. The research area to date has little to offer in terms of theoretical statements. (Cunliffe, A. 2011. Moon and Blackman, 2014. Saunders, M. et al. 2015).*

*There is a need for a research design that can be more socially empathetic and account for the individual's behaviour in their own social world. The Relativist framework associated with the subjectivist theory of knowledge using the interpretivist and social constructivism approach, with its inductive method, would seem to have the basis and technique to facilitate the development of an understanding of the meanings for relationships. (Levers, M. 2013. Saunders, M. et al. 2015) Aligned with the prior argument concerning the framework of Institutionalism and the pillars of the process of Regulative, Normative and Cultural-Cognitive, a subjective Interpretation may reveal the importance of the Institutional Structure that drives the action of agents and which gives rise to the subtle phenomenon of the potential conflict between the MNC's H.Q. and Subunit.*

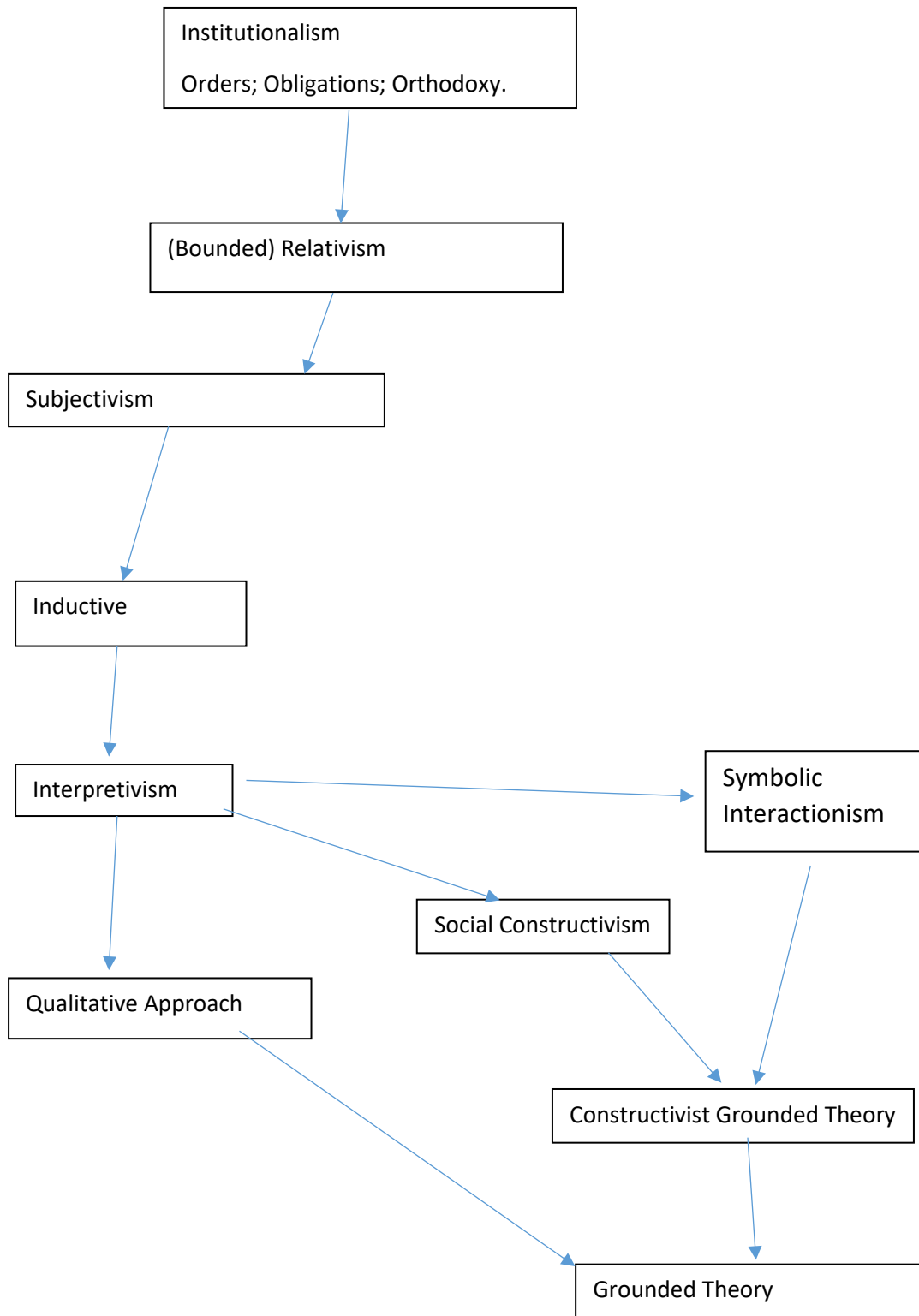
*The interpretivist and social constructivism paradigm offers the opportunity to investigate the social interactions regarding an event or activity which can then highlight the inferences connected with the textural meanings with regard to the particular outcomes as to what is and has happened. It may be possible to develop and construct transmission mechanisms for the institutional processes which give explanations and point in the direction of what could be the core elements of a phenomenon. With the interpretive technique it is possible to understand a situation and the reasons as to its occurrence. (Moon and Blackman, 2014*

*The application of interpretivism and social constructivism in contrast to Positivism, at the application level, is used in this particular investigation to understand meaning and generate knowledge of the event. This method of research is particularly useful for the social sciences as it allows the development of inferences and explanations which subsequently may offer an understanding of phenomena. (Moon and Blackman, 2014. Crotty, M. 1998).*

*Table 2 offers a research design which is developed to explain the philosophical and practical process that will be followed so that, in a relativist world, certain emergent connections can be established in order to understand the meanings and motivations of the participants. The design follows the basic Saunders lineage of the 'Interpretivism, Inductive, Qualitative' process. (Saunders, M. et al. 2015). As has been stated the ontology is relativism therefore subjectivism and inductive creation of knowledge is assumed. To understand the 'meaning process' where reality is culturally derived and historically contextualised the data will need to be interpreted through the conduit of Symbolic Interactionism. Symbolic Interactionism highlights the importance of language and symbols that are used by humans to co construct their reality and thus enter into the realms of Social Constructivism as plotted in table 2. Through this interpretive conduit the researcher can analyse the participants interviews using the method of grounded theory. Charmaz (2014) states that the Classical Grounded Theory and the Straussian Grounded Theory are basically objectivist in their coding procedures and objectivist analysis. She goes on to write that the constructivist is the only grounded theory that fits in with the interpretivist perspective. (Charmaz, K. 2014)*

**Table 2.**

Research Design developed from Philosophical Table 1 as set out by Moon and Blackman, 2014



## **In summary**

Given the practical circumstances of the collection and form of the data the prominent method of investigation available must centre on the interpretation and meaning of the relationships between the H.Q. managers and the Managers and stakeholders in the organisational field. The Realist scientific research process does not lend itself to discovering these underlying relationships. The Critical Realist approach looks for the researcher to take a participatory approach between object and subject so that the underlying mechanisms of power relationships can be assessed with a view to adjustment as a resolution of disparity. These pathways were not really available to the researcher and are not particularly helpful due rejection of the realist application to the internal nature of the events between two organisational fields.

With these aspects considered and given the philosophical stance of the research along the relativist subjectivist and interpretivist line of thought it is the case that the research strategy that could fit in with a more detached researcher investigation would be a form of Grounded Theory, (GT). The Grounded Theory strategy is strongly associated with the subjectivism, interpretivist position and constructivist theory. (Saunders, M. N. K. et al. 2015; Glazier and Strauss 1967; Corbin and Strauss 1990).

## **Grounded Theory.**

### **Introduction.**

Grounded Theory is a methodology for generating theory from an inductive, interpretivist/constructivist stance using an underlying comparative process. This method was initially developed by Glaser and Strauss and promulgated in their nineteen sixty-seven book; *The Discovery of Grounded Theory – Strategies for Qualitative Research*. Glaser's definition of the theory is as a 'general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate in inductive theory about a substantive area.' Thus grounded theory offers an alternative to other inductive methodologies such as Case Studies and Ethnology approaches. (Easterby-Smith 2018)

Glaser and Strauss's (1967) original version of Grounded Theory is presented as fitting within the postpositivist paradigm. Charmaz's (2006) version of grounded theory was aligned with the constructionist paradigm. On the other hand the prescriptive Corbin and Strauss's (2008) stance is underpinned by the interpretivist paradigm from an objectivist viewpoint. (Charmaz, 2014). The focus of this discussion is the distinction at the paradigm level and how this influences the process of emergence. For the purpose of discussion, clear delineations are presented; however, when engaging with grounded theory as an activity the boundaries may be somewhat blurred and therefore may not precisely exist as defined

here. The intention is to present a plausible framework for a discussion regarding the concept of emergence in grounded theory. (Levers, M-J 2013. Saunders, M. N. K. et al. 2015).

The Grounded Theory methodology is 'a framework in which there is joint collection, coding, and analysis of the data using a systematic set of procedures to develop inductively derived theory'. (Collis and Hussey, 2014, P117). A form of Grounded Theory would be suited to this research because the data that was initially obtained appeared to be fairly sterile in the area of managerial relationships between the H. Q. and the Subunits. However, the response that was obtained in some of the semi- structured questionnaires/interviews pointed to a relational phenomenon that had 'no theory to hand'. In these circumstances it would seem particularly appropriate that a method of concurrent collection, coding and analysis would lend itself to the relevant narrative and structure surrounding the H.Q. and Subunit and include reference to the various stakeholders involved in the sub units' organisational field.

Glaser and Strauss (1967) set down a methodological theory which proposed that practical research should be carried out without a previously determined theory or a set of hypotheses. Here there is no 'a priori' theory which means that there are no predetermined benchmarks to aim at. There is no compulsion to make the facts fit a 'deduced conclusion'. There is no driving force behind the linking of the hypothesis to collude with the theory. The main point of the Grounded Theory methodology is to generate a theory in terms of inducing a story or narrative that is able to interpret the meaning and to offer an explanation of a phenomenon. (Evans, G. 2013; Patton, 1990).

The Classic Grounded Theory requires that the collection of data, via interviews generally, is carried out alongside the coding process for data categorising and classification. There is also an analytical process for making comparisons and proposing patterns for interpretation being carried out concurrently, (Kenny, M. Fourie, R. 2015). The term Classic Grounded Theory (CGT) is now generally applied to the Glaser and Strauss method devised in the nineteen sixties and promoted by Glaser to the present. Because of this the CGT is also known as the Glaserian Theory which is in contrast to the later promoted Straussian method of Grounded Theory. The latter Grounded Theory was unveiled in 1990 with the publication of Strauss and Corbin's 'Basics of Qualitative Research'. This method of Grounded theory differs from Glaser and Strauss due to the point at which the Literature Review is carried out. Glaser states that the Literature Review should be undertaken after the data is collected whereas Strauss and Corbin carry out the Review as the data is being collected. Glaser states that this earlier up-take of the Literature Review moves the method away from the purely inductive development of a theory. This process of the induction of theory is a main criterion of the CGT. (Glaser, B. 1992)



### **Straussian Grounded Theory.**

The Strauss and Corbin method proposed a more rigid process for analysis which included a three-stage coding process firstly, using 'open' coding to break up the data. Then 'axial' coding was used where by data is put back together, or joined in new and different ways not immediately obvious on a cursory scan. The final coding is the 'selective' coding process which highlights the categories of data from which a substantive theory can emerge and develop. The Straussian method is considered more prescriptive than the CGT and in essence is considered more helpful to researchers who can easily follow a more understandable, step by step procedure than that offered by the CGT. But the complication of this process comes about with the constant comparisons on the level of matrix analysis. (Evans, G. 2013).

Further developments in the field have given rise to two other Grounded Theory methods which tend to differ on the applicability to particular research perspectives. These methodologies are Constructivist Grounded Theory and Feminist Grounded Theory. The Constructivist Grounded Theory and the Straussian Grounded Theory coincide with the timing of the Literature Review in so far as it is undertaken before the data collection as well as in co-ordination with the data gathering. The two methods however vary in the form of coding undertaken for the data analysis. (See Table 3) The coding applied to Constructivist GT is firstly 'Open Coding' similar to the Straussian method. This entails breaking up the participants/informant's data or text and grouping it through an 'open' coding process where all is data and general terms are identified. 'Focused coding' is then undertaken which leads to the setting out of the core categories and related concepts. Having arrived at these codes and categories 'Theoretical Coding' is used to 'selectively' go through the relevant parts of data and to compare concepts and link them to the categories within the coding to develop a theory. (Evans, G. 2013. Alemu, G. et al 2015. Charmaz, K. 2014)

### **Constructivist Grounded Theory.**

The Constructivist Grounded Theory is based in the relativism zone and encompasses the idea that reality is not to be known directly. It is that people, social groups, construct an abstraction of what might be the reality that accommodates the group's history and context. This means that concepts are not discovered as such but to a large extent are constructed to fit in with the social group's experiences. The Straussian view is that the world is relative and it is created subjectively and therefore in need of interpretation. Associated with the Straussian method, as with the Constructivist Grounded Theory, the literature review is carried out before and alongside the data analysis, again contrary to the CGT. With both the Constructivist and Straussian method it is accepted that there are preconceived ideas or concepts regarding a particular area of research that any relevant

researcher would be aware of and so this make a prima facia case for supplanting the Classical Grounded Theory. (Charmaz, K. 2014. Levers, M-J. 2013)

A further option is the **Feminist Grounded Theory**. This was developed because the usual methods tended to be centred or focused from a male point of view, an androcentric perspective or dominant logic. The Feminist Grounded Theory is not a separate theory or method in itself but applies a Feminist perspective to the any one of the three extant theories in order to recognise feminist dominant logic and the specific women dominated professions such as nursing. (Wuest, 1995; Vargo S and Lusch R 2004).

**Table 3. Coding Process of the different Methods of Grounded Theory.**

Classical Grounded Theory: - Substantive coding and Theoretical coding.
Strauss and Corbin. Straussian Theory: - Open coding. Axial coding. Selective coding.
Constructivist Theory: - Initial or Open coding. (Re)Focused coding. (Theoretical coding).
(Charmaz, 2014. Evans, G. 2013. Alemu, G. et al. 2015. Kenny, M. Fourie, R. 2015).

Various units used for coding: - a) Terms; b) Themes; c) Codes; d) Categories; e) Concepts; f) Aggregate Dimensions.

**Table 4. Description of the Coding used with the different Grounded Theory methods.**

Open coding. Identification of codes and developing a set of concepts to integrate into a theory. (This is analogous to substantive coding but there is some element of predeterminism unlike substantive coding).
Substantive coding. Breaking up and analysing data firstly using open coding then selective coding.
Axial coding. Is where data is put together in new ways; connections to make differences between categories.
Selective coding. To theoretically saturate the core and related concepts by demonstrating that they are being constantly reiterated.

Focused coding. Identification and creating Categories and imposing constant comparison of codes.

Theoretical coding as generally accepted is adopted to work out how the substantive codes relate to each other in order to arrive at an integrated narrative that provides an explanation or theory.

The Theoretical coding for Constructivists however is slightly different from the foregoing as it is more specific as to seek the merging of concepts into groups of Core Categories. Charmaz (2014) suggests that Theoretical coding is not so much an application of coding but an 'emergent' process.

(Alemu, G. et al. 2015. Charmaz, 2014. Evans, G. 2013;)

### **Code Sequencing**

Codes lead to Concepts; Concepts create Categories; Categories develops Core Categories/Principles and this leads to Theoretical Framework for Description or Evaluation. (Alemu, G. et al. 2015).

Much of literature on the MNC H.Q. relationship with the subunit had been covered prior to the data collection. This was also the case with the papers and books on the transfer of practice and process between the two entities. Due to this prior research it is difficult to consider that any applied methodology as being purely Classical Grounded Theory. It is the case that, in practice the literature had been and was being reviewed as the interview information was being gathered. This means that in essence there is a choice between the Strauss and Corbin method of Grounded Theory and the Constructivist method of Grounded Theory. Both these methods advocate that the Literature Review be started before the collection of the data as well as allowing the review to evolve as the data is being collected and analysed.

Because of the Relativist, Interpretivist and Constructivist stance taken by this research it would seem that the method of Constructivist Grounded Theory is best suited to this particular project. The Constructivist Method will allow the analysis of the data to be in accord with the ontological and epistemological perspective taken by the research's philosophical viewpoint of relativism; subjectivity and interpretivism. As previously stated the method uses three stages of coding, Open coding. (initial coding) (Re)Focused coding. Theoretical coding. Open coding is used to develop a set of codes to integrate into a theory. (This is analogous to substantive coding but there is some element of predeterminism unlike substantive coding). Focused coding. Creating and organising Categories and imposing constant comparison of codes. Theoretical coding for Constructivists is the merging of concepts into groups of Core Categories to enable the identification of emergent themes.

This coding process is potentially able to reveal the core categories of the relationships involved within the interviews so that the principle meanings can be inferred and an understanding may be developed. The main difference of the Constructivist process from the Classical and Straussian methods of Grounded Theory is that there is a continuous appreciation of the constructionist viewpoint which is that the researcher is part of the process albeit as a 'knowledgeable agent' (Gioia, et al. 2013). This subjective approach must be accounted for within the interviewing and data analysis process. It is via the third step of Theoretical Coding that the researcher's 'personal reality' is addressed by adopting 'reflexivity'. This strategy of Reflexivity is most importantly undertaken in this third and final coding process where theoretical appraisals are made as part of the Constructivist method. (Easterby-Smith, M. and Malina, D. 1999; Charmaz 2006).

### **Reflexivity**

In line with the Constructivist and Interpretivist perspective Mann (2016) describes reflexivity as being 'focused on the self and ongoing intersubjectivities. It recognises mutual shaping, reciprocity and bi-directionality, and that interaction is context-dependent and context renewing' (Mann, 2016 p.28)

The initial research area was concerned with how cultural, legitimacy and symbolic processes differs across countries and what effects these differences might have on the relationships between Headquarters (H.Q.) managers and Subsidiary (Subunit) managers.

To begin with, the fourteen semi structured interviews were conducted with senior and middle managers in the two MNC subsidiaries in Ghana. The MNCs were Blue Skies and 'MTN'. The focus of the research centred on the relationships between the MNC and the Subsidiary with regard to the dissimilarities of running a business in different international environments. Additionally, how can these differences be managed to enable the effective running of the organisation.

Overall the responses by the managers to the semi structured interviews was that, (at an official level) there was no conflict between the H.Q. and the Subsidiary. It was relayed that the process of implementing H. Q. instructions and directives regarding product and process changes exhibited no cultural or legitimacy problem. The only difficulty experienced were with technical adjustments which meant that it was just a matter of working slowly through the processes maybe along with increased training. This balanced situation with process and technology transfer was said to be mainly due to the annual strategy conferences and subsequent planning meetings where the major decisions were negotiated. The question of legitimacy and acceptance in a foreign land appeared to be accounted for by the benign general structure and strategy of the firms within the day to day running of the enterprise.

Having said that, after some initial analysis of the semi-structured interviews it appeared that this balance of cultural differences was not always totally stable. With the ongoing interviews some managers/employees did reveal that one or two problems had arisen in both of the Ghanaian subsidiaries of Blue Skies and MTN which were involved in the research. These insights tended to be offered towards the end of the interview during the more relaxed discussion on the working environment and through the open-ended questions. The examples revolve around one or two processes that the H.Q. tried to transfer/mandate onto existing working practices. In general, these practices were found most disturbing for the employees and to some extent other stakeholders to the point that there were examples of the processes being rejected. Given the circumstances as set out above the following sections outline the research philosophy and design that can be justifiably used to describe and, in some way, explain the motivating forces revealed by the subsidiary's personnel.

### **Memo Writing.**

In addition to coding there is the task of Memo Writing. Memo Writing helps the researcher keep track of what is going on. It is an essential part of grounded theory as the memos provide a record of the research process and includes modes of analysis, thoughts, interpretations, questions and ideas of further data collection'. (Strauss and Corbin 1998). The production of memos helps the researcher to maintain a perspective on the various offshoots of the project and facilitates the process of theorising at the various levels of the grounded theory analyses.

### **Gioia Grounded Theory systematic presentation**

Having discussed some of the elements of grounded theory and considered that the Constructivist Method of Grounded Theory would be the best option for this research due in part to its subjective perspective. There is now consideration of what might be termed the 'problem of legitimacy' of Qualitative Analysis. The Constructivist Method which uses three modes of coding is underpinned and, in some ways, analogous to the structure laid out by Dennis Gioia, etal (2013). The 'Gioia Methodology' is a process of 'Seeking Qualitative Rigor in Inductive Research'. A problem with qualitative research is that there is no direct link between the data and the meaning that can emerge by its process of inference through analysis of non-repeatable events. The induced meanings are revealed rather as inferred assertions regarding a little-known phenomenon. When dealing with assertions there is no 'rationally deduced' link between theory and event via the data as is the case within the realist/positivist paradigm.

