HR Playbook to support the internationalisation of a Finnish born micromultinational enterprise

Sally Pett
The purpose of the thesis project is to outline factors that need to be taken into consideration when establishing operations in a foreign location within the European Union, especially from the perspective of international human resource management.

The primary objective of the thesis project is to create a HR Playbook to support the internationalisation of the commissioning party Columbia Road. The secondary objective is to provide other Finnish born micromultinationals the possibility to utilise the findings and collective knowledge gathered as a part of the thesis project.

The conceptual framework of this study is created by researching relevant and current theoretical literature in the areas of internationalisation, strategic alignment, the external environment, international human resource management, organisational culture, knowledge transfer and global mobility.

Qualitative data is collected by interviewing relevant participants using semi-structured interviews. Data analysis is performed by using the template analysis method. Research is done from the philosophical approach of pragmatism and conducted as a case study, using an abductive approach. The template analysis resulted in the identification of four main themes that are relevant from an international human resource perspective when internationalising, which are Company, People, Local and HR.

The six key development outcomes that define the outline of the HR Playbook are Approach, Compliance, Service providers, Compensation and remuneration, Staffing and Global mobility. Due to the time frame and scope of the thesis project, there is no possibility to fully implement the six key development objectives within the commissioning parties organisation. This needs to be done when establishing a new foreign location of the commissioning party.

The HR Playbook contains practical level advise on each of these six development areas, which has been collected by utilising the template analysis findings, the theoretical framework, and direct quotes from the interviews. The benefit of the thesis project is the accrual and documentation of collective knowledge and applying it to create the HR Playbook for the commissioning party Columbia Road.

Keywords
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## Abbreviations

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<th>Abbreviation</th>
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<tr>
<td>Born mMNE</td>
<td>Born Micromultinational Enterprise</td>
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<td>EU</td>
<td>European Union</td>
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<td>HR</td>
<td>Human Resources</td>
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<td>HRM</td>
<td>Human Recourse Management</td>
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<tr>
<td>ICT</td>
<td>Information and Communication Technology</td>
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<td>IHRM</td>
<td>International Human Recourse Management</td>
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<td>IA</td>
<td>International Assignments</td>
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<td>MNE</td>
<td>Multinational Enterprise</td>
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<td>mMNE</td>
<td>Micromultinational Enterprise</td>
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<td>SME</td>
<td>Small and Medium-sized Enterprises</td>
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<td>SSI</td>
<td>Semi-structured Interviews</td>
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<td>WTO</td>
<td>World Trade Union</td>
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1 Introduction

The internationalisation of an organisation is no small feat and requires sufficient resources and the full support of leadership to succeed. Establishing a new foreign location is time consuming and the new external environment may be hard to navigate. To help expedite and clarify the internationalisation process from an international human resource management (IHRM) point of view, the thesis project will create a HR Playbook to serve the commissioning parties Columbia Roads needs and to support their internationalisation. The authors secondary objective is to provide similar organisations the possibility to utilise the findings and collective knowledge gathered as a part of the thesis project.

Columbia Road is a Finnish small and medium-sized enterprise (SME) (Statistics Finland 2020) established in 2016. They currently mainly operate in Finland, the country of origin, but also have a legal entity in the neighbouring country of Sweden. They also operate through their affiliate company Futurice in other locations within the European Union (EU), which include at the time of writing, the United Kingdom, Norway, and several locations in Germany. Columbia Road can be defined as a born micromultinational enterprise (born mMNE), as it is an SME that operates like a multinational enterprise, using high-commitment modes of entering foreign markets and operating in multiple countries soon after its foundation. Born mMNEs face challenges with HR strategy and knowledge transfer as locations tend to operate as independent units. (Vanninen & al., 2017, 365-366)

As a part of their strategic growth plan, Columbia Road is looking to establish new foreign locations within the EU. Therefore, they have requested the creation of a HR Playbook, which will form a part of their overall Internationalisation Playbook. The primary objective of the Internationalisation Playbook is to increase the effectiveness of establishing a foreign location. The content of the HR Playbook will focus on the practical approach taken when establishing operations in a new foreign location, which includes considering the legal and organisational structure of the organisation, registering a new legal entity and any other registrations required to operate as an employer in the location, as well as any other practices that are needed to enable the employment of local personnel.

The HR Playbook will also address how to select suitable service providers to assist in the management and coordination of the legal entity and personnel. In addition, it will further include reviewing methods of transferring human resource management (HRM) practices to ensure the alignment of the organisations strategy, as well as methods that can be used to create a culture connection across locations and enable knowledge transfer. The creation of employer awareness and the selection of suitable local personnel will also be addressed, as well as practicalities related to global mobility.
2 Objectives

The purpose of the thesis project will be to outline different factors that need to be considered when establishing operations in a foreign location within the EU, especially from the perspective of IHRM. A conceptual framework will be created by researching relevant and current theoretical articles and literature in the areas of internationalisation, especially regarding the internationalisation of born mMNEs, the alignment of strategy within an organisation, different external environment factors that need to be taken into consideration when internationalising, especially in the EU, IHRM and HRM practices, organisational culture, knowledge transfer and global mobility. The HR Playbook will be created based on the theoretical conceptual framework and qualitative data collected from relevant participants in the form of semi-structured interviews (SSI).

The concrete outcome of the thesis project will be the creation of a HR playbook for the commissioning party Columbia Road. The secondary objective of the thesis project will be to enable knowledge sharing within the information and communication technology (ICT) industry in Finland (Federation of Finnish Technology Industries 2020), by collecting data from relevant participants in a manner that can be utilised by other Finnish born mMNEs. The thesis project will address the following research questions:

- RQ1: Which factors need to be considered when establishing operations in a foreign location within the EU area from an international human resource management perspective?
- RQ2: Which human resource management practices should be designed to be transferable to ensure alignment with the organisation’s strategy?
- RQ3: How can the organisation enable sufficient knowledge transfer and create a connection to the organisational culture when establishing a new foreign location?

2.1 Scope

For the purpose of the thesis project it has been agreed that the scope of the HR Playbook will be limited to the EU. As the EU is composed of several countries, which are politically and socially diverse, it has the potential to offer insights that can be considered globally applicable (Léo-Paul, Han, Ratten & Welpe, 2008, 743). The four freedoms of movement within the EU: labour, capital, services, and goods, offer an avenue to explore internationalisation without too many constraints regarding immigration and movement of capital, which would be more prevalent areas of interest when establishing a new foreign location outside the EU. In addition, the commissioning party felt the reviewing EU countries was sufficient for their needs at this point in time. The HR playbook will be created in a form, which will enable it to be used as an active document and can therefore be continuously updated as new information arises from experiences.
In addition to the regional scope of EU, the thesis project will primarily focus on the ICT industry, as defined by the Federation of Finnish Technology Industries (2020). This industry is still relatively new in Finland and has become one of the major growth industries in the past 40 years. The industry is characterised by having a few influential multinational enterprises (MNE) and many SMEs, which are defined to have a maximum of 250 employees and 50 million in revenue in accordance to Statistics Finland (2020). The industry has rapidly moved towards internationalisation with many SMEs being considered born globals (Miettinen, 2008, 207) or born mMNEs. The thesis project will focus on serving the needs of SMEs, within the ICT industry in Finland, which can be considered born mMNEs.

The thesis project will focus on IHRM with a special interest on the transferability of HRM practices to ensure alignment with an organisation’s strategy. However, due to the extensive nature of this area of interest the thesis project will limit its review of the topics regarding global performance management and compensation models. These topics will only be reviewed on a level relevant to the execution of the HR Playbook for the commissioning party. Furthermore, the thesis will not investigate in-depth the different definitions and elements of national and organisational culture, nor the different types and criteria of knowledge, as they are vast topics in their own right. They too will be reviewed on a level required to respond to the research questions and the execution of the HR Playbook.

The thesis project will fully exclude reviewing methods of assessing, selecting and reviewing the international mindset of personnel, as well as personal characteristics or requirements needed to work in an international organisation or the effect it may have on an individual’s career or mindset. It will also exclude any consideration that global mobility or an international assignment (IA) period has on an individual, as the purpose of the thesis project is to review internationalisation from the perspective of the organisation. The thesis project will also exclude reviewing the methods used for country selection, entry strategies and modes of entry, as well as in-depth consideration of ethical, social, legislative, and political issues that may affect the decision on which market to enter or the decision-making process to internationalise. Further exclusions will be made by not reviewing any forms of financial assistance, governmental programs or aid schemes that may affect the decision to internationalise or which region, country, or location to select when internationalising.

### 2.2 Columbia Road

Columbia Road was established in 2016 and currently operates in Finland, the country of origin, and has a smaller foreign location in Sweden. Columbia Road offers its clients consulting services in ecommerce build and design, full-stack marketing, digital sales strategy, and growth hacking (Columbia Road 2020a). The impact Columbia Road produces
for its clients is fully created by the people working for the organisation. Clients may think that they are buying teams with accumulated expertise and experience, but at the end of the day they are acquiring the right people to help them. As organisations need to adapt to new technologies, information, and products at an ever-increasing pace, they need people who have the skills and flexibility to deal with the rapid change and continuous learning. (Columbia Road’s 2019, 15, 33).

2.2.1 Organisation

Columbia Road is a flat, self-managing organisation, with no CEO, line managers or directors (Columbia Road 2019, 33). Self-managing organisational structures support creativity and innovation and holds values like flexibility, autonomy, and teamwork in high regard (Martins & Terblanche, 2003, 70). This is also the case with Columbia Road, which values the growth hacking methods devised by Ellis & Brown (2017, 11). Columbia Road has taken a holistic approach to these methods and personnel work in diverse teams tailored to each project. They believe that best results arise from freedom and teams are able to choose the best tools and ways of working for themselves (Columbia Road 2020b).

As more and more organisations are starting to realise that agility and flexibility is needed to facilitate learning and creative problem solving at work, the idea of growth is emerging. As a part of the Agile transformation employees have left their silos and form customer-focused, self-managing teams, which is the same principle in growth hacking. By growth hacking, these teams can rapidly test promising ideas and evaluate them according to objective metrics. Therefore, growth hacking facilitates quick discovery of which ideas are valuable and which are not. This method can be applied to marketing, new product innovation, improvement of products and growing a customer base. (Ellis & Brown, 2017, 11.) Columbia Road sees growth hacking as the new Agile, as illustrated in figure 1 below.

Figure 1. Growth Hacking is the new Agile (adapted from Columbia Road 2020b)
2.2.2 Vision and Mission

Even if there are lots of ways to define what constitutes a vision, it is generally defined in terms of a more tangible and measurable goal, a unifying focal point, with a clear finish line (Mosely 2014, 27). Columbia Road’s vision is highly client centric: “changing how companies do digital sales and marketing”, which is achieved by helping clients. Columbia Road believes that change happens on three levels, by changing the way clients work, think and the way their organisations are led. However, at the end of the day this change is all led by people. (Columbia Road 2019, 12-13.)

Columbia Road’s (2019, 12) mission and vision statement starts with stating: “changing the way organisations and companies carry out digital into their sales and marketing is where Columbia Road shines like a torch in the night.” This description conveys their position in relation to others and can therefore be seen as their core client facing mission statement. The internal facing mission statement: “it’s vital to our mission that each of us has the best possible opportunities for personal growth and learning” emphasis the people first approach of Columbia Road (Columbia Road 2020a, 13). If a compelling purpose and mission describe what the organisation is setting out to achieve, the core values provide guidance on how to get there. Core values should provide guidance on the individual characteristics that shape the everyday culture of the organisation and provide a useful foundation for internal and external behaviours. (Mosely 2014, 27-32.)

At Columbia Road trust is the most essential value. Trust is given to everyone by default. This value originates from the affiliate company Futurice where the founders have acted on the basic belief that people are good and that the more you trust, the more you are trusted. They further believe that all employees are able to make informed decisions when given access to all necessary information. Everyone is also expected to share their information and knowledge with others, which creates transparency. Transparency is the other one of Columbia Road’s core values. (Columbia Road 2019, 29.)

As Columbia Road is a flat organisation it has a high level of autonomy. Decision-making is guided by a 3x2 framework that enables everyone to make decisions about their own work. The first three aspects to consider when making decisions are people, clients, and numbers. Decisions need to also be considered from the two-time perspectives: now and in the future. 3x2 is and advice process and decisions cannot be made in isolation. Making decisions by using the 3x2 model requires people to seek information and advice from others. (Columbia Road 2019, 36-37.)
3 Theoretical Framework

In this chapter the author will review relevant and current theoretical articles and literature, in the areas of internationalisation, especially regarding the internationalisation of born mMNEs, the alignment of strategy within an organisation, different external environment factors that need to be taken into consideration when internationalising, especially in the EU, IHRM and HRM practices, organisational culture, knowledge transfer and global mobility. Key concepts and sources will be presented, and the most relevant findings will be further summarised to create the conceptual framework that the thesis project will be based on. Theoretical sources on the selection and assessment of service providers, partners or vendors have been scarce and will therefore form one of the main focuses of the qualitative data collection, which will create further knowledge and insights into the creation of the HR Playbook for the commissioning party.

3.1 Internationalisation

Internationalisation can be defined as any business activity that involves a foreign element. Internationalisation has been investigated in the Nordics since the studies of Johanson & Vahlne (1977, 27), which described the internationalisation process of an organisation as gradual knowledge development. Globalisation has however created a situation where internationally oriented SMEs need to increase their speed to market, making gradual internationalisation unfeasible. Literature on internationalisation has mainly focused on larger organisations such as MNEs, rather than SMEs, and most empirical work has focused on market entry, profiling the attributes of exporting SMEs and the support activities of training and consulting in aid of internationalisation. (Miettinen, 2008, 201.)

The internationalisation of Finnish companies is a relatively recent phenomenon and only in the past decades have organisations started turning from a primarily domestic market approach to an international one. Previous studies in Finland in the 1980's and early 1990's had focused on the gradual internationalisation of organisations and have failed to identify any specific internationalisation models used by Finnish organisations. Strategies are often discovered and invented within organisations and documented retrospectively. Therefore, it has been hard to conclude generalisable knowledge even out of large amounts of empirical studies. (Miettinen, 2008, 198-202, 211.)

More recently themes of new technology-based firms, knowledge-intense entrants and born global companies have started to emerge. These Finnish SME’s often internationalise by taking a sudden leap. It is rare for SME’s to develop a clear-cut internationalisation
strategy. Research indicates that the internationalisation process of rapidly internationalising SME is in fact characterised by a lack of clear stages. The decision to internationalise is often made by individuals within the organisation. The driving forces of accelerated internationalisation can however be seen to be connected with the increase in international experience. (Miettinen, 2008, 198-202, 211; Pulkkinen & Larimo 2004, 94; Nummela, Saarenketo & Puumalainen, 2004, 49.)

Berglund (10 December 2019) argues that from a strategic point of view it is crucial to have a clear view on what is actually required when internationalising. Many organisations are not able to do this, as the business requirements that drive internationalisation may come up abruptly. Therefore, it is important to have broad vision of what is needed for the organisation to reach its strategic objectives, which may include internationalisation. Ideally an organisation would be able to define a standard operating model when internationalising, which could then be modified based on the requirements of the foreign location. A more coordinated model of internationalisation proposed by Berglund (10 December 2019) can be seen from figure 2 below.

![Internationalisation Model](image)

Figure 2. Creating an internationalisation model (adapted from Berglund, 10 December 2019)

### 3.2 Born Micromultinational Enterprise

Freeman, Hutchings, Lazaris & Zyngier (2010, 70) argue that the existing models of internationalisation have not been able to fully capture the phenomenon of accelerated international growth of born global companies. They further elaborate that the development of inter-firm partnerships in different networks, as well as how these networks lead to sharing tacit knowledge and the creation of new knowledge, are defining points of a born global organisation. Vanninen & al. (2017, 365) further state that existing theoretical frameworks do not capture the multinationalisation of young and small firms because of the literature gap separating studies on born globals from research done on MNEs. In effect creating a differentiation between rapid multinationalisation and internationalisation.

Kuivalainen & Sundqvist (2004, 152) define that born global organisations have generally been assessed by three characteristics: 1. internationalisation has started within two years of founding the company, 2. the amount of turnover derived from international operations
is at least 25%, 3. the number of countries a company does business in is at least two. Saarenketo (2002, 70-71) further adds that born globals are often founded by a single entrepreneur or a few individuals, who may have prior international experience (Miettinen, 2008, 198-202, 211; Pulkkinen & Larimo 2004, 94; Nummela, Saarenketo & Puimalainen, 2004, 49.), but no or brief organisational experience in international business. Born globals often operate with limited resources and tend to take risks. Pulkkinen & Larimo (2004, 95) add that: “the core resources of a born global firm are often intangible and knowledge-intensive with the competitive advantages deriving from unique knowledge held by the company’s key personnel”. It is also typical for born globals to internationalise before gaining solid experience in their country of origin.

Vanninen & al. (2017, 365-366) define that SMEs that operate like MNEs, using high-commitment modes of entering foreign markets, and operating in multiple countries soon after their foundation are born mMNEs. They are different from born globals, as they mainly focus on exporting and tend to internationalise with lower-commitment modes. Born mMNEs open different types of operations in multiple locations and their internationalisation process is often even more extreme than born globals. They face different challenges than born global exporting companies, such as HR strategy and knowledge transfer, as well as potentially adjusting the roles and functions of independent units. Table 1 below summarises the different definitions of MNEs, based on their size and the stage they internationalise.

