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THE CASE STUDY OF NOKIA SIEMENS NETWORKS

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ABSTRACT

This thesis aims to studying the prevalent IHRM activities of MNCs in the recent years which are HRM transformation and its implementation process. It will be carried out by investigating the HRM reorganization of Nokia Siemens Networks (NSN) in 2008 and the change implementation process carried out in NSN Asia Pacific (APAC) and NSN Vietnam. The research is mainly framed through the internal document of the studied company and four interviews with NSN APAC/Vietnam HR Managers and Vietnam Sales Managers. The conceptual framework of this research is constituted from the interrelation of operational strategy of specific multinational companies, the International Human Resource Management (IHRM) with the balance between centralization and decentralization and the HRM transformation process. Changing the HRM system from Country base to Customer-operation base approach, NSN top managers have got many improvements in their management of human resources regarding Employee's Engagement, Recruitment, Compensation, Training and Career's Development and Performance Management. This positive result represents the evidence of the appropriate adjust between company's IHRM power centralization and decentralization. Moreover, in order to correctly apply the latest approach, every NSN's employee is suggested to get through a change implementation process which provides them generic guidelines to gradually adapt to the new circumstance.

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ABBREVIATIONS

ACP	Annual Compensation Planning
APAC	Asia Pacific
BL	Business Line
CBT	Customer Business Team
CCO	Chief of Customer Operations
CGD	Country General Director
CO	Customer Operations
GCBT	Global Customer Business Team
HR	Human Resource
HRM	Human Resource Management
IHRM	International Human Resource Management
IT	Information Technology
MNC	Multinational Company
NSN	Nokia Siemens Networks
P&L	Profit and Loss
R&D	Research and Development
TTC	Total Target Cash

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1. Introduction

This Master thesis describes a research executed at Nokia Siemens Network Company.

This chapter gives a brief introduction for the entire thesis. Section 1.1 provides an explanation for the formulation of this research and why Nokia Siemens Networks (NSN) is chosen to be the case study. After that, the overall objectives, problem statements and research questions will be discussed respectively in section 1.2, section 1.3, and section 1.4. In section 1.5, the research structure of the thesis will be fully presented.

1.1. Background

Today's international corporations no longer succeed by frequent launch of new products or the use of leading technology alone. They have realized that seeking for sustaining competitive advantage from the effective management of human resources is a must. That means Human Resource Management (HRM) has increasingly been recognized as a critical segment of international business operations (Sharif et al,. 1998). The more rapid pace of internationalization and globalization leads to a more strategic role of HRM as well as the quick improvements in the content of HRM to help global companies adjust to such dynamics. However, multinational companies (MNCs) often face challenge in balancing centralized control of international HRM (IHRM) strategy and responsiveness to local circumstances in terms of unit variation in HR policies and practices. Most of MNCs have changed their organization and HRM form continuously to gain this balance. Such challenge is also a major concern of economic scholars (Scullion, 2001). In addition, the way that HRM transformation is designed and implemented at every level of MNCs from the Headquarter to business units at local also interests researchers (Gregory, 1995). Thus, studying about these issues might promisingly bring a valuable experience to both IHRM practice and IHRM academics.

In fact, although IHRM has become an interesting topic for both practice and science, not many scientific research has investigated the strategic transformation process in the IHRM of MNCs with regard to the balance in power centralization-decentralization; the dynamics of labor markets, and the changes of business environment (e.g. changes in industry and company characteristics) (Rowley, 2002). As a result, the researcher thinks that learning more about the strategic change process in IHRM of MNCs in practice is essential and she would like to contribute to the Business and Governance field an interesting study related to

this issue through the case study about IHRM transformation in Nokia Siemens Networks- an international telecommunications corporation. Actually, a comprehensive research about HRM transformation process should follow the process of change from the beginning stages such as considering and designing for a new approach as well as knowledge transferring for new IHRM procedures from Headquarter to subsidiaries to the implementation stage of the new IHRM policies in practice and finally to the evaluation of the change process' effectiveness. However, because of the limited access to the studied companies, this research will mainly focus on explaining the implementation of the HRM transformation process in NSN at local level and generally analyzing the most significant improvements in the company's current HRM strategy after the reform.