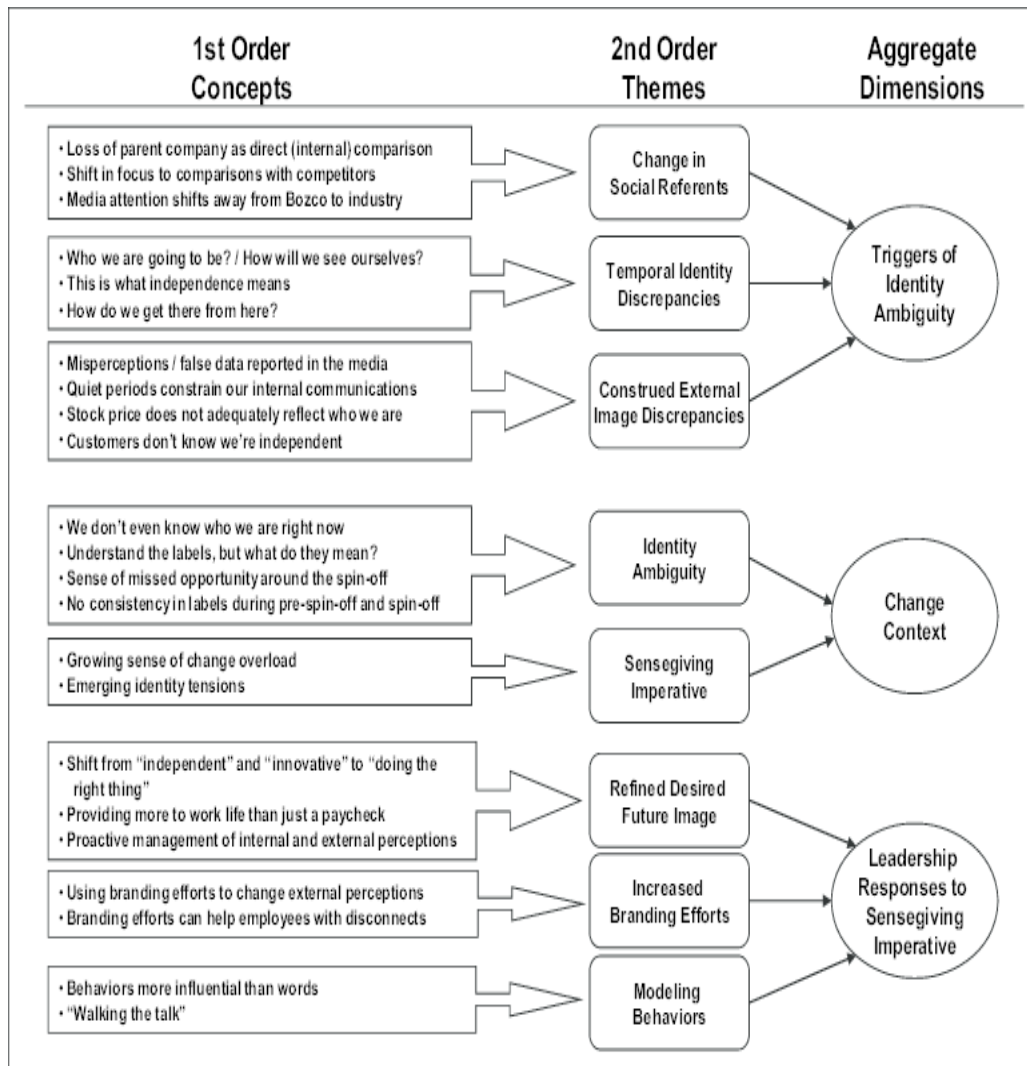
The accusations pitched at the process of Qualitative Research which must be confronted are revealed in statements such as 'How do I know that you know what you are claiming to know' or 'Where is the evidence for your assertions'. (Gioia, et al 2013, p18).

It is Gioia's contention that systematic presentation of transparent operations is the answer to the accusations of a researcher who might just 'cherry pick' quotes in order to make up an interesting interpretation of some nebulous events. Using some form of the Grounded Theory method Gioia's first step was to divide the process into two by creating the 1<sup>st</sup> order analysis and the 2<sup>nd</sup> order analysis. This basis of the segregation firstly revolved around the codes and terms used by the informant/participant to form the 1st order category. This is considered as an informant centred analysis. The 2<sup>nd</sup> order of analysis is to generate and collect up the concepts and themes. As an extension to the 2<sup>nd</sup> order analysis Gioia presents a final grouping which is 'aggregate dimensions'. The generation of concepts and themes from the codes and terms requires the researcher to theorise about the data and, with experience, infer the concepts and themes. This 2<sup>nd</sup> order is the beginning of the 'theoretical' stage and it becomes 'researcher centric' in its perspective. Here, as Gioia argues, the researcher must treat themselves as 'knowledgeable agents' who must think at multiple levels to try to answer the question of 'What is going on here'. The answers should come through a process of 'gestalt analysis', that is thinking about elements and relationships where forms of synergy might be present. (Gioia and Chittipeddi, 2010). The final stage or possibly 3<sup>rd</sup> order analytical process gives rise to the formation of the overarching Aggregate Dimensions. Gioia stipulates that only when it is demonstrated that there is a full set of 1<sup>st</sup> and 2<sup>nd</sup> order themes and concepts along with the (3<sup>rd</sup> order) Aggregate Dimensions can the 'Data Structure' be configured. The construction of the 'Data Structure' which can be represented in graphic terms (see Fig 1) lays out the 1<sup>st</sup>; 2<sup>nd</sup> and 3<sup>rd</sup> order processes and the relationship between these elements. It is these relationships and linkages that provide the pathway towards the emergence of the dimensions leading to theories. (Gioia et al 2012 p20). It with this template and underpinning that it is said that 'Without the initial terms, codes and categories there can be no construction of Gioia's Data Structure; hence, No Data Structure; No Nothing'. (Alemu, G. et al. p21. 2015).

Part of the design of the methodology with regard to Grounded Theory is concerned with the structure of the presentation and the account that it takes of the influences of researchers upon the data. To this end Gioia et al (2012) traces out first and second order impacts on the data and discuss the concept of emergence of theories from these circumstances. Which will be discussed later in the chapter.

Set out below is an example of Gioia's grounded theory methodology adopting the participants/respondents 1<sup>st</sup> Order Concept, followed by the Interviewers 2<sup>nd</sup> Order Themes terminating with the inductively inferred Aggregate Dimensions Category.

Fig 1.



Corley, K. Gioia, D. (2004) Identity ambiguity and change in the wake of a corporate spin-off. P18.

### Emergence.

Emergence is said to be part of an open system because unobservable causal laws interact in contingent ways to produce change at the level of observable events. The weather system is a classic example of this. It can be said that Reality is held to be 'stratified' because rather than reducing all levels of natural reality down to just one science that is the level of physics; Bhaskar (1975/1997) holds that chemistry and biology, on another level to that of physics, deal with emergent properties that stem from the level of physics but which are irreducible down to physics. He explains thus, water is an emergent property of hydrogen and oxygen but is irreducible down to these components and water has its own properties. Scientific research does not necessarily yield certainty in knowledge, because although

theories in the natural sciences have correct ontological assumptions, these theories are still fallible 'interpretations' of phenomena that are open to criticism and revision or replacement in the future. Chuishack, J. (2012).

'Emergence is about the properties of wholes compared to those of their parts, about systems having properties that their objects in isolation do not have. Emergence is also about the interactions between the objects that cause the coming into being of those properties. Although these statements appear to be equal they are actually two different sides of the same coin. The first refers to emergence as an ontological concept, whereas the latter addresses emergence in an epistemological sense (Bunge, 2003). This distinction is rather interesting in the case of emergence, as the boundaries between ontology and epistemology are blurred when dealing with emergent phenomena, which is what in Emmeche et al., (1997) is called the emergence paradox.

A general treatment of emergence in an epistemological sense is impossible. It would presuppose that the same mechanisms are responsible for a forest being more than its collection of trees, for a couple being two people and for a piece of iron becoming a ferromagnet. This is not to say that general mechanisms, common to all emergence or at least certain classes, cannot be found. The aim of this article was, however, to provide a framework without reference to the underlying mechanisms. A framework to describe emergence from the viewpoint of the ontological side of the coin, so to say. Such a framework nevertheless needs an inspection of mechanisms of emergence. Nonlinearity is often named as a prerequisite for emergence. To explain this, it should be known that the 'Principle of Superposition' is the case where with an input A there is a response of X; and with input B the response is Y. When you have A + B then if the response is X + Y there is Superposition and Linearity. It is a scalar argument. If the argument is that for a whole to be more than the sum of its parts there must be a mechanism where the principle of superposition fails, there is no direct relationship which is close to the very definition of nonlinearity. This situation is a level of complexity. A good example of complexity giving rise to emergent conjugate is given by Haan 2006. Consider for example of the sac of cotton as Marx (1867) does in his labour theory of value. The sac of cotton is placed in a relational context by virtue of its intrinsic properties such as its potential to weave it into cloth. In this context it becomes possible to exchange or trade the cotton, whereby it obtains an emergent property, namely its exchange value. This exchange value emerges simultaneously with the higher-level phenomenon of cotton exchange or trade. The higher-level phenomenon, the exchange or trade, together with the emergent property on the underlying level, the exchange value, are denoted as the emergent conjugate (J. de Haan 2006. Levers, M. 2013). The exchange or trade process together with the exchange value are the emergent conjugate which in itself is a reversible combination where trade has grown out of exchange value and trade value exists due to trade. It is the emergent conjugates that the Grounded Theory is looking for; that is relationships that have no direct link but have a bearing on the existence of each other. Emmeche et al., (1997).



### **Interview Process and Protocol.**

*The process of gathering data was not straight forward in so far as, and not unreasonably, MNC are not 'open houses' in the sense that unless you have a direct contact with the organisation they tend to have a closed-door policy. The researcher did have one avenue of contact which was through the various corporations that had been visited during the course of working in the Student Work Placement scheme. This particular conduit seemed rather precarious as any relationship that the researcher and the University had built up over time might be somewhat stretched with interview demands on the corporation's employees for research purposes.*

*It was during a Doctorial Progress Review that the Head of the Strategy, Entrepreneurship, and International Business (SEIB) Research Group suggested that he could introduce the researcher to various managers in two MNC subsidiaries in Ghana, West Africa. After initial contact was made by the Head of the Division the researcher was able to have two telephone discussions with a Manager of each subsidiary. The first call being a general introductory call, with the second call there was a short discussion on what the research was about and how it would be carried out. The managers in both M.T.N. and Blue Skies were well known to the Brunel Head of the SEIB Group. As the researcher was to discover it is the case that the Ghanaian people are generally very friendly and helpful. It can be said that there was never any awkward or difficult experience when interviewing or in general interaction.*

### **Ethics.**

Typical ethical considerations arising in research include deception, informed consent, right to withdraw, psychological harm and confidentiality (McLeod, 2007). Measures will be put in place to ensure participant's identity; anonymity, confidentiality, and that their physical and mental well-being are protected. An ethics form accompanied with a participant information form and participant consent form will be provided. Written consent will be gained from all participants. Participants will be briefed before research begins and after research has been completed both verbally and in writing, initially using the participant information sheet. They will also be informed that participation is completely voluntary and will be given the opportunity to ask questions regarding the research, and/or provided with contact details if they wish to receive further information about the study.

There is a standard Ethics Procedure set out by the College of Business, Arts and Social Sciences Research Ethics Committee, Brunel Business School when research involves participants. The qualitative research involved interviews with people employed by the two MNCs so it was necessary to follow the Ethics Procedure and obtain both consent from the employees and employers as well as approval from the CBASS Ethics Committee. Firstly, an outline of the research intentions along with assurances on confidentiality, anonymity and security of the data was submitted to the Ethics Board for their approval. Additionally, a

Participants Information sheet, a Company Confidentiality Form and the Consent Form were offered for approval which was forthcoming in due course. The relevant forms are placed in appendix B.

### **Conduct of interviews**

*The chosen research design to be used is in-depth semi-structured interviews, which will provide rich qualitative data and open expression of experiences relationships and processes.*

*The participants expected to participate were managers of Multinational Corporations Subsidiaries and/or Headquarters at a level which involves them in strategy development or implementation.*

*The selection of the participants were from two different MNC subsidiaries. The Brunel Business School has company contacts in two Multinational Corporations in Ghana and the contacts are willing to negotiate and arrange for interviews with the relevant managers on a voluntary basis. It is anticipated that between ten and fifteen interviews can be arranged from the subsidiaries.*

*Each interview lasted approximately 45 minutes to 1.15 hour and followed a semi-structured format which explored the available evidence. A draft interview schedule was attached. The interviews were recorded.*

*The recordings of the interviews were transcribed in full. A content analysis was applied to the scripts in order to tease out dominant themes within the text of the interviews. This process was undertaken using the NIVIO package for the examination of the text which allows for the isolation of dominant or prevalent themes. The subsequent ordering of those themes was based on their relevance to the question 'How do Subsidiary managers balance the requirements of the Headquarters against the needs of the Subsidiary when creating and developing company strategies to enable acceptance/legitimacy in the host nation' with special consideration of the legitimacy strategies and the prevailing balance of power from a formal and informal aspect between the H.Q. and the Subsidiary.*

*Because of the nature of the research in that the specific themes have not been specified prior to the research in the manner of stating hypothesis. This means that the Grounded Theory research method will be used to analyse the data and progress the findings. Observations will be summarised and placed into conceptual categories which will be tested, finalised and linked to further development of conceptual constructs and categories. This will allow any relevant theory to emerge from observations made during the data collection and the analysis processes.*

*Due to the nature of the circumstances in obtaining the interviews could be characterised as Convenience Sampling due to the fact the participants were the only group of individuals*

that were accessible. Having said that there was an element of Purposive Sampling in that the researcher had a clear idea of the type of individuals that would be needed in the sample before to serendipitous nature of events arranged by the Head of Department. A final aspect of the sampling design would be an element of Snowball Sampling which occurred when a Ghanaian participant put the researcher in touch with the managers at Blue Skies H.Q. in Northampton.

### **Semi Structured interviews.**

It was considered that with this resource the optimum data gathering process would be to carry out Semi Structured interviews as opposed to using surveys and questionnaires or a rigidly structured interview frame work. Using semi-structured interviews there is firstly an element of the questionnaire where the initial questions provide much of the necessary background information regarding the participant. These initial questions were about the participants background and the job they were doing this type of interaction allowed the participant to talk about topics on familiar ground and seemed to have the effect of relaxing the participants and helped build up a degree of rapport between the interviewee and interviewer.

Most of the subsequent questions in the second part of the semi structured are open ended questions. The open-ended questions are used so that they may elicit conversational answers in order to obtain the greatest depth and detail concerning the informant's experiences and perceptions. It is the informant's description of their experiences that is the most important data to be gathered. It is this element which will provide the raw material for analysing the meaning of phenomena in a particular environmental context. As the method selected was the Constructivist Grounded Theory the interviews were conducted by the researcher on the basis that the resultant data would be co-constructed through the relationship between the interviewer and the interviewee. To this end the researcher needs to be aware of their active engagement in the process of putting the questions together, at the time of the interviews and in the subsequent analysis of that data.

The first set of questions that were set out in the semi structured questionnaire that was used for interviews emphasised the inquiry about the subsidiary's market environment, economic and legitimacy aspects of the Subunits position. The questions also queried the direct relationship between the Head Quarters and the Subsidiary in carrying out instructions, mandates and responses to requests from the Subunit.

After the initial interviews it appeared that the economic questions were rather too board for the investigation and little meaningful response was obtained from the participants. The concept of legitimacy was, in general not considered a problem mainly due to the companies being thought of as being local/national and the fact that they bought employment, investment, 'know-how', training and some stability to the national economy. The subsequent development of the questionnaire was restructured so that less information was sought on the macroeconomic situation as well as a reduced investigation on the Legitimacy of the corporation within its organisational field. On the other hand, more weight was given

*to the personal relationships within the units of the various organisational field. Greater consideration also was given to explanations as to why there had been operational problems when implementing new procedures or production processes that affected the staff or employees. After one or two interviews it seemed that the participants became quite involved with talking about their work; on reflection not unsurprisingly. As there was a good and friendly reception, rapport going on I started to introduce what I like to refer to as a Hitchcock 'MacGuffin'. A question out of the blue maybe a distraction however it did have a good effect towards the end of the conversations and much was learnt about working for the respective organisation. Both questions were used; which were: - With regard to work; What makes you throw your hands up in the air in despair? What keeps you awake at night?*

### **Data Collection Procedures**

*The researcher travelled to Ghana on two occasions, March and September 2019, to meet and interview managers in subsidiaries of both the telecom company, MTN (Ghana) and the fresh fruit supplier, Blue Skies. (Ghana). MTN Ghana is the country's subsidiary of the South African Telecom firm, MTN that is head quartered in Johannesburg. Blue Skies is the Ghana subsidiary of the Blue Skies firm headquartered in Northampton United Kingdom.*

*The M.T.N. subsidiary face to face interviews were carried out in the south western regional offices at Takoradi. The Interviews were held on a single day in an office at the MTN regional base. The first interview was with the Head of Corporate Services who was my main contact and organiser of the interview timetable. There were five other participants who were interviewed as set out below in Table 6. As previously mentioned the participants were very friendly and seemed very willing to talk about their work experiences within the company and about the company as an organisation.*

*The interviews for the Blue Skies subsidiary were conducted in the offices at the factory location in Nsawam about an hour north of Accra. The Northampton interviews were not face to face but took place via the Skype facility.*

Table 6.

<u>Interviews Participants.</u>	<u>Transcription number.</u>
<b>A.</b> Senior Procurement Manager, Blue Skies, Northampton.	(200327 0048)
<b>B.</b> Blue Skies, Strategic Projects Manager, Northampton.	
<b>C.</b> Blue Skies, Head of Corporate Communications Services, Northampton. (71mins)	(191125_0043)
<b>D.</b> Marketing Manager and C.S.R. Blue Skies, Ghana, (48mins)	(190322_0015)
<b>E.</b> Site Technical Manager, Blue Skies, Ghana, (47mins)	(190324_0019)
<b>F.</b> Senior Agronomist, Blue Skies, Ghana, (29mins)	(190324_0021/22).
<b>G.</b> Quality and Complaints, Blue Skies, Ghana. (47mins)	(190324-0018)
<b>H.</b> Senior Project Manager, Blue Skies. Ghana (48mins)	(190322_0017)
<b>I.</b> H.R.M. Business Partner, MTN, Ghana (60mins)	(190402_0034)
<b>J.</b> Regional Marketing Manager, MTN Ghana. (60mins)	(190401 0026)
<b>K.</b> Transport Manager, MTN, Ghana (52 mins)	(190402_0030)
<b>L.</b> Accounts Administer, MTN, Ghana (35mins)	(190402_0032)
<b>M.</b> Corporate Services, MTN, Ghana (67mins)	(190401 0028)
<b>N.</b> Regional Finance Manager, MTN, Ghana (31mins)	(191904_0024)

*After the collection of data from the subsidiary department managers via the interviews there was a two-stage process to prepare the data for analysis. The interviews were recorded on a Samsung Olympus voice recording machine. This battery driven recorder turned out to be an ideal implement for the task as it was small, unobtrusive and used relatively little power. The recorder had a number of playback speeds which was vital in the later deciphering of the conversations. The first stage of preparation for the analysis was to use either Descript or the NVivo computer package to transcribe the recorded speech. The recorded speech was in a 'WAM' format which was then changed to a 'TXT' format so that the script could be then printed off in its entirety.*

*Although Descript and NVivo does allow for a print out of the recorded speech there was a lack of precision in transcription. This was due to a number of elements such as the accent and speed of speech from the participants. There were also various unintended interruptions. In order to rectify the wayward grammar and syntax each script had to be matched against the recording, word by word. This meant many hours of deciphering the sound recordings and it must be said was the most onerous task of what was a generally enjoyable research task.*

In accordance with the Interpretive and Social Constructivist paradigm the NVivo qualitative data analysis (QDA) computer software package was used to develop the core themes related to the Social Constructionist and Interpretivism paradigm. The NVivo analysis is particularly suited to the Grounded Theory process as it is able to perform the various levels of coding analysis related to the Straussian and Constructivist Grounded Theory. The programme can facilitate 'open' coding, 'axial' coding and 'selective' coding, 'focused' and 'theoretical' coding. It has the facility to produce Word Clouds and Node Project Maps which can highlight frequently used words and that a diagrammatic path can be developed that shows the different levels of coding as data is sorted into groups, compared and developed into categories for theoretical emergence.

## **Assumptions and Analysis.**

As noted on the previous chapter one of the main differences regarding the various analysis of data for the Grounded Theory methodology concerns the procedure and process of coding the data. Glaser's definition of Classic Grounded Theory is as a general methodology of analysis linked with data collection that uses a systematically applied set of methods to generate in inductive theory about a substantive area. It offers an alternative to other inductive methodologies by using a coding process which allows the development of categories of concepts that may produce theories.