Table 1. Definitions of multinationals, micromultinationals and born micromultinationals

<table>
<thead>
<tr>
<th>Classification</th>
<th>Definition</th>
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<tr>
<td>Multinational Enterprise (MNE)</td>
<td>“an enterprise which owns or controls value-adding activities in two or more countries” (Dunning, 1989, 5)</td>
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<tr>
<td>Micromultinational Enterprise (mMNE)</td>
<td>“a micromultinational is a small and medium-sized firm that controls and manages value-added activities through constellation and investment modes in more than one country.” (Dimitratos, Johnson, Slow &amp; Young, 2003, 165)</td>
</tr>
<tr>
<td>Born Micromultinational Enterprise</td>
<td>“they invest and operate in multiple countries from, or soon after, their foundation.” (Vanninen &amp; al. 2017, 365)</td>
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(born mMNE)
Nummela & al. (2004, 48-49, 56) point out that small companies with limited resources often search support from their networks, which may create partnerships with hybrid governance structures. Research indicates that rapid internationalisation requires an increasing level of co-operation, as organisations may operate outside traditional boundaries by making contracts with other organisations. Core competencies are usually kept in-house when others are outsourced. Vanninen & al. (2017, 366) suggest that: “the multinationalisation process of born mMNEs consists of commitment decisions, reconfigurations of their value chains, and learning from, creating and building trust with internal sources”.

3.3 Strategic Alignment

Strategy is about successfully being different from your competitors and presents a way to analyse and predict the future, creating strategic alliances and being collaborative. Strategy is often seen as the duality of strategic vision and strategic execution, which is mirrored in the modern concepts of strategic thinking and strategic planning. (Düpmann & Foster, 2018, 4.) Porter’s Five Forces model (1979, 137) has shaped a generation of academic research on strategy and business practices. The model supports a notion that even though industries are different, the underlying drivers of profitability of all organisations are the same (Porter, 2008, 79). Kim & Mauborgne’s (2004, 77) Blue Oceans Strategy proposes a competing model that states that competing in overcrowded industries cannot sustain high performance and that the real opportunities lie in the creation of blue oceans of uncontested markets. This approach can be seen to be more current, as there is often a simultaneous pursuit of differentiation and low cost.

Léo-Paul & al. (2008, 743) argue that all business and management activities today include international activities and that they are an integral part of any commercial activity. Miettinen (2008, 198) states that: “firm expansion into a new market can be considered one of the fundamental forms of strategic variation, but it is not always a separate strategy, but an outcome of a growth strategy”. This is especially true for smaller economies, such as Finland, where domestic markets are limited, and companies need to expand internationally to enable growth. Kim & Mauborgne (2009, 99) state that there are three factors that determine an organisation’s strategic approach: the structural conditions it operates in, its resources and capabilities, as well as its strategic mind-set. They see that the focus of strategy should be to leverage the organisation’s core strengths. As organisations are moving towards faster pace decision-making, they will also need employees with the ability to think strategically to remain competitive (Düpmann & Foster, 2018, 4).

To align the everyday actions of the organisation with strategy there is a need to create a learning organisation, which can make swift decisions and is agile enough to execute the
defined strategy (Heesen, 2016, 25). Kim & Mauborgne (2009, 76) argue that achieving strategic alignment requires the execution of three strategy propositions: a value proposition that attracts buyers, a profit proposition that ensures the organisation remains profitable and a people proposition that motivates employees to execute the strategy. The people proposition requires that the incentives the organisation puts in place are used to support and implement the strategy of the organisation. There is much debate around if these incentives should be tied to an individual or team level performance. Tying incentives to the organisations strategic objectives also tends to require a good amount of reliable data to ensure the accuracy of any monetary payments. (Heesen, 2016, 21.)

Trevor (2011, 43) argues that choosing and implementing a reward strategy can be hard for MNEs: “ever shortening business cycles, geographic dispersal, multiple regulatory regimes, dissimilar cultures and the bureaucracy necessary to ensure effective governance of global operations, all serve to make choosing and implementing reward strategy extremely difficult”. Trevor goes on to argue that only through a close link to the overall strategy of the organisation will incentives promote productive behaviours and reward personnel correctly. The alignment to strategy also requires organisations to take a bespoke approach to total rewarding, which should reflect the organisations strategic objectives. Consulting internal stakeholders within the organisation and understanding that rewarding is as much about the perception of it, as the actual benefit gained from it. However, most often the simplest solutions are the best ones to ensure strategic alignment.

3.4 External Environment

When establishing operations in foreign locations MNEs are required to comply with the needs and requirements determined by external environments, which include legal regulations, market practices and many other factors. These are especially crucial when employing local personnel. There is a need to understand the local labour market and identify the key requirements, especially at the early stages of the operations. These needs are also shaped by the internal environment of the organisation, as well as the strategic importance of the location to the MNE. The external environments of both the country of origin and the foreign location will need to be considered to avoid any unnecessary risks or complexities. (Kostova & Zaheer, 1999, 68; Grimshaw, Rubery & Almond, 2019, 209.)

A majority of MNEs employ people under standard employment relationships, which are shaped by both legal conditions and social arrangements that vary from country to country. Employment is not only shaped by institutional factors, such as legal regulations and unions, but also includes consideration on the level and quality of education, the level of
social security and the standard of living. At minimum, MNEs need to follow the legal requirements, especially those related to employment protection, wages, working time and any form of discrimination deemed by legislation. In addition, there must be sufficient consideration of any collective agreements, which may especially affect the organisations HRM practices, such as benefits and compensation. (Grimshaw & al., 2019, 210-212.)

Léo-Paul & al. (2008, 743) state that: “Europe is a unique agglomeration of countries within the world” and is influenced by two major world trade networks: the EU and the World Trade Union (WTO). The four freedoms of movement labour, capital, services, and goods have a significant impact on IHRM within the EU. Especially regarding issues such as recruitment, the expected level of education of personnel, increased information sharing between local authorities and the individualisation of employee relations and compensation (Brewster & Mayrhofer, 2019, 52). Edwards (2019, 100) argues that: “a replacement of country-based structures with international management structures appears to have been most developed within Europe”. The harmonisation of regulation issues, such as competition, industrial and social policies, as well as the introduction of a single currency the euro, have increased transparency within the EU.

Countries vary in their approach to diversity and inclusions, as well as anti-discrimination legislation. The authorities of EU countries are bound to comply with article 21 of the Charter of Fundamental Rights (2012/C 326/02) on non-discrimination when implementing EU law posed by various directives (European Commission 2020). Some member states also require that companies need to take preference in recruiting local candidates over non-citizens, which may have an effect on the staffing approach the MNEs need to adopt when establishing a foreign location. Trade union recognition varies, and, in some countries, there may be a requirement to follow a collective agreement either due to a universal applicability in a certain industry or personnel voting for a certain collective agreement to be applied within the organisation. (Grimshaw & al., 2019, 215-216.)

There are clear differences between countries in the amount of communication that is directed to personnel, as well as the role of line managers. There may also be differences in the access to financial and strategic information of the organisation, which is still very hierarchical in many countries. Personnel in the Nordic seem to receive considerably more information than personnel in other EU countries. There is also a difference between countries in the ratio of HR professionals compared to the rest of the organisation. This variation mainly relates to the country, but there are also differences in the size of the organisa-
tion. (Brewster & Mayrhofer, 2019, 60-63, 68-69.) Despite many cultural differences between countries within the EU, it is possible to identify a common approach, in contrast to the one taken in for example the United States of America (Browaeys & Price, 2019, 274).

Education and training systems in a country provide the basis for developing the skills and knowledge that organisations require to operate. All societies have some form of hierarchical education, but the importance of having private or public schooling or the relevance of workplace-based training varies. Understanding the educational institutions and qualifications of a country is also necessary to attract and recruit suitable local personnel. There may also be differences in job mobility and the length of employment, which may require MNEs to consider recruiting candidates who have recently graduated, if there is a low availability of experienced candidates. (Grimshaw & al., 2019, 218.)

Social security and welfare are another external factor that needs to be considered when entering a foreign location. Even when there are welfare schemes available, they may be tied to a person’s employment or other eligibility requirements. Where welfare provisions are limited, MNEs may also be required to provide benefits and insurance paid by the employer, as well as pensions schemes, either due to statutory regulations or market practice. In some countries there may be possibilities to utilise non-standard forms of employment to manage the cost of social contributions and other fringe costs. In other countries these may be highly restricted, and organisations need to abide by strict rules and regulations when using such agreements. (Grimshaw & al., 2019, 219-220.)

Kroeck & Von Glinow (2019, 514) argue that: “Global and local incentives are central to IHRM in MNEs”. A country’s compensation practices are rooted in its culture, as well as its legal and economic systems. In some countries, base salary accounts for a majority of the compensation, when in others, bonuses and fringe benefits can account for more than half (Wild & Wild, 2019, 417). Different types of incentives are used to motivate personnel to perform and achieve the organisations strategic objectives. There has been an increase of adopting a common policy across locations when it comes to incentives and especially executive pay. In contrast, other HRM practises are often relatively similar to local practices, especially those related to working time, benefits, insurances, and pensions.

The distinctiveness of each environment is not only based on structural factors, such as markets, economic conditions, or access to basic infrastructure, but customs, cultural norms, and traditions. A comprehensive approach, which acknowledges the economic and cultural context of the foreign location, as well as the needs of the MNE is needed. (Grimshaw & al., 2019, 228-230.) The below table 2 further summarises some of the different elements that shape employment in each location and influences HRM practices.
Table 2. Different elements that influence HRM practices (applied from Nordhaug & Grønhaug 1994, in Grimshaw & al., 2019, 229)

<table>
<thead>
<tr>
<th>HRM Practices</th>
<th>Socio-economic</th>
<th>Institutional</th>
<th>Normative</th>
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</table>
| Recruitment   | • Availability of suitable candidates  
• Recruitment process  
• Interview structure and questions | • Requirements to recruit locals  
• Restrictions on use of non-standard employment or temporary workforce | • Ethics and customs regarding recommendations  
• Traditions and customs of length of employment |
| Remuneration  | • Tightness of the labour market  
• Inflation rate  
• Dispersion of wages | • Minimum wage  
• Equal Pay  
• Benefit and insurance requirements | • Collective or individual approach  
• Norms of fair pay  
• Additional Incentives |
| Development   | • Education and training levels  
• Strength of occupational labour market | • Legal requirements of training personnel  
• System of vocational training | • Expectations towards development  
• Speed of career progression  
• Ability to work in teams  
• Norms of hierarchy |
| Organisation  | • Gender division of labour market | • Regulation on working hours  
• Occupational health and safety | |
| Leaves        | • Value of free time  
• Role of family in society | • Legislation on annual leave  
• Regulations on family leaves | • Attitudes toward taking leaves of absence |
| Job Security  | • Labour market conditions  
• Availability of temporary labour | • Regulation on individual and collective dismissals | • Perception of fairness |
| Representation| • Trade union memberships  
• Coverage of collective agreements | • Role of employer associations  
• Universal applicability of collective agreements  
• Employee representation requirements | • Attitude toward trade unions  
• Tradition and customs of employee democracy and representation |

3.5 International Human Resource Management

Loan & Bell (2004, 29, 39-40) argue that the degree of commitment to international activities may be measured in the human resources allocated to it. Rapid internationalisation presents significant resource challenges in terms of acquiring the financial and human capital needed. Limitations to the internationalisation of SMEs seem to be linked to scarce
resources, such as financial, managerial, human, and informational resources (Miettinen, 2008, 201-202). HRM practices and HR is usually much more complex in an international or multinational setting and therefore it is crucial to know what the organisation needs to execute immediately and what can be postponed (Berglund 10 December 2019).

MNEs are sometimes seen as role models, even if they tend to follow local markets in terms of HRM policies and practices. However, in highly competitive industries they are likely to challenge local norms. If the organisation has more than a few locations, knowing the details of each locations HRM practices gets complex, as this information is highly contextual and often depends on the interpretation of local personnel. IHRM is the way organisations can manage personnel and practices across locations. IHRM is about effectively managing all HR activities in an organisation on an international level, by taking into consideration national contexts, as well as the needs of expatriate and local personnel. Despite an extensive and growing body of literature, there remains limited consensus of the substance, nature, and implications of IHRM as a concept. (Brethower & Mayrhofer, 2019, 50, 65, 71; Rowley, Qi & Warner, 2019, 121, 134-135.)

To apply IHRM concepts in other countries, it is important to understand the differences between domestic HRM and IHRM. As each country has their own distinct way of practising HRM, IHRM is critical for the success of MNEs. One of the key distinguishing features of an MNE is that they have the capacity to implement expertise and insights formed in one location to another location. The organisation can either attempt to transfer the HRM practices formed in the country of origin or gradually drift towards combining the most rational and effective approaches from each location, forming the organisations best practices, which should always be aligned with the organisations strategy. (Brethower & Mayrhofer, 2019, 49-54, 60; Edwards, 2019, 88; Rowley & al., 2019, 121, 134-135.)

### 3.6 Human Resource Management Practices

The advantages of transferable HRM practices include organisational learning, knowledge sharing and efficiency, as it diminishes the need for each location to develop them individually (Brethower & Mayrhofer, 2019, 53-54). Three broad categories have been presented to argue the case of transferable HRM practices: market, culture and political. The market-based approach sees that the transfer of HRM practices value is in the efficiency of sharing best practices. The cultural approach argues that the transfer of practices is governed by the legacy of national and organisational culture. The political approach looks at the way individuals are willing to engage in the transfer, as a way of gaining legitimacy and advancing their own interests. These can be formed into an integrated approach, which
recognises the competitive pressures and business interests in transferring HRM practices across locations. (Edwards, 2019, 93-94.)

The alignment of HRM practices also works toward facilitating an internal, cross-boarded pool of talent and lowers the threshold for global mobility. Transferable HRM practices and global HR systems assist in acquiring compatible and comparable personnel data and reporting, as well as endorsing equity and the fair treatment of personnel, despite their location. The national political systems, which includes the legal system, as well as any key institutions in the labour market, may limit the transfer of HRM practices. Overriding local HRM practices may entail significant costs, which can be tangible in the form of sanctions for non-compliance or intangible, as it requires additional capacity to resolve any issues that may arise from it. (Brewster & Mayrhofer, 2019, 53-55; Edwards, 2019, 89-91.)

Edwards (2019, 94) outlines a framework with four key influences, which affect the transfer of HRM practices: country of origin, dominance, international integration, and host county. Sometimes the influences may be in contradiction and create tension, but the aim is for them to reinforce each other. The country of origin influences the style the organisation adopts in managing personnel and the national preferences of the transferable HRM practices. Smith & Meiskins (1995, 255-256) argue that the hierarchy of economies gives rise to dominance effects, which poses the argument that the transfer of HRM practices is not only the legacy of the country of origin, but the transfer is also shaped by competitive pressures. They continue to state that HR, which is generally considered to be one of the most local functions, actually shows strong signs of converging to this model of dominance effects. HR often moves away from organising the function in separate local divisions and instead links comparable operations together.

However, there are a number of aspects in the business environment of the foreign location that can limit the organisations ability to transfer HRM practices, employment legislation being one of the most crucial ones. Any possible restriction posed by key labour market institutions, such as trade unions and work councils, need to be considered. They can affect the HRM practice transfers directly though the stipulation of employee representation and indirectly through the impact these institutions have on market practice. In some cases, constraints may only be partial, and the HRM practice may be adapted to fit within the local restrictions. It is always integral to consider the skills, education, and knowledge of local personnel, as in some cases, it may be that the foreign location is simply not able to apply the transferable HRM practices. (Edwards, 2019, 102-104.)

To gain competitive advantage in a new foreign location, usually requires MNEs to transfer at least some of their best practices. There is however a need to reject the view that
there is only one way of doing things and MNE’s should constantly adjust their HRM practices to fit the requirement set by different external and internal factors. (Rowley & al., 2019, 2019, 136-137) HRM practices developed in a certain country always contain a cultural specificity to them and whatever their country of origin is, there may be difficulties in transferring them to different locations. (Rowley & al., 2019, 142.) Poutsma & Ligthart (2006, 524) argue that there is a need for both standardisation and differentiation, which they described as hybrid localisation. This is characterised by the partial adoption of HRM practices. Kostova & Roth (2002, 218) call the balance between legitimacy in the country of origin and within the MNE as institutional duality.

3.7 Organisational Culture

Hofstede, Hofstede & Minkov (2010, 5-6) state that “in most Western languages culture commonly means “civilization” or “refinement of the mind” and the results of such refinement, such as education, art, and literature”. The existence of a set of values concerning work and organisations is often referred to as organisational culture (Edwards, 2019, 89). Martins & Terblanche (2003, 65) define organisational culture as the values and beliefs shared by personnel in an organisation, which is manifested in the typical characteristics of the organisation. Culture is communicated through symbolism, feelings, the meaning behind language, behaviours, physical settings, and artifacts. Tools and processes, such as strategy, objectives, structures, and decision making are designed to do things. Organisational culture brings together what is formally said and what actually takes place.

Schein (2004, 2, 24) believes that organisational culture begins with leaders who impose their own values and assumptions on the organisation. Schein argues that: “Culture is an abstraction, yet the forces that are created in social and organisational situations that derive from culture are powerful”. To harness this power, there have been several attempts to define different dimensions that would help make sense of a culture. The two most acknowledge attempts are those of Hofstede and Trompenaars. (Browaeys & Price, 2019, 135.) Trompenaars defines different cultures specific solutions to universal problems by seven dimensions divided into three main categories: people, time, and environment (Trompenaars & Hampden-Turner, 1997, 8-11). Hofstede & al. (2010, 31-191) find that the dimensions of power distance, collectivism versus individualism, femininity versus masculinity and uncertainty avoidance can be measured in relation to other cultures. Both sets of dimensions can be utilized in defining and assessing organisational culture.