In this research, Nokia Siemens Networks is chosen as the case study because it is a world-class company and it has a very fast modification in its business operational approach as well as international HRM policies during the years to be more adaptive to the day-to-day evolution of global context and telecommunications market.

❖ **Nokia Siemens Networks Background**

According to NSN Website, NSN has been the second largest telecommunications equipment supplier in the world, created as the result of a joint venture between Siemens's COM division and Nokia's Network Business Group. NSN began full operations on the 1st of April 2007 and its Headquarters located in Espoo, Greater Helsinki, Finland, while the West-South Europe Headquarters and three of its five divisions are based in Munich, Germany. The main products and services of NSN are mobile and fixed broadband networks; consultancy and managed services; and multimedia technology (Nokia Website). With 60,000 employees, NSN operates in approximately 200 countries worldwide which now divided into eight main regions: North East, West & South Europe, Greater China, Asia Pacific (APAC), India, Middle East & Africa, Latin America and North America (NSN Mode of Operation 2010). Most of its employees work in one of the five central hubs around the world, including: Espoo and Tampere in Finland, Munich in Germany, Delhi and Bangalore in India, Guangdong in China and Lisbon in Portugal. More than one billion people are connected through its networks. Due to the company's dynamic context and company's development in both market expansion and the frequent launch of new products, this young corporation continuously needs to improve its organizational structure and HRM strategy to achieve better management. Especially, the transformation in organization as well as HRM mode in

2008 has contributed a significant role to the strategic development of the company. In more details, from 2008, top management decided to change their organizational form from country-based mode to customer orientation-based mode. It led to the fact that company's HRM has became more centralized to the regional level instead of being mostly decentralized to each of the company's country subsidiaries as it was in 2007.

1.2. Objectives

The objective of this research is studying some of the prevalent IHRM activities of MNCs in the recent years which are HRM transformation and its implementation process. This will be carried out by investigating the HRM reorganization of NSN in 2008 and the change implementation process happened in NSN APAC-regional level and NSN Vietnam-local level. In other words, the main purpose of this research are analyzing NSN HRM change by describing and comparing between the previous country-based and the current customer orientation-based approaches of NSN's HRM to figure out the most significant improvements in this company's HRM practice. In addition, other important assignments are exploring the HRM power transfer from NSN country to NSN regional units when HRM systems changed and discovering how NSN employees have realized the HRM change process and applied their new HRM strategy at regional/country level.

With regard to scientific aspect, the purpose of this research is contributing to the understanding of management science an interesting experience about IHRM practice in a multinational telecoms company. In more details, the research will provide a clear description of MNCs organizational restructuring and HRM transformation process to balance between IHRM power centralization and decentralization. With the purpose of enriching the current knowledge of IHRM transformation, critical points of the case finding will be compared with some popular theories in existing studies in order to figure out to what extent the study result conforms with theories used as the basis for this research; and how these theories could be improved to be more aligned with practice.

1.3. Problem formulation

Based on the background and objectives mentioned in the previous sections, the problem formulation for this research will be presented.

1. How has NSN changed its organization and HRM model from country based (decentralized) mode to customer-orientation based (more centralized) mode since 2008?

2. How did NSN's employees in APAC and especially in Vietnam implement the organizational and HRM transformation process?