The Strauss and Corbin method proposed a more rigid process for analysis which included a three-stage coding process firstly, using 'open' coding to break up the data. Then 'axial' coding was used where by data is put back together, or joined in new and different ways not immediately obvious on a cursory scan. The final coding is the 'selective' coding process which highlights the categories of data from which a substantive theory can emerge and develop. The Straussian method is considered more prescriptive than the CGT and in essence is considered maybe helpful to researchers who can easily follow a more understandable step by step procedure than that offered by the CGT. (Evans, G. 2013). On the other hand, Charmaz stated that the Strauss and Corbin method as having a maze of techniques that transformed what was initially flexible into immutable rules rather than guidelines thus making the analysis very prescriptive. (Charmaz 2000). Glaser also commented that the Straussian coding processes seemed to force fit the data into preconceived concepts in order to derive a theory.

The Constructivist Grounded Theory and the Straussian Grounded Theory coincide with the timing of the Literature Review in so far as it is undertaken, to some extent, before the data collection as well as in co-ordination with the data gathering. The two methods however vary in the form of coding undertaken for the data analysis. The coding applied to Constructivist Grounded Theory is firstly 'Open Coding' similar to the Straussian method. This entails breaking up the participants/informant's data or text and grouping it through an 'open' coding process where all is data and general terms are identified. 'Focused coding' is then undertaken which leads to the setting out of the core categories and related concepts. Having arrived at these codes and categories 'Theoretical Coding' is used to 'selectively' go through the relevant parts of data and to compare concepts and link them to the categories within the coding to develop a theory. (Evans, G. 2013. Alemu, G. et al 2015. Charmaz, K. 2014). The Constructivist Grounded Theory however varies most markedly from the Classical and Straussian method due to the fact that it assumes that the reality is co-constructed by individuals within a social setting. As this is the basis for the analysis it is interoperative and subjective unlike the other two methods which look for an underlying reality and operate in an objective and positivist framework. (Charmaz, 2014. Goulding, C. 1999).

The Constructivist Grounded Theory uses the method of three stages of coding, Open coding. (initial coding) (Re)Focused coding. Theoretical coding. As we have seen open coding is used to develop a set of codes to integrate into a theory. (This is analogous to substantive coding but there is some element of predeterminism unlike substantive coding). (Re) Focused coding. Creating and organising Categories and working on the constant comparison of codes. Theoretical coding for Constructivists is the merging of concepts into groups of Core Categories in order to identify emergent themes. In some instances, Constructivist coding is truncated to Open coding and Re focused coding. (Kenny, M. Fourie, R. 2015). There is more a sense of theoretical coding being not so much another categorising project but rather about re-evaluating the data, allowing impressionistic notions to surface. It is to consider the narrative and categories as a joint effort between interviewee and interviewer. This connects the process of working through the interviews and trying uncover and relate the underlying conflict of the competing logics that obstruct the facilitation of internalisation.

### **Application of Qualitative Coding.**

Due to the acceptance of a degree of knowledge of the relevant literature the 'open coding' of the interviews were undertaken holding in mind the relationship of the MNC, the subunits and organisational fields. Reference is also made to how the role of the 'Carriers' was used to construct the social consciousness in an organisational field. The carriers operate in order to inculcate the actors and entities within the framework of an institution. (Scott, 2008)

As previously stated the Institutions social constructors transmit to three major categories of actors; 1) individuals; 2) organisations; 3) societies (i.e. nation states) (Kostova, 1999. Scott, 2008). Scott also proposes four types of Carriers which convey the regulations, normative and cultural – cognitive processes that construct the institutional framework. These carriers are a) symbolic systems, (semiotics) b) relational systems, c) routines, d) artefacts. (Scott, 2008) Jepperson, R. (1991) offered three primary Carriers of Institutionalisation. The first and formal type of Carrier was the 'Organisation'. The study here is of how work organisation, itself, has an effect on individual conformity. The two informal Carriers of Institutionalisation proposed by Jepperson are 'Regimes' and 'Culture'.

The concept of Regime refers to implicit or tacit authority systems. For example, with 'the professions' where 'expectations' sanction and monitor 'by some form of differentiated, collective, 'centre'' (Jepperson, 1991. P150). The institutionalisation brought about by the 'Culture' is concerned with the rules, procedures and goals. Here it is these elements that are not driven by formal organisation and sanction but become custom and convention where 'others' constrain the actions of the community. These three 'carriers' of institutionalisation set out by Jepperson are somewhat different and less specific than those stated by Scott but they offer the shape of what can be looked for within the language used in the recordings by the interviewees.



Further to that relational systems are highlighted by Zaheer in her reference to factors affecting cultural distance. For example, Cross- subunit learning could be used to transfer 'sensitivity' regarding cultural distance. (Zaheer, S. 1995 P343/5 and 136).

Using the NVivo package the 'initial or open coding' concept was used to begin to develop a set of codes to establish categories that maybe integrated into a theory. Each interview script was assessed bearing in mind the aspect of relationships associated with the MNC as an institution. With the Grounded Theory analysis there is a process where the meaning of the participants should emerge from the text of their conversation. (Charmaz, 2014). For the emergence of the meaning within the conversations in the various contexts the analysis of the qualitative data is made through a number of coding processes. As stated the Constructivist Grounded Theory according to Charmaz (2014) uses at least two levels of coding analysis usually carried out. These minimum two levels are 'open or initial' coding and 're-focused' coding. The first coding procedure offers three practical applications of the initial process using different data units.

The smallest data unit is the 'word by word' application where each word is assessed and nuanced however this unit of data being relatively small may forsake some elements of structure and flow. The second is a 'line by line' approach that as a data unit may have greater flow and sense but the definition of a line can be arbitrary and disjointed. Assessing the interviews and the structure in this manner suggested that the 'word by word' as well as the 'line by line' method of initial coding would not be the most helpful of applications. This is because the interviews did not focus on individuals in themselves, they were not about a person's individual story that could be co-ordinated in a linear narrative therefore did not address the lack of internalisation. Also, the first two applications were not suitable due to the nature of the semi structured interviewing which allows the participant a large degree of liberty and range of response within their conversations and narratives. Because of the degree of disparity between the interviews it was believed that the relationships and comparisons would not be 'unforced' so there would not be a natural emergence if the 'word by word' and 'line by line' process was used.

Due to the atomised process of the 'word by word' and 'line by line' application it seemed clear that the 'incident by incident' coding process would be more useful in illustrating the relationships and meanings of the conversation relating to the context and internalisation. According to Charmaz (2014) an incident is the empirical data, the indicators of a category or concept, from which a Grounded Theory is generated. An 'Incident' refers to an 'event' that relates to a situation or action that may or may not be compared with other events that may have relevance to the theory. This research has used the third option which is 'incident with incident'. Incident by incident adds a certain level of cohesion to the text. Looking at individual incidents and comparing incidents one with another lends itself to the emergence and conceptualisation of important moments or themes. (Charmaz, 2014).

The interviews were at first transcribed from their WAM recording format by the NVivo transcriber process. Subsequently each transcription was checked against the original audio recording and amended where the automatic transcription process had misunderstood the speech or that there was additional noise that polluted the transcription. This word by word correction process had two benefits that firstly, it ensured that the scripts were authentic. The second aspect was that enabled a good initial understanding of what the participants were saying and describing. It gave an insight as to the overall feel for the conversations and their context and content. It was nevertheless hellishly time consuming.

### **Triangulation.**

*The next stage in filtering the Nodes was to run each original node statements through the NVivo 'Word Cloud' and 'Tree Map' process in order to tease out any word patterns that might be prevalent within sections of the coding. Various parameters were tested for the word cloud and tree map and it appeared that most useful combination was that for the 'Grouping' process the 'with synonyms' level was the most appropriate as it also included 'exact matches' and with 'stemmed words'. It excluded 'with specialisations and generalisations'. The latter categories were considered too remote from the specific wording. The numbers of 'words displayed' was set to the one hundred level as at that level it was considered all significant words would be captured without overcrowding the image or map and that lesser levels of 'word displays' could be gauged from the 'tree map'. The minimum word length was set at four letters in order to avoid the numerous pronouns, articles and conjunctions. Although each node was subjected to the Word Cloud and Tree Map facility on the NVivo package there appeared to be no underlying concept or relationship that was revealed that would significantly add to the analysis. Although the exercise did not provide any direct addition to the analysis it provided further and substantial insight into the comprehension and flow of the interviews. In addition to these extra facilities used from the NVivo package.*

*Further triangulation areas of investigation were covered by the literature offered by both Blue Skies & MTN. The Blue Skies publish a monthly Newsletter is targeted at the staff and non-parties. The Newsletter reports much of their activity that is carried out by the company, both internal and external initiatives. The MNT Ghana source of company information is found on its website and news room pages on the internet. Here the company public initiatives are promoted as well as the internal operations to some extent.*

## Chapter 5. Findings.

### Introduction to NVivo Analysis.

As stated, the initial coding as part of the grounded theory analysis was undertaken at an 'incident by incident' level. (Charmaz, 2014). Although a detailed reading of the transcripts for the semi structured interviews was carried out, arguable on a word by word basis, the 'incidents' that emerged were highlighted and coded were done so on the basis of their reference to 'Relationships' that they exhibited. The fundamental, broad concept driving the analysis has been the relationship between the Head Quarters and the Subsidiary. It is the intention of the analysis, through grounded theory, to uncover any nascent and latent type of relationships that may be part of the complex mixture of organisational logics that goes into the operations of a Multinational Corporation.

**As previously intimated the initial impression from the interviews was that there was no conflict, or disagreement between the H.Q. and Subunit. There was no immediate question of legitimacy concerns emanating from the various Organisational Fields.**

Organisational Fields which are considered to be directly relevant to the relationship are the two 'institutional hubs', (the HQ and Subsidiary), Global (Inter) MNC institutional organisational field;

Bearing in mind the concept of 'Relationships' the initial coding produced thirty-nine nodes as set out in Node Table 5. Although some nodes were empty with zero files as they were used as a heading for potential first order concepts. The coding process entailed going through the interview text selecting incident by incident highlights and labelling a gerund or gerund phrase which is a noun declined from a verb in some sense. The gerund is placed into or associated with the initial nodes as a descriptor. The NVivo system allows the building of a list of themes such as the 'Headquarters Relationship' node. Behind this node, readily available on the computer screen are the interviewees statements that make up the node. This Open Coding initially established Thirty- Nine Nodes in the NVivo package (Table 5). These were then the First Order Concepts as set out by Gioia (2019). For the first iteration the Node Table 5 was to group likewise nodes under suitable categories/cases. These general cases Cultural-Cognitive, Normative, Regulative, Company Mission Statements, Blue Skies Statements, MTN Statements, Employee Development, Head Quarters Relationships, Operational Contradictions. Not all of the original Nodes were allocated to these general cases.

The Fig 5.3 gives the Headquarters Relationship example of the interview incidents behind that Node. This is analogous to printing out the interviews and highlighting and labelling, (cut and pasting), the relevant sections in hard copy. (Chametsky, B. 2016).

The NVivo system then allows the construction of what NVivo terms 'project maps' as shown in Fig 5.2 and 5.3. Fig 5.2 is the example of the first grouping of the nodes into a project map. The grouping of the nodes at this stage is carried out in line with Gioia's 1<sup>st</sup> order Concepts which are 'interview centred' as opposed to the 2<sup>nd</sup> order Themes which are 'researcher centred' and which then requires the application of theorising and interpretation. As can be seen in fig 5.2 there are twelve nodes which were not allocated on the first attempt at aligning the nodes to particular set. The sets were rearranged through four other iterations on the basis of similarity to other nodes and grouped where possible into their respective organisational fields as in Fig 5.3.

Fig 5.2

Initial open coding map.

1st iteration Nodes project map.

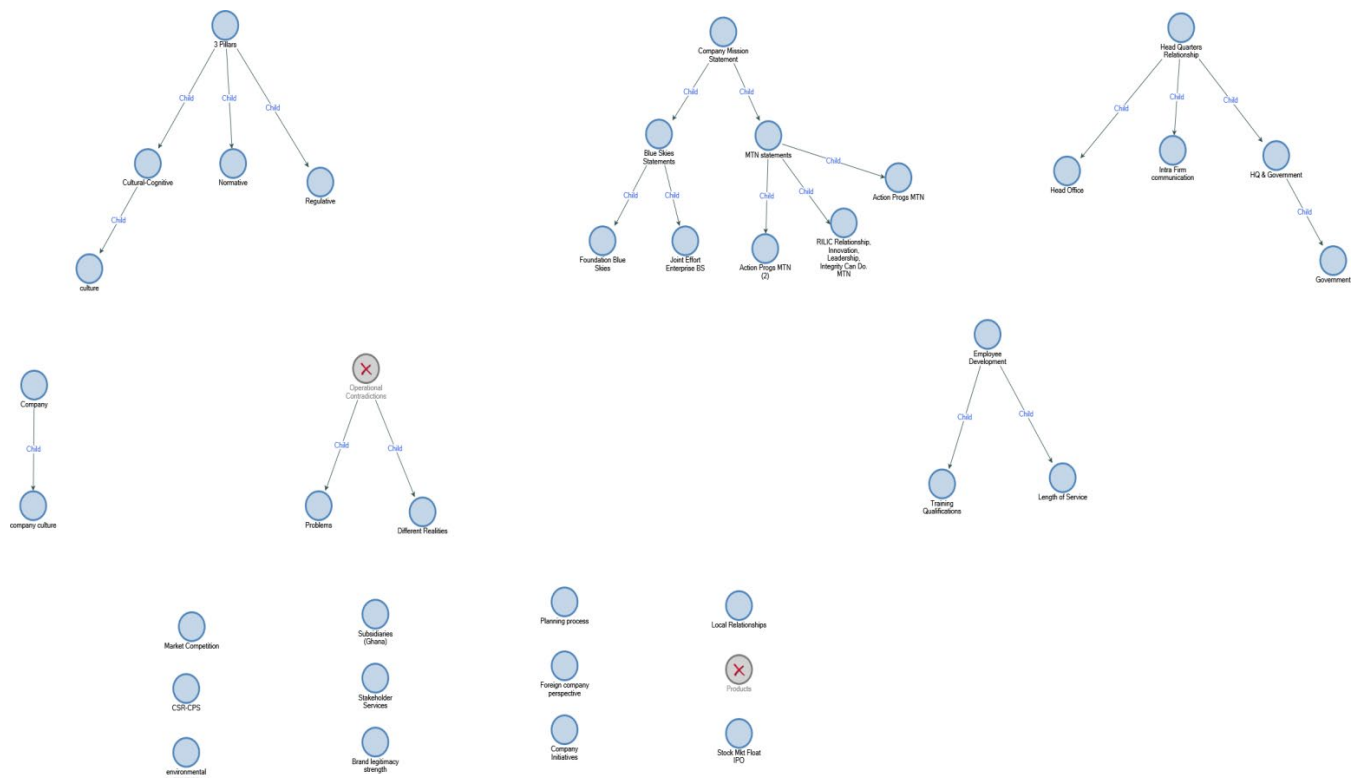


Fig 5.3

5th open coding iteration.

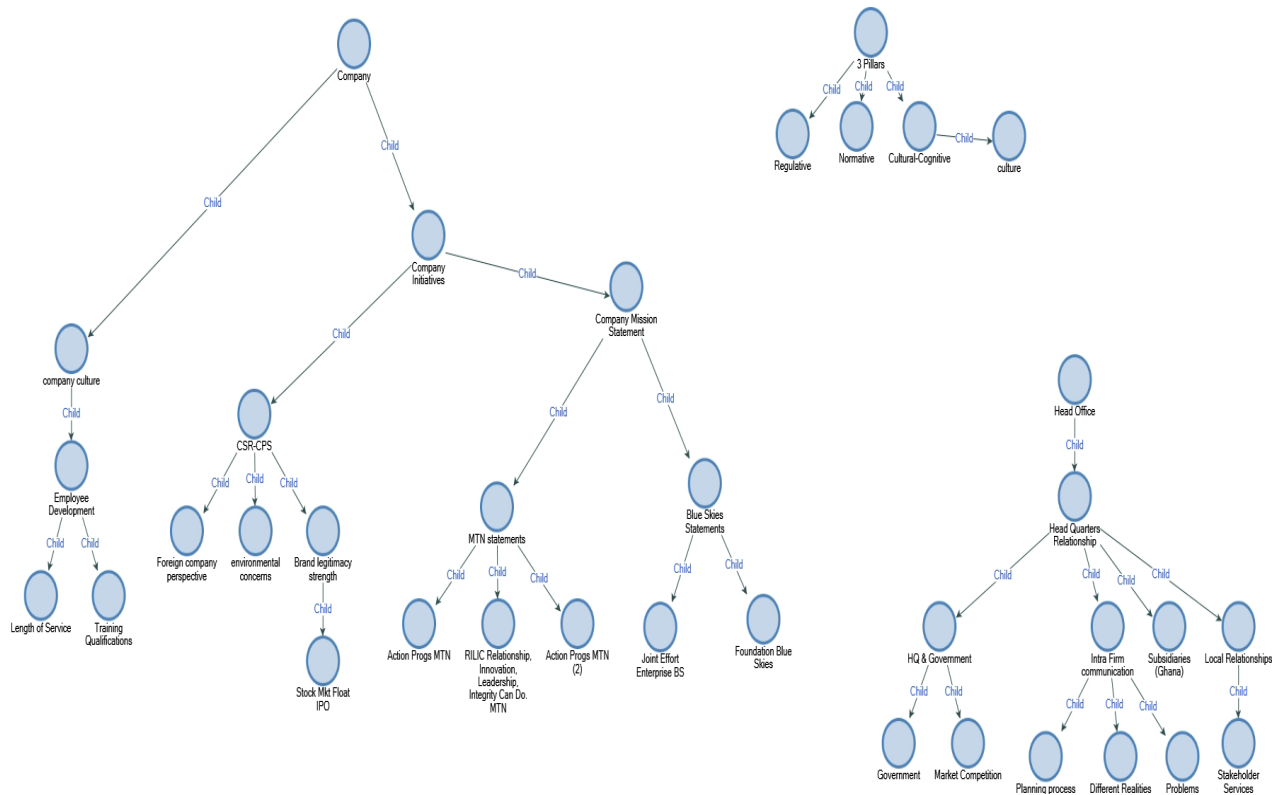
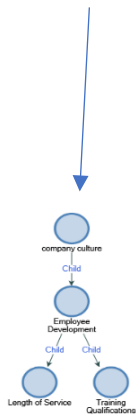


Fig 5.3 is the 5th open coding iteration. Taken from the bottom left hand side is the set that includes 'Company Culture', 'Employee Development', 'Length of Service', 'Training Qualifications'. These are associated with the overall 'Company' node and constitute the 'Home Country' Organisational Field. The data that resides behind the nodes are the interview statements considered important to the company culture.

**Company. (This node represents the Home Country organisational field)**



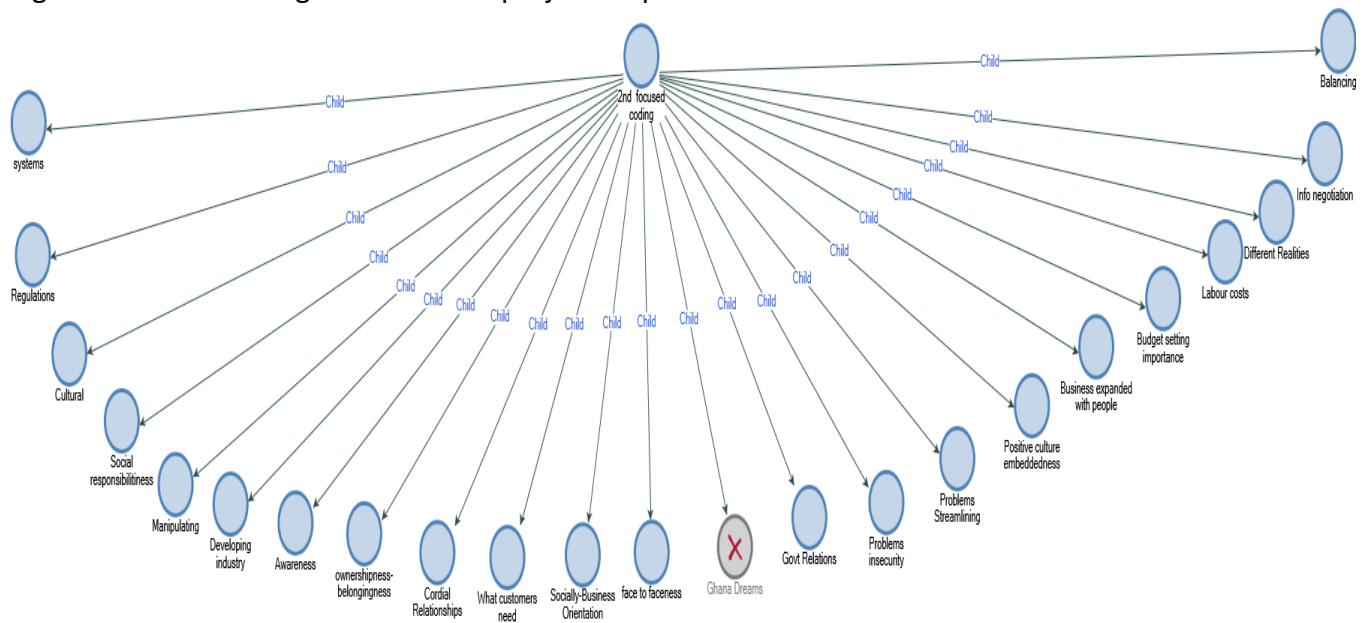
Within Fig 5.3, the 5th open coding iteration, there is the Global MNC Organisational Field is indicated by the head node 'CRS – CPS' the set members being the 'Child' of the CSR – CPS node. The Host Country Organisational Field is indicated by the head node 'Company Mission Statement'. The Intra - Firm Organisational Field is indicated by the head node 'Head Office'.