There appears to be two paradoxical trends identified when looking at MNEs. There are clear cross-border differences, which are manifested by the history, regulations, political
systems, and socialisation factors of the location. Secondly there is an argument by Davidson (1980, 10) that if there is a big cultural difference between the country of origin and the foreign locations national cultures, some problems in cultural transfer may occur due to the differences in decision making, communication and HRM practices. Bartlett & Ghoshal (1987, 43) propose that all organisations should have the mindset of combining the abilities of an MNE through flexibility, efficiency, and the transfer of expertise.

Even though national cultures play a big role in an organisations ability to create a unified organisational culture, there is a growing class of transnational individuals who share similar education, work experience and a unified global business culture. More and more international norms are being formed and both the increasing convergence of business practices, as well as leadership methods, is creating a common management culture in MNEs. A true MNE is not dominated by national cultures but sees them as a source of learning and synergy within the organisation. (Browaeys & Price, 2019, 327.) It is also good to note, that MNEs originating from countries where the national culture scores high on uncertainty avoidance (Hofstede & al., 2010,190) have a higher tendency to appoint a leader for a new foreign location from the country of origin (Reiche & Harzing 2019, 164).

3.8 Knowledge Transfer

Nonaka (1994, 15) states that: “Knowledge is a multifaceted concept with multi-layered meanings.” Nonaka goes onto argue that knowledge can be defined as justified true beliefs. Although knowledge and information are often used interchangeably, they are quite different in the sense that information can only be seen as a commodity capable of yielding knowledge. Polanyi (1966, 9-11) classified knowledge into two categories:

- explicit knowledge, which refers to knowledge that is transmittable in formal, systematic language,
- and tacit knowledge, which has a personal quality that makes it hard to formalise and communicate.

When MNEs establish new foreign locations, they may find that it is tacit knowledge that allows them to successfully compete against local competition (Reiche & Harzing 2019, 174-175). Tacit knowledge is deeply rooted in action, commitment, and involvement in a specific context, such as an organisation. The technical element of tacit knowledge speaks to the concrete crafts and skills that apply to a specific context. This technical knowledge is what most organisations wish to transfer. There is however a cognitive element to it as well, which includes an individual's visions for the future that may prove to be even more valuable when establishing a new foreign location. (Nonaka, 1994, 15-16.)
Organisational practices come to reflect the shared knowledge of the organisation. They may contain social meaning shaped by organisational context, which may be adopted to gain legitimacy, not only efficiency. Research would suggest that when internationalising, organisations should in fact focus on the social knowledge around a practice, not only the practice itself. This helps to understand the practice correctly and transfer the societal values and beliefs in addition to the practice. (Kostova & Roth, 2002, 216.) Nonaka (1994, 19) argues that: “organisations continuously create new knowledge by reconstructing existing perspectives, frameworks, or premises on a day-to-day basis.” The process of organisational knowledge creation can therefore be started by enlarging an individual’s knowledge within the organisation. Even if it is a continuous process, an organisation needs to converge it at some point to further knowledge creation. (Nonaka, 1994, 22, 26.)

Despite technological possibilities person-to-person interaction is still the main way to transfer knowledge. One way of doing this is creating self-organising, cross-competence teams who collaborate together to solve problems (Nonaka, 1994, 26). The successful implementation of cross-border HRM practices can also enhance knowledge transfer, especially when looking at recruitment practices. People with the right skills and knowledge play a crucial role in the success of knowledge transfer. Rewarding knowledge sharing with incentives and acknowledgment will also enhance continuous knowledge transfer. (Björkman, Evans, Pucik, Minbaeva 2019, 325, 333-334.)

3.9 Staffing Approach

Perlmutter (1969, 12) defines three international orientations that have become the standard in describing an MNE’s staffing policy: ethnocentric, polycentric, and geocentric. Ethnocentric MNE’s appoint employees from the country of origin in key positions in foreign locations, while polycentric prefer to employ local talent. Geocentric select the best person for the position, regardless of their nationality. Knowledge transfer in the past has revolved around the transfer of tacit knowledge from the country of origin to foreign locations. The transfer of knowledge can however go both ways and sometimes an expatriate is primarily sent to a foreign location to acquire knowledge. (Reiche & Harzing 2019, 174-175.)

Organisations can utilise the possibility to share relevant knowledge accumulated in the country of origin, for instance when helping to streamline cross-border processes or creating common practices. They can also increase the success of the foreign location by sharing technical tacit knowledge, such as process or product development knowledge. One alternative to expatriation is in-patriation, which involves the transfer of foreign location employees to the country of origin for a period of time. This allows the accumulation of social knowledge and helps build cross-border networks within the organisation. It is also
useful option when tacit knowledge needs to be transferred between different locations. (Reiche & Harzing 2019, 174-175.)

The use of a common language is recommendable, as the absence of a shared language may encourage the organisation to use one of the staffing approaches purely based on communication barriers. The below table 3 further presents the advantages and disadvantages of each of the staffing approaches.

Table 3. Advantages and disadvantages of different staffing approaches (applied from Reiche & Harzing 2019, 163)

<table>
<thead>
<tr>
<th>Approach</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ethnocentric</td>
<td>+ Familiarity with organisation</td>
<td>- Difficulty in adapting to market</td>
</tr>
<tr>
<td></td>
<td>+ Technical and managerial competence</td>
<td>- Cost of maintaining IA</td>
</tr>
<tr>
<td></td>
<td>+ Effective liaison</td>
<td>- Potential adjustment challenges</td>
</tr>
<tr>
<td></td>
<td>+ Control mechanism</td>
<td></td>
</tr>
<tr>
<td>Polycentric</td>
<td>+ Familiarity with market</td>
<td>- Decrease in control</td>
</tr>
<tr>
<td></td>
<td>+ Lower cost</td>
<td>- Communication difficulties</td>
</tr>
<tr>
<td></td>
<td>+ Local advancement and development possibilities</td>
<td>- Decrease in advancement and development possibilities for country of origin employees</td>
</tr>
<tr>
<td></td>
<td>+ Effective localisation</td>
<td></td>
</tr>
<tr>
<td>Geocentric</td>
<td>+ Compromise between market and technical knowledge</td>
<td>- Lack of sensitivity in the market</td>
</tr>
<tr>
<td></td>
<td>+ International mindset</td>
<td>- Local advancement and development possibilities</td>
</tr>
<tr>
<td></td>
<td>+ Less expensive</td>
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</tr>
</tbody>
</table>

3.10 Global Mobility

When creating an understanding of global mobility, it is recommendable to take a step-by-step approach. First it is imperative to clarify the strategic objectives for transferring personnel and knowledge across borders. The organisation will also need to evaluate their organisational and operational capabilities in managing global mobility. The creation of some form of policy or framework is needed to manage global mobility, as well as monitor its effectiveness. A bespoke solution made for the organisation will most likely offer more
efficiency than mimicking that of another organisation. However, it is recommendable to survey other organisations and even contact similar companies to exchange best practices. (Stephen Asher & Frank Hirth plc, 2009, 20, 29.) Table 4 below outlines the various factors that need to be taken into consideration when creating and understanding of global mobility.

Table 4. Areas to consider for secondment (applied from Stephen Asher & Frank Hirth plc, 2009, 16)

<table>
<thead>
<tr>
<th>Remuneration</th>
<th>• Benefits</th>
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<tbody>
<tr>
<td></td>
<td>• Health Care</td>
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<tr>
<td></td>
<td>• Annual Holiday</td>
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<td></td>
<td>• Travel</td>
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<td></td>
<td>• Home Leave</td>
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<td></td>
<td>• Social Security</td>
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<tr>
<td></td>
<td>• Pension</td>
</tr>
<tr>
<td></td>
<td>• Currency</td>
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<tr>
<td></td>
<td>• Exchange Rates</td>
</tr>
<tr>
<td></td>
<td>• Taxation</td>
</tr>
<tr>
<td>Career Development</td>
<td>• Career Path</td>
</tr>
<tr>
<td></td>
<td>• Promotion possibilities</td>
</tr>
<tr>
<td></td>
<td>• Job Security</td>
</tr>
<tr>
<td>Commitments</td>
<td>• Accompanying Family</td>
</tr>
<tr>
<td></td>
<td>• Children’s Education</td>
</tr>
<tr>
<td></td>
<td>• Spouse’s Ability to Work</td>
</tr>
<tr>
<td></td>
<td>• Family’s Travel</td>
</tr>
<tr>
<td></td>
<td>• State of Residence</td>
</tr>
<tr>
<td>Costs</td>
<td>• Assessment</td>
</tr>
<tr>
<td></td>
<td>• Containment</td>
</tr>
<tr>
<td></td>
<td>• Commitment</td>
</tr>
<tr>
<td>Culture</td>
<td>• Language Training</td>
</tr>
<tr>
<td></td>
<td>• Culture Training</td>
</tr>
</tbody>
</table>

Often organisations do not fully recognise the resources needed to manage global mobility, especially expatriation. In some cases, it may be recommendable to acquire external resources to assist in the management of global mobility, either fully or partially. In working with external service providers there needs to be a level of transparency and appropriate clearance for them to coordinate actions, as well as act on behalf of the organisation. It is also crucial to clarify the organisations legal and organisational structure to take all potential risks and corporate tax implications into account. (Stephen Asher & Frank Hirth plc, 2009, 16-18, 23-25, 30.)

In preparation for global mobility all parties involved should understand the areas it affects. Areas that affect the employees are of most importance, but there are also issues
that the employer will need to consider in regard to the organisations liabilities and obligations due to global mobility. It should be acknowledged that a need to consult external specialist may arise, especially regarding tax and legal advice. Sending personnel on secondments is perceived as expensive and cumbersome and many forget that this is only one form of expatriation. When assessing the costs related to global mobility it is recommendable to reflect on the following factors: career development, knowledge transfer and the availability of local personnel. The operational processes related to global mobility should also be taken into consideration as there is need to ensure the flow of processes and the identification of the internal and external resources needed to succeed. (Stephen Asher & Frank Hirth plc, 2009, 23-25, 30-32.)

The most aggrievance by personnel is felt by complexities related to work permits and visas, the inefficiency of relocation services and a limited or non-existent repartition process. Understanding these are especially important when resources are scarce, which is often the case with born mMNEs. Managing expatriate employees is complex and time consuming and in response, many organisations are offering personnel the ability to go on short-term assignments and facilitate frequent-flyer expatriates, which gives the employee the possibility to commute between their home and the foreign location. In respect to each expatriate, the strategy for managing their cross-border employment should contain consideration on which countries are they are travelling to and from. (Stephen Asher & Frank Hirth plc, 2009, 27; Reiche & Harzing 2019, 177).

3.11 Conceptual Framework

The author has created a conceptual framework that includes elements of the key concepts and sources presented in this chapter. To summarise, there is no one way to internationalise. Based on the theoretical framework it could be argues that many SMEs internationalise without a clear strategy. Internationalisation may even happen by coincidence, if there is a need to fulfil client needs abroad or there are individuals in the organisation who make the decision to internationalise. The driving forces of accelerated internationalisation, and in consequence the birth of born mMNEs, can be seen to be connected to the increase of international experience within the workforce in Finland (Miettinen, 2008, 198-202, 211; Pulkkinen & Larimo 2004, 94; Nummela & al., 2004, 49.)

Léo-Paul & al. (2008, 743) argue that all business and management activities today include international activities and that they are an integral part of any commercial activity. Therefore, knowledge and experience of the practicalities that are needed to operate in new foreign locations, such as registering legal entities, establishing payroll and benefits, as well as bookkeeping and accounting, have become relevant areas of interest for born
mMNEs, which often operate with limited resources to begin with. Internationalising also raises questions of the approach the organisation takes on such issues as IHRM, the transferability of HRM practices, as well as how the organisation plans to ensure the alignment of strategy across multiple locations.

Berglund (10 December 2019) argues that internationalisation should be approached as a project and it is recommendable to give full-time allocation to some team members to work on the establishment of new foreign locations. A project-based approach would require the organisation to stop, think and assess the situation before progressing with any commitments. Ideally, the plan to internationalise would be known in advance, as this would enable the preparation of legal and organisational structures to support internationalisation and ensure that they are feasible in most external environments. Organisations should review its processes objectively and define what can be applied globally and what needs to be localised. Figure 3 below visualises and further summaries these key concepts, which will impact the creation of the HR Playbook for the commissioning party.

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**Figure 3. Conceptual framework of the thesis project**
4 Methodology

During the thesis project assumptions will be made about the realities encountered in the research (ontological assumptions), about human knowledge (epistemological assumptions) and about the extent and ways the researcher’s values, influence the research process (axiological assumptions). Figure 4 below outlines the different elements of the thesis project research in the form of a “Research Onion”. The diagram is used to depict the issues underlying the choice of data collection techniques and analysis, research philosophy, approach to theory, methodological choice, research strategy and choosing the time horizon for the thesis project. (Saunders, Lewis & Thornhill, 2019, 58, 128-135 ,172; Burnell & Morgan, 1979, 1.)

![Research Onion Diagram](image)

Figure 4. The “Research Onion” (applied from Saunders & al, 2019, 130)

Epistemology and ontology have very real and practical consequences for the choices made as a part of the thesis project: in the area that is researched, the research questions, as well as the qualitative data collected. These assumptions are of particular importance in qualitative research, which puts human beings at the centre of the research. These assumptions will help to guide the research philosophy, which is scattered along a multidimensional set of continua between two opposing extremes: objectivism and subjec-
tivism. King & Brooks (2017, 14) argue that: “individuals accounts of their experiences enable researchers to gain a better understanding of the social world they inhabit”. The author will aim to be reflective of their decisions made throughout the thesis project, as well as examine their beliefs and discuss any ethical considerations that may arise.

4.1 Research Philosophy

The five major philosophies in business and management are positivism, critical realism, interpretivism, postmodernism and pragmatism. Pragmatism asserts that concepts are only relevant where they support action and knowledge is valued for enabling actions to be carried out successfully. From the very start of the thesis project it was planned to be executed using a pragmatist research philosophy, as it aims to contribute practical solutions to inform future practice. (Saunders & al., 2019, 144-151.) However, further investigation to critical realism, more specifically, limited realism (King, 2017, 18) posed questions if realism would be a more suitable approach. Pragmatism’s usefulness is specific and in context, which can provide a powerful justification for the use of a case study, but no assumptions wanted to be made on the suitability of this philosophy.

Critical realism gives the possibility to be performative and justifies the study of any situation, regardless of the amount of people involved or cases analysed. Easton (2010, 123) argues that a critical realist case approach is suited for clearly bound, but complex phenomena such as organisations or nets of connected organisations. However, Saunders & al. (2019, 144) argue that the researcher utilising the critical realism philosophy should be as objective as possible. King (2017, 18) continues to clarify that limited realists hold that one cannot ever remove subjectivity from the analytical process entirely, opening up the possibility to assess the level of objectivity through reflexivity. Despite consideration of changing the philosophical approach the author decided to remain with the initial decision to act under the research philosophy of pragmatism, despite it being criticised by some sources of incorrect use in modern case study research (Easton, 2010, 120).

Kelemen & Rumens (2012, 8) argue that pragmatists find that: “experience rather than knowledge reveals the substance of things and knowledge can deal only with various aspects of what experience reveals”. As this study is about reflecting and analysing the experiences of participants it would seem that taking a pragmatist approach is the most suitable one. Also, the statement of Kelemen & Rumens (2012, 8) of science being an end to means resonated with the objective of the thesis project, which is to create a practical solution in the form of the final product for the commissioning party. Pragmatism also shows an acute interest in action and the researcher should present knowledge that affects future applications and contributes to better practice. Pragmatist recognise that there are
many ways of interpreting the world and from an ethical point of view there should be tolerance of some level of ambiguity. Research on topics such as management and organisations should be about imagining a future where the struggles of such as the local – global, individual – corporation and culture – politics can be solved. (Kelemen & Rumens, 2012, 10-11.)

### 4.2 Research Paradigms

Four distinctive and rival paradigms of organizational analysis exist, which combine the objectivist–subjectivist continuum with a regulation–radical change continuum. These are the functionalist paradigm, interpretive paradigm, the radical structuralist paradigm, and the radical humanist paradigm. The thesis project will work under the assumption of a functionalist paradigm, as research in this paradigm is concerned with rational explanations and developing sets of recommendations within the current structures. This applies well, as the thesis project seeks to create suggestions on how the commissioning party can develop their internationalisation efforts within current structures and applying regulations imposed by external environments. (Saunders & al., 2019, 139-140.) Figure 5 below further illustrates these four paradigms.

![Figure 5. Four paradigms for the analysis for organisational analysis. (adapted from Burrell & Morgan, 1979, 23; Saunders & al., 2019, 140.)](image)

Furthermore, the functionalist paradigm is the paradigm within which most business and management research operates, as it provides a language for the control and management of organisations. Research in this paradigm is concerned with rational explanations
and developing sets of recommendations within the current structures. Functionalist theories and models of management, such as business process re-engineering, are often generalised to other contexts with the idea that they can be used universally providing they are correctly implemented and monitored. A key assumption is that organisations are rational entities, in which rational explanations offer solutions to rational problems. (Kelemen & Rumens 2008, 22-23; Saunders & al., 2019, 140-141.)

4.3 Research Approach

To outline the extent to which the thesis project is concerned with theory testing or theory building, the author has reviewed two contrasting approaches: deductive and inductive. Deductive reasoning occurs when the conclusion is derived logically from a set of theory-derived premises. With this approach the project moves from theory to data. In inductive reasoning the research starts by collecting data to explore a phenomenon and to generate or build a theory. In this approach theory follows data. When reviewing these opposite approaches, neither seemed to fit the needs of the thesis project due to the nature of it.