1.4. Research questions

In this section, a number of relevant research questions have been made in order to solve the problem statements. Since this research is based on theoretical literature of IHRM and its balance between centralization vs. decentralization, the definition of IHRM, centralized and decentralized IHRM and the strategic transformation process in IHRM of MNCs should be firstly clarified. Next, in order to demonstrate the necessity of NSN organizational restructuring and HRM reform, some questions concerning the reasons and goals of change, the significant improvements in the new HRM strategy compared to the previous one will be analyzed. Finally, the research will examine the HRM change implementation process of NSN at local level by answering the questions that how local NSN employees, especially NSN APAC/ Vietnam carried out such process. Below, these research questions are presented:

1. What are IHRM and its roles to the success of a multinational company?
2. What are centralized and decentralized strategies in IHRM?
3. What are main components of strategic transformation in IHRM of MNCs?
4. What were the main reasons that made NSN decide not to maintain their HRM strategy?
5. What was the goal of this HRM transformation?
6. What are the most significant improvements in the new HRM strategy compared with the previous decentralized strategy? How centralized is the new HRM mode?
7. What are the obstacles of customer-orientation HRM strategy implementation?
8. How have the local HR roles changed when the HRM approach changed?
9. How did HR managers and employees in NSN APAC and NSN Vietnam units carry out the HRM transformation process?

    a. How did employees in NSN APAC/Vietnam react to such HRM changes from the beginning

    b. How did NSN APAC/Vietnam HR and employees employ the change strategy?

    c. What were the roles of NSN APAC/Vietnam HR managers in the organizational restructuring and HRM reform process at the change implementing stage?

    d. What were the challenges that NSN APAC/Vietnam staff had to overcome when applying the new HRM mode?

1.5. Research structure

The structure of this report is presented in figure 1.1. Chapter 2 reviews the literature which explains the theoretical concepts related to problem statement. In other words, it will answer some research questions concerning IHRM concepts. This chapter also contains a research framework which will be formulated at the end. After that, in chapter 3, the research methodology is developed to identify the ways to carry out the study, to collect data and documents in order to obtain the knowledge for answering other research questions and meeting the research objectives regarding NSN's HRM practice (Saunders et al., 2009). Chapter 4 named finding and analysis consists of collected data from the case study to firstly explain the necessity of NSN organizational restructuring and HRM transformation, the obstacles in customer-orientation HRM system and finally to describe the implementation process of organizational and HRM transformation at NSN regional/country units. In chapter 5, conclusion, discussion about the research result and recommendation for future research are given.