The iterations, one to five, of the coding nodes the process that was interview centred and to that extent participant lead as suggested by Gioia. The relationship driven groupings were best developed on the basis of respective organisational fields as this was a definitive grouping of interconnected sections of data as per Fig 5.3. (Gioia, 2019)

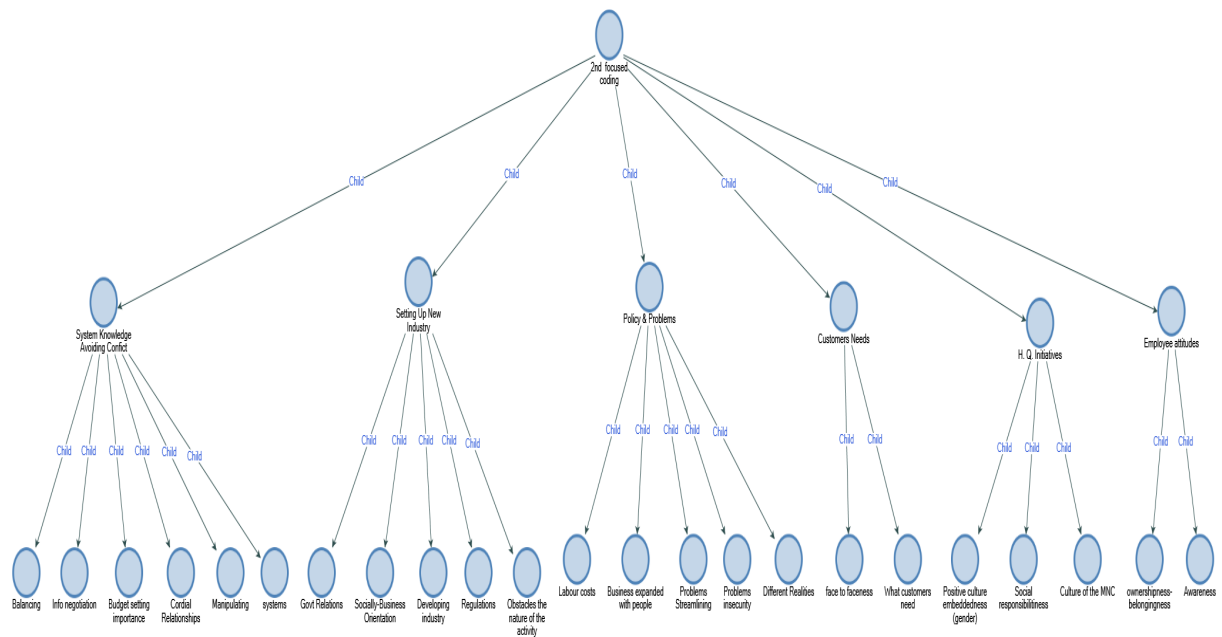
Looking at these organisational field groupings as a whole and the interview data held as the foundation of the concepts the researcher theorising entailed looking beyond the groupings and considering what were the common aspects that appeared evident in the participant responses. The re focused coding is a portrait of what was believed to be the underlying themes of the narrative. From the data in the Fig 5.3 5th open coding iteration the Fig 5.4. 1<sup>st</sup> Re Focusing Themes project map was developed. Various Themes were identified with and in most cases given explanatory terms. The Systems Themes was precisely about Systems within the firms that need to be negotiated and how that was carried out. The Cultural theme was the cultural aspect of the MNC. Social Responsibility involved the building of legitimacy, so, this is the Manipulation of the Processes. Awareness of what is needed to be prepared. Cordial Relations needed to negotiate the system. Socially/Business orientation being dependent on the regional and country background. 'Face to faceness' as

a need of the Ghana people. Govt Relations in understanding the gift society. Problems and insecurities arising from job position. Problems Streamlining arising from changing systems. Positive Culture embeddedness of the Ghanaian people within a firm and country. Business expanded with people being the satisfactory model for the future of jobs. Budget setting importance as a major controller. Labour costs leading to insecurity. Different Realities from cultural differences. Balancing through communication and co-operation.

Fig 5.4 1st Re Focusing Theme nodes project map

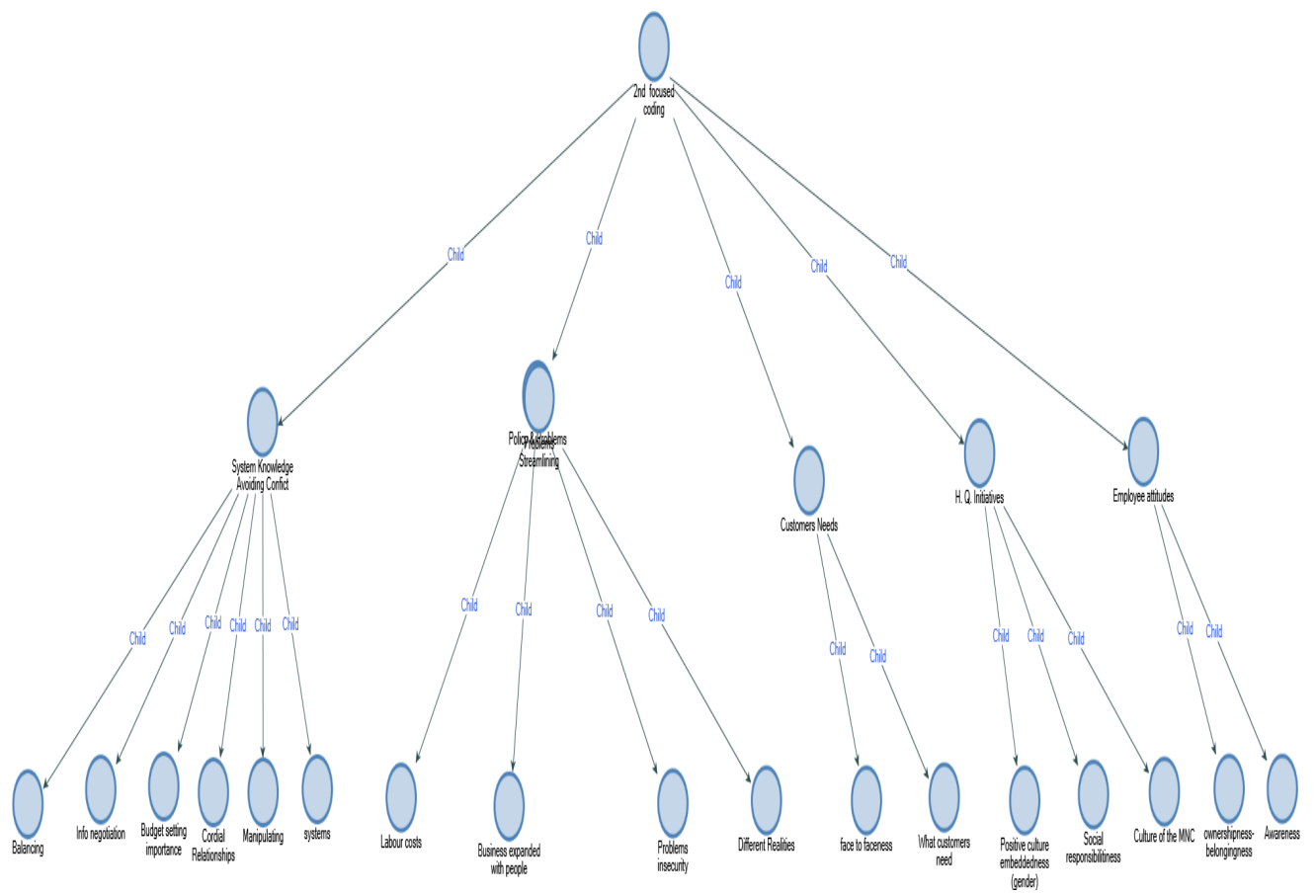


The Fig 5.5. 2nd Re-Focused project map moving towards final Aggregate Dimensions (AD) Coding map below illustrates the construction of six main areas of theoretical development taken from the Theme nodes.





**The Fig 5.6. 2nd 'Amended' Re-Focused Aggregate Dimensions (AD) Coding map**  
 ('Problems in Streamlining' node was side-lined in technical translation from Fig 5.5.to Fig 5.6).



*From the Constructivist Grounded Theory process that has set out the Gioia data structure in terms of 1<sup>st</sup> Order Concepts; 2<sup>nd</sup> Order Themes and Aggregate Dimensions. The 1<sup>st</sup> Order Concepts were constructed using the NVivo computer package whereupon the data segments were selected on the basis of the strongest and most pertinent participants statements regarding the relationships within and across the Organisational Fields related to the MNC. These data segment statements were gathered initially in the '1st iteration Nodes project map' Fig 5.2. generated by the NVivo package. Once again, the NVivo package allows the data segments to rest behind the 'Named Node'. For example, the nodes in the grouping 'Company Mission Statements' then 'Blue Skies Statements and MTN Statements' have data segments held in the 'Joint Effort Enterprise' and 'Foundation Blue Skies' with MTN's data held in the 'Action Progs 1 and 2' as well as the 'RILIC' (Relationship, Innovation, Leadership, Integrity, Can Do). The main thrust of these corporate statements seems to be an embracing, encompassing process that tries to bind and bond the employees into the firm's culture and modus operandi. To some extent MNCs initiatives leads the employee to accept the ways and processes of the Corporation and that of a MNCs Global role and the expectations. This process regarding MNCs initiatives could be seen as using Relational Carriers based in all three Institutional Pillars in Fig 5.3. The Relational Systems Carriers for the Regulative pillar depend upon Governance and Power Systems. For the Normative Pillar the Carriers are Regimes and Authority Systems. Structural isomorphism and Identity are the Cultural Cognitive carriers.*

*With the idea of the Relational Carriers the Project Map process went through a number of cycles and iterations so as to group supporting data segments into a final and 5<sup>th</sup> Nodes project map, Fig 5.3. that allowed most of the nodes to fall into groupings around the different Organisational Fields. There was one area however that was kept separate which was the grouping of the data associated with the Three Pillars which was theoretically linked with all of the Organisational Fields.*

*Moving from the 'informant centric' nodes and codes to the process of establishing themes and theories required the process to become 'researcher centric'. Following the Gioia (2012) pathway there was an in-depth consideration of the concept nodes within the Organisational Field structure of the 5<sup>th</sup> Iteration of the Open Coding Project Map Fig 5.3. At this stage it is an important to be aware of Reflexivity as discussed at page 47. There also must be an understanding that the inductive process of the emergence of theory is that the research data is viewed through the researcher who by now will have a thorough knowledge of the data. This may, to some extent, be building up certain biases leaning towards certain possibilities that seem to be offering obvious concepts and theories from the data in front of them. Here the researcher should still be keeping a 'witting ignorance of previous theories' and adopt a stance of 'willing suspension of belief'. (Gioia et al. 2012, p21)*

*Taking the underlying statements from behind the nodes set out in the 5<sup>th</sup> Iteration of the Open Coding Project Map Fig 5.3, with regard to relationships and the associated activities the analysis proceeded along the course set out by the mantra of ‘What is the story behind what the participants are saying’. (Charmaz, 2014)*

*With this set out the Refocusing of the Concepts into Themes gave rise to the 1<sup>st</sup> Re Focusing Theme nodes project map Fig 5.4. There were created twenty-three Themes. Moving from left to right on the diagram the first Theme is ‘systems’ to which was added the term ‘to be negotiated’. This was in the sense that the MNCs systems and processes needed to be known and understood so that it enabled the managers to negotiate or circumvent the rules and systems in order to avoid any conflict arising from the various ways and means between the H.Q. and subunit. This theme also fitted in with the Manipulating (the process) node which was the fifth node from the left. Four other nodes were chosen as being strongly related on the basis of researcher centred inductive comprehension. These four nodes were the Cordial Relations needed to negotiate the system. ‘Budget Setting Importance’ which was a major controller and restriction for the managers. ‘Information Negotiation’ was also included in this grouping as it was said by some interviewees that the main aspect of the relationship between H.Q. and the subunit was the exchange of information. The final member of this grouping was labelled ‘Balancing’ which was concerned with communication and co-operation. Looking at these twenty-three themes in various ways brought forward, originally, six areas of Aggregate Dimensions which attempt to reveal the major relationships between the H.Q. represented by its managers and the Subsidiary managers. The Six Aggregate Dimensions built up out of the Twenty-Three Themes are shown in Fig 5.5. 2nd Re Focusing Theme nodes project map.*

*Looking carefully at the data associated with the Six Aggregate Dimensions it was concluded that the Setting Up New Industry theme gave some general understanding of the relationships between The Government, Business Orientation of the Country etc; but the data was not immediately applicable to the implementation and internalisation process within both MNC; Blue Skies and MTN. Due to this lack of relevance it was decided that the Theme, ‘Setting Up New Industry’ be set aside from the table of Aggregate Dimensions. This left Five Aggregate Dimensions relevant to the Relationship consideration between the Head Quarters and the Subsidiaries. Below is an explanation of the remaining Aggregate Dimensions along with short descriptive examples of their participant statements.*

#### **Initial Open Coding Node Table 5.**

**Data Structure. (Corley,K. Gioria,D. 2004).**

1<sup>st</sup> order concepts

2<sup>nd</sup> Order Themes

Aggregate Dimensions.

1) Intra Firm Communications;  
Company Culture;  
Head Office;

6 Balancing:  
Info Negotiation;  
Budget Setting:  
Cordial Relations:  
Manipulation: Systems.

**11 System Knowledge  
(for) Avoiding Conflict'**

2) Planning Process;  
Problems;  
**Operational Contradictions?**

7 Labour Costs: Business:  
Expanded with People:  
Streamlining Problems:  
Insecurity: Different Realities.

**12 Policy and  
Problems**

3) Local Relations;  
Stakeholder Services;  
Customers Culture;

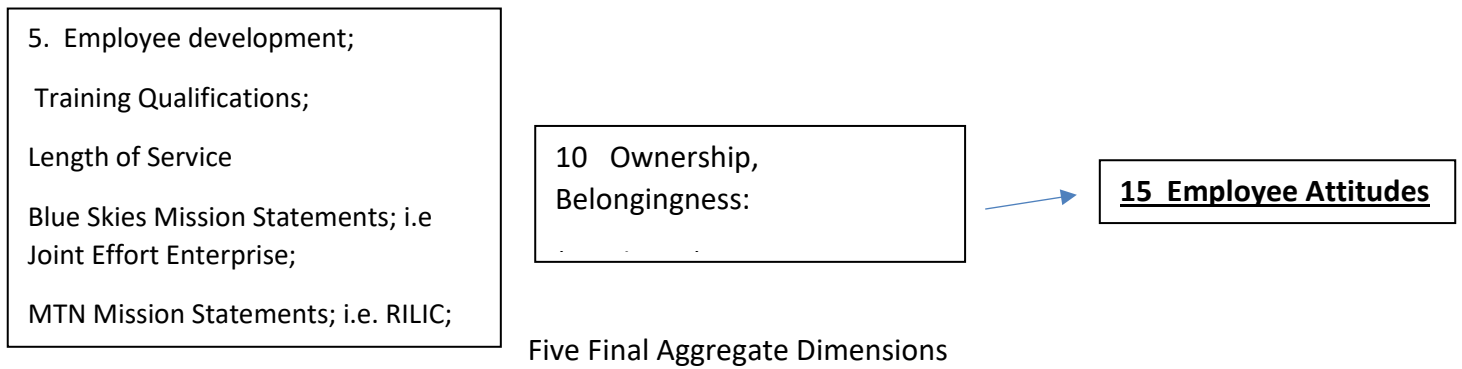
8 Face to Faceness:  
What the Customer Needs.

**13 Customer Needs**

4) CSR – CPS;  
Environmental Concerns.  
Brand Legitimacy.

9 Positive Culture:  
Embeddedness (gender):  
Social Responsibility:  
Culture of the MNC.

**14 H. Q.  
(headquarters)**



**1) System Knowledge (for) Avoiding Conflict'**

As can be seen from the first Aggregate Dimension the themes that combine to underpinned the 'System Knowledge (for) Avoiding Conflict' idea are participant's observations on how knowing the systems, being able to manipulate the systems due in some part to having cordial relationships across the company's network. This manipulation is always attended by the need for balancing interests and information negotiation. The system manipulation always has to take place around the fact that Budget Setting is important and there is no changing of the budget itself once it has been established at the annual meetings. It has been agreed. The main point about this Aggregate Dimension; System Knowledge (knowing how to work the system) is that due to the cultural aspects of the cordial relationships any conflict that might arise due to the rules of the System are avoided. It is because of this open conflict avoidance when dealing with the Regulations the participants can and will state that there are no legitimacy problems or internal disputes.

**Below are examples of quotes taken from the 2<sup>nd</sup> order themes content that are in support of the System Knowledge Aggregate Dimensions (AD).**

**Balancing.**

**B.** Blue Skies, Strategic Projects Manager Northampton.

there is always the obstacles, there always found out mostly with the law and regulations that can be linked also.

so there's always a balance between what you say and what's happening in reality.

Some allow more importance to the unions, others more not so much. So it has to do with how the law is designed to, to balance the law from one side to the other side and there's no right or wrong just for how the countries organize themselves.

### **Information Negotiation.**

**B.** Blue Skies, Strategic Projects Manager Northampton

Again, there is always a negotiation around the information.

### **Budget Setting importance.**

**E.** Site Technical Manager, Blue Skies, Ghana

but before that is a lot of preparation. And then there is a major conference on all sides and then they try and budget. Yeah and the budget is taken to head office where there are a lot of suggestions are there and there is a negotiation on what you can do, these are my plans. And they need to be perused and agreed before the General Managers will come [00:28:00] and done and it will set some objectives for us, which is done annually.

### **Cordial Relations examples.**

**D.** Marketing Manager & CSR, Blue Skies, Ghana

We have a very cordial relationship when they have challenges because we are the mother company. But like I said these things are discussed dispassionately and decisions are made.

H.T. you describe your culture as a Cooperative culture wouldn't you.

A. Yes,

**N.** Regional Finance Manager, MTN

So there are various engagements that goes on [00:24:00] with the operator and then they are coming to the a very good relationship.

working hand-in-hand with many things. Even with our local people our single engagements with the parties are quote good because even in a region like this we have single people that we need like the Chiefs like the let's say the regional political council

B. The chiefs, the traditional rulers in order that in every in Ghana because of the culture therefore like [00:28:00] if you really want to build an office you first of all when you enter a particular town you have say hello, we are coming in.

Yes, it runs through, because these are part of the Vital Behaviours and they've been taught that you can only believe in the values. If you don't live the vital behaviours by the day they are not part of you, do you get it; the Vital Behaviours. The Vital Behaviours that enables you to live the culture to live the organization culture. Enable us to live it on a daily basis. They are four of them, one is Active Collaboration.