Therefore, the thesis project will be done using an abductive approach. Abductive approach is sometimes called retroduction, which refers to its retrospective nature. Bertilsson (2004, 376) claims that the American pragmatist Pierce has stated that: “Abduction is closest to reality, for we cannot form any judgement at all if it were not for the power of abduction; we now see what we did not see before”. It is often used when collecting data to explore a phenomenon, identify themes and explain patterns. Due to the flexibility of the abductive approach and its reflective nature, most management research uses at least some element of abduction. The abductive approach is most likely to be underpinned by pragmatism or postmodernism, and therefore is feasibly for the thesis project, which will be following the pragmatic research philosophy. (Saunders & al., 2019, 152-158.)

4.4 Research Design

Research can be designed to fulfil either an exploratory, descriptive, explanatory, or evaluative purpose, or some combination of these. An exploratory study is a valuable way to discover what is happening and gain insights and can start off with a broad focus, which will become narrower as the research progresses. Studies that establish causal relationships between variables may be termed explanatory research. The purpose of descriptive research is to gain an accurate profile of events, persons, or situations. Evaluative research is to find out how well something works. In an exploratory study, questions asked are to explore an issue, problem, or phenomenon. (Saunders & al., 2019, 186-188)
As the thesis project will be focusing on the exploration of internationalisation and practicalities related to it, the research design will be one of an exploratory study. There are several ways to conduct exploratory research, including the research of the literature and interviewing individuals experiences on the subject matter, which will both be used as methods of data collection in the thesis project. Exploratory research also has the advantage of flexibility and adaptability, as there must be a willingness to adjust the direction of the research based on new data or insights appearing, including the contributions of participants. (Saunders & al., 2019, 186-188, 437-438.)

The nature of research design can either by quantitative, qualitative, or mixed method. One way of differentiating quantitative research from qualitative research is to distinguish between numeric data and non-numeric data, however this distinction may be problematic and a need to use mixed-method research may arise. Quantitative research design examines relationships between variables and analysis is conducted using statistics. Qualitative research studies participants' meanings and the relationships between them and the analysis is conducted using conceptualisation. In the thesis project meaning will be derived from words, which will be collected by SSIs executed as a part of the thesis project. As one qualitative data collection set and corresponding analytical procedure will be used, the thesis project’s will be executed using a mono-method qualitative research design. (Saunders & al., 2019, 174-176.)

Qualitative research, especially qualitative interviewing, involves entering into meaningful relationships with participants, which will have some effect on how the research develops. Seeking to replicate most qualitative research is often impossible, as it assumes multiple, contextual realities. Considering the nature of the research and keeping an eye on it will help to maintain the overall integrity of the thesis project. By engaging in reflexive practices when recording, reviewing, and incorporating information the author seeks to form a process of validity checking as an alternative to positivist criteria, which is often used as a guiding philosophy for quantitative research. When writing about the research the author is inevitably offering their interpretations. Even the style of writing and how literature, people and events are describes will have an impact on the thesis project. (King & al., 2019, 178-187.)

4.5 Research Strategy

The thesis projects research strategy will follow that of a classic case study, which is an in-depth inquiry into a specific and complex topic or phenomena, or case, within its real-life context and may refer to a person, group, or organisation. The real-life context helps to
distinguish this strategy from other research strategies, and it is often used when the boundaries of the phenomena and the context it studies are not fully separated. This is why the case study strategy has the ability to generate insights within real-life context. To gain understanding of the case, it should not be isolated and there should be consideration to the interaction between the case and its context. Case studies may be used for exploratory, descriptive, and explanatory purposes and may be structured based on upon two discrete dimensions: single case versus multiple cases or holistic case versus embedded case. The thesis project will be structured as a single case study with a holistic approach, as it the case is the unit of the analysis. (Saunders & al., 2019, 196-197; Yin, 2013, 321-322.)

When deciding the scope of the research question there needs to be consideration on the level of resources available, as broader questions often require extensive studies to address the questions effectively. There is a risk of overreaching, especially when the researcher is new to qualitative research. In qualitative studies it is possible for the research question to shift during the study process, which would be cause for concern in a positivistic quantitative study. Qualitative research has an exploratory nature that may shift the projects direction into a more relevant direction, which may not be entirely within the original scope of the research question. The researcher does however need to consider the following questions before adjusting the research question:

– Would the change to the research question undermine the study as a whole?
– Would the change stretch the resources available and to what extent?
– Do key stakeholders accept the changes?
(King & al., 2019, 54-55.)

The time horizon in research defines if the research is a “snapshot” taken at a point in time, which referred to as cross-sectional studies, or if it is a series of snapshots called longitudinal research. Cross-sectional studies often involve the study of a phenomenon; therefore, this will be the time horizon used in the thesis project. Longitudinal research studies change and development throughout a longer period of time, which is not feasible in the given time frame of the thesis project. (Saunders & al, 2019, 212.) As the implementation of the insight gathered in this research is not possible within the time frame of the thesis project, the author looks to test the hypotheses formed by the data analysis by validation testing, which is a technique that can be used for demonstrating the validity of qualitative research (Whittemore, Chase, & Mandle, 2001, 533).
4.6 Qualitative Data

As meaning from qualitative data is principally derived from words, they may have multiple and unclear meanings. Therefore, it will be important to explore and clarify the collected data with great care, as it will be large in volume and complex in nature. As data collection and data analysis will be an interrelated and interactive set of processes, analysis will be undertaken during the collection of data as well as after it, which will help to shape the direction of future data collection. This approach will require enough space between interviews and final data analysis. The data will be collected by SSIs with pre-determined questions to enable a guided conversation. The questions will be presented in advance to the participants to gain trust and to build rapport, as well as enabling the participants to confirm consent from the organisations they are currently working for, if needed. As some participants have or are currently working for organisations that could be considered the commissioning party's direct or indirect competition, it is crucial to gain the trust of participants to ensure the possibility of data gathering. (Saunders & al., 2019, 438, 638-640.)

The focus on preparing the qualitative data for analysis will be in the conversion of data collected in the interviews from oral form to word-processed text (Saunders & al, 2019, 644, 648). Transcription is the process of converting recorded material into text and can be seen as the first step of analysing the data if done by the researcher. There needs to be consideration if the data should be transcribed in full, in verbatim, or if it sufficient to just transcribe parts of the material. The methodological position of the study, as well as the method of analysis need to be considered when the decision on how to process it is done. Resources available naturally determine what is or is not possible within the scope of the thesis project. Based on these factors the thesis project data will be transcribed the in verbatim, with the exclusion of perceived emotional meanings of the participants, which does not create additional insight in the case of the thesis project. As there will be a need to represent direct quotes to support the data analysis minor clarifications may be done to the wording of the transcription to enhance the comprehension of the quote. These modifications will be done with careful consideration to the original meaning of the participant. (King & al., 2019, 193-194, 200, 203.)

4.6.1 Semi-structured Interviews

King & Brooks (2017, 8) state that: "A face-to-face individual interview, using a semi-structured form, can be seen as the standard approach for qualitative business and management research", as it gives flexibility for the participants to lead the conversation. Identifying and reaching potential participants can be quite hard and it is common for people to be more likely to participate, if they know the person requesting the participation. This is the
method of selection used in the thesis project, as the author has prior real-life experience on the subject matter and has created networks within area of expertise, which is quite narrow in Finland. Therefore, finding suitable participants is relatively hard. Alongside the advantage of engaging people who the researcher is familiar with, there is a valid concern over bias and the conscious selection of participants that hold certain views. Even greater is the potential of distortion due to the reliance of personal networks. There is also an ethical concern about participants feeling pressured to participate. (King & al., 2019, 60.)

There will be special though on how to start and end an interview. The start on an interview can affect the rapport between participants, and it is good to start with a simple question, such as background information or about the participants relation to the subject matter. The physical space in which an interview is held can have a strong impact on participants and therefore it should be comfortable, private, and quiet. For a 45 to 60-minute interview it is recommendable to reserve around 90 minutes to ensure sufficient breaks and introductions. It is best to ensure that there are no disturbances and that the location of the interview is easily accessible to both parties. A majority of qualitative research utilises audio recordings to capture interview data, which makes it easy to transcribe and process it. It may also be useful to take notes of certain thoughts or ideas prompted by the conversation. Before the interview, it is usually valuable to send the participant a written information sheet or an outline of the questions. There may even be consideration of meeting the participants beforehand, to introduce the project. (King & al., 2019, 72-78, 85.) These were all methods utilised in the thesis project.

4.6.2 Interview Guide

Flexibility is key when doing qualitative interviews. The interviewer must be able to respond to themes or issues that emerge during the interview, in order to explore the perspectives of the participants. Traditional interview schedules used in quantitative surveys with fixed questions are not appropriate for qualitative SSIs. Instead an interview guide will be used, which outlines the main topics the discussion should cover, but is flexible in how and in what order they are asked. This allows the participant to lead the conversation, which may produce additional venues of exploration and insights. The researcher can reflect on their own experience in the subject matter when formulating the interview guide. A conceptual framework based on the literary review is also crucial in defining relevant questions for the interview guide. (King & al., 2019, 63-64.)

In deciding how extensive the interview guide is, the researcher will need to consider the aims of their study and the methodological position chosen. If the guide is too extensive there may be a risk that it does not provide sufficient room to for the participant to convey
their perspectives. If it is too minimalistic, important issues may not be addressed to the extent they should be, or the participant will lead the discussion to irrelevant topics. (King & al., 2019, 64-65.) Patton, 2015 (444-445) argues that there are six types of questions in qualitative research interviews, each seeking to gain understanding in a particular area relevant to the study.

1. Background questions that are straightforward descriptive questions about a personal characteristics or occupation.
2. Experience questions that focus on specific actions that could have been observed by parties involved and present in the moment.
3. Opinion questions that ask what the participant thinks about the topic.
4. Feeling questions focus on participants emotional experiences. If there is a need to particularly explore emotional responses the questions need to be framed in a way that makes this clear.
5. Knowledge questions that relate to questions about factual information the participant holds.
6. Sensory questions are about the what the participant saw, heard, touched tasted or smelled.

King & al. (2019, 81) state that: “the wording of the questions should be kept as simple, clear and direct as possible”. Long and hypothetical questions result in the participant having to ask for clarifications, which may impact the flow of the conversation and even the data obtained from the interview. It is also important not to choose wording that is leading, which means that the question itself entails a suggestion on what type of response is anticipated. The interview guide may be modified during the course of the study, as the aim of qualitative research is to elicit the participants’ accounts and their experiences. The insights gained from the first interview can be used to modify the interview guide to ensure the reliability and relevance of the questions for future interviews. It is recommendable that inexperienced qualitative interviewers use a full-question format, as it takes some skill to be able to paraphrase the question in the interview. It is recommendable to have a full list of questions to begin with and if there is a need the researcher can create a shorter version to guide them in the interviews. The interviewer is also encouraged to utilise follow-up questions that encourage a participant to expand on their initial response, as well as ensure that the question is understood correctly. (King & al., 2019, 66, 68-69.)

4.7 Template Analysis

There are many different versions of thematic analysis, which are often used when analysing qualitative data. The data collected for the thesis project will be analysed by using template analysis, which is a type of thematic analysis that is not tied to any underlying philosophy. King & Brooks (2017, 13) define that: “template analysis is a qualitative research method, which refers to the particular techniques used to collect and analyse data
in research”. Traditionally template analysis entails a proportion of the data being coded before developing an initial list of codes and themes, known as a coding template. This is at the core of the approach, which is to create a coding structure or template that is applied to the data and revised until a full picture of the analysis is reached. There is no fixed amount of hierarchical coding levels and the researcher is encouraged to use as many levels as they need to capture the meaning of the data. As a form of qualitative data analysis, template analysis attempts to balance flexibility and structure (Saunders & al, 2019 660-664; King & al., 2019, 219.) Template analysis can be described as a process of seven steps:

1. Familiarization with the data, which includes reading transcripts and listening to possible audio-recordings.
2. Preliminary coding entails highlighting points of interest. In addition, the material is reviewed for potential a priori themes, which are themes tentatively defined in advance, based on theoretical or pragmatic interests. Typically, preliminary coding in template analysis is only done on a subset of the data. This stage of the process can be seen to separate the template analysis from other thematic analysis methods, as they prefer to avoid the application of specific theoretical concepts at this point.
3. Clustering is done based on the preliminary analysis with emerging and a priori themes clustered into meaningful groups assembled in hierarchical ordered.
4. Producing an initial template from the clustering of the subset of data, which will serve as the basis for producing an initial version of the coding template.
5. Developing the template should be done by using the initial template to process further transcripts. The template can still be amended at this point and a continues assessment should be made on how well the template captures what is relevant in the data.
6. Applying the final template can be done when no more significant changes are needed. All remaining data can then be coded based on the final version of the template and used to help develop the interpretation of the data.
7. Writing up the interpretation of the data is done by using the final template to help organise the way the analysis is presented. (King & Brooks, 2017, 3-4.)

Template analysis allows the researcher to drive the analysis based on the specific needs of the study. There is however a danger that when using an analysis method that is not tied to a methodological position the results may feel superficial. Template analysis is however more flexible than the generic style of thematic analysis and encourages a greater depth of coding than many other thematic approaches. As the method of template analysis emphasises the need to go back and review the themes created, it is recommended to transcript the interviews in verbatim. Extensive written summaries or notes are not recommended, as these may create some distance towards the participant during the interview. (King & Brooks, 2017, 6-7.)

The coding stage of the project is crucial in template analysis, as in this stage the researched identifies the data in the transcripts that are most relevant in addressing the re-
search question. The emphasis is on trying to describe what is of interest in the participants accounts rather than seeking to interpret their meaning. The below Figure 6 further illustrates the coding step of the template analysis process described above.

4.8 Research Quality

Reliability and validity are central to judgements about the quality of research in the natural sciences and quantitative research in the social sciences. Reliability refers to replication and consistency and validity refers to the appropriateness of the measures used, accuracy of the analysis of the results and generalisability of the findings. Internal validity is established when research can accurately demonstrate a causal relationship between two variables. External validity is concerned with the question: “can a study’s research findings be generalised to other relevant settings or groups?” (Saunders & al., 2019, 213-214.) Qualitative research on the other hand does not claim to be objective, but rather researchers should present sufficient detail of the process of data collection and analysis they have done to enable transparency on how the conclusions have been reached (King & al., 2019, 212.)
It is seen that validity and reliability do not apply as such to qualitative research, as it is not intended to be replicated. Parallel versions of reliability, internal validity and external validity have been developed for qualitative research and will be used as part of the thesis project to prove the quality of the thesis projects research. The parallel versions are:

- Dependability instead of reliability
- Credibility for internal validity
- and transferability for external validity.

Dependability will require recording all changes to produce a dependable account of the emerging research focus. To ensure credibility emphasis will be placed on ensuring that the representations of the research participants’ match what the participants intended. A method of participant validation will be used, by sending research data back to participants to allow them to confirm its accuracy. The author will send the transcription of the transcript for participants to validate. This will be done to ensure that the content is as they recollect it and allows the participants to ensure that they have been understood correctly, as well as giving them a stronger voice in how their accounts are represented. Transferability is achieved by providing a full description of the research questions, design, context, findings, and interpretations. (Saunders & al., 2019, 216-218; King & al., 209, 216.)

Competitive advantage in the ICT industry is often gained through human capital, especially in the professional services sector, and therefore the possibility to anonymise responses is justifiable and in accordance to ethical standards. It may also be required to anonymise the data, if participants deem the information they share as sensitive in other ways (Saunders & al., 2019, 278-280). The researcher should demonstrate how they work to enable deeper understanding of the participants perspectives, which may be done by demonstrating commitment to the reflection ethical issues. There should be reflection on the degree of engagement with the data throughout the data collection process and the depth of analysing it. Transparency in qualitative research can be evaluated by the clarity and power that arguments are made by and the congruence between the philosophical positioning, the theory and the methods used. Finally, the researcher should reflect on their work and this may be done by considering the relevance, theoretical importance, or impact of the findings. In a thesis it is also customary to include consideration on how the researcher developed the themes and their structures derived from the material, as well as documenting the process and its development in some form. (King & al., 2019, 213.)

**Reflexivity**

King & al. (2019, 173-174) state that: “reflexivity in qualitative research specifically invites us to look inward and outward, exploring the intersecting relationships between existing
knowledge, our experience, research roles and the world around us”. Reflexivity formulates, enhances, and exemplifies the qualitative interview and responds to the realisation that research is entangled with the social world. Dean (2017, 1) argues that: “the central problem of reflexivity stems from the role of positionality and subjectivity in social research”. By this Dean means that there are various elements that make it difficult to conduct research in the conditions stipulated by physical sciences. Therefore, a critical stance should be taken to any research that claims to be overwhelmingly objective. Especially when talking about qualitative research, which holds no claim to objectivity. Research is done from a certain point of view and influenced by the researcher subjective values and meanings. This should not be seen as a problem but a resource that can be developed.

Reflexivity enables the researcher to take a critical stance on their own influence and impact on the research. Taking a critical approach both reveals and opens up the underlying beliefs or ideologies that drive the research. Qualitative interviewing is a highly personal activity that requires critical self-reflection. It is good to note, that the voice of the participant is almost always filtered through the account of the researcher. As the researcher goes through and organises the material, works based on the literature, all the way to the data collection and analysis they will inevitably create representation that is directed for a specific audience in mind. As part of a reflexive practice, there should be consideration on the impact of this audience and if the researcher is highlighting certain areas at the expense of others. (King & al., 2019, 175-177, 188.)