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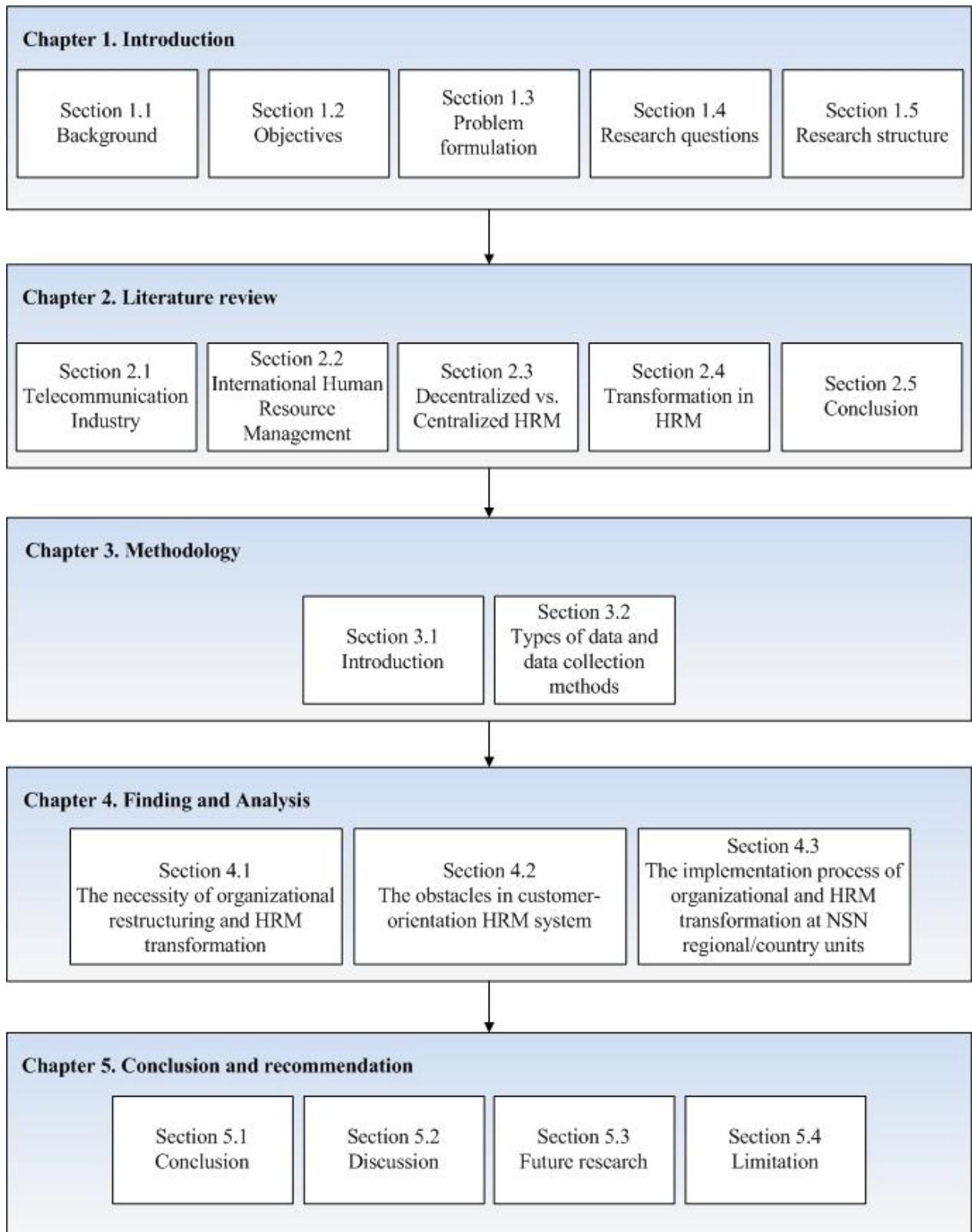| Section 5.1 Conclusion | Section 5.2 Discussion | Section 5.3 Future research | Section 5.4 Limitation |

Figure 1.1 Research structure

2. Literature Review

This chapter is divided into five sections which generally focuses on the introduction of Telecommunications Industry and the concepts of IHRM. In each section, the theoretical concepts used for the study will be further explained. Firstly, the internationalization of telecommunications industry section will be introduced in order to provide a general view about the industry's context, the telecoms domestic and global product market, and telecoms MNCs global strategy. After that, particular Human Resource Management articles will be reviewed to clarify the concepts of International Human Resources Management (IHRM). The next two sections will discuss the main issues related to the centralization vs decentralization of IHRM strategies and the transformation process in HRM that MNCs would like to carry out to improve and more flexibly adapt to their business circumstances. In the conclusion, all four sections will be summarized and put into a research framework of this study.

2.1. Telecommunications Industry- Context, Product Market and Global Telecoms Strategies

2.1.1. Context and Product Market of Telecommunication Industry

"Beginning in the early 1970s, the telecommunications industry entered a period of rapid change" (Steven, 1996). The decade from the mid- 1980s was marked by a significant growth in demand for new IT and communications products and services. From the point of view of the telecoms industry, the most important sectors of this industry were mobile telecoms services and the Internet. "Both created rapid growth in relatively new markets and at the same time generated new business opportunities for incumbents" (Fransman, 2001). Moreover, as a result of unprecedented demands for network infrastructure, telecommunications equipment manufacturers also enjoyed sales and revenue growth. Joe et al. (2003) indicated that since 2000, several major business drivers have fueled the original phenomenal growth including the deregulation of telecommunications, acquisition strategies and the tight cooperation between telecoms carriers and telecoms equipment suppliers.