E. Site Technical Manager, Blue Skies, Ghana

Yes, because it's always a collaboration and then no because decisions are not one-way. Decisions are made on the previous performance and then what the company wants to do in the future, right? So, so that's when and whether you make that decision it makes room for you to contribute your plan on how to meet that end. Not one way like, okay this what you want us, is not appropriate

I mean we are lucky to have a very good family. A lot of things go into recruitment; and then add a Blue Skies culture. Is hitting every.... that's what you, you, you, get to know, it will make you come to Blue Skies. Of course, we are identifying that people are from [00:32:00] very strong corporate places before they come to Blue Skies, but when people come to Blue Skies within a few months they identified that aah it's a different culture and then you either fit in. You get, you get to learn to fit in or if you are not happy you are free to, I mean, go back

### **Manipulation examples.**

D. Marketing Manager & CSR, Blue Skies, Ghana

*Definitely definitely, the platform is always created for you to expand on why you think this will not work and this would work.*

*we understand the system we know how to do what is right.*

**J. Regional Marketing Manager, MTN, Ghana**

*sometimes they want to impose this thing that works in Accra. We will say no no, we have a lot here of regional community leadership. So we say, we are here, we know where it gotten to, so leave it and we know how to fashion how things will work so we always have to manipulate things as it is.*

**K. Transport Manager, MTN, Ghana**

*local municipal assemblies they also have a way of charging our big trucks and vans but because of our corporate social responsibilities we are able to handle some of these things based on the relationship we have with them, right, when our vehicles are been arrested some are not so visible you can tell if this vehicle is an MTN vehicle because we use them for some security jobs So when such vehicles are arrested by these local municipal assemblies, we just go in through Kennedy then we get them retrieved.*

**Systems examples.**

**B. Blue Skies, Strategic Projects Manager Northampton**

*the Headquarters and Subsidiaries. And as I said I think it's mostly to do with the information, how you capture the information but we move information from one side to the other and then the file is not culture that the headquarters brings to, to the subsidiary staff.*

**J. Regional Marketing Manager, MTN, Ghana**

*sometimes they want to impose this thing that works in Accra. We will say no no, we have a lot here of regional community leadership. So we say, we are here, we know where it gotten to, so leave it and we know how to fashion how things will work so we always have to manipulate things as it is.*



## K. Transport Manager, MTN, Ghana

*local municipal assemblies they also have a way of charging our big trucks and vans but because of our corporate social responsibilities we are able to handle some of these things based on the relationship we have with them, right, when our vehicles are been arrested some are not so visible you can tell if this vehicle is an MTN vehicle because we use them for some security jobs So when such vehicles are arrested by these local municipal assemblies, we just go in through Kennedy then we get them retrieved.*

**(nos 2; Setting up New Industry set aside as its content on external organisational fields was deemed not to be immediately relevant to the HQS relationship).**

### **3) Policy and Problems.** (nos 2; Setting up New Industry set aside)

The second Aggregate Dimension is the Policy and Problems arena and is based upon elements such as Labour Costs; Business Expanded with People; Problems Streamlining; Problems Insecurity; Different Realities. The references in this arena highlight the some of the fundamental problems of a firm such as trying to keep control of Costs. Introducing new schemes that have not been fully thought through in terms of the impact on peoples Different Realities. There were problems with the 'Project Next' for MTN which meant that much of the 'Backroom Services' were to be allocated to a central hub that utilised (telephone) Call Centres which removed the personnel face to face contact that the Ghanaian customers and people expect. This change in the system as well as a drop in demand led to a contraction in the workforce and the related redundancies. There were a number of redundancies stemming from the Project Next which had to be reversed and although the original processes were re-introduced there was a high degree of insecurity felt by the employees. They believed that the firm had undermined their training and career pathway.

There was also a scheme termed 'Universal Soldier' which introduced a requirement for employees to be able to 'multi-task'. This scheme seemed to fail due to a lack consultation and training. The idea was for employees to be able to fulfil a number of roles as required.

As an example, accounts personal were ask to perform face to face tasks at the enquiries desk. This the found unsettling & indicated that not sufficient training was given for the task.

The 'Project Next' and 'Universal Soldier' were MTN South African initiatives which were introduced without much consultation or negotiation. To some extent it could be said that the processes went against what was seen as the orthodox cultural expectations of the Ghanaian employees. Specifically, the emphasis of the Personal Development Plan which employees see as a career path that they and the firm train for over time for mutual benefit. There was also no consultation on how the new process would work without the face to faceness (gerund). That was part of the customer to employee orthodoxy and the employee to employee face to face cordiality and co-operation that is the modus operandi to getting things done in Ghana and being outside this orthodoxy mitigated against process internalisation.

**Following is an explanation of quotes from the interviews that were highlighted as relevant to HQS relationships which were assessed by the NVivo package and used to develop the themes that final produced to Aggregate Dimensions (AD).**

**Below are examples of quotes taken from the 2<sup>nd</sup> order themes content that go in some way support the Policy and Problems Aggregate Dimension (AD).**

#### **Labour Costs Examples.**

**E.** Site Technical Manager, Blue Skies, Ghana

*But there are budget for labour and this is related to the cost of sales which we work, work out earlier on so there's a budget, not just for raw material, and distribution but covers labour.*

*I see, of course they are there to guide. Of course, they are there to give us a guidance. So I will say the pressure is not from Head Quarters, I will say that the pressure is actually on us.*

#### **Business Expanded with People, Examples.**

**M.** Corporate Services, MTN, Ghana

*Headquarters has learnt that now we need to expand the business and the business will be expanded with the people. So 'operation next' is not an answer now.*

*even now the company has placed more premium on staff rather than before, salary base and all other things has been enhanced than before, right. Basically, there has been a change around in attitude, okay, that's good.*

#### **Problems Streamlining, Examples.**

##### **L. Accounts Administer, MTN, Ghana**

*So that brought about the shift that they are trying to streamline things together and make it very internationally and information gathering and reporting very at a terminal. (26.50).*

##### **M. Corporate Services, MTN, Ghana**

*there have been some negotiations to re-introduce former system, some other people have been reengaged after they went out of job where they were going to the third party, and some have been reengaged.*

*Management itself realised that the jobs were not much efficient and effective as it was. because Headquarters itself realised it was not much efficient.*

##### **G. Quality & Complaints, Blue Skies, Ghana**

*when the quality is low, they need people, a lot of people to work on the fruit and it takes a lot of time. If you employ a lower labour it's going to take a longer time for the quality fruit to come out. So do H.Q. brought that; I was the insistent that they should never cut down.*

##### **K. Transport Manager, MTN, Ghana**

*And in fact, it's affected a lot of, not not me in person, but affected a lot of, you know, other colleagues. What, what clearly happened was that most of their decisions didn't work, right, now they have to turn back and recruit most of those staff they laid off, okay and in doing that the company had a succession plan.*

*Okay, as a staff I was looking at that straight succession plan now that the 'project next' didn't work. Okay, they have to recruit.*

*you can go full out and implement the project but in this case they just used Ghana office as a guinea pig, right, so as the hint result so as the increment they realized there were bottlenecks, the data transfer, backing up of systems, installation of software and a whole lot of other things which the team that is doing the project did not understand how the Ghana operations really have to work, right, that one side. Then the people in ops didn't know that all those people were going to lose their jobs. Right, so now that they are going home that another issue for the HR. Right, now it also affected our monthly reporting, our quarterly and annually reporting because we had a reporting deadline so that all this information will be processed on time but on this case we are not able to put the information together as we are scatted all around. These are some of the problem that came up, it was a failure, All right.*

*R. They actually refused to pilot the program, to pilot the program before going ahead to, to implement it and it was one of the downsides that we ever experience in the company.*

*Colleague. The next project was halted actually after it first period of gestation, at the end of that period they decided to discontinue it because Ghana was used as a guinea pig, they went round, the plan was to run the next project in all the MTN operation units but just after that experience they decided to call it off.*

#### **I. HRM Business Partner, MTN, Ghana**

*while this is in South Africa and we are here. Sometimes it's difficult for them to really understand the issues In Ghana,*

*but they found that the computerised systems and new processes didn't really fit very well in Ghana and so they actually had to re-employed a lot of people.*

*their planning bits did not go down well, I guess they didn't involve our people in Ghana very well before coming up with such project but I think that that is what might have happened [00:36:00] because I'm sure we would have given them a lot of insight as to the information that they would have needed to do a good job.*

*R. Yes. Yes, because sometimes when I visit the headquarters of any other meetings that I meet some of my colleagues and they complain a lot and sometimes this affects people because sometimes you need certain things from a colleague at the head office and you know we work hand in hand and it is not forthcoming.*

## **Problems of Insecurity, Examples.**

### **L. Accounts Administer, MTN, Ghana**

*problem as human institution or human society problem is bound to happen when you are trying to execute or discharge your duties. If you don't have problem meaning you have not tried anything, when you try sometimes you get impediments, hindrances which you will not get it smoothly. By all means you will get a problem but when the problem comes you have to see to how to resolve it and if is beyond you, you have to escalate it, or you contact your friend or our superior for assistance to get it done.*

*so initially they laid some people off and later they saw that some of them will not go at once, they have to join the company to streamline things and make sure the project have been successfully implemented and executed before they went.*

### **M. Corporate Services, MTN, Ghana**

*many of our people did not really appreciate it because of their contracts that they were reengaged with. Another has to do with that everybody thought that 'I may be the next person to go', right, so the fear was also there; but when I realised that it was okay everybody works with all seriousness.*

### Site Technical Manager, Blue Skies, Ghana

*Yes. I'll say because relationships are very important in this business and then but you cannot guarantee, you not be guaranteed a buyer from these retailers to be there forever exactly. So where you get new buyers from this retailers. We are quite edgy.*

### **K. Transport Manager, MTN, Ghana**

*We clearly do not know where they stand because it wasn't communicated in general, it wasn't communicated in general, but I'm pretty sure that they actually bought into the idea and they were actually went ahead and implemented, you know implemented, the way they were directed to and then they realize that there was a failure.*

*R. About the project next right? I think it just brought a very bad feeling to every staff especially those who were, you know, directly involved in brought a lot of bad feelings and in*

*fact a lot of bad things, right, were said about management. The fact that they don't, they don't have that human feeling for us. Yeah, you know, getting a job here in this country is a problem.*

*Colleague. Structural change is one of the effects we have currently. Yes we have, even we might have the problem of the past earlier on. you know to change someone bottom-line it has effect on the individual because the person is not adequately prepared for that particular role, there it become a problem, good, yes so that effect is still there. Right.*

*R. It affected our succession plans. It's affected our career path*

**I. HRM Business Partner, MTN, Ghana**

*about job rotation, this 'Universal Soldier'. (Multi tasking H.T.)*

*R. Yeah, we did that time with the customer service we.*

*H. Did this concept work? Do you think.*

*R. It didn't work; it didn't work.*

**C. Blue Skies Head of Corporate Communications Northampton**

*it is because of course, you've always got to recruit additional people when they're, when you've got peak orders and then when the orders go down you have to let a lot of those people down; let those people go. So that's, that's kind of the nature of, sort of seasonal, casual labour. The policy has always been that as the business grows, that we take more people on, when we're able to take additional people on each year, on contracts.*

### **Different Realities, Examples.**

**B. Blue Skies, Strategic Projects Manager Northampton**

*for example, on the U.K. reality because the UK business as most of the people were here so they know the reality. But then what happens in one country doesn't necessarily happen in the Subsidiaries. A good example of that, is that here we pay by hour to some people, you know, hourly rates.*

*we employ people who are paid by the hour. In many countries that doesn't exist that concept, just by month. So when you considering something like a budget, for example, you have to bear in mind, all those differences.*

*if you do something based on what you know, the reality now, that doesn't fit to the other reality. And so that reality won't fit, things won't come right,*

*You should. It's trying to find a model which can come so the information coming from the different sides is in a single uniform document but that comes only by knowledge by knowing what's happening in each place.*

'Customer Needs'.

The Third Aggregate Dimension is the Customer Needs arena which is supported by the 'Face to Faceness' and the 'What the customers need' Themes. Here the themes suggest that there is a very strong cultural bias towards personal contact. It was found that if the direct face to face way of having a conversation and connecting and dealing with people is circumvented then there tends to be a strong backlash against the organisation.

**Below are examples of quotes taken from the 2<sup>nd</sup> order themes that go in some way support the Customer Needs Aggregate Dimensions (AD).**

### **Face to Faceness**

**N.** Regional Finance Manager, MTN Ghana.

Like when I see the managers I'm talking about somebody, I want [00:07:00] to walk into the customer service and talk to somebody. It's a cultural thing. Unlike other persons; its where somebody would prefer to have what we call a hotline or maybe an IVR. (Interactive Voice Response). In the telecoms industry usually if you have any problem you want to resolve they call the IVR on an extension that we have Karachi.

Headquarters say we pass a policy and the policy is that all customers should only call the call centre because we want to ensure the same information given out as an example. When it comes to Ghana the first week or second week we realise that out of one hundred customers it is only ten that approached the call centre meanwhile your numbers are going down,

### M. Corporate Services, MTN, Ghana

some of the operations as it is done in South Africa where you have a limited face to face with the customers but in Ghana it didn't work because we still believe in that 'one on one' with the customer.

### **What the customers need**

### I. HRM Business Partner, MTN, Ghana

So there was a need to set up, you know those touch points where people would locally visit the place and then also gets their issues resolved and you realize that that relationship brought us closer to the customers more than the call centre.

### H. Q. (headquarters) Initiatives

The third area to provide an Aggregate Dimension is the H. Q. (headquarters Initiatives). With the Positive Culture Embeddedness concept, the Social Responsibilities and the Culture of the MNC concepts there is a strong initiative by the MNCs to promote the allegiance and belongingness to the firm. This is a sense of the MNC as having a role in the society and relates to the Global Organisational Field. The global group of MNCs promote the corporation's existence in society as a force for good by enhancing Corporate Communications departments with the development of Corporate Social Responsibilities and Corporate Political Strategies. This along with very tangible economic development such as capital investment and employment creates allows the MNC to develop a favourable paternal relationship within a culture and society.



**Below are examples of quotes taken from the 2<sup>nd</sup> order themes content that go in some way support the H. Q. Initiatives Aggregate Dimensions (AD).**

**Positive Culture embeddedness (gender), examples.**

**B.** Blue Skies, Strategic Projects Manager Northampton

*take some of the culture of the company and, which I think personally, is a positive and try to embed it there. That can be, for example, by allowing women to run a factory, we're in a place might be more men oriented because, you know, we believe equality.*

*at least more discussed about gender equality or we might promote that, they might try to decrease the distance to power which in some countries might be more naturally present,*

**Social Responsibilities, Examples.**

**D.** Marketing Manager & CSR, Blue Skies, Ghana

*to make sure that we respect diversity and not discriminate against people at any level because of race sex or anything. The second thing is respect for people and respect for [00:16:00] the environment.*

**N.** Regional Finance Manager, MTN

*We have the '21 days of the yellowcare'.*

*If you can see this picture right there, it's photograph. Every year we have a team 'touch a life' to go and make a difference right.*

**J.** Regional Mktng Manager, MTN, Ghana

*one of the challenges, you make all the money in Ghana and then you send it back, so why don't we give it for local investment. But one of the things we use to address the local is corporate social responsibility, Even if you making this money at least you help out, we are the biggest corporate social responsibility company in Ghana.*

#### **G. Quality & Complaints, Blue Skies, Ghana**

*I would say the benefits that and the country gets is you creating employment for the people and then how the others who share the responsibilities that you try to embark on [00:15:00] to also give comfort to the to the society in which you operate.*

*So we try to make that staff are comfortable in their communities, farmers are also comfortable in their communities and then the final thing is that in our gain in employment, even in the economy and in the company and later you can also use it as your, both for your family and yourself and then the community as well so that is how these guys have got into it.*

#### **C. Blue Skies Head Of Corporate Communications Northampton**

*And I think that's that, that is part of the problem, that it is swept under the carpet, it's got to be acknowledged. It's got to be, you know, proactively addressed and that's, that's all we can do, but also, you know, ensuring that, and that's where our culture is important too as well and ensuring that, you know, that, there is an openness, that there is that trust.*

*But as I said, you know, we will always seek to re-recruit the same people each year and where there's opportunities to recruit on contracts, then we'd seek to do that.*

*our primary concern is that we're air freighting products so wherever it's, we are all always keen to point out that it's we use the cargo holds of planes are flying anyway, whether it's BA or KLM. and we use spare capacity on those flights but nevertheless it's still adding weight and still has an impact.*

#### **Culture of the MNC, Examples.**

##### **N. Regional Finance Manager, MTN**

*Okay. So let me try and explain to you. Instead of an inception of a new strategy we have what is called like a merging of cultures. To view the customer of what he wants to do, right, you know, of course, so instead of the kind of misalignment to kind of merging like a Phantom, what's the best of what you already have and what you are bringing in, to bring the best out of it and packaging it for the customer, to deliver on what systems are here.*

*we have this culture of where we have this culture of acceptance whatever it is they are coming from as part of other cultures. It's kind of merging cultures. And we also tolerate the cultures of other people in the organization and that has been one of the things that have driven us to we actually,*

**H. Senior Project Manager, Blue Skies, Ghana**

*managers don't have car park it's quite a flat Society anybody can walk into anybody's office is very friendly*

*We like to reflect as a similar society that is to Ghana Society.*

**B. Blue Skies, Strategic Projects Manager Northampton**

*Now, when we talk about managing of the cultural aspects in different countries where you have to, to, to adapt. For example, coming to mind, as long as we have the problems we have to encounter that problem, but in some countries, you know, there are some cultural aspects which we have to adapt.*

**J. Regional Mktng Manager, MTN, Ghana**

*because apart from the plan we have in the year which have budget implications and how it has to be done comes from me, alright, so when it comes into execution, executing it here or someone in Kumasi or Accra will be different from executing it here, so then they rely on you for that advice.*

**M. Corporate Services, MTN, Ghana**

*the customers we have in Ghana or the stakeholders we have in Ghana will like to have an eye to an eye, one on one with the person so they can have that trust. So that one did not work,*

*Ghana will want to face to face*

*we go beyond the normal work relationship to more of family where you watch my back, I watch your back.*

**I. HRM Business Partner, MTN, Ghana**

*while this is in South Africa and we are here. Sometimes it's difficult for them to really understand the issues In Ghana,*

*R. The candour, sometimes it does especially from the subordinates to the manager. So let's say you are having a conversation with your manager.*

*[00:41:00] There's something that you need to tell your manager. I think that is a cultural thing in Africa. You're brought up in a way you're not supposed to speak up in a certain way with your superior, Maybe even your mother or father or your elderly people in the family.*

*R. It was a cultural thing; that I think gradually, it's, we are getting by because sometimes some issues come up and you'd want to find out why the support leader was not able to speak with the manager to be able to resolve or to take action. But you know as time goes on it's changing.*

**C. Blue Skies Head Of Corporate Communications Northampton**

*issues around and reported in the press as well I should say. Around sort of corruption within the judiciary, the judiciary, you know, sort of judges being sort of paid to come up with, come up with their judgment.*

*I think that the challenge is often the kind of love of bureaucracy which can slow things down.*

*when we're moving our materials, you know, it's, it's fairly common that you get stopped and you get sort of stopped for no reason and asked for, asked for some payment.*

*almost an accepted part of life and particularly we have our experience in Ghana. Although refreshingly, in, in Benin the president seems to be quite keen to stamp it out as far as possible,*

**M. MTN Corp Services Ghana.**

*We have invited those cultures in us. For example, if someone goes to the field and realise, a sales person goes to the field and gets an intelligence which has to do with your office, even in your absence he will take the intelligence, and get you know that this what he has gathered in the bucket.*

**1) Employee Attitudes.**

The fifth and final Aggregate Dimension is the Employee Attitudes which is more a case of what the employee is looking for from the Corporation such as Ownershipness, Belongingness, that is being a stakeholder. There is also an element, which with regard to it residing with the employee, is a level of Awareness of what is expected of employees. There may be a degree of a lack of awareness in the sense that the employees do not always recognise what is required of them for a more complete contribution to the production process. Speculatively, this attitude may arise from the traditional acceptance of relying on

leaders for direction. This to some extent might be to do with the culture of the region/country. This in particular concerns the level of deference that younger people have towards the older generation. It means that agreement and affirmation must be forthcoming from the elder before action is taken by the younger.

**Below are examples of quotes taken from the 2<sup>nd</sup> order themes that go in some way support the Employee Attitudes\_Aggregate Dimensions (AD).**

### **Ownershipness, Belongingness**

#### **D. Marketing Manager and CSR, Blue Skies, Ghana**

*1)business is run only by Ghanaians and there's the business started here,*

*2)because it run fully by Ghanaian and that's, that's how it has been. We are seen as one of the market leaders, a business that's put Ghana on the globe*

*3)Resistance no, no you know Ghanaians is very hospitable and, and, and sincerely believe businesses such as this business needs to be supported. In fact this business is the largest employer private sector in this country. So there is that kind of ownership, there's that kind of belongingness,*

*4)if you look at the structure of this business and how it was established and how it has been replicated in other countries we hold a common culture and we share this culture across borders*

#### **H. Senior Project Manager, Blue Skies, Ghana**

this (fruit product) is made with the Hands and the heart and it's a hospitality and with for Sunny appearance and I think to some extent that strategy pushes forward a very natural product made with a very natural means

#### **G. Quality and Complaints, Blue Skies, Ghana**

6) *I think it's sort of network. You can't pin, put one person the one particular group being the saviour. The difficult aspects of Blue Skies is how you try to make the farmers who are outside the operation to know that they are part of the operation and letting them to know that there's presence of the company is of their presence as well.*

7) *you have to make it understand that they are parts of the Blue Skies fraternity. Now we've made it clear to them that will be able to fund even you the farmers[00:42:00] without you going directly to look for loans, which is difficult in Ghana. Farmers going in for loans is difficult but Blue Skies can take the initiative.*

**A. Senior Procurement Manager Blue Skies Northampton**

it's one of those strange things, it has to do with culture and it has to do with the sense of ownership. We're still seen, I feel, by the teams overseas, as the ones who are responsible ultimately, whereas I'd loved at some point for people to feel that they totally own something and they are responsible, but we're not quite there yet.

it's part of the culture to sort of defer to their older siblings and their elders, or in this case defer to Head Office because it's Head Office.