4.9 Summary

After thorough consideration, the author has decided to execute the thesis project by using the philosophical approach of pragmatism, which shows an acute interest in action and knowledge that affects future applications and contributes to better practices. This is why the author felt that this philosophical approach was best suited for the thesis project. Work will be done under the assumption of a functionalist paradigm, as it seeks to create suggestions on how the commissioning party can develop their internationalisation efforts. The abductive approach is reflective in nature and therefore, it will also be used in the thesis project. The abductive approach is also most likely to be used by a pragmatism approach. The thesis project will be assessed based on it dependability, credibility, and transferability, as these are the methods used to prove the quality of qualitative research.

As the thesis project will be focusing on the exploration of internationalisation and practicalities related to it, the research design will be one of an exploratory study. Interviewing individuals experiences on the subject matter will be used as the methods of data collec-
The qualitative research design used will be mono method, as the project will be using one qualitative data collection set and corresponding template analysis procedure. The thesis projects research strategy will follow that of a classic case study, which is an in-depth inquiry into a specific and complex topic or phenomena, such as the internationalisation of a born mMNE originating from Finland. Due to the limited time frame of the thesis project, which will be conducted as a cross-sectional study, the insights gathered from the data analysis will be further validated by doing validation testing, which will entail incremental development objectives being implementing in practice at the foreign location of the commissioning party to assess their relevance.

As data collection and data analysis will be an interrelated and interactive set of processes, analysis will be undertaken during the collection of data as well as after it. The data will be collected by SSIs with pre-determined questions to enable a guided conversation. The method of selecting participants will be contacting relevant participants known to the author, as they have prior real-life experience on the subject matter and has created networks within the area of expertise, which is quite narrow in Finland. Due to this selection method, there will be great consideration on self-reflection throughout the process. During the interview there must be a possibility to respond to themes that emerge during the interview and therefore an interview guide will be used, which outlines the main topics of the discussion, but is flexible in how and in what order they are asked. The data gathered by SSIs will be analysed by utilising the method of template analysis, which is a form of thematic analysis.
5 Implementation and Outcomes

As with all research projects the thesis project started with thinking about the research topic. The subject matter was initially suggested by the commissioning party, as they had identified a need to enhance and optimize their internationalisation efforts. As the author has accumulated prior real-life experience in the subject matter, especially from the IHRM perspective, and the concept and subject matter aligned with the scope of a thesis project, an initial decision to proceed with the investigation of the subject matter was made. Figure 7 below illustrates the research process that will be presented in detail in this chapter.

Figure 7. Research Process (adapted from Saunders & al., 2019, 12)
5.1 Data Collection

After the initial decision to proceed with the thesis project was made, the author looked how the subject matter could be formulated more concretely in a way that would best suite both parties and then present it to the commissioning party. Theoretical literature was reviewed during and after this phase, to ensure that there was sufficient theoretical material to support the thesis project. However, a majority of the literary and articles were reviewed after presenting the initial concept to the commissioning party. The author had given some prior consideration to the type of research philosophy and approach they would want to use in their thesis project. After taking into the account the resources available, the timeframe of the thesis project and the commissioned final product, the author concluded on the use a pragmatist approach and data collection by interviewing relevant participants, who would be able to provide insight into the subject matter. When the general parameters of the thesis project had been settled the author created and submitted a research plan for the commissioning party and Haaga-Helia University of Applied Sciences.

When the research plan had been approved by all parties involved, the author started to enhance and enrich their knowledge on the different methods and techniques used for SSIs and started to create an interview guide, which can be found from appendix 1. The participants for SSIs will be primarily selected based on their real-life experience with the internationalisation of SMEs, which can be considered born mMNEs at the time of initial internationalisation. In qualitative studies, the criterion most commonly used to select participants is diversity, which enables the representation of a variety of viewpoints in relation to the area of interest. (King, Horrocks & Brooks, 2019, 57.) To ensure the richness and diversity of the qualitative data, consideration was given on how best to select participants that represent different functions and roles within the organisation.

The selection of participants was made based on the authors prior networks, primarily to ensure participation, but also due to the fact that the area of expertise is quite narrow and suitable participants are relatively hard to find. Ideal participants would have worked with the internationalisation of a born mMNE, within the ICT industry, originating from Finland. All of the selected participants ended up being individuals who had worked in rapidly growing SMEs, which had internationalised soon after they were established. Some organisations had grown from SMEs, which are defined as having a maximum of 250 employees (Statistics Finland 2020), to an organisation of 500+ employees during the internationalisation process. All organisations were founded in Finland and had established operations in one or more foreign location. It was also key that these foreign locations
were not acquired through mergers or acquisitions of existing companies, as this method of internationalisation differs from a practical point of view from establishing them.

To address a valid concern of bias and the conscious selection of participants that would represent a certain point of view, the participants were selected to represent different functions or roles that are often part of the internationalisation efforts of an organisation. This was also seen to increase the richness of the data, as each participant was anticipated to provide a different point of view to the subject matter. Two of the four participants worked in organisations that produce a software product and two that provided professional services. The organisations the participants currently worked in where all at different stages of internationalisation. Some had internationalised more rapidly than others. Some operated only within the EU, when others had established foreign locations in the Americas and Asia as well. Due to the request of the participants, the interviews where anonymised and therefore the participants will be referred to as:

- Participant A, who has mainly worked with IHRM, including the transfer of HRM practices, such as localising benefits, as well as enabling knowledge transfer.
- Participant B, who had mainly focused on the global mobility of organisations.
- Participant C, who has established several legal entities and created legal and organisational structures that enable operating in multiple foreign locations.
- Participant D, who is leading a born mMNE and has extensive experience in establishing and management of multiple foreign locations.

Interviews were designed to be 60 minutes in length and were arranged in a location selected by the participant. All interviews were audio-recorded and varied from 30 to 50 minutes in length. Interview questions were divided into different subsections to create a clear overview on the topics discussed. These subsections can be seen as the first draft of identified a priori themes. Some example questions were sent to the participants prior to the interview to ensure sufficient orientation to the discussion topics. This invitation can be found from appendix 2. The interview questions were used to guide the discussion and the focus of the interview slightly varied based on the interviewees prior experience and interests. They aim was to follow the participants narrative in expectation that it will provide additional insights and bring up themes that have not been identified in the literature review.

The interviews were conducted in English, with the exception of the first interview with participant A, who was given the option to choose to respond in Finnish or English. They chose to respond in Finnish and therefore, one of the transcripts has been translated from Finnish to English by the author. This may be seen to lower the participants ability to control the content, but as with other participants, they have received a copy of the translated transcript and were asked to verify the content also regarding the translation. After the first
interview the author modified their approach on the interview language, as well as adjusted the interview guide to ensure relevance and that the conversation would be as fluent as possible. Adjustments included the clarifications in wording, the length of the questions, re-adding some questions that were previously removed, modifications to the subgroups and the order they were presented in. When interviewing participants, the order varied depending on the participants experiences to further ensure relevance and fluency.

5.2 Data Analysis

When using the method of template analysis, it is recommendable to transcript the interviews in verbatim, which includes transcribing every spoken word and adding any long pauses or the use of ironic or otherwise emotional tones of voice. Due to time and resource constraints, as well as using an electronic system to transcribe the audio recorded material, the author was not able to add notes on the tone of voice of the participants but could include some of the longer pauses. The interview with Participant A was transcribed fully by hand, due to it being translated from Finnish to English by the author. The electronic transcription system enabled the author to modify transcripts within the system to ensure that the meaning of the participant was fully captured. Feedback was collected from interview participants by sending them the transcriptions of the audio recording of their interview. At this time, they were able to comment on the accuracy of the data, but no modifications were requested.

The data in the transcripts was then analysed by using various methods. The initial set of a priori themes were created based on the literary review, which aided in the creation of the interview guide. The first transcript was manually reviewed for preliminary coding by the author, which in template analysis can be done on a subset of data. The recommended amount of data in a larger research project would be from four to ten transcripts, but as the material was limited, the author decided to initially review only one of the transcripts. The full dataset was then run through an automated script that reviewed the frequency each word was being mentioned. The script was specifically created for the analysis of the thesis project, utilising the Python NLTK library and NLP techniques and was designed to exclude irrelevant words in relation to the research questions. These included common and stop words, punctuation marks, articles and some predefined words that held no relevance to the research question, which were identified based on the preliminary coding done by the author’s manual review of the first transcript.

Out of the word frequency analysis the author reviewed all words in a data sheet to confirm their relevance based on the manual analysis and how frequently the word appeared in the data to enable initial clustering. Greatest emphasis and consideration was given to
the words that appeared the most. These words were then used to create the main themes of the template analysis: Company, People, Local and HR. Under these main themes a list of hierarchical subgroups were clustered. These were based on the frequency the word appeared in the data, the relevance they had to the research questions and in what context they were referred to in the data. The context they appeared in was further reviewed by utilising the search function in Word within all of the transcript. As the script for word frequency had limitations in the ability to recognise compound words, a review of the most likely compound words was also conducted. The compound words were checked based on the initial a priori themes, which were created for the interview guide. To the surprise of the author the use of these compound words was limited and therefore they added further credibility to the word frequency analysis method, which was a fairly objective method of assessing the relevance of each word. This phase of the review concluded in the creation of the initial coding template.

After the initial coding template was created the author went back and re-reviewed the themes in relation to the research questions, as well as the context they were used in within the dataset. After some modifications were made to the template the author continued to process the rest of the transcripts. During this stage of the process the author constantly reassessed the themes represented in the template and their hierarchical relation to each other. In addition, the author collated some of the sections of the transcripts that best represented the themes and would aid in creating insightful and relevant conclusions made from the data. When the author had reached the final transcription, the themes represented in the template seemed complete and it was felt that the saturation point was reached in the data analysis. The final transcript was processed to reassure the author of the credibility of the themes and that data saturation had in fact been reached. The data analysis phase was concluded by the creation of a final template, which can be found from appendix 3. In addition, the author has prepared a simplified flow chart to further elaborate and visualise the complexity of the practicalities involved in the internationalisation of an organisation, the different areas of consideration and the actors that are most likely to be involved. This flowchart can be found from appendix 4.

5.3 Research Questions

Based on the template analysis a set of themes emerged that are also used to respond to the research questions of the thesis project. The conclusion to the research questions are based on the theoretical framework, the template analysis and further analysing direct quotes from the transcripts. RQ1: Which factors need to be considered when establishing operations in a foreign location within the EU area from an international human resource
management perspective? is by far the most extensive of the research questions and findings will therefore be summarised in the below table 5.

Table 5. Factors that need to be considered from an IHRM perspective when establishing operations in a foreign location

<table>
<thead>
<tr>
<th>Factors</th>
<th>Considerations</th>
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| Approach | • Ensuring sufficient time and resources  
• Approaching internationalisation as a project  
• Using non-standard employment and standard employment  
• Setting a time frame to assess the profitability of the location |
| Legal and Organisational Structures | • Aiming for a global vision and mission  
• Ensuring strategic alignment with global incentives  
• Increasing flexibility with local total remuneration models  
• Assessing the overall legal structure to ensure scalability  
• Leading internationalisation thorough a holistic approach |
| Compliance | • Assessing the need for each location critically  
• Assessing risks and avoiding risks that are not understood  
• Ensuring the compliance of operations and setup  
• Understanding the financial reporting requirements  
• Investigating employer obligations and implementing them  
• Ensuring there is a possibility to exit the location, if needed |
| Role of HR | • Including HR from start to utilise knowledge and expertise  
• Defining and implementing global and local HRM practices  
• Creating in-house knowledge in IHRM and global mobility |
| Service Providers | • Using networks and recommendations in selection process  
• Preferring locals for routine tasks to ensure flexibility  
• Utilising globals for complex cases and taxation  
• Coordinating service providers remains in-house  
• Investing in building relationships and clarifying expectations  
• Creating documentation to ensure transferability |
| Development Opportunities | • Creating opportunities for learning and development  
• Using development to ensure strategic alignment  
• Motivating and creating a long-term career path  
• Managing expectations to ensure retention of talent |
| Staffing Approach | • Basing it on strategy, which varies depending on location  
• Sending your best talent to establish foreign locations  
• Assessing the skills needed to succeed and forming a team  
• Transferring employees as locals to ensure commitment |
| Recruitment and Employer Awareness | • Basing first recruitments on priorities as they are crucial  
• Using head-hunters to access local networks  
• Widening networks by recruiting local employees  
• Investing in building employer awareness through events, fairs and building relationships with student organisations |
| Global Mobility | • Basing it on a framework, which does not have to be rigid  
• Investing in the assignee and their family is business critical  
• Making sure IAs are necessary and tracking them |
To summaries the response to RQ1, the factors that need to be considered from an IHRM perspective when establishing operations in a foreign location within the EU are the approach the organisation will take on the internationalisation efforts, the legal and organisational structures of the organisation, issues related to compliance, the role of HR in the organisation, the selection of service providers, the development opportunities of personnel, the staffing approach the organisation, the creation of employer awareness to enable local recruitment and matters related to global mobility.

Insights gained from the data regarding RQ2: Which human resource management practices should be designed to be transferable to ensure alignment with the organisation’s strategy? was more limited but provided a sufficient outline to be considered to form a response. Based on the data collected from the SSIs, it could be argued that organisations should aim to create a global vision and mission and ensure alignment through strategic objectives, which would then be tied to global compensation models. Most data regarding HRM practices focused on the compensation models used in the organisation, with an emphasis in balancing the global and local approaches, assessing that the global approaches feasibility in the foreign location, as well as the country of origin. As highlighted by one of the participants the global approach may create restrictions that can even have an effect on the organic growth of other locations:

“Pretty long we were talking about like total compensation as a whole and then we put every site there and I think that, that was actually limiting us in Finland, that we couldn't like give more benefits here, even though business was running pretty nicely, because we didn't have money to do the same in Germany. The maturity of the site was totally different.”

In regards to RQ3: How can the organisation enable sufficient knowledge transfer and create a connection to the organisational culture when establishing a new foreign location? the data emphasised the use of employees who had worked for the organisation for a longer period of time, referred to as senior employees, in transferring the knowledge and culture of the organisation to foreign locations. Knowledge transfer was not seen to be done exclusively from the country of origin. Some organisations had locations that were seen mature enough to have senior employees who had the abilities and tacit knowledge needed to create a culture connection and enable knowledge transfer. One participant mentioned the use of a method called “partnering” when establishing a foreign location:

“I see that it is vital that there are people who know the firm and its operating models. If this wouldn’t be the case, I would believe that quite easily a different type of culture could be born, which at the end of the day we wouldn’t want... And this is why we have established all of our locations in a way that there is always someone originating from Finland, who is a bit
more senior and has been in the firm for longer, establishing the new location. Never do we
directly only take local employees... To start off there is usually a person like this, but from
the very beginning we look for a local Managing Director, but despite this, there is usually a
set of partners, close to the leadership of the location, leading and taking part in local recruit-
ment.”

This approach emphasis the use of an individual from the country of origin who would es-
tablish the new foreign location and recruit a local leader, whom they would then induct
into the organisational culture and transfer tacit knowledge to. Two of the organisations
were product companies, selling highly specified software products to businesses, and
their approach of knowledge transfer was more focused on their product. Therefore, the
purpose of the knowledge transfer was to induct the employees of the foreign location by
sharing the technical element of tacit knowledge, which speaks to the concrete know-how,
crafts and skills that apply to their specific product and the context it is used for:

“Yes, it's definitely important and our product is not that simple. So, if you start learning it by
yourself, it will take a long time. So, in that sense, (there is) also an efficiency perspective.
It's like when you have a person who already knows the product and can use it and can ac-
tually support you in that learning process. Of course, it's much easier to start actually selling
that product and much faster.”

However, all participants voiced the limitations of transferring the organisational culture
and one of them did not see it was something defined, but happened as a by-product of
the knowledge transfer: “the cultural is not part of the strategy, maybe as such, but we are
a company that has kind of a strong company culture and we have struggled with... Be-
cause we are growing so fast globally, its sometimes difficult to maintain the company cul-
ture in a different kind of environment.” There were also useful insight into trying to identify
individuals within the organisation who have knowledge or prior experience in both the for-
eign locations national culture and the organisational culture. However, as stated by an-
other participant there is no way of coping the organisational culture to the foreign loca-
tion, but it should instead be approached as creating a link or connection to it:

“At least, from the beginning, because then, then these people who come from Finland, they
can make sure that they have a connection to Finland. And they know that from whom they
can ask help, if needed. And they can also like...You cannot ever, like, totally copy the
mother company culture. But at least you can like take some elements (there) like values.”

5.4 Development Outcomes

Based on the insights gathered from the data analysis the author created the final product
of the thesis project the HR Playbook, which can be found from appendix 5. This will form
a part of the overall Internationalisation Playbook of the commissioning party and will be used within the organisation as a living document used to collect and utilise accumulated knowledge on the subject matter. After the first version of the HR Playbook was presented to the contact person, they were asked to assess the suitability and relevance of the final product to the thesis project. They concluded that the HR Playbook served the defined objectives and supported the internationalisation efforts of the organisation. For the creation of the HR Playbook six key development outcomes were identified, which were also presented to the commissioning party during a meeting with the contact person. Figure 8 below visualises these six key development components.