According to Joe et al. (2003) and Cristiano (1995), the liberalization and deregulation processes have affected the domestic markets in an increasing number of countries. Telecommunications service firms have focus on products such as local telecommunications, long distance telecommunications, data and cable communications services and cellular

telecommunications. Each of them provides new opportunities for specialized entries in foreign markets with a flow of foreign direct investments. Deregulation also eliminated numerous telecoms business barriers and created an open and competitive environment for telecom equipment vendors and service operators all over the world.

Besides, Fransman (2001) argued that one of the most important characteristics of the industrial organization in the telecoms industry is the role played by specialized equipment and software suppliers. As a result, another business driver is identified as the cooperation between telecoms carriers and telecoms equipment suppliers. In a research of Werner (1989), one of the most common patterns of cooperation is equipment vendors financing. Building telecom infrastructure requires a large amount of capital and time for telecom service newcomers, so it was natural that telecoms companies look for financial support from telecom equipment firms. In a highly competitive international telecom equipment market, vendor financing was also essential to enable major telecom equipment manufacturers to win contracts from telecom service providers. With the support from equipment vendors, young telecoms companies and incumbent telecoms service companies could further speed up their network buildups to expand their market size and gain the competitiveness. "The buildups, in turn, also fueled the demand for telecom equipment and resulted in revenue growth for telecom equipment vendors". (Werner 1989)

Additionally, another important characteristic of the industry that drives its development is "the complex segmentation of consumer demand and rapid change in the product market" (Fransman, 2001). Telecom equipment suppliers are put under pressure to shorten the development cycle of product and systems. One effiecient way to deal with this matter is to acquire small and innovative technological companies, giving such suppliers access to new technologies and new product ideas.

In general, these three business drivers has given telecoms industry a push to grow up more quickly and that also means larger number of companies in this field have decided to go global. Consequently, it is considered that deregulation of telecommunications, mobile communications services, acquisition strategies and tight cooperation between carriers and equipment suppliers are the most outstanding issues of telecommunications service industry.

❖ **Globalization of telecommunications service industry**

International telecommunication was treated as an extension of domestic telecommunication. According to Mathe (1994) study, telecommunication firms become multinational when the advantages of operating in international markets from a variety of international sites are higher than from one domestic location such as market expansion and international strategic development cooperation. Competition at home makes it harder for the traditional players to increase their domestic profits, whereas abroad demand for their services allows many of them to earn a higher profit margin. Therefore, these telecoms companies are now working so hard to develop activities beyond their own borders to compete in global market.

Furthermore, Cristiano (1995), Jamison (1998), Sylvia (2001) and Joe et al. (2003) all agreed that the determinants of multinational growth of telecommunications carriers could be categorized around three main factors: liberation and privatization schemes, technological development and increasing global customer demands. Firstly, the liberalization of foreign services markets and the privatization of many state-owned telecommunications system are probably the most significant changes in the global environment of the telecom industry in recent years. Secondly, technology driver also plays an important role in the globalization of telecommunications. "It has altered not only the types of available telecommunications services but also the industry's operation/production cost structure, demands from its clients, degree of product substitution, and ability in attracting capital investment" (Sylvia, 2001). Technology change always leads to the decrease in prices and creates higher demand for both consumers and business services, thus facilitating the growth of the telecommunications industry in the domestic as well as global market. Finally, Jamison (1998) found that the larger number of international customers with their demands for better end to end communication service was now driving globalization of telecommunications businesses.

2.1.2. Global Telecoms Strategies

Perlmutter (1969) Cristiano (1995) Rugman (2001) affirmed that multinational corporations in general and global telecoms companies were considered to follow three main types of international strategy which are global strategy, multi-domestic strategy (local responsiveness strategy) and transnational strategy. In *global strategy*, there is centralization in control; subsidiaries resemble the parent company and are managed as dependent business. Ericsson and Nokia could be seen as two examples applying a global strategy which focuses heavily on going international to achieve the benefits of global integration using a successful

standardized home-base products and services. In *multi-domestic strategy*, control is decentralized; subsidiaries conform to local practices and are seen as an independent business. The multi-domestic strategy reflects low levels of interaction between subsidiaries, each of which is specialized in serving a well defined product market; and strong local autonomy with decentralization of operations and the ability of country managers to rapidly respond to local market conditions. However, the affiliates of the multi-domestic firms still share the process technology that has been usually first elaborated in the home country by the headquarters and subsequently transferred internationally. In *transnational strategy*, subsidiaries and headquarters alike follow worldwide (or regional) standards. They are both as parts of the organizational network and subsidiaries are managed as interdependent business.