**(Employee) Awareness**

**A. Senior Procurement Manager Blue Skies Northampton**

But the term 'awareness' of how it may be your role of how everything fits together, it's something you can't maybe easily train people in, it's something that comes about through the culture.

German culture is different to British culture. For example, you know, it's just something that perpetuates, as part of a culture. So, you become aware of how that stock management task should be done, managed and everyone that's involved is fully reassured by it. You're just aware of the way to do that, but, but it's also about what I took about awareness. It's also about, where all the discussions are happening and our model has a head office.

And sometimes you do feel that, we are lent on a little bit too heavily, which is why we have tried our best to sort of pass some responsibilities of stock management, the self file example to the different sites, but, but haven't been able to totally let go yet.

## Chapter 6. Discussion & Contribution.

*This research firstly set out to investigate the acquisition and maintenance of an organisation's legitimacy both internally and externally. In particular the research objective was to consider the tensions and the reasons for those tensions as experienced between the Headquarters and the subsidiaries of a MNC. The thesis considers the problems of legitimacy and isomorphism in a world of multiple organisational fields which is still problematic in understanding the organisation in theoretical and practical terms.*

*The research is a response to Kolk and Santos's call for more research into African business and management. (Kolk, A., & Rivera-Santos, M. 2018). They call for research that places business and management into the African context. They ask for the adoption of context - free; context - bound and context – specific perspectives. This investigation focuses on the West African country of Ghana and to some extent is approached as a context – specific where initially the knowledge – theories and empirical insights apply only to the Ghanaian context. The next step in the research is whether a degree of generalisation would be possible in the first instance applied to the rest of West Africa. One main reason for a call for research in the area of the world is because it focuses on the growing cultural and institutional heterogeneity between home and host countries in these emerging economies. This heterogeneity has an effect on the policies of the MNC, the transfer of practices and knowledge sharing capabilities which can cause tension and disruption to the organisation. (Ayentimi, D. et al, 2018).*

*To carry out this context specific research in Ghana an initial questionnaire was developed in the expectation that participating managers would be able to reveal the problems that they have encountered in trying to maintain, in the first instant, the legitimacy duality between their headquarters and the subsidiary pressures from embeddedness. The response from the participants was surprising as it appeared that there were no tensions between the Headquarters managers requirements and instructions and the embeddedness and legitimacy experienced by the Subsidiary in the Host Nation. The mutuality of the HQS managers appeared to be seamless in the direction that the managers wanted to proceed.*

*On further and deeper enquiry this was not the situation. Due to the flexibility that the semi structured questionnaire facilitated there were one or two initiatives that, with both Blue Skies and MTN, had 'hit the buffers' or had caused considerable problems between the Headquarters and the Subsidiaries.*

*In order to unravel what might be the contradictions and driving forces of the contradiction a theoretical framework was developed that not only encompasses the HQS organisational fields but also considered other organisational fields that arguable impact on a subsidiary. An organisational field map was constructed included the interacting headquarters and the subunit but also included the Home nation, the Host nation, and the Global MNC organisational field. These fields were considered to be interconnected with the Subunits embeddedness and level of legitimacy. It depicts the multidimensional complexity of*

*demands faced by a subsidiary arising from the logics of each field competing for the dominant status. The competing logics of various organisational fields were addressed in the NVivo analysis reference to the people interviewed and what was discussed that was related to any of the particular fields. An objective and intuitive process where interviewees may have referred to actual aspects of an organisational field or that allusions and intimations occurred that allowed the statements to be allocated to particular organisational fields. These actualities and allusions help to make up the institutional carriers such as routines and symbols that maintain the institutional domains. Here is a contribution that adds to the measurement and operationalisation of the domains but also it is an area which could benefit from further research.*

*The thesis goes on to discuss and integrate the application of the institutional perspective as a method to investigate firms, companies such as the Multinational Corporation an organic political body comprised of objectively non-rational individuals rather than a rational objective maximising, market forces driven firms. It is argued then that with the assumption that Multinational Corporations operate on the basis of a Political and Socially organised basis it is the Institutional Theory perspective that is appropriate lens through which to look at the internal and external relationships that impact on the firm's operations and outcomes. With the ascendancy of the institutional approach to investigate the legitimacy aspect of firms and their organisational fields there was a need to establish an understanding of how people acted within the organisations; a theory of motivation and action. A pointer to suitable theory was found in the writings of Di Maggio and Powell work which suggested that constructivism was well suited as a theory of action within the institutional framework. The investigation is then able to incorporate the concept of Constructionism into the institutional framework in order to develop a platform for an understanding of how individuals respond to being part of a group or organisation. This means that the analysis can plot the development of the tensions for the Dominant Logic of relationships within a group or organisational field. Because of this indicators of Rules, Normative and Cultural/Cognitive Values can be intimated within the interviewees responses and to some extent what can be accept and what might be rejected, where there might be initial implementation generally a rejection of internalisation where processes do not become part of the value system that has meaning for the individuals of the organisation. Such examples that came forward from this approach might be acceptance of the need for rules on timekeeping. On the other hand, the importance of 'face to faceness' provides an example of what is taken for granted on a cultural/cognitive plane.*

*With this theoretical appreciation of the Institutional regime there is a pathway towards the methods and process of analysing the data held within the interview scripts. The first stage, after collating the interview data, was to set up the data into nodes using the NVivo package designed for qualitative analysis. This is a practical design which is fairly novel in the field and therefore contributes to the ongoing methodology which may be applied to qualitative data in Institutional theory.*

*Previous discussions surrounding the factors that affect the acceptance or refusal of tend to focus on the construction of the groups involved in the power struggle for the Dominant*



*Logic. These articles considered the fragmentation of the groups or whether the conflict is over 'means only demand' as opposed to 'goals demand'. Other measures causing conflict was the Countries Institutional Distance based on Hofstede's measurements as well as 'dependence and trust'. This research proposes that the factors affecting refusal or acceptance of HQ instructional at a level of internalisation can be investigated at the level of institutional domains which can account for why some instructions are internalised and other are rejected; only implemented even if the context and construction of the situation remains the same. That is the same groups were content with one set of instructions for new processes but on the other hand reject another set of instructions and processes. The answer to the response lies in the what type of activity is being proposed in so far as are the underlyingly factors a challenge to the regulatory domain or normative domain or cognitive domain. This in essence will be indicated by the carriers including symbols and meanings in the cognitive/cultural domain irrespective of which of the multiple organisational field is involved. (Greenwood, & Hinings, 1996; Kostova, 1999; Kostova & Roth 2002; Pache, & Santos. 2013. 2021).*

*It would seem that the NVivo analysis is a frontrunner in the facility to arrange the nodes into the related institutional domains along with the various organisational fields on the basis of Gioia's Data Structure. (G Corley, K. Gioia, D. 2004). This is quite a novel process of executing a qualitative analysis and trying to tease out the institutional factors affecting the transfer of processes.*

### **Limitations and Future Research.**

*Although it is quite a novel approach to be able to carry out research on the African continent there were problems in trying to instigate a snowballing effect with regards to expanding the number of participants involved in the interviews. This to some extent revolved around moving from a level of contact that was to some extent unofficial and convivial which was of great assistance to any research due to the willingness of the participants to share their experiences. On the other hand, this informality was limited to some extent and when efforts were made to obtain more participants through official channels there was little success. To this end the research would have benefited from more participant and for future investigations communications and pathways to members of organisations should be attempted by fully comprehending both official and formal methods of communication and recruitment as well as the unofficial and informal method pathway.*

*The awareness of specific 'Carriers' associated with the Regulatory, Normative and Cognitive/cultural domains was relatively limited and to some extent intuitive. More work needs to be carried out on identification and of the domains 'Carriers' as well as maybe a development of a measuring process. To be able to identify the factors; carriers that set up and maintain the institutionalised routines that give rise to the 'infusion of value' would be useful.*

*Specifically; looking separately at the three pillar domains in order to assess as to whether the content of instructions or directives will be more likely to cause a challenge to legitimacy due to their impact on the structure of a particular domain is a difficult process even in context specific research but nevertheless it is a limitation that should be overcome by further investigations on a cross border dimension so that the degree of generalisation might be expanded.*

*Further work on the qualitative analysis of Constructivist Ground Theory so that a relative clear pathway form the first order concepts through the second order to the establishment of Aggregate Dimensions despite encompassing the element of interpretation moving from the participant centred Order Concepts to the Researcher centred Themes. This clarity should always be pursued whether using NVivo or some other package or method.*

## Chapter 7. Conclusion

*A careful inspection of the remaining five Aggregate Dimensions the substantive Dimensions, those which might explain the driving forces of the relationships surrounding the MNC are the 'System Knowledge to Avoid Conflict', 'Policy & Problems' and 'H.Q. Initiatives'. The data subsumed in these Dimensions indicate that they are the proactive areas of the Organisational Fields. On the other hand, the 'Customer Needs' and the 'Employees Attitudes' statements are more passive in their relational aspect.*

*Considering what might be termed the three major Dimensions which appear to be the System Knowledge to Avoid Conflict, Policy & Problems and H.Q. Initiatives there is an essence of the countervailing forces operating within the Multinational Corporation. These Dimensions encompass the contradictions that appear to exist on the one hand whereby there is a general process of harmony and agreement which is underpinned by the H.Q. initiatives. which maintains a process of identity & legitimacy not only within the Corporation but for the Firm with its relationship to its other stakeholders. On the other hand there is, in contradiction, the Policy and Problems dimension that demonstrates the underlying frictions that exist. It is argued that this is where Management do not take account of existing cultural structures and thus cause discontent in areas which do not fall under the remit of the Systems 'Knowledge to Avoid Conflict'. This means that the managers are not able to negotiate the systems to quell the discontent.*

*What is being stated through the lens of Institutionalism is that the H.Q. initiatives represent the Regulations and orders set out in the first instance by the firm which establishes its identity & legitimacy as a Multinational Organisation. The second aspect is that the Firm becomes part of the Global MNC Organisational Field which has its own legitimacy that allows any MNC to regulate its spheres of influence led by the cadre of Professional Managers operating the Corporation. The socially constructed attitude towards the MNC is, by its nature, a generally accepted in many overlapping Organisational Fields. Due to the MNCs legitimacy on this level the firm is able to impose its rules & regulations on the employees and to some extent its customers as it is accepted that this is the 'way it is done' by members of the Global MNC Organisational Field.*

*On a day to day basis there is the managers 'Systems Knowledge' as displayed in the third order project map and enables the circumventing of difficulties. The difficulties arise due to the constraints from the orders and mandates which often emanate from the annual pre-set budgets but also affect the various expectations and obligations that come from the different regions within the country of Ghana.*

*Highlighted in the Policy and Problems Aggregated Dimension is the areas such as Problems in Streamlining the operations, Problems of Insecurity and the concept of Different Realities. The problems situated in these second order themes cover the failure of MTN to foresee the rejection of the telephone call centres as a replacement for the face to face operations.*

*There was the undermining of the Personal Development Plans to which some of the workforce had accepted as the orthodox way of training and progression. The other aspect of MTNs policy creating problems was the process of introducing the Universal Soldier in order to have multi-task employee able to be rotated through the job positions. This was found to be most destabilising for the workforce and heightened their insecurity. The problem that Blue Skies had with regard to the balance between taking on part time workers or meeting the seasonal increase in demand with overtime extensions.*

*It is argued that the 'Systems Knowledge' and 'H.Q. Initiatives' is a formal aspect of the MNC operations and therefore aligns with the Regulatory Pillar of the Institutional framework. This being the case when problems arise in this arena they can be addressed within the existing framework of negotiations and relationships. In contrast to this the problems that are faced in the Policy and Problems arena are of the more informal type and are embedded in the Cultural Pillar. The direct impact on the firm's personnel and other stakeholders who have an attitude and cognitive process underpinned by the social constructivist culture of the environment gives rise to a different reaction. Problems situated in the informal Cognitive Cultural Pillar, where orthodoxy is established, will cause disruption above and beyond that experienced in the formal Regulative arena. It is therefore necessary for managers to be aware of where changes in activities and process are to be made account should be taken of whether the activity or process has cultural implications or not. Should there be informal & cultural aspects to any change then a minimal requirement would be to invest in significant levels of training, consultation and negotiation.*

## Appendix 1

**Table 5. 1st order Concepts and 2nd order Themes List and Aggregate Dimensions.**

Name	Description
1st open coding	1st open coding based on relationships within and between organisational fields
3 Pillars	
Cultural-Cognitive	The thinking process of the software of the mind set by the orthodox influence
culture	culture impact on order from HQ
Normative	Refs for the normative pillar
Regulative	
Company	
company culture	
Employee Development	
Length of Service	
Training Qualifications	Training for career development
Company Initiatives	
Company Mission Statement	
Blue Skies Statements	

Name	Description
Foundation Blue Skies	
Joint Effort Enterprise BS	Joint Enterprise initiative in Blue Skies.
MTN statements	Mission Statements for employee direction
Action Progs MTN	
Action Progs MTN (2)	
RILIC Relationship, Innovation, Leadership, Integrity Can Do. MTN	
CSR-CPS	Corporate Social Responsibility-Corporate Political Strategy
Brand legitimacy strength	
Stock Mkt Float IPO	
environmental concerns	carbon footprint caused by air freighting the fruit products
Foreign company perspective	Where the customers look on the company as foreign entities with its advantages and disadvantages.
Head Office	Strategies etc.
Head Quarters Relationship	
HQ and Government	
Government	Government agencies help or hinder
Market Competition	Level of competition in the market
Intra Firm communication	
Different Realities	
Planning process	

Name	Description
Problems	Problems relating to relationships.
Local Relationships	
Stakeholder Services	
Subsidiaries (Ghana)	Strategies etc.
2nd focused coding	Coding from the first open 'Relationship Based' coding
Customers Needs	Aggregate Dimension
face to faceness	
What customers need	
Employee attitudes	Aggregate Dimension
Awareness	
ownershipness- belongingness	
H. Q. Initiatives	Aggregate Dimension
Culture of the MNC	
Positive culture embeddedness (gender)	
Social responsibilitiness	
Policy and Problems	Aggregate Dimension
Business expanded with people	
Different Realities	
Labour costs	
Problems insecurity	

Name	Description
Problems Streamlining	
Setting Up New Industry	Aggregate Dimension. Eliminated
Developing industry	
Govt Relations	
Obstacles the nature of the activity	
Regulations	
Socially-Business Orientation	
System Knowledge Avoiding Conflict	Aggregate Dimension
Balancing	
Budget setting importance	
Cordial Relationships	
Info negotiation	
Manipulating	
systems	



## A comprehensive example of the participants quotes relating to the Headquarters node.

### Fig 5.3 Headquarters node coding segments. Quotes from the interviews in relation to Headquarters relationship.

L. Accounts Administer, MTN, Ghana 190402\_0032> - § 2 references coded [5.59% Coverage]

#### Reference 1 - 4.04% Coverage

A. Oh why not, all the other system the program are all online. Here I have my manager, but other managers and senior managers also in Accra have access to whatever we do here. Right, so for the relationship is very cordial and very regular and timely in every point in time we have access to any information that you want to, you can ask our superior, talk to your superior, ask and they also sent or do request any information that they need of which they feel that you at the region can go by or do following, So normally we the service delivery and information sharing very smoothly.

H. So you say it's a very cordial company?

A. Very, very cordial.

H. It is cordial and co-operative with the way to describe the culture, the culture of the company?

#### Reference 2 - 1.55% Coverage

H. So do you think headquarters management has learnt from the process?

A. Yeah, they should and sometimes they also see that these process or ideas that we initially set up or put in place it won't work as expected. So they do take ideas or opinions and suggestions from the bottom-up.

N. Regional Finance Manager, MTN 190401\_0024> - § 5 references coded [5.52% Coverage]

#### Reference 1 - 0.60% Coverage

South Africa the headquarters is not an operations centre because that is where certain decisions are taken about customers and outputs. Then we have a center of [00:04:00] excellence in Dubai. Our Centre of Excellence.

#### Reference 2 - 0.89% Coverage

B. We do have much dealings with them in terms of Action Programs. Output and you want to kind of relate it to another output best practice situation. We know they get visits. We don't call them operational but we get visits from other oops who are those who want to learn from Ghana operation here; which is best practice.

#### Reference 3 - 1.42% Coverage

Ghana will say no. This is a good strategy but we a situation here we have to wait to the end of the period. No we have to take an immediate change to the strategy.

What do you think will make them come on board? Okay, can we give [00:12:00] them some; let's say one service centre or two services centres in order to see how they will respond okay Ghana sets up one or two service centres, then quickly the customer starts to work with the people and their issues. Now we are buying so it becomes like the very thing.

#### Reference 4 - 0.88% Coverage

So now they have to think about the strategy will work for the group as a whole or the individual countries. I say this because what we're doing in Ghana here because that it is not like we have a copycat because some of it have to change a little bit to suit the customers for what the customers are looking out for.

#### Reference 5 - 1.73% Coverage

That is how as members of the business association. So there are various engagements that goes on [00:24:00] with the operator and then they are coming to the a very good relationship.

H. So you maintain the relationship between your operator and the government.

B. It's very tight.

H. Okay, and the headquarters happy to go along with this public share offer.

B. Yes, they were very happy and I think it's a one of the most successful in sub-Saharan Africa because none of the countries I think that Ghana in particular always takes the lead in dreams; I think and I think it's one of the most successful that we have had.

**H. Senior Project Manager, Blue Skies, Ghana 190322 0017> - § 9 references coded [13.45% Coverage]**

**Reference 1 - 2.06% Coverage**

our strategy and planning is informed by the headquarters because if you look at the way our business is structured most of the market factors strategy markets are determined within Europe and the UK because that is where the clientele is. Then what we have done here in Ghana is more like an operation because it is more like getting the materials and process and the arrangements exist with the airlines and we just have to make sure to get our products out there on time.

**Reference 2 - 0.57% Coverage**

we fly to the UK and UK has to deal with the cross border and the head HQ has to deal with the cross border logistics. (1550mins)

**Reference 3 - 0.50% Coverage**

H. What sort of trade relationship will Ghana have with Europe.

E. We have a strong with relationship with UK.

**Reference 4 - 3.48% Coverage**

You might get the chairman or somebody from headquarters, and they come down and they really do have a two-way conversation with you on how you proceed with regard to a particular problem.

E. A case in point is recently the authorities have been trying to change the requirements of bottling of products but it doesn't yet affect fruit juice companies mostly they are affecting carbonated drinks where they have to have a little sticker this requirement requires a lot of changes to the production line because this allows you to trace the product as it is sold to you directly. If we felt this sort of thing was going to be costly to a production Lines and the investment that would be required then of course to some extent we have we have headquarters to the get involved to advise us how to engage.

**Reference 5 - 1.13% Coverage**

I would say it's very close there is very close collaboration between the local management team and headquarters you see what we are doing is perishable products and sometime decisions have to be made on the spot, yes, it is difficult, there is a lot of comfort.

**Reference 6 - 2.45% Coverage**

H. So you don't feel that you are mandated to do things you don't get protocols and directions from headquarters if there is any problem it tends to be talked about and progress agreed.

E. to a large extent that's true but I wouldn't rule out the fact there are sometimes directives because sometimes because this is a group of companies sometimes from where Ghana sit we may not be privileged with the full picture of the group in certain instances where headquarters are convinced that this is in the best interests of the global group they would mandate Ghana.

**Reference 7 - 0.84% Coverage**

H. Which one goes to the auditing so which one goes to the auditing in Ghana.

E, Financial accounts Management accounts inform strategy. So management accounting inform decisions over strategy

**Reference 8 - 0.65% Coverage**

E. yes if we need to we if we need to talk to other organisations it's always good to know that you have the numbers of you on your side on an issue.

**Reference 9 - 1.77% Coverage**

Of course we when we have issues of likeminded of course we get together we are part of association. we are part of Ghana Association of industries. As part of the Ghana associated Industries we do have strong relations in fact I have been involved in in managing some of those relationships of course Alistair is the main person involved in these relationships and actions. Real part of chamber of Commerce.

**B. Blue Skies, Strategic Projects Manager Northampton> - § 9 references coded [11.24% Coverage]**

**Reference 1 - 0.74% Coverage**

(H.T.) And you put down 'a multinational company has to adopt its process or processes to different realities'. Now that term different realities in a sense to me is a key term.

**Reference 2 - 1.88% Coverage**

So they're all differences that, you know, which the, the, the holding company has to understand and then adapt all these methods to accommodate all the different offices from all different sides, I'm talking about accounting, finance, but it would be also operationally and things like that, that there's all sorts of calamities in a country across the board, you know, the holding company will understand and try to find a model which fits all.

**Reference 3 - 0.90% Coverage**

You should. It's trying to find a model which can come so the information coming from the different sides is in a single uniform document but that comes only by knowledge by knowing what's happening in each place.