Figure 8. Key outcomes of the data analysis

**Approach**

Establishing a new foreign location should be approached as a project, which should start by thinking about a realistic time frame and the resources needed to ensure its success. One key finding was that the HR and marketing functions should be involved in the establishment of a new foreign location from the very beginning to ensure the full utilisation of their expertise. In addition, there should be thorough consideration of the legal and organisational structures of the different locations and how they fit together on a group level. In certain locations there may be a possibility to utilise non-standard employment models, which can lower the initial investments needed to enter the labour market and act as an employer, but may also pose some unanticipated risks that need to be assessed.
Compliance
After critically assessing the need for a new foreign location and the potential risks related to it, there is a need to ensure that the planned legal and organisational structure is compliant and that the organisation is able to fulfil local employer obligations. There is also a need to assess the possibility of exiting the market. It is recommendable to include a person in the project team who is able to assess risks so that no unnecessary risks are taken. A person who is able to assess the financial reporting requirements of the location needs to be included in the establishment process to ensure the possibility of aligning them with existing reporting. Understanding the employer obligations is crucial, even in the event of using non-standard employment models, as employer obligations may still apply to the organisation. It is also key to take into consideration that employer obligations may vary based on regions within a country.

Service Providers
The selection of suitable service providers can be seen as the cornerstone to operational success and the aim should be to build a true partnership, which can be done by establishing and communicating needs and building rapport. Existing networks should be leveraged in finding a suitable service provider in each location and it would be recommendable to discuss with two to three different options to establish, which would of these options would be the best fit for the organisation. There may also be a need to select different service providers for different tasks, but the aim would be to find one service provider that could offer different types of services. The importance of creating sufficient documentation to ensure knowledge transfer is also highlighted.

Compensation and Remuneration
Based on the data analysis and literary review strategic alignment can be enhanced by defining strategic objectives, which are tied to global compensation models and incentives. Based on the data analysis and the literary review, benefits and insurances are seen to be the most likely HRM practice to be localised. An assessment of the different benefits and their perceived value in the market should be done before implementing them. Considerations should be given to engaging local personnel, or even potential candidates, in the assessment of local benefits to make sure that the benefits offered by the organisation are relevant in the local market.

Staffing
First recruitments are crucial to the success of a new foreign location and the recommendation is that they should be based on prioritised skills, whilst ensuring that the selected person is the right fit for the organisation. Investing in building employer awareness from
the very beginning is also recommended. This can be done by participating in events and fairs, proactive networking by utilising existing networks and creating new ones that may potentially be accessed through local head-hunters. The approach to staffing plays a crucial role in creating a connection to the country of origin and ensuring knowledge sharing. Utilising a model of creating a set of partners that will grow the new location together is recommendable. One person would ideally be from the new foreign location and one from the country of origin, or another more established location of the organisation.

Global Mobility
When transferring personnel to a new foreign location there needs to be transparency on what the transfer process would entail, as well as creating clarity on who is responsible for which part of it and ensuring understanding of expectations between all parties. Creating a publicly available framework, which would explicitly define the factors related to transfers would also ensure fairness and build trust between local and expatriate personnel.

5.5 Validation Testing
As the full assessment of the six key development objectives is not possible within the time frame of thesis project, some of the development objectives were tested at the Swedish location of the commissioning party, as an additional method of validating the outcomes of the thesis project. This can be seen as testing the hypotheses gathered from the data analysis, which is a technique that can be used to demonstrate the validity of qualitative research (Whittemore, Chase, & Mandle, 2001, 533). This validation testing included investigating, modifying, and clarifying some of the local HRM practices related to annual holidays, benefits, and work-life balance, which are connected to one of the key development outcomes of compensation and remuneration.

Based on the data analysis, as well as the theoretical framework, benefits are not something that are recommended to be implemented from the perspective of the country of origin, as market practices varies heavily. This was also highlighted in a recent Talouselämä (2020) podcast, which addressed the methods of sustaining organisational culture during a period of rapid growth. Offering the possibility to take advance annual holidays is customary in professional level occupations in Sweden, but could not be seen as overall market practice, as many employers follow collective agreements, which don’t include this possibility. Annual holidays are accrued during the preceding holiday year and can be used from April 1 onward the next year in accordance to the Annual Leave Act (480/1977). This was the practice at the commissioning party as well, but after consulting local personnel and assessing the relevance of offering advance annual holidays in recruiting and retaining suitable talent, a change was proposed and implemented. This also
highlighted the importance of assessing and knowing your benchmark group, as not all relevant practices are applicable to the whole labour market.

There were several other benefits that were reviewed, including investigating the possibilities to offer childcare services in case the employees child falls ill and they would not be able to stay home and care for them, which is a fairly customary benefit offered to professional level employees in the country of origin. This however is not a common benefit in Sweden and therefore the authorities deem it to be a fully taxed benefit, which diminishes its value. Clarification was also sought to establish the market practice and relevance of offering employees a partially subsidies lunch allowance or vouchers, an idea which also originated from the country of origin. As with the childcare services, this was not seen as a valuable or relevant benefit in the local market and was therefore not implemented. When looking at benefits it is always crucial to thoroughly investigate their perceived value in addition to actual monetary cost and benefit of it. Investments in benefits should be made on the basis that they create value to personnel and have an impact on recruiting and retaining talent.

In addition to using validation testing on some of the HRM practices, which could be assessed as being quite successful, as they helped the commissioning party to assess which benefits to localise, the author has also tested some of the key development objectives to further clarify processes and procedures with existing service providers and create documentation to ensure knowledge transfer. This has included streamlining the payment process for expense reimbursements and travel allowances, as well as establishing connections between different service providers to ensure alignment. The author has also started a document, which collects practical advice based on the experiences of current transferred personnel to assist future transfers. In addition, the author has searched and identified viable relocation service provides to be considered.

5.6 Implementation

Due to the time frame and scope of the thesis project, which is a cross-sectional study, there was no possibility to fully implement the six key development objectives. To be able to fully assess the relevance of all six key development objectives they would need to be implemented when establishing a new foreign location of the commissioning party, which did not occur during the time frame of the thesis project. In the event of establishing a new foreign location the commissioning party will need to assess and consider which key development objectives they wish to implement and the extent they are able to do so. This could be done by any interested party within the organisation, as the HR Playbook can be utilised by all interested individuals within the organisation, especially those individuals
that participate in the internationalisation efforts. In addition to providing guidance and advise to individuals who are already actively part of establishing new foreign locations, it creates transparency to others on what a process of establishing a new foreign location may entail. Others include potential future participants and others interested individuals.

The most beneficial key development objective for the commissioning party, and for any organisation for that matter, would be approaching internationalisation and the establishment of a new foreign location as a project. Many organisations see the establishment of a new foreign location as an operational task, when in fact creating a dedicated project would most likely provide expedited results and a more coherent plan. Approaching internationalisation as a project would also enable the documentation and distribution of knowledge. The commissioning party could also consider applying some of methods of growth hacking in the creation of a cross-competence team with at least two individuals that would be allocated to the project full-time. One of them could be more focused on setting creating structures to establish operations and the other would look to open the market and create a sales pipeline. The insights and learnings of the project team could all be collected directly into the HR Playbook, at whatever stage of internationalisation they may occur, but primarily during and after the establishment of a new foreign location. These insights may range from practical tips and tricks on dealing with local authorities, to creating a document library that can be utilised in the registration process of a new legal entity.

The selection of the project team is crucial and there should be strong consideration to creating a set of partners that lead the team together and are allocated to the project full-time. Optimally their skills and knowledge would complete each other, and they would be able to operate in the different areas of expertise of the establishment process. For the organisation to be able to identify interested individuals it would be recommendable to inquire, for instance in a form of a survey, the prior experiences and future development aspirations of individuals. Ideally the partners could be formed from an individual who already has prior experience in internationalisation and one who is eager to develop this skillset. This would further create a culture of knowledge transfer within the organisation. From a practical point of view, it may be advisable to utilise the accumulated knowledge of a person who has prior experience with the structures needed to establish operations. The use of this knowledge is more likely to expedite the establishment process.

When selecting the members of the project team, the organisation should involve other interested parties who possess relevant skills, such as those related to the core competences of the organisations client offering and internal functions, such as HR and marketing. Based on the insights gathered from the data analysis it could even be argued that
the first function that should be activated in the new foreign location would in fact be marketing. Most organisations enter new markets through sales, but for them to be able to gain traction in the new market it may be beneficial to first establish a level of brand awareness through marketing before entering the market. A further argument for the inclusion of the internal functions is that they are able to support the business in entering the market and preparing it in advance. This includes the consideration of a suitable legal and organisational structure, which enable and sustain the growth of the organisation as a whole, as well as the individual locations. A time frame example has been presented in appendix 5, which may help the project team to outline the timing of each action needed.

When the commissioning party has decided to establish a new foreign location, they should follow the recommended practice of doing a risk assessment to avoid any unnecessary risks and assess the possibility of exiting the market, if needed. As the commissioning party provides professional services, their most substantial investment in a new foreign location is acquiring human resources. Looking to enter a market by utilising non-standard employment arrangements may be one way of mitigating some of these costs that occur when employing personnel under employment contracts. However, human resources are also the commissioning parties only source of competitive advantage and therefore engaging and retaining talent is crucial. It should be carefully assessed when entering each foreign location what options are possible from the local labour market perspective and what would serve to organisations strategic objectives the best.

Findings on the selection of suitable service providers is also something that the commissioning party could utilise. Many individuals within the organisation have large networks, which can be leveraged to gain information on suitable service providers when establishing a new foreign location. The commissioning party could also consider developing the relationships with services providers in their current foreign location in Sweden to enhance them and aim to build partnerships that would further support future growth. This is something that was taken into consideration when performing the validation testing and initial results would indicate that something as simple as meeting the service providers contact persons face-to-face can help create a better connection between parties. Creating this connection is something that was supported by the experiences of interview participants.

The commissioning party launched a share issue at the start of 2020 (Markkinointi & Mainontta 2020), which has been seen as one method of ensuring strategic alignment and employee engagement within the organisation. Extending the possibility to participate in share issues, or any other future incentive programs, for future foreign locations will help create alignment and enhance cohesion. However, the needs and requirements of each
location varies, and therefore flexibility should be ensured by creating a local total remuneration model that includes locally relevant benefits. The validation testing done in the current foreign location of the commissioning party gave strong indication that, in addition to creating clarity on the value and impact of the benefits, it helped engage local personnel in the decision-making process on which benefits were most relevant to them. This is a practice that could be continued in future with new foreign locations, as well as the current one in Sweden.

As the commissioning party has a strong recruitment culture, they should leverage this strength also when staffing new foreign locations. Finding suitable internal candidates should be done in an open and transparent way that is in alignment with the core values of trust and transparency. Whenever possible, the selection process of project teams and transferred personnel should be open for all individuals and those who haven’t been selected should be informed and given the opportunity to inquire about the decision regarding them. This would also support the utilisation of the organisations 3x2 decision-making model, which includes the consultation of relevant parties, but does not mean that the decision should be made by consulting the whole organisation.

The concept of establishing a set of partners would also apply here, as one of the most concrete findings from the data analysis is selecting one person from the country of origin and one origination from the new foreign location. In the context of the commissioning party the person from the country of origin would most likely be one of the persons who have been leading the project team that has established the foreign location. This would ensure knowledge transfer from the establishing phase to the growth phase and would help expedite the process, as the person who has transferred to the new location does not have to learn everything from scratch. The commissioning party could also consider creating a formal, explicit global mobility framework, which would entail their approach to staffing. This will also help create transparency on what can be expected from the organisation in the level of assistance when transferring personnel. The commissioning party could also consider the further utilisation of relocation service providers to expedite the transfer process of personnel and ensure its compliance.

5.7 Summary

After the author looked into how the subject matter could be formulated in a way that would best suite both parties, theoretical literature was reviewed to ensure that there was a sufficient theoretical framework to support the thesis project. After taking into the account the resources available, the time frame of the thesis project and the final product, the author concluded to use a pragmatist approach to the qualitative research. Data was
collected by interviewing relevant participants who would be able to provide insight into the subject matter. The selection of participants was made based on the authors prior networks, primarily to ensure participation, but also due to the fact that the area of expertise is quite narrow and suitable participants are relatively scarce.

To address a valid concern of bias and selecting participants that would represent a certain point of view, the participants were selected to represent different functions or roles that often take part in the internationalisation efforts of an organisation. Interviews were designed to be 60 minutes in length and were arranged in a location selected by the participant. The focus of the interview slightly varied based on the interviewees prior experience and interests, as is customary with SSIs. After the first interview the author modified their approach to the interview language, adjusted the interview guide to ensure relevance and fluency of the conversation.

As the author used the method of template analysis to analyse the data, they transcribed the interviews in verbatim. However, due to time limitations they chose to utilise an electronic system to transcribe the audio recorded material. The data in the transcripts was then analysed by using various methods. The initial set of a priori themes were created based on the literary review, which aided in the creation of the interview guide. The first transcript was manually reviewed for preliminary coding by the author and the full dataset was then run through an automated script that reviewed the frequency each word was mentioned. Out of the word frequency analysis the author reviewed all words in a data sheet to confirm their relevance and how frequently the word appeared in the data for initial clustering.

These words were then used to create the main themes of the template analysis: Company, People, Local and HR. As the script for word frequency had limitations in the ability to recognise compound words, a review of the most likely compound words was also conducted. After the initial template was created the author went back and re-reviewed the themes in relation to the research questions, as well as the context they were used in within the dataset. When the author had reached the final transcription, the themes represented in the template seemed complete and they felt that they had reached the saturation point of the data analysis.

Based on the template analysis a set of themes emerged that were used to respond to research questions of the thesis project. The conclusion to research questions are based on the theoretical framework, the template analysis and further analysing direct quotes from the transcripts. The conclusion to RQ1 was by far the most expansive and has been summarised in table 5. The insight gained from the data regarding RQ2 was more limited but
provided a sufficient outline to be considered to form a response. In regard to RQ3 the data emphasised the use of employees who had worked for the organisation for a longer period of time in transferring knowledge and organisational culture to new foreign locations.

Based on the insights gathered from the data analysis the author has proposed several development suggestions that have been collated into the final product of the thesis project the HR Playbook, which can be found from appendix 5. The six key development outcomes where: 1. Approach, 2. Compliance, 3. Service providers, 4. Compensation and remuneration, 5. Staffing and 6. Global mobility. As an additional method of validating the key development outcomes some of them were tested at the Swedish location of the commissioning party. This included investigating, modifying, and clarifying some of the local HRM practices and other incremental developments related to service providers and global mobility. Due to the time frame and scope of the thesis project, there was no possibility to fully implement the six key development objectives. To be able to fully assess the relevance of all six key development objectives they would need to be implemented when establishing a new foreign location of the commissioning party.

The most beneficial key development for the commissioning party is to approach internationalisation and the establishment of a new foreign location as a project. The selection of the project team is crucial and there should be strong consideration to creating a set of partners that lead the project team together. When selecting the project team, interested parties who possess relevant skills should be included. When the decision to establish a new foreign location is made, a recommended practice would be to do a risk assessment to avoid any unnecessary risks. Leveraging networks to find suitable service providers and the aim of creating a partnership with them is also crucial. Consideration should also be given to the organisations staffing approach and how it will manage global mobility.
6 Conclusions

The purpose of the thesis project is to outline factors that need to be considered when establishing operations in a foreign location within the EU, especially from the perspective of IHRM. A conceptual framework has been created by researching relevant and current theoretical articles and literature in the areas of interest, which have been assessed in detail in chapter 3. The final product of the thesis project, the HR Playbook, has been created based on a conceptual framework, the template analysis, which based on qualitative data collected using SSIs, and utilising direct quotes from the transcripts of these interviews. The HR Playbook is published as a part of the thesis report and can be found from appendix 5. It is seen to provide value to other Finnish born mMNEs who are looking to internationalise their operations, which has been assessed objectively based on feedback received from the commissioning party on the final product and the interest of participants.

Based on the template analysis performed as a part of the thesis project a set of main themes emerged are used to respond to the research questions. These main themes are categorised as Company, People, Local and HR. Subgroups under these themes can be found from appendix 3. The template analysis, further analysis of direct quotes from the transcripts and the theoretical framework presented in chapter 3, were all utilised to reach the conclusions of the research questions. In response to RQ1: which factors need to be considered when establishing operations in a foreign location within the EU area from an international human resource management perspective? it is concluded that the factors that need to be considered from an IHRM perspective when establishing operations in a foreign location within the EU is the approach the organisation takes on the internationalisation efforts, the legal and organisational structure of the organisation, issues related to compliance, the role of HR in the organisation, the selection of service providers, the development opportunities offered to personnel, the staffing approach the organisation takes, the creation of employer awareness, as well as matters related global mobility.

In regard to RQ2: which human resource management practices should be designed to be transferable to ensure alignment with the organisation’s strategy? it was found that organisations should aim to create a global vision and mission and ensure strategic alignment by creating strategic objectives, which would then be tied global compensation models and incentives. As HRM practices vary heavily between locations, especially those that are tied to benefits, there would need to be further research to fully identify the HRM practices that should be designed to be transferable to ensure strategic alignment. RQ3: how can the organisation enable sufficient knowledge transfer and create a connection to the
organisational culture when establishing a new foreign location? is concluded in a recommendation that organisations should utilise personnel members who have worked for the organisation for a longer period of time to transfer knowledge and create a connection to the organisation culture of the country of origin, as well as across locations. This can be done by selecting a set of partners, one from the country of origin and one from the foreign location.

Selecting a set of partners to establish the new foreign location is one of the most concrete practices identified from the data analysis that helps in creating a connection to the organisational culture and transferring sufficient knowledge. As existing practices are implemented together with the person from the country of origin, they are able to help adjust and adapt it to the local markets from the start. Using partners with different backgrounds and capabilities further strengthens the diversification and versatility of the approach.

Something that can be identified from the data analysis is that Finnish born mMNEs are prone to using people, not structures or practices, to create a culture connection across location and transfer knowledge. This poses a real threat in losing accumulated knowledge and experience due to organic turnover, which emphasis the need for organisations to create methods and structures to utilise individual knowledge in the creation of organisational knowledge to enable a more systematic approach to knowledge transfer.

Based on the data analysis there is also some indication that the claim that internationalisation of Finnish SMEs is driven by the interests of individuals within the organisation (Miettinen, 2008, 198-202, 211; Pulkkinen & Larimo 2004, 94; Nummela & al., 2004, 49) is somewhat true when reviewing the context of Finnish born mMNEs. The needs of clients can also be seen as a determining factor, but when looking at the data, this factor did not come up as often as elements that were connected to individuals. This may be due to the point of view of the interview, which was primarily focused matters related to IHRM, in accordance to the defined objectives. Regarding the selection of service providers it could be pointed out that the level of outsourcing operational functions, such as bookkeeping and payroll, is quite high in Finland compared to many other European countries (Cranet 2017, 30). This is an element that Finnish born mMNEs should consider when internationalising, as many service providers may not be aware of the extent and level of services expected from them. Especially when talking about born mMNEs resources tend to be scarce (Vanninen & al., 2017, 365-366) and therefore, the ability to create partnerships with service providers is crucial to ensure operational success.
6.1 Benefits Evaluation

The primary benefit to the commissioning party Columbia Road is the production of the HR Playbook, which will form a part of the Internationalisation Playbook. They are able to utilise the findings produced by the thesis project to support their internationalisation efforts by leveraging the knowledge gathered from relevant participants whose expertise can be considered as highly specific, especially when looking at the context of Born mMNE within the ICT industry. Therefore, the biggest benefit is the accrual and documentation of collective knowledge, as well as applying this knowledge to create concrete actions for the commissioning party in the form of the HR Playbook.

The HR Playbook contains concrete suggestions on factors that should be taken into consideration when establishing a new foreign location, such as the legal and organisational structures, how to select a suitable service provider and how to create a culture connection across locations. As the commissioning parties objective is to establish further locations within EU the HR Playbook will provide them with a solid tool that they can utilise and modify based on their experiences. The secondary benefit is that other Finnish born mMNEs have the possibility to utilise the findings and collective knowledge gathered as a part of the thesis project.

6.2 Further Development

To fully understand the transferability of HRM practices of an organisation an observational study should be conducted that would review all the relevant policies and practices of an organisation. Interviewing was not seen as the optimal way to gather information about the HRM practices. As HRM practices seem to vary between locations, further investigation should be conducted to identify, which of them are actually transferable at all and which of them need to be localised. In addition, an organisation’s view of the extent they have for created transferable HRM practices may be skewed, as they may believe that an HRM practice is transferable when in fact they are viewing it from the context of the country of origin.

RQ3 looked at the way an organisation could enable sufficient knowledge transfer and create a connection to the organisational culture when establishing a new foreign location. This was a question that was initially included in the research plan, but after the project plan was reviewed with the thesis coordinator it was taken out due to the expansive nature of this research question. It was seen to expand the scope of the thesis project to the extent that it might not be relevant to the commissioning party. This research questions was however re-introduced into the thesis project after the first interview with participant
A, which highlighted the importance of creating a culture connection across locations as a method of strategic alignment. As organisational culture is a vast and expansive subject matter, there would be ample possibilities to expand and clarify the different elements of this research question.

6.3 Quality Assessment

Even further consideration could have been given to ensure the credibility of the data analysis. The first transcript was manually reviewed for preliminary coding by the author, which included the exclusion of all research questions. However, as the full dataset was then run through an automated script that reviewed the frequency each word there was no possibility to fully exclude the research questions from this part of the analysis. The material was however reviewed manually for compound words, at which time the author also cross-checked the use of the most frequently used words and their positioning in the material to ensure their relevance. If the words were primarily represented within the research questions the finding was discredited and not included in the final template. However, when looking at the overall credibility of the data, sufficient steps were taken to ensure that the representations of the participants matched their intentions and all audio-recordings where transcribed in full and to a limited extent in verbatim.

Much consideration was given to ensure that the authors prior experience with the subject matter would not create any concerns over the credibility of the thesis project. The authors prior experience can also be seen as an advantage, as it enabled the use of the authors own insights and knowledge about the internationalisation of Finnish born mMNEs. It also provided the possibility to engage relevant participants, which are hard to find when looking at the scope of the thesis project. However, this may also raise ethical concerns about participants feeling pressure to participate in the research. To decrease these concerns, the author offers limited information of a participant who was contacted but chose not to participate due to prior time constraints and limited information of the areas of interest. To address valid concern of bias in the selection of participants, they were selected based on their function or role within the born mMNEs to enhance diversity of the data.

As a method to further ensure the relevance and credibility of the insights gathered from the data analysis, a method of validation testing has been used by implementing incremental development objectives in practice at the Swedish of the commissioning party. The author has also sought to ensure the dependability of the thesis project by documenting relevant changes to their research plan, the final report of the thesis and the final product of the thesis project the HR Playbook. There has been great emphasis on the transferabil-
ity of the thesis project, as the author has provided a full description of the research questions, research design and the context the research is being executed in, as well as further elaborating on the findings and interpretations in detail. In addition, the author has shared all the relevant information of the data collection process so that it can be transferred and utilised in another research.

As the author is currently employed by the commissioning party, they have had access to internally available data and gained insights through participation in the organisations daily activities. Especially when talking about qualitative research, which holds no claim to objectivity, it can be stated that the thesis project has, to an extent, been executed from the authors point of view and that the author has inevitably influenced the analysed data as they have selected, which findings have been highlighted. The author has also utilised their own real-life experience in the subject matter when formulating the interview guide, which at times is highly contextual and specific to the subject matter. Qualitative interviewing is a highly personal activity and therefore the voice of the participants is almost always filtered through the account of the researcher (King & al., 2019, 175-177).

The theoretical framework provided focus and structure to the thesis project and was utilised in the creation of the interview guide. However, the author has reviewed and organised this material, as well as the data collection and data analysis to serve the objectives set by the commissioning party. This has inevitably created a representation that is directed and guided by the needs of the commissioning party. As the author has been individually responsible for the completion of the thesis project, including the final product, it may also be considered that they have further influenced its content. The author has not been aided by other personnel of the commissioning party, with the exemption of the contact person. The thesis project has not utilised any external consultation or other parties that would put into questions the true source of the author of the thesis project.

6.4 Self-reflection

The author has been able to complete the thesis project in the initially planned time frame, despite an unforeseen change in circumstances due to the Novel COVID-19 pandemic, which not only had an effect on the author, but the commissioning party as well. However, as the data collection had been completed according to the initial project plan, the author was able to process the data from the interviews and complete the data analysis on schedule. The later part of the thesis project was primarily used to formulate the thesis report, which provided the author with key learnings on how to present data and findings in a coherent way.
The author was also able to reflect and assess on the resources chosen for the theoretical framework. In regard to the theoretical framework, there were some concerns over the use of the conference presentation by Berglund (10 February 2019), which was presented at the EY global mobility and working abroad conference presentation. However, the author found this presentation to support the thesis project to such an extent that the use of a conference presentation as a theoretical source was justified, as its content was further backed by findings from other theoretical sources. The author also wanted to ensure that there would be no unjust concern of plagiarism or any other ethical concerns and therefore chose to use the conference presentation as one of the sources of the thesis project.

The author spent considerable amount of time looking into the methodology of the research to ensure its quality and create an understanding of the chosen methods of data collection and data analysis. As the author was conducting qualitative research for the first time, they decided to really immerse themselves in these methods, as they were a bit unsure on how to apply these methods in a real-life context. Especially the use of SSIs is more common in social sciences, which have a stricter approach to the interpretation of participants meanings due to the nature of the research. The author found the realisations regarding the methodology and methods of qualitative research to be one of the greatest learnings. If the author were to perform the thesis project again, they might consider focusing on one of the research questions in more detail, interviewing a larger number of participants and doing a longitudinal study, which would allow them to implement and test the findings in practice. In this case they would most likely perform the thesis project as action research.
References

Annual Leave Act 480/1977


Charter of Fundamental Rights of The European Union 2012/C 326/02.


Attachments

Appendix 1. Interview Guide for Semi-Structured Interviews

Background Information

- Please describe your experiences with the internationalisation of organisation(s).
- How would you describe the organisational structure of the organisation(s)?
  - Was it country or region based or a matrix organisation?
- How would you describe decision-making regarding personnel?
  - Were the decisions made locally or globally?
  - Were they done by line managers, upper management and/or HR?
- How would you describe the role of line managers in the organisation(s), if any?
  - Was the role defined globally or did it differ locally?

Staffing

- How important have you found human capital to be to internationalisation effort(s)?
  - What measures have you seen taken to ensure sufficient human capital?
  - Were networks utilised?
- Was the organisation(s) staffing ethnocentric, polycentric, or geocentric?
  - Ethnocentric: appoint employees from the origin country in key positions
  - Polycentric: employ local talent, who have prior knowledge of the market
  - Geocentric: select the best person for the position regardless of nationality?
- How important was culture and knowledge transfer seen to be when staffing?
- What approaches we’re taken to build employer awareness in the foreign location?
  - What were the concrete actions or steps taken?

International Human Resource Management (IHRM)

- Could you describe the role HR in the organisation(s)?
  - Did HR act locally, globally, or centrally?
- What has been HR’s role in the internationalisation effort of these organisation(s)?
  - Was the role operational, strategical or both?
- Was IHRM seen as a core competence in the internationalisation effort(s)?
  - Was it seen as strategic or operative?
- What was the approach regarding HRM practices: cross-border or local?
  - Which HRM practices were transferred cross-border and why?
- Were any HR functions partially or fully outsourced to external service providers?

External Resources

- Were external resources local or global (multinational) service providers?
  - If local, where and how did you find information about them?
  - If global, did they coordinated other service providers used?
  - Was there a difference in the types of services purchased?
- How would you describe the relationship(s) with external resources?
  - Would you describe it as partnerships?
International Assignments

- Was there a policy or guidelines in place regarding international assignments?
  - Were relocations to local employment contracts used?
- Were tools (e.g. flowcharts) utilised to track individual international assignments?
- Did talent management play a role in the international assignment decisions?
  - Was it considered from POV of the organisation, project, client, individual?
- Was there a policy or guidelines in place for repatriation and/or knowledge retention?

Closing Question

- Have you found any best practices or recommendations in the establishment of a foreign location?
- Is there anything else you would like to add, or did you feel that there was something missing from the topics that should have been asked?
Appendix 2. Invitation to Participate

Subject: Request for an interview regarding the internationalisation of ICT companies in Finland

Dear [Name],

My name is Sally Pett and I am part of the HR team at the digital growth consultancy Columbia Road. I’m currently working on my master’s level thesis project at Haaga-Helia UAS and would kindly request your participation in a semi-structured interview regarding the internationalisation of companies, which originate from Finland and operate in the ICT sector. The interview would take approximately 60 minutes, either face-to-face or online, and may be held either in Finnish or English, in accordance to your preferences.

The thesis has been commissioned by Columbia Road and will focus on the internationalisation of organisations from an HR perspective, with an emphasis on international human resource management, cross-border HRM practices, staffing methods and international assignments, as well as the use of external service providers.

I would wish to interview you due to your extensive knowledge and experience in the subject matter. Any insights, learnings, best practices, or ideas you are willing to share would be highly valued. You may choose to participate in the thesis project anonymously, in which case your identity will only be revealed to the assessors of the thesis project.

The interview would mainly be guided by your experiences and expertise, but I have also prepared some sample questions, which will help guide the discussion and provide further clarification to the objectives of the semi-structured interview.

- Please describe your experiences with the internationalisation of organisation(s).
- How important have you found human capital to be to internationalisation effort(s)?
- Was the organisation(s) staffing ethnocentric, polycentric, or geocentric?
- How important was culture and knowledge transfer when staffing?
- Was IHRM seen as a core competence in the internationalisation effort(s)?
- Were any HR functions partially or fully outsourced to external service providers?
- Was there a policy or guidelines in place regarding international assignments?
- Did talent management play a role in the international assignment decisions?
- Have you found any best practices in the establishment of a foreign location?

If you are interested in participating in the semi-structured interview, please respond by the end of February 2020 either to this email or calling me. Do let me know if you have any questions or concerns, I’m more than happy to share further information.
Appendix 3. Template Analysis

1. Company
   1.1. Organisation
      1.1.1. Entity
      1.1.2. Structure
      1.1.3. Global
      1.1.4. Leadership
         1.1.4.1. Director
         1.1.4.2. Manager
         1.1.4.3. Team Lead
   1.2. Strategic
      1.2.1. Approach
      1.2.2. View
      1.2.3. Growth
      1.2.4. Plan
      1.2.5. Decision
      1.2.6. Goals
   1.3. Business
      1.3.1. Product
      1.3.2. Project
      1.3.3. Priority
   1.4. Culture
      1.4.1. Values

2. People
   2.1. Person
      2.1.1. Individual
      2.1.3. Employee
   2.2. Position
      2.2.1. Career
      2.2.2. Development
   2.3. Experience
      2.3.1. Perspective
   2.3.2. Knowledge
      2.3.3. Learning
      2.3.4. Seniority
   2.4. Communication
      2.4.1. Discussion
      2.4.2. Talking
      2.4.3. Conversation
   2.5. Recruitment
      2.5.1. Hire
      2.5.2. Selection
      2.5.3. Availability
      2.5.4. Employer awareness
   2.6. Staffing
      2.6.1. Talent
      2.6.2. Team

3. Local
   3.1. Country
      3.1.1. Market
      3.1.2. Environment
   3.2. Location
      3.2.1. Place
      3.2.2. Office
   3.3. Difference
      3.3.1. Specific
      3.3.2. Situation
      3.3.3. Context
   3.4. Network
      3.4.1. Contact
   3.5. Provider
3.5.1. External
3.5.2. Partner
3.5.3. Service
3.5.4. Expectation
3.5.5. Responsibility
3.5.6. Relationship
3.5.7. Cooperation

4. HR
4.1. Role
   4.1.1. Involvement
   4.1.2. Support
   4.1.3. Help
   4.1.4. Coordination
4.2. Process
   4.2.1. Model
   4.2.2. Practice
   4.2.3. Guideline
   4.2.4. Policy
   4.2.5. Create
4.3. Setup
   4.3.1. Build
   4.3.2. Establish

4.3.3. Implement
4.4. Legal
   4.4.1. Contract
   4.4.2. Challenge
   4.4.3. Requirement
4.5. Compensation
   4.5.1. Benefit
   4.5.2. Salary
   4.5.3. Payroll
4.6. Global Mobility
   4.6.1. International Assignment
   4.6.2. Transfer
      4.6.2.1. Relocation
   4.6.3. Send
      4.6.3.1. Abroad
   4.6.4. Return
   4.6.5. Package
   4.6.6. Expatriate
      4.6.6.1. Assignee
         4.6.6.1.1. Family
Appendix 4. Flow Chart of Internationalisation Practicalities

<table>
<thead>
<tr>
<th>Business</th>
<th>HR</th>
<th>Finance</th>
<th>Legal</th>
<th>Service Providers</th>
<th>Authorities</th>
<th>Payroll</th>
<th>Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Define Business Need</td>
<td>Market Entry</td>
<td>Adverse and Consultation</td>
<td>Adverse and Consultation</td>
<td>Contractual and Legislative Obligations</td>
<td>Social Security and Statutory Payments</td>
<td>Salary Payments</td>
<td>Bookkeeping</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Tending Process for Service Providers</td>
<td>Tending Process for Service Providers</td>
<td>Selection of Service Provider</td>
<td>Immigration (if applicable)</td>
<td>Taxation</td>
<td>Monthly Annual Reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Selection of Service Provider</td>
<td>Selection of Service Provider</td>
<td>Assessment of Organisational Structure</td>
<td>Registering as an Employer and Tax Liability</td>
<td>Monthly Annual Reporting</td>
<td>Monthly Annual Reporting</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Assessment of Organisational Structure</td>
<td>Assessment of Organisational Structure</td>
<td>Assessment of Organisational Structure</td>
<td>Company Registration</td>
<td>Company Registration</td>
<td></td>
</tr>
</tbody>
</table>
Columbia Road

HR Playbook for Internationalisation

Digital growth consultancy by futurice
Objectives

Setting up a new foreign location is time consuming and the new external environment may be hard to navigate. To help expedite and clarify the internationalisation process from an international human resource management point of view, this HR Playbook has been created to support the internationalisation efforts of Columbia Road. The secondary objective is to provide similar organisations the possibility to utilise the insights and collective knowledge gathered in this HR Playbook. It has been created based on a theoretical conceptual framework and qualitative data collected from relevant participants in the form of semi-structured interviews.
So, the decision to set up a new location abroad has been made - how exciting! Before moving forward there are still some things to consider. This document contains information on how to set up a new foreign location, with a focus on creating legal and organisational structures that enables and sustains growth.
Contents

→ Approach
  ◆ Time & Resources
  ◆ Cross-competence Project Team
  ◆ Legal and Organisational Structures
  ◆ Non-standard Employment
  ◆ Time Frame

→ Compliance
  ◆ Time Frame
  ◆ Risk Assessment
  ◆ Financial Reporting
  ◆ Employer Obligations
  ◆ Exit Possibility
Content

→ Service Providers
  ◆ Utilising Networks
  ◆ Local vs. Global Provider
  ◆ Building Partnerships
  ◆ Process Description

→ Compensation & Remuneration
  ◆ Global Compensation Model
  ◆ Total Remuneration Model
  ◆ Benefits Matrix

→ Learning Opportunities
  ◆ Alignment & Communication
Approach

When setting up a new location, start with thinking about the time and resources that are needed to enter the market. Setting up a new location should be approached as a project, which needs a cross-competence team to run it.