**Reference 4 - 1.17% Coverage**

I'm talking from a business perspective when one has to adapt to the regulations, you know, because each country has its own sovereignty to do the things differently. Now, when we talk about managing of the cultural aspects in different countries where you have to, to, to adapt.

**Reference 5 - 0.49% Coverage**

it's nothing particularly between holding company and subsidiaries to the matter of your study, I wouldn't say so.

**Reference 6 - 1.03% Coverage**

the relationship within the Holding Company and Subsidiaries, it's mostly about information, it's about the capture information on processes and regulations. It's mostly about that, you know, that your management information, financial information

**Reference 7 - 0.90% Coverage**

So there's not too much mandate, there not so much mandate there is more requests. You ought to be asked when they have recently implemented something on sites which have difficulties, not that I can think of. There

#### Reference 8 - 1.69% Coverage

the perfect example is Software. So if you want to bring a new software from the holding company , new software and if you want the subsidiary to use that software which previously they were not using by the simple fact we are bringing it in yes, that is correct, there are immediately obstacles but that's not due to the relationship between the two entities it's just the nature of the activity itself.

#### Reference 9 - 2.42% Coverage

Maybe it said more widespread in Europe but I would say more, at least more discussed about gender equality or we might promote that, they might try to decrease the distance to power which in some countries might be more naturally present, you know, the big president and the people in and going there and saying, behaving not exactly in that manner, in a more flat manner with the people around. So, I think it's more about this, I think the company might do actively act on that respect to try to make a more flat organization and bringing a bit of culture from here to there.

#### J. Regional Mktng Manager, MTN, Ghana 1904010026> - § 7 references coded [8.87% Coverage]

#### Reference 1 - 0.76% Coverage

we have Greater Accra where the headquarters is then we have western and central which is another business district, and we have one in the northern part of Ghana, so we have three business districts in Ghana.

#### Reference 2 - 1.53% Coverage

I will say it (training) hasn't progress the same way as seven years ago, I left Accra for this region to be a little independent, okay, so you give headquarters feedback or you recommend what they have to do, so when you in Accra there is nothing you just have to do what you need to do but here you have the opportunity to recommend, so you feel you much more independence here? Yes, but more control over what to do.

#### Reference 3 - 2.04% Coverage

yes more control, there was much control from the headquarters in South Africa coming to Accra? Yeah because most of them is from our headquarters in South Africa it direct to headquarters in Accra, right, and we execute, right, so you got the headquarters from South Africa quite, tying, controlling the Accra headquarters and the Accra headquarters relationship with the three regions subsidiaries is a little bit nuisance that the regions have little more autonomy in a bit around decisions, when Accra doesn't and have its own ability to make own decisions.

#### Reference 4 - 1.27% Coverage

H.T. very well, having said that do you think is becoming easier over the years because you gain experience?

I.J. I don't think it is becoming easier because some people becoming wiser they think there is milk. Let's milk them because they made a lot of money so those were times when they can give lands to you for free now you have to pay for it.

#### Reference 5 - 0.84% Coverage

I.J. That is the official name in which MTN was established and is on the stock market, you use the name Scancom plc, the official company name is Scancom plc, because the brand is MTN so Scancom is the internal corporate statement.

#### Reference 6 - 1.06% Coverage

H.T. Who set up these new ideas.

I.J. He used to be around, our former CEO he called Ebenezer Asante, he set up those and now he is the vice president for a bigger region. He used to be the CEO of MTN Ghana, he is now the vice president of the larger region of South East Africa and Ghana,

#### Reference 7 - 1.39% Coverage

H.T. Have there ever been any examples where you might have done something you knew was going on and you didn't tell headquarters exactly what you were doing because you have not been told not to do that?

I.J Not really because every time you definitely have to get the approval. If you keep explaining what you want to do, if you come up with a good idea you can get approval.

**F. Senior Agronomist, Blue Skies, Ghana** 190324 002122> - § 3 references coded [2.88% Coverage]

**Reference 1 - 1.65% Coverage**

I. We have a marketing team within the Blue Skies Holdings so they are in touch with all the factories, what you say as the subsidiaries. You have in touch with all of them so they know when we get off the season and when we are in the season. So they are able to be timely

**Reference 2 - 0.33% Coverage**

No, No not the agronomist that's the marketing team.

**Reference 3 - 0.90% Coverage**

I. They work with us and sometimes we also go there.

H. So you've done that have you?

I. No I have not done that but I definitely would like to.

**M. Corporate Services, MTN, Ghana** 1904010028> - § 11 references coded [9.14% Coverage]

**Reference 1 - 1.22% Coverage**

You said South Africa wanted the automated process and how did you persuade South Africa headquarters it wasn't the way to do it?

K.O. We let them understand that in Ghana, the customers in Ghana will want to face to face because the people were not patronising the automated system but they will always want to go to the office so we have to let them know that this system cannot work in Ghana.

**Reference 2 - 0.55% Coverage**

Right and in our system we have lawyers, yeah, company lawyers and lawyers who are employed by the company who are also in charge of this contracts. Yeah and all those legal issues

**Reference 3 - 0.81% Coverage**

yes, it depends on the kind of budget that the head office also have for such programmes and also depends on the budget South Africa has approved for the country and to the region. So that is the budget that has been approved.

MTN Ghana is a very profitable company

**Reference 4 - 0.87% Coverage**

we have autonomy but not a complete autonomy, this is because your activities in the region should always fall within the activities and objectives of the HQ; with the headquarters, so for example, I want to organise a program here I need to communicate to Accra, that the Headquarters,

**Reference 5 - 0.86% Coverage**

I can't organise a program where Accra being the Headquarters has not approve, we have, every year we have financial year declaration where we declare how much profit we made and how much loses we made until that is declared I can't use such documents and is always declared in Accra

**Reference 6 - 1.48% Coverage**

So though you are, as a region, and you are on your own, you are not on your own until headquarters gives you permission to do whatever you want to do. The only time we have a little bit of flexibility has to do with what the community brings up, for example, the community

is celebrating festivals, we support festivals, so the community is demanding that we come and support their festival, so with that, Headquarters cannot reject it because it's part of our calendar activities.

**Reference 7 - 0.76% Coverage**

Have you had any big arguments, fallouts with HQ over what can be done and what can't be done.

K.O Oh no, not so much because I also know how the system works, so I also have to conform, so that we all work hand in hand with HQ it demands from us.

**Reference 8 - 0.19% Coverage**

because Headquarters itself realised it was not much efficient.

**Reference 9 - 0.44% Coverage**

Okay, so we realised that they were no more implementing the series of operation next (project next) so that has calmed the people alright,

**Reference 10 - 1.29% Coverage**

no that's not what I'm talking about. I just wanted to know what lessons were learnt by Headquarters, in the sense that people are very, -- a job to someone in Ghana is very important. yes, and so what lessons have Headquarters learnt with regards to this.

K.O. Headquarters has learnt that now we need to expand the business and the business will be expanded with the people. So 'operation next' is not an answer now.

**Reference 11 - 0.67% Coverage**

even now the company has placed more premium on staff rather than before, salary base and all other things has been enhanced than before, right. Basically, there has been a change around in attitude, okay, that's good.

**G. Quality and Complaints, Blue Skies, Ghana 190324 0018> - § 7 references coded [16.81% Coverage]**

**Reference 1 - 2.08% Coverage**

H. So the group technical manager from the UK goes round and sort of keeps the network going or talks [00:28:00] to you directly so you have a better feel for what's going on but do you feel it would be beneficial if you were to actually go and see, once in a while meet, the technical a director in Egypt.

M. Yes. I think, I think I've made a request before but since I'm working on those things it would be better for me to have visited them and maybe for my own perspective you're trying to push certain things on them which is not in place you understand so what you are saying is good I think.

**Reference 2 - 4.89% Coverage**

M. This has happened before something before if I remember there was a time when headquarters wanted us to actually come out with, I'll say, a spreadsheet about how to organize those complaints. Their input, the way they did the representation, all the representations. I made it clear to them that it does not confirm. They try to see the processing as if it's like, I would say too mechanistic. They see it as you have to move from A, from A to move form B but sometimes for you to get a better result, you can't follow those proceeding so I made it clear to them that if we are to [00:31:00] follow your procedure unless we want our processes to be followed, processes to be followed strictly like that and if by your procedure is means that anything that goes contrary even with the result is correct in will show that the results should be wrong but it is not actually the case it does happen that we did not follow what you are going to pass but these are our own circumstances we are able to check it out bring a good product out so it will be better for the subsidiaries to make an input into the spreadsheet so that at the end of the day will all be able to know our challenges and how try to deal with them to come up with a better product. So it was an argument for all the subsidiaries against the headquarters and we have been able to come up with a general platform that is working for all of us now.

**Reference 3 - 2.79% Coverage**

Sainsbury's brought a request from the U.K. from the U.K. through the headquarters and then I'm going to declare that subsidiaries, all of us have a way of presenting our case. So it will be better for all those subsidiaries to do their presentations in differently as it suited them so that we presented together to [00:34:00] headquarters and headquarters sent it to J.S.. Now and then when the arguments arises then it would be easy for headquarters to know that this is the way the results differ to platform, this is the way Ghana also solve the same problem rather than always trying to summarize it to send it as a single document.

All right, so the detail of the document actually is an agreement, is now agreed now is done by the subsidiary compiled and given to headquarters to collate plans.

#### Reference 4 - 1.19% Coverage

H. But if the subsidiaries have a common problem like the spreadsheet and they argue with HQ. HQ, usually accepts what all the of subsidiaries say?

M. Yes, and I think they also analyse our problem. We try to out of Blue Skies operation HQ understand that you are on the ground or you are on the floor you know what has happened.[00:36:00]

#### Reference 5 - 1.17% Coverage

H. Yeah, I see you. Okay, so this relationship. [00:37:00] It's very interesting. And it is a matter of balance sometimes between the two; sometimes HQ will probably be very strong with what they want to do. But depending on the stance.

M. I say as another example, there was a time that H.Q. they said that wanted a reduction in labour.

#### Reference 6 - 1.89% Coverage

M. Now they brought all their models and how to try to relate it with labour. So the definitely there should be a reduction in labour. Now looking at the subsidiaries, some of them were able to agree with H.R. and H.Q. is because they saw that they have a lot of machines. With that one labour can be reduced now [00:38:00] others did not agree, especially Ghana where majority of their job is manual. It is also based on the quality of food that arrives. So if we for example, if you have good quality fruits, we need less people to work on it.

#### Reference 7 - 2.80% Coverage

M. But when the quality is low, they need people, a lot of people to work on the fruit and it takes a lot of time. If you employ a lower labour it's going to take a longer time for the quality fruit to come out. So do H.Q. brought that; I was the insistent that they should never cut down. We made it clear to them that because of this for this particular season it is not possible. It is not possible because if you create this in then in the end trying to cut down labour to restruct, [00:39:00] we will cut down labour and we will not be able to meet orders which also goes against us. Or we may also cut down labour and not meet quality so both quality and quantity, which is selling the product will be having problems. So HQ accepted that and decided to postpone the reduction for that particular period.

Site Technical Manager, Blue Skies, Ghana

190324 0019> - 5 10 references coded [23.73% Coverage]

#### Reference 1 - 1.32% Coverage

H.T. This has sort of come up just recently. So how did, [00:24:00] so how does the strategy, the planning, how do you ensure that all the subsidiaries are doing their bit?

M.D. What we do is that we have a meeting with these people so that we have a common reporting format. and they putting data in them. And these are a trading graph and they feedback to us to tell us how you doing.

#### Reference 2 - 3.26% Coverage

M.D. It Isn't the audit, its allowed us to see the indicators is the example how much energy you use for producing per unit need kilos off finished product and their is a challenge for all the subsidiaries at the site, as a result, if you use taking one hour to produce [00:25:00] fifteen kilograms of finished products but in another factory in a subsidiary five hours to produce fifteen kilogram there's a challenge there. Yeah, so what do I have to do to beat that, so what causes that, then there will be quite a lot of reports on how to prevent that and corrective action is written for you to ensure that you are in line with that soon. There is a way to work and because everybody knows there is data on these things deal.

H.T. So there is data available to everybody.

M.D. That is available just to the head office.

H.T. Just the head office.

M.D. Actually the head Office, and the subsidiaries. The facts are available to the Blue Skies family.

#### Reference 3 - 5.38% Coverage

M.D. Trying to reduce labour. I won't say Blue Skies want to reduce labour. You don't, they don't normally work like that. What they do is, as I said, trying to collect a lot of data and then challenging ourselves on how to be more efficient. Our factories are very unique and the fruits are very unique. To some way, I've never believe my ears that there is pressure from head office to reduce labour 'in quotes' before but decisions are made by the general manager each sides to see how best they can [00:27:00] be profitable; it's about the profits. We are not ashamed to make profits, profits is what keeps these guys going.

Yeah. So how profitable you should be, their budget sets their target sets for every departments and those budgets are set against it, are done transparently. What is the Financial Manager especially, and the General Managers are all go to meet at head office in UK. All right, for a week or so, and then, but before that is a lot of preparation. And then there is a major conference on all sides and then they try and budget. Yeah and the budget is taken to head office where there are a lot of suggestions are there and there is a negotiation on what you can do, these are my plans. And they need to be perused and agreed before the General Managers will come [00:28:00] and done and it will set some objectives for us, which is done annually. So without getting weak you, you just you, you plan to meet such budgets allocation by mutual negotiation and not, and not head office telling us that we have to reduce this numbers, that's not the procedure.

#### Reference 4 - 2.47% Coverage

H.T. In general, is it the case that now they're going, maybe the subsidiary leaders, the managers, sort of, will get together in order to [00:29:00] make clear to the head office that what they're asking is not appropriate.

M.D. Yes I will say yes. I would say yes and no. Yes, because it's always a collaboration and then no because decisions are not one-way. Decisions are made on the previous performance and then what the company wants to do in the future, right? So, so that's when and whether you make that decision it makes room for you to contribute your plan on how to meet that end. Not one way like, okay this what you want us, is not appropriate is [00:30:00] no it that is not it - it is not done, for one week.

#### Reference 5 - 2.06% Coverage

H.T. Okay. Well, can I ask you is there any notion that maybe head office would consider, let's say, the Brazilian subsidiary manager has been awkward. Or is the South African manager, I mean, are the managers at all being labelled as being awkward if I fight their corner.

M.D. I would say no because what happens between Brazil and head office is not fully known to all other subsidiaries. [00:31:00] On a personal level yes, operational level? in the operational level all of us contact each other, discuss everything operationally, but on personal levels I'm not sure you get to know other things.

#### Reference 6 - 2.45% Coverage

M.D. No. Okay. No, no. No, I mean we are lucky to have a very good family. A lot of things go into recruitment; and then add a Blue Skies culture. Is hitting every.... that's what you, you, you, get to know, it will make you come to Blue Skies. Of course, we are identifying that people are from [00:32:00] very strong corporate places before they come to Blue Skies, but when people come to Blue Skies within a few months they identified that aah it's a different culture and then you either fit in. You get, you get to learn to fit in or if you are not happy you are free to, I mean, go back but it is not, people get to know their work. It's not as stressful as where they are coming from and they like to stay longer.

#### Reference 7 - 1.76% Coverage

H.T. I was just wondering if maybe, the subsidiary operations such as Ghana, South Africa. Whatever, are the upholders of the quality aspect, the handmade product aspect and maybe the headquarters that's where the pressure for the cost-cutting comes from.

M.D. I'll see, I see, of course they are there to guide. Of course, they are there to give us a guidance. So I will say the pressure is not from Head Quarters, I will say that the pressure is actually on us. Already the UK's has their [00:37:00] own pressure.



Reference 8 - 0.74% Coverage

M.D. They (subsidiaries) need to be more competitive, to be more profitable. And we get a lot of guidance from head office to, about the market dynamics in UK and Europe as they need to tell us for us to plan better.

Reference 9 - 1.10% Coverage

How much control you have over your own actions as a subsidiary, you would say you have quite a lot of control.

M.D. A lot; we have a lot of control here on what you do. Because everything we purchase is seen on the budget, [00:38:00] every expensive should do it for you. I just have to work within the budget every time.

Reference 10 - 3.18% Coverage

(H.T.) Well [00:40:00] do you have much dealing with other subsidiary managers here?

M.D. We do. We do that because there are a lot of dealings when we realize that.

Actually, the pressure will come from Europe I say so, as in a market in Europe, which presents us with a credit crunch where the read the messages make a decision, I mean the credit crunch up to nine or eight years ago where everything in Europe was flat.

Not normally so what will you do that, what will you do I say if I cheat at supplies it hurts companies. And then of course there's a problem from the aircraft because you could not do flight for about a week from the ash cloud, you remember to so that's kind of pressure [00:41:00] actually helps to do with our people and gives us our contingency.

So if you cannot fly in Ghana can we be flying in South Africa cheaper they have similar products there, they can fly in, whatever, mangos?. Can we do that.

K. Transport Manager, MTN, Ghana 190402\_0030> - § 3 references coded [4.25% Coverage]

Reference 1 - 1.17% Coverage

R. Okay, we have three, we have three transport managers. We all report to a senior manager, yeah, senior manager in Accra. And among the three managers we have a team leaders who sits in Accra, he is also a manager but he oversees all responsibilities though he's also a manager he has been giving the team leader of us of the three managers, he is our team leader, okay.

Reference 2 - 1.88% Coverage

H. How do you see the duty? Are you ever concerned with, does it come to the forefront of your mind, the headquarters in South Africa? Do they have, do you feel their direct influence much?

R. Yes, I think, I think they have a lot of influence, yes they have a lot of influence because that's where our head offices is and that's where most of, the most of our strategic decisions are being made before they are being cascaded down here to us. I think they have much influence.

Reference 3 - 1.21% Coverage

R. Quite recently. I think they came up with the project - was it two years or three years ago was it two years? It was four years ago, in fact that decision was made, you know, up there.

H. Tell me again what the decision was?

R. It was project they embarked on and the name of the project was a 'Project Next', and they were trying to do a lot of operations at the back office.

I. HRM Business Partner, MTN, Ghana 190402 0034> - § 22 references coded [19.33% Coverage]

Reference 1 - 0.82% Coverage

Do you think you have too many meetings of [00:17:00] this type.

R. Sometimes I think so

R. Insofar as so you get the feeling sometimes you think well, let's just get on and do what you've asked us to do.

R. Sometimes I think some of them meetings are too many.

#### Reference 2 - 1.10% Coverage

R. There is constant in touch with management where we give reports. [00:18:00] So depending on where you sit you can give reports daily, as I said for some people. You can give reports weekly, monthly, quarterly, you know, so depending on where you sit. That kind of information we really need.

H. But what you are saying is constant strategy evolution.

#### Reference 3 - 1.38% Coverage

R. Right so normally during such meetings or such reports. So like I sit here and I know what's happening here for me in the HR space. I write my [00:19:00] reports weekly, sorry monthly. So whatever HR strategies that I needed to implement within the month; I do it and then just through my reports I told management what went well and what didn't go well and what I think will suit my people here.

H. So this is constant feedback.

R. Exactly.

#### Reference 4 - 0.99% Coverage

that 'mobile finance' aspect because this seems to be quite a good example of where an idea came from a forum I believe and the whole process has gradually been built up for a new [00:21:00] market and the fact that it was ability to transfer money from somebody in the family, working in the city maybe, to a rural location

#### Reference 5 - 0.65% Coverage

one of our guys went to a rural community, you know, and [00:22:00] those people said the network there was bad but you know before the network or before we put up a site there should be some commercial viability.

#### Reference 6 - 1.21% Coverage

the supervisor didn't really think that it was a viable area but then they give a try. They give it a try anyway. They discussed it with management at headquarters to try and see if we can put up a 'cell site' there and it was done. And they justified it that since it [00:23:00] was done a lot of people have bought our feature phones, they are using it and we are getting the needed results.

#### Reference 7 - 0.19% Coverage

employee relations department within H.R. which sits in Accra.

#### Reference 8 - 0.84% Coverage

Reflecting on 'Project Next'. This is a project as I understand it, about also computerizing a lot of processes and systems. Getting rid of back offices and it was to some extent imposed from South Africa and Accra head office has instructed to carry out what happened then.

#### Reference 9 - 0.37% Coverage

while this is in South Africa and we are here. Sometimes it's difficult for them to really understand the issues in Ghana,

#### Reference 10 - 0.48% Coverage

but they found that the computerised systems and new processes didn't really fit very well in Ghana and so they actually had to re-employed a lot of people.

**Reference 11 - 1.00% Coverage**

their planning bits did not go down well, I guess they didn't involve our people in Ghana very well before coming up with such project but I think that that is what might have happened [00:36:00] because I'm sure we would have given them a lot of insight as to the information that they would have needed to do a good job.

**Reference 12 - 1.11% Coverage**

So were there big arguments behind the scenes?

R. Yes. Yes, because sometimes when I visit the headquarters of any other meetings that I meet some of my colleagues and they complain a lot and sometimes this affects people because sometimes you need certain things from a colleague at the head office and you know we work hand in hand and it is not forthcoming.

**Reference 13 - 0.65% Coverage**

it's South Africa, it's Project Next and they are not seen are giving us the necessary, you know, supports and they're not giving us, you know, [00:38:00] so the complaints have been coming and it's a huge issue.

**Reference 14 - 0.86% Coverage**

R. exactly for in Ghana. I mean that collaboration is really there. We work collaboratively. [00:39:00] In fact we have what we call 'cultural operating system', which is a behaviour system that all of us are expected to embed. So when we started I think somewhere five years ago.

**Reference 15 - 0.76% Coverage**

We have 'access collaboration'.

We have 'complete candour'.

We have 'complete accountability'.

[00:40:00] And the last one is 'Get it done'.

So those four behaviours we are all expected to live or embed these behaviours in our daily operations

**Reference 16 - 1.49% Coverage**

H. This complete candour bit, does that break down sometimes?

R. The candour, sometimes it does especially from the subordinates to the manager. So let's say you are having a conversation with your manager.

[00:41:00] There's something that you need to tell your manager. I think that is a cultural thing in Africa. You're brought up in a way you're not supposed to speak up in a certain way with your superior, Maybe even your mother or father or your elderly people in the family.

**Reference 17 - 0.88% Coverage**

R. It was a cultural thing; that I think gradually, it's, we are getting by because sometimes some issues come up and you'd want to find out why the support leader was not able to speak with the manager to be able to resolve or to take action. But you know as time goes on it's changing.

**Reference 18 - 1.22% Coverage**

in the area where I talked about the Project Next issues, you know, sometimes you need to get things done. Okay. So if you are the one in charge of that particular thing, you know the kind of decision you want to take and do things quickly but because I'll have to rely on my colleagues at the head office sometimes it's a bit difficult getting things through the way I wanted as quick as possible.

**Reference 19 - 0.61% Coverage**

R. Well I will say that I don't have, let's say 60% or 70% of autonomy because most of the things I need to get approval from head office.

H. You say you might have 40 - 30 percent autonomy.

**Reference 20 - 1.05% Coverage**

R. Not better not in terms of maybe quality because I'm taking instructions first but I would say quick turnaround, quicker in terms of time.

H. So generally you can get the things done that's good for the customers and the company but it just [00:50:00] takes a little longer

R. Sometimes it does because you would have to seek approval.

**Reference 21 - 0.56% Coverage**

about job rotation, this 'Universal Soldier'.

R. Yeah, we did that time when the customer service we.

H. Did this concept work? Do you think.

R. It didn't work; it didn't work.

**Reference 22 - 1.09% Coverage**

So if somebody who didn't have an accounting background is supposed to do the cashiering aspects of it In addition to their customer service aspects because that person did not have that accounting background or that cashiering background we found it a bit difficult.

H. So this despite people feel insecure.

R. Exactly. Exactly people felt insecure.

**C. Blue Skies Head Of Corporate Communications Northampton 191125 0043> - § 7 references coded [4.90% Coverage]**

**Reference 1 - 0.41% Coverage**

So we've got, you've got an independent internal auditor, I say, independent internal auditor to reports, reports to the, the head office rather than the local management teams so that has a degree of independence there.

**Reference 2 - 0.92% Coverage**

role the head office plays is, is as a supporting [00:38:00] role, we are there to support the subsidiaries in working to, you know, a group strategy, which we agree each year, at our conference which we had last week by the way. So every year, because of the way that our businesses is we've got obviously different operations in different parts of the world, it's very important that, you know, at least once a year, we all come together in one place to discuss any challenges and opportunities,

**Reference 3 - 0.70% Coverage**

So last year we had our annual conference in Northamptonshire and we all got together. So the general managers and key people from each of our sites all come together into one place and that's, that's what we do so probably a reason, I guess, relevant to researchers it's it's, [00:39:00] it's an important way of ensuring that we have that, that opportunity to all come together.

#### Reference 4 - 0.90% Coverage

whether it's people from the UK, traveling to each of the sites every year, or whether there's people from our sites traveling to other sites as well. It's an important part of kind of that exercise of, you know, knowledge sharing and supporting each other and working together, not, not that kind of, there's not that sort of approach where it's kind of, you know, the, the, the sites are accountable to the head office and, you know, the head office barks orders and wags the finger.

#### Reference 5 - 0.47% Coverage

in terms of, in answer to your question all our subsidiaries have autonomy. They are [00:40:00] registered entities within each of the countries where, where we operate. So we don't, we don't have any sort of issues with regards to the foreign liabilities,

#### Reference 6 - 0.26% Coverage

Anthony, the founder of the business, of course is a British citizen, but he's also now also a Ghanaian citizen. He has got dual citizenship.

#### Reference 7 - 1.23% Coverage

S.D. Well, I think, where, over the past year, of course we've been sort of busily planning for the no deal scenario (leaving the EU) which would have been, obviously it's still, the threat is not going away. Would have been a disaster for us. It, so yeah, that, that is worst case scenario for the business. I think there are many ways that it has and continues to affect us. One is exchange rates. Obviously when, when after 2016, we took in a sudden an immediate hit from the pound plummeting and of course, we earn all our money in [01:08:00] pounds and euros and most of our costs are borne in dollar based currency so it had an immediate hit on the business.

#### A. Senior Procurment Manager Blue Skies Northampton 200327 0048> - § 10 references coded [18.00% Coverage]

#### Reference 1 - 3.59% Coverage

Now it may be that we put forward an idea that's kind of, you know, like we did, for example, with South Africa recently. Where we said look you can save a lot of money on your labels and they might simply turn around. We really appreciate this. You've done some great analysis but we want to keep doing things our way because of such and such with our local, you know, logistics to manage our stock management to manage. We know that getting it locally might cost us a bit more but we prefer to continue with that model. So, so we are really there as a support and you know, to directly answer your question. They, they only know a certain amount they don't have that full picture and we're just there to put ideas, suggestions, possibilities to them, for them to consider, you know, to accept or not really. So that's our sort of role within with within the puzzle I'd say.

#### Reference 2 - 4.49% Coverage

It has, you know, I don't know how many these days people coming and going, in the head office. so more, you know, it's hard to keep track how big the head office is, but we've probably got a good sort of 40 people. If everyone was in, who are doing a lot of the planning, doing a lot of the big strategic ideas, generating the new products, coming up with the new products. That hub of activity is either in Pittsford or virtually these days shall we say in Pittsford, our head office. So anyone connect to that head office is just a bit more clued up. Now, you could say, well, have we got the right model, but you, you, you've got to decide on one model or another. And the model we've got at the moment is we have this central head office hub where anyone who's involved with it, including the purchasing team you're in charge of, you know, the overall in charge of the stock sheets, just tend to through osmosis and pick up what people are saying and having quick five minute conversations with people where you can tend to be a lot more clued up and aware with what the business is doing.

#### Reference 3 - 1.97% Coverage

head office is, is where is where an awful lot of the decisions are made. The decisions about where the business is going, the decisions about what products to launch or not. Whereas the local sites make much more of the decisions about day-to-day operations. Now. Arguably, we should evolve from that model, but that's where we are at the moment. So, so yes, I would just say it's more because that's the place where all of those big level discussions are happening at the moment.

#### Reference 4 - 0.76% Coverage

'I'd say the main difference is that there tends to be central departments or global roles and teams in multinationals are not, that are not needed within companies for a single focus'.

Reference 5 - 1.52% Coverage

'This is because there is a greater need to gather information and analyse what is happening at each site, so that best practices and consistency of approaches can be achieved'. H.T. Is that a specific role that you do, where you do go around your different sites looking for best practices and consistency and then do you transfer those best practices to other sites?

Reference 6 - 0.84% Coverage

The answer at the moment Howard is that we probably haven't done a good enough job on that so far. I think in terms of how to put this sort of, operational type of things, Yes, we absolutely have done that.

Reference 7 - 1.62% Coverage

There's a key, key individual called Andre who's actually a South African GM, (general manager) but he also has a sort of broad responsibility for ensuring that sites are running as efficiently and as well, and as thoughtfully as they can in terms of managing their cash flows, considering their investments wisely and getting, you know, all of their operations running as efficiently as possible.

Reference 8 - 0.84% Coverage

we've done a lot of looking at ways the things work best, maybe to the UK maybe it's in Brazil, wherever that can be transferred to different sites. So from an operations view, yes, we share best practice.

Reference 9 - 0.83% Coverage

such as, a classic example would be the way we buy cardboard boxes; is very messy, very insular, and isolated per site rather than collaborative and sharing best knowledge and best practice for certain.

Reference 10 - 1.53% Coverage

we haven't managed to share information to say, 'You're just about to launch this product, Ghana, Egypt, Benin have you thought about what South Africa, UK, Brazil did for this product and what boxes they used?' So we haven't, we haven't done enough of that kind of, I don't know what it is but, the non machine side of things, we haven't done very well sharing best price.

Table 6.

Interviews Participants.

Transcription number.

Senior Procurement Manager, Blue Skies, Northampton.	(200327 0048)
B Blue Skies, Strategic Projects Manager, Northampton.	
C Blue Skies, Head of Corporate Communications Services, Northampton.	(71mins) (191125_0043)
D. Marketing Manager and C.S.R. Blue Skies, Ghana, (48mins)	(190322_0015)
E. Site Technical Manager, Blue Skies, Ghana, (47mins)	(190324_0019)
F. Senior Agronomist, Blue Skies, Ghana, (29mins)	(190324_0021/22).

- G. Quality and Complaints, Blue Skies, Ghana. (47mins) (190324-0018)
- H. Senior Project Manager, Blue Skies. Ghana (48mins) (190322\_0017)
- I. H.R.M. Business Partner, MTN, Ghana (60mins) (190402\_0034)
- J. Regional Marketing Manager, MTN Ghana. (60mins) (190401\_0026)
- K. Transport Manager, MTN, Ghana (52 mins) (190402\_0030)
- L. Accounts Administer, MTN, Ghana (35mins) (190402\_0032)
- M. Corporate Services, MTN, Ghana (67mins) (190401\_0028)
- N. Regional Finance Manager, MTN, Ghana (31mins) (191904\_0024)

Appendix A.

Ghana Questionnaire for Grahame Fallon.

1/3/19

Intro with statements of confidentiality, consent, options to withdraw, and use and scope of the results.

My intention is to use a semi-structured interview technique. As I see it the questions fall into four areas of investigation.

The first area of investigation will be general demographic questions.

These questions will concern aspects such as the manager's position, years of service, training and education levels and participants origin. etc.

The second area is about the manager's perception of the market and industry in which the subsidiary company operates.

Questions such as:- What is the market structure. What are the levels of market competition?

What is the composition of the market with regard to local and foreign companies what effect does this have on strategic planning?

How do you assess the market institutions such as property rights and legal contracts? Do you consider the institutional structure well developed?

How does the company 'fit' into the market? Is there a degree of pressure to conform to prevailing formal and informal standards?

How would you describe the company's 'identity' within the market and the host nation?

Is there a degree of resistance to the company activities? Does there exist a degree of 'liability of foreignness'. Alternatively are there examples of the 'advantages of foreignness'.

The third section would investigate the need for the company to develop Corporate Social Responsibility (CSR) and Corporate Political Strategies (CPS).

[Definition of Corporate Social Responsibility (CSR):- A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. (Commission of the European Communities, 2001. Dahlsrud, A. 2008.

Corporate Social Responsibility and Environmental Management).  
Definition of Corporate Political Strategies (CPS); are 'political strategies', or proactive actions to affect the public policy environment in a way favourable to the firm (Baysinger 1984)].

What would you suggest is the level of acceptance of a foreign subsidiary company within Ghana's economy?

Do managers see a deficit in acceptance/legitimacy of the subsidiary company by the stakeholders within the market and organisational field relative to domestic/indigenous companies?

How would you describe the process the subsidiary has established in order to develop its Corporate Social Responsibility and Corporate Political Strategies?

Do the subsidiary managers distinguish between CSR and CPS?

If so, what areas or stakeholders are targeted by the respective strategies?

Are the CSR and CPS used in some way to develop and establish the Subsidiary's relationship with its market and contribute to its 'identity' across that market/industry?

Are there many people involved in this development?

Ghana Questionnaire Second Stage 22-3-21.

'How do managers balance the requirements of the Headquarters against the needs of the Subsidiary when creating and developing company strategies to enable acceptance/legitimacy in the host nation'?

The aim is to use semi-structured interview technique.

To begin the interviews, it would be necessary to introduce myself. I would follow this with statements of confidentiality, consent, options to withdraw and use and scope of the results gained from the research.



The questions fall into four areas of interest. a) demographic. b) A view of the subunit's market/organisational field. c) the development of Corporate Political Strategies and Corporate Social Responsibility strategies. d) H.Q. and Subunit relationship with regard to the legitimacy/acceptance in the host country.

**a) General demographic questions.**

- 1a) How many years of service do you have within the company?
- 2a) Can you outline your career progress within the company.
- 3a) What training opportunities have been undertaken and what level of education have been achieved.
- 4a) What is the Manager's current position?
- 5a) What is the participants' origin?

**b) A view of the subunit's market/organisational field.**

- 1b) How would you describe the levels of market competition particularly in Ghana?
- 2b) What is the structure of market in the Ghanaian market?
- 3b) How do you assess the market institutions such as property rights, contracts and redress to the legal system in Ghana? Do you consider the institutional market structure well developed?
- 4b) How would you describe the company's 'identity' (Brand) within Ghana and other subsidiaries you know of.
- 5b) Have you detected any resistance to the subsidiaries activities in Ghana? Does a degree of non-acceptance/'liability of foreignness' exist amongst its customers, suppliers and stakeholders.
- 6b) Alternatively are there examples of where it helps to be foreign or exotic, that is, are there 'advantages of foreignness'.

**c) Development of Corporate Social Responsibility (CSR) and Corporate Political Strategies (CPS).**

Definition of Corporate Social Responsibility (CSR):- A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. (Commission of the European Communities, 2001. Dahlsrud, A. 2008).

Definition of Corporate Political Strategies (CPS); are 'political strategies', or proactive actions to affect the public policy environment in a way favourable to the firm. (Baysinger 1984).

- 1c) Do managers see a deficit in acceptance/legitimacy of the subsidiary company by the stakeholders within the market and industry compared to domestic/indigenous companies?
- 2c) How would you describe the process the company has established in order to develop its Corporate Social Responsibility and Corporate Political Strategies?
- 3c) What groupings and stakeholders might be targeted by the respective strategies?
- 4c) Are the CSR and CPS used in some way to develop and establish the company's relationship with its market and contribute to its 'identity' across that market/industry?
- 5c) Are there teams or team meetings on the development of CSR and CPS?

**d) H.Q. and Subunit relationship.**

- 1d) How would you describe the relationship between the Headquarters and subsidiaries?
- 2d) What is the (managers) relationship with subunits in the corporation and Ghana in particular?
- 3d) With regard to 'process and activity transfer' would you say the H.Q. controls the subsidiaries with strong mandates, directives and protocols?
- 4d) In your experience what processes and activities have been successful transferred from the HQ and implemented in the Ghana subsidiary. Can you tell me what these successes were?
- 5d) What do you think were the main aspects that bought about the successful transfer and implementation of the process and activities.
- 6d) In your experience what processes and activities have the HQ had difficulty in transferring and implementing on your Ghana subsidiaries.
- 7d) What do you believe to be the factors which caused the difficulties in the transfer from HQ and implementation by the Ghana subsidiary.
- 8d) What are the levels of negotiation and consultation when transferring activities and processes to the subsidiaries?
- 9d) To what extent does the subunit have control/agency over its (CSR and CPS) legitimation strategies?
- 10d) How do managers balance the requirements of the Head Office with the needs of the country's regulations and culture? How would you describe the strategy?

Questionnaire Final 20-10-21.

'How do managers balance the requirements of the Headquarters against the needs of the Subsidiary when creating and developing company strategies to enable acceptance/legitimacy in the host nation'?

The aim is to use semi-structured interview technique.

To begin the interviews it would be necessary to introduce myself. I would follow this with statements of confidentiality, consent, options to withdraw and use and scope of the results gained from the research.

The questions fall into four areas of investigation. a) demographic. b) A view of the subunit's market/organisational field. c) the development of Corporate Political Strategies and Corporate Social Responsibility strategies. d) H.Q. and Subunit relationship with regard to the legitimacy/acceptance in the host country.

**a) General demographic questions.**

1a) How many years of service do you have within the company?

2a) What has your career progress been like?

3a) What training opportunities have been undertaken and what level of education have been achieved.

4a) What is the Manager's current position?

5a) What is the participants' origin?

**b) A view of the subunit's market/organisational field.**

1b) What are the levels of market competition?

2b) What is the structure of your market?

3b) What is the composition of the market with regard to local and foreign companies?

4b) Does this composition have an effect on strategic planning?

5b) How do you assess the market institutions such as property rights, contracts and redress to the legal system? Do you consider the institutional market structure well developed?

6b) How do you think the company 'fits' into the market? Is there a degree of pressure to conform to prevailing formal and informal standards?

7b) How would you describe the company's 'identity' (Brand) within the market and the host nation?

8b) Is there any resistance to the company activities? Does a degree of non-acceptance/'liability of foreignness' exist amongst its consumers/stakeholders.

9b) Alternatively are there examples of where it helps to be foreign or exotic, that is, are there 'advantages of foreignness'.

### **c) Development of Corporate Social Responsibility (CSR) and Corporate Political Strategies (CPS).**

[Definition of Corporate Social Responsibility (CSR):- A concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis. (Commission of the European Communities, 2001. Dahlsrud, A. 2008.

Corporate Social Responsibility and Environmental Management).  
Definition of Corporate Political Strategies (CPS); are 'political strategies', or proactive actions to affect the public policy environment in a way favourable to the firm (Baysinger 1984)].

1c) What would you suggest is the level of acceptance of a foreign subsidiary company within local host economy? Does it differ between companies and industries?

- 2c) Do managers see a deficit in acceptance/legitimacy of the subsidiary company by the stakeholders within the market and industry (organisational field) compared to domestic/indigenous companies?
- 3c) Do the subsidiary managers distinguish between CSR and CPS?
- 4c) How would you describe the process the subsidiary has established in order to develop its Corporate Social Responsibility and Corporate Political Strategies?
- 5c) If so, what areas or stakeholders are targeted by the respective strategies?
- 6c) Are the CSR and CPS used in some way to develop and establish the Subsidiary's relationship with its market and contribute to its 'identity' across that market/industry?
- 7c) Are there many people involved in this development?
- 8c) Are there teams or team meetings on the development of CSR and CPS?

**d) H.Q. and Subunit relationship.**

- 1d) What is the (managers) relationship with subunits in the corporation?
- 2d) How would you describe your relationship with the Headquarters?
- 3d) How would you describe the relationship of the subsidiaries with the Headquarters?
- 4d) With regard to CSR and CPS, does the H.Q. control the subsidiaries with strong mandates and protocols?
- 5d) Can you explain what these mandates and protocols amount to in the way of direction and influence?
- 6d) To what extent does this subunit have control/agency over its (CSR and CPS) legitimation strategies?
- 7d) How do/can subunit managers balance meeting the country verses corporation (overall and global) needs of the subunit strategies?
- 8d) To what extent do you think corporate political strategies are applicable to organisational field's level legitimacy but do not affect country level legitimacy; that is the countries cultural distance.

9d) Do believe that there is a degree of 'reverse communication between the subsidiary and head office.

Appendix B.

Final Consent Form.



*The participant should complete the whole of this sheet*

*Please tick the appropriate box*

	YES	NO
Have you read the Research Participant Information Sheet?	<input type="checkbox"/>	<input type="checkbox"/>
Have you had an opportunity to ask questions and discuss this study?	<input type="checkbox"/>	<input type="checkbox"/>
Have you received satisfactory answers to all your questions?	<input type="checkbox"/>	<input type="checkbox"/>
Who have you spoken to?		
Do you understand that you will not be referred to by name in any report concerning the study?	<input type="checkbox"/>	<input type="checkbox"/>
Do you understand that you are free to withdraw from the study:		
• at any time?	<input type="checkbox"/>	<input type="checkbox"/>
• without having to give a reason for withdrawing?	<input type="checkbox"/>	<input type="checkbox"/>
• (where relevant, adapt if necessary) without affecting your future care?	<input type="checkbox"/>	<input type="checkbox"/>

<b>(Where relevant) I agree to my interview being recorded.</b>	<input type="checkbox"/>
<b>(Where relevant) I agree to the use of non-attributable direct quotes when the study is written up or published.</b>	<input type="checkbox"/>
<b>Do you agree to take part in this study?</b>	<input type="checkbox"/>
<b>Signature of Research Participant:</b>	
<b>Date:</b>	
<b>Name in capitals:</b>	
<b><u>Witness statement</u></b>	
<b>I am satisfied that the above-named has given informed consent.</b>	
<b>Witnessed by:</b>	
<b>Date:</b>	
<b>Name in capitals:</b>	

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