Great consideration should be given to the legal and organisational structures that are required to operate in the location and the use of non-standard employment agreements and arrangements in the market.

A sufficient and realistic time frame should be established in advance to determine its success.
Time & Resources

➔ Be realistic and understand the market
  ◆ Consider utilising a PESTEL analysis or other tool to make sure to consider various external factors that affect the market

➔ Ensure sufficient resources and time to succeed
  ◆ People, knowledge, time and experience
  ◆ Consider using external help, if needed

➔ No matter the market, expect it to take time to enter it

➔ Ensure that moving fast doesn't create unnecessary exposure to risks
Cross-competence Project Team

- Setting up a new location requires many different skills and expertise
- Approach it as a project and build a cross-competence team
- Consider creating a set of partners to run the project
  - Give them time to work on the project full-time
  - Person focusing on business ramp up and opening the markets
  - Person focusing on creating structures to establish operations
- HR and Marketing need to be involved early on in the process
  - Consider if Marketing should be the first one to enter the market to create awareness and activate the market for sales
Legal and Organisational Structures

→ Consider what type of legal and organisational structures need to be created and understand how it affects the whole group
  ◆ Holistic approach that takes into account future scalability
  ◆ Always consider the effect on local and global taxation
→ Consider the need to create a legal entity to operate in each location or if there is a possibility to use other methods to enter the market
  ◆ The more legal entities there are the more complex it gets!
→ Permanent Establishments aren’t often as easy as they seem
  ◆ Assess how PEs affect the whole groups organisational structure
  ◆ Make sure what rights and obligations PEs have in the location
Non-standard Employment

➔ Consider if there is a need to employ people in the location
➔ Is there actually a need to register as an employer?
  ◆ There may even be a need to register as an employer even if there aren’t employees, due to taxation or other regulations
➔ What is the availability of freelancers or sole traders in the market?
  ◆ Do they operate through their own companies?
  ◆ Do they work for other clients as well?
➔ Is there a possibility utilise Employer of Record (EOR) or Professional Employer Organization (PEO) services in the location?
➔ Understand the rights and obligations these arrangements create
Time Frame

→ Consider the time frame the project team has to establish the new location and get things up and running
  ♦ Creating the legal and organisational structures, creating processes for daily routines, finding a space to operate from
→ Think about the time frame the new location has to:
  ♦ Establish a client base and create revenue
  ♦ Break even and start creating a profit
  ♦ Start growing the business
  ♦ Remember to consider the time frame based on the locations market, not only previous experiences from other locations
<table>
<thead>
<tr>
<th>Legal and Organisational Structure</th>
<th>Service Providers</th>
<th>HR</th>
<th>Employer Awareness</th>
<th>Recruitment</th>
<th>Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Q1</strong></td>
<td><strong>Q2</strong></td>
<td><strong>Q3</strong></td>
<td><strong>Q4</strong></td>
<td><strong>Q5</strong></td>
<td><strong>Q6</strong></td>
</tr>
<tr>
<td>Create and understanding of the legal requirements and organisational structure</td>
<td>Company registration and other relevant registrations (employer, taxation)</td>
<td>Further ensure compliance of legal and organisational structure (policies)</td>
<td>Consider cross-border movement of costs and its implication on taxation</td>
<td>Annual reporting and establishing end of fiscal year routines</td>
<td>Maintain and assess compliance, keep track of changes in legal requirements due to changes in legislation or the growth of the company revenue or amount of personnel</td>
</tr>
<tr>
<td>Identify needs and search market for suitable service providers and ten</td>
<td>Select the most suitable service provider and establish understanding</td>
<td>Establish monthly payroll and accounting routines, as well as reporting</td>
<td>Preparation for annual reporting and end of fiscal year</td>
<td>Annual reporting and establishing end of fiscal year routines</td>
<td>Continue to increase awareness and understanding of the companies needs and ways of doing things. Cultivate relationship in order to create a partnership</td>
</tr>
<tr>
<td>Create an understanding of the local labour market and employer obligations</td>
<td>Create local employment contracts and build capability to hire first employee</td>
<td>Fulfill most critical employer obligations and statutory requirements</td>
<td>Establish local total remuneration and implement global compensation</td>
<td>Ensure all employer obligations are fulfilled to be compliant</td>
<td>Ensure relevant global HRM practices are implemented and adjusted to local needs</td>
</tr>
<tr>
<td>Start initial marketing activities to create employer brand awareness</td>
<td>Create a plan for employer awareness, attend events and fairs, identify relevant schools</td>
<td>Establish networks and consider paid presence at events, fairs and schools</td>
<td>Continue cultivating local networks and access new ones through local personnel</td>
<td>Set up cooperation with local student associations</td>
<td>Assess if there is a need to further localise global HRM practices or create new local ones</td>
</tr>
<tr>
<td>Find a suitable headhunter to search for local leader</td>
<td>Recruit a local leader and transfer internally selected person on site</td>
<td>Identify suitable headhunter(s) and assess non-standard employment options</td>
<td>Engage suitable headhunter(s) and recruit competence leads (locally or internally)</td>
<td>Make a recruitment plan and use local personnel to find relevant recruiting channels</td>
<td>Recruit the needed internal functions (locally or internally) Marketing, HR, Office, Finance</td>
</tr>
<tr>
<td>Create and understanding of the elements of culture and practices that need to be transfer</td>
<td>Create a plan of cultures and knowledge transfer between leading partners</td>
<td>Plan the staffing approach and consider its effect on culture and knowledge transfer</td>
<td>Pair locally hired competence leads with internal peers to ensure knowledge transfer</td>
<td>Ensure participation to global events and cross-border knowledge sharing to create connection</td>
<td>Create recurring local events and get-togethers to foster local culture</td>
</tr>
<tr>
<td><strong>Establishing</strong></td>
<td><strong>Enabling Growth</strong></td>
<td><strong>COLUMBIAROAD.COM</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Always critically assess the need of each new location - the more locations there are the more complex it gets! Assess likely risks and have a basic level understanding of the unlikely ones too. Try to avoid taking risks that aren’t understood. Consider using external guidance to help.

Ensure that the legal and organisational structure is compliant and that there is understanding of the reporting requirements. Investigate what the relevant employer obligations are and they can be implemented. Also make sure that there is a possibility to exit the location, if needed.
Risk Assessment

→ Include a person early on who can assess
  ◆ the likely risks of operating in the location
  ◆ the feasibility of the selected legal and organisational structure

→ If there is no knowledge in-house, consider using external guidance

→ Create and understanding of unlikely risks as well to ensure decisions are based on sufficient information

→ Avoid taking risks that aren’t understand
  ◆ Always assess the risk of a permanent establishment before conducting any business on-site or using freelancers
Financial Reporting

→ Always consider the legal and organisational structures effect on local and global taxation
  ◆ Cross-border cooperation and teams -> transfer pricing
  ◆ Transferring funds between locations -> tax liabilities
→ Understand the resources needed to complete statutory external and internal financial reporting
  ◆ Something that is simple from a legal or organisational structure POV may complicated from financial reporting POV
→ To be able to operate effectively, consider how the financial reporting of each location can be aligned and potentially harmonised
Employer Obligations

➔ All locations have different employer obligations that need to be investigated and assessed how they can be implemented

➔ Obligations include, but are in no way limited to:
  ◆ Collective agreements, employment agreements and dismissals
  ◆ Health and safety, including requirements to train employees
  ◆ Statutory insurances and benefits, working hours
  ◆ Diversity, inclusion, equity and equality requirements
  ◆ Annual leaves, other leaves of absence and parental leaves

➔ Remember that obligations may vary by state, province or region
  ◆ All rules and regulations don’t always apply to the whole country
Exit Possibility

→ Sometimes things don’t go as planned and there is a need to exit the location
→ Ensure that there is a basic level understanding of the possibilities to close down the operations
  ◆ Is it possible to unregister a legal entity and how long this takes?
  ◆ In some countries this can be a very lengthy and costly process
When running the new location there may be a need for some additional help - sometimes to understand and navigate the new environment, sometimes just an extra pair of helping hands. Whatever the need, be sure to utilise networks to get recommendations.

At times it may make sense to prefer smaller local providers and then there are cases that only Big Fours can handle. Whatever the provider, keep in mind that coordinating their actions always remains in-house ant that it always pays off investing the time to elevate a relationship to a partnership.
Utilising Networks

→ Use networks to identify suitable service providers
  ◆ It is unlikely to find suitable ones by independent research
→ Discuss with other similar organisations who operate in the same location(s)
→ Don’t commit to the first suitable service provider
  ◆ Have a short call with different types of providers
  ◆ Consider further discussions with 2-3 options
→ As with that first recruit, selecting the right service provider is crucial and making the wrong choice may be costly
Local vs. Global Provider

→ Always consider the need the service provider is fulfilling
  ◆ Is it highly localised or do they need to understand the international aspects of the service they are providing?
  ◆ It is unlikely to find a one-stop shop but it's worth trying
→ Consider using local providers to help with routine tasks
  ◆ They tend to be more cost-efficient and flexible
→ When more in-depth knowledge is required on complex, international cases consider using a global provider
→ Immigration and visas often require in-depth local knowledge
  ◆ Make sure if these need to handled by a legal services provider
Building Partnerships

→ Remember that the coordination of service providers remains in-house, so make sure there is understanding on how they operate.
→ Invest in building a good relationships - aim for a partnership.
→ Clarify expectations from the start to ensure reliability and understanding.
→ Make sure responsibilities are clearly defined to avoid any gaps.
   ◆ Request proactive information sharing, especially regarding changes in local regulations or requirements.
→ Create sufficient documentation to ensure knowledge transfer.
<table>
<thead>
<tr>
<th>Selection</th>
<th>Implementation</th>
<th>Establishing</th>
<th>Maintaining</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use networks to identify suitable service providers</td>
<td>Create a plan, share expectations and clarify responsibilities</td>
<td>Ensure understanding on how things are done and share information</td>
<td>Invest time in creating a good relationship - it pays off in the long-run!</td>
</tr>
<tr>
<td>Have short introductory calls with different types of providers and continue the discussions with 2-3 of them. Try to meet them in person, if possible!</td>
<td>When the right service provider has been found, create a plan on what needs to be done, the order they need to be completed in and who is responsible for them.</td>
<td>As service providers work with many companies, who all have different needs, it is important to create clarity and share information - both ways!</td>
<td>Aim to create a partnership and maintain it. Document what has been agreed and how it is done on a sufficient level to ensure transferability and substitution.</td>
</tr>
</tbody>
</table>
All locations should be guided by the same vision and mission. Alignment should be ensured by creating strategic goals, which are tied to global compensation models, such as the company bonus model.

Local flexibility can be achieved by creating total remuneration models, which include locally relevant benefits and insurance. Each location has different types of tangible and intangible benefits that employees expect. Some are statutory, some are market practice and some can create a competitive advantage. Just copying the remuneration model of another location rarely works!
Global Compensation Model

→ A global salary and/or career level model will ensure clarity and the ability to compare the level of compensation between locations

→ Salaries should always be adjusted to reflect the cost of living and labour market of each location

→ Creating a global short-term incentive plan with group level strategic goals helps to create alignment between locations
   ◆ This encourages everyone to work together and prevent silos

→ Creating a global long-term incentive plan will promote commitment
   ◆ Participation should be open to all and should be voluntary
   ◆ Ensure that the plan is understood by those who participate
Total Remuneration Model

→ Each location has its own market practices that need to be assessed
  ◆ Utilise networks to find information and recommendations
  ◆ Assessment should always be based on benchmarking relevant competitors and similar organisations
  ◆ If the assessment is based on the wrong benchmark it may affect profitability and competitiveness

→ Consider all different types of remuneration and understand what their perceived value is
  ◆ Are they statutory, customary, market practice or insignificant?
Learning Opportunities

Opening a new location creates great opportunities for learning and professional development. As we all can’t work on the same project, there needs to be a transparent and open selection process to determine who will be working on the cross-competence project team.

It is crucial to ensure that the personal interests of each team member is aligned with the strategic goals. Consider motivation and long-term career plans. There is a need to manage expectations and be transparent about what skills are needed and how the selection process works.
Alignment & Communication

- Define and clarify what kind of skills and expertise will be needed in the project team and openly communicate them.
- Consider asking the whole organisation who would be interested in helping set up a new location and interest in going onsite.
  - Remember to be transparent that everyone can’t go!
- Discuss about the motivation and long-term career goals.
- Make sure that the personal career goals of the selected team members are aligned with the group wide strategic goals.
  - Misalignment may create a lack of focus and lost opportunities.
- Openly communicate who was selected and why.
Staffing

When the legal and organisational structures enables to take on the first team members there should be a focus on the first recruitments. Of course this has been under consideration all along and there has already been discussion about it with current team members.

The first recruitments are crucial and should always be based on the right fit and be aligned with the skills needed. The skills needed may vary, but the right fit is always critical! Investing in building employer awareness through events, fairs and student organisations is good to start right away to get people excited and eager to join.
Getting Started

→ Every new person recruited affects and changes the company
  ◆ Especially when recruiting the first team members!
→ Consider using headhunters to start, as they help accessing and creating visibility in relevant local networks
  ◆ The access can then be increased through local recruitments
→ The aim is to grow the team with local team members, as they know the market and have local networks
  ◆ This doesn’t mean that team members couldn’t come from other locations, but there should be a strong need for it
→ All recruitment decisions should be aligned with the strategic goals
Transfers

➔ Always consider who is the best fit for the team
  ◆ Do their competences and skills complement others?
  ◆ Are they comfortable starting from scratch and ambiguity?

➔ Selection should be driven by strategy, not a short-term need
  ◆ For short-term needs consider remote team members who can occasionally travel onsite

➔ Cross-border transfers should have a local employment agreement
  ◆ This is to ensure fairness and commitment of all team members

➔ Staffing approach may vary depending on the needs of the location
Getting people excited to join requires building awareness

Consider building awareness beforehand to open the market

- However, never make commitments that can’t be kept!
- The legal and organisational structure must always be in place before any commitments are made
- If not, there is a risk of losing suitable candidates

There are no silver bullets to creating employer awareness

- Participate in events and fairs to create networks
- Find relevant student organisations to cooperate with
- Involve Marketing and utilise their knowledge and expertise
Knowledge Transfer

→ Consider what knowledge is crucial and how it can be transferred
→ Utilise people who have worked at the organisation for a longer period of time to transfer knowledge in different ways
  ◆ They don’t always have to be onsite - consider using a cross-border buddy systems to pair them up with new people
  ◆ Especially technical and organisationally relevant tacit knowledge is hard to transfer and requires a human-to-human connection
→ Try to identify people who already have prior knowledge and experience of the new location and utilise their networks
Culture Connection

→ Consider having a set of partners growing the new location
  ◆ One person who has worked in the organisation for a longer period of time to ensure knowledge and culture transfer
  ◆ One local recruitment who knows the market and has networks
→ Ideally they would compliment each others skills to ensure a balance
→ The aim should always be to build a connection not copy the culture
→ Culture is continuously evolving and needs to adapt to growth
  ◆ Cultures between sites may differ from each other
  ◆ This offers a possibility for development and learning
When people transfer to other locations there are lots of things to consider: is it temporary or long-term? Are they moving alone or will they will be moving with family members? Do they have children?

Whatever the scenario, a global mobility framework helps guide people and ensure transparency. It doesn’t have to be rigid, but needs to clearly state what can be expected and what the responsibilities are.

Moving is never easy and that is certainly the case when moving to another country! Be sure to manage expectations and create understanding on what it takes.
Consider the different types of global mobility utilised

- Transferring people to new locations with a local employment contract until further notice
- Sending people to new locations on secondment for a fixed term
- Relocating new employees from other countries and locations
- Short-term secondments or long-term business trips

Consider the needs of each global mobility type

- With and without family members

Balance the level of assistance and services needed between types

- They might not all need the same services
Assistance Level

→ Consider the level of assistance and services provided
  ◆ Remember to consider their impact on the culture
  ◆ Consider the time and other resources saved by using them
→ The level of services should be the same for all and flexible
  ◆ Consider creating a possibility to choose from a set of services
  ◆ Identify key services offered to all to ensure compliance
→ Offer services not money to ensure efficiency
  ◆ Finding suitable service providers case-by-case is difficult
  ◆ The purpose is to offer help not additional compensation
Agreement & Coordination

→ When the decision to transfer or send someone to another location is made it needs to be openly communicated in a timely manner
  ◆ Never make commitments that can’t be kept!
→ Relevant agreements should be in place before any action is taken
  ◆ Negotiating and agreeing on terms is an important step to ensure alignment and understanding
→ Keep track of transfers and secondments
  ◆ When are people leaving and when are they coming back
→ There is always a need to coordinate service providers - either in-house or externally!
Managing Expectations

→ Moving to another location is time consuming and challenging
  ◆ Give people time and be patient and fair
  ◆ Consider offering leave of absence to facilitate the move
→ There is a limit to what service providers can help with
  ◆ The person always retains personal liability and responsibility and therefore need to understand what is happening
→ Encourage knowledge sharing but be mindful that things change fast
  ◆ Conduct fact checks before acting on prior advice or experiences
References