Rugman (2004) finally concluded that MNCs might apply both participative decentralization and administrative centralization at the same time. Participative decentralization reflects the involvement of regional divisions in company's strategic planning. This may be critical for successfully conducting downstream activities in host regions, because corporate headquarter may have lack of appropriate information about host regions. Moreover, participative decentralization is suggested to better preserve subsidiary commitment and initiative in those host regions. In contrast, "administrative centralization may be more appropriate for the management of upstream activities across regions, given the relative availability of information at corporate headquarters on these activities and the possibility of reducing both production and coordination costs through optimally exploiting imperfections in national and regional factor markets" (Rugman, 2004).

❖ **Prevalent international strategies of MNCs in telecommunications industry**

It is supposed that there are two main types of generic strategy that can be mostly applied in multinational business of telecommunications companies include customer-solutions orientation strategy and alliance strategy (Sylvia, 2001)

A commonly approached strategy is customer-solutions orientation pattern. Most of global telecom companies have adopted a customer- solution strategy, attempting to provide the connectivity and features that are attractive to the customers. According to Mathe (1994), a customer-solutions strategic option requires the development of partnerships and alliances, linking various business units' ability to complement a customer offering. To match customers' communications needs, scale also becomes essential for the telecom

multinationals. Scale involves both customer base and geographic reach. Customer base is the number, size and type of customers that connect directly with the company's network. Customer base is important because it determines a network's value or strength for making markets and interconnecting with other networks. Thus, clearly, criteria and standards for telecoms service quality must be defined, in part, relative to different local expectations and sensitivities

Sylvia (2001) argued that in order to pursue growth in the global market, a telecom company had two distinct choices. It can either enter directly by building the product/service offerings with its own resources in the target country or collaborating with other firms". The "new entrant" globalization strategy gives telecommunications firm the freedom of choice in markets and technologies. However, it is a slower and more costly process because many of the new market opportunities are in developing countries which have lack of strong, stable legal and regulatory institutions; and companies in most developed countries are not familiar with these problems. As a consequence, a telecommunications company may enter a target market through a strategic alliance relationship defined as "is a business relationship in which two or more companies, working to achieve a collective advantage, attempt to integrate operational functions, share risks, and align corporate cultures" (Sylvia, 2001). Mathe (1994) and Jamison (1998) proved that strategic alliances were the most frequent type of response explored by telecom companies in their attempts to operate globally. "It is the strategy of forming alliances to simply achieve size, speed, and scope in the market" (Jamison, 1998). Sylvia (2001) supposed that most strategic alliances occurred between telecom firms that have broad product lines and focus on product innovation and new market development. Telecom multinationals select the type of alliance depending on their relative positions with respect to size, profitability, capital structure and R&D capability.

In summary, this section discussed the practice of telecommunications industry. As the result of technology development, the deregulation of telecommunications, acquisition strategies, the increasingly demands of telecoms market in mobile telecoms service, and the tight cooperation between telecoms carriers and telecoms equipment suppliers, telecoms industry witnessed a large growth in the market and sales in 2001. This trend pushed telecoms companies towards the global market to expand their business domains and to seek for international potential customers. In this movement, some of the prevalent strategies which global telecoms companies often apply for their business and organizations are global

strategy, multi-domestic strategy, transnational strategy, customer-solution orientation strategy and alliance strategy.

2.2. International Human Resource Management (IHRM)

IHRM has defined as "the HRM issues and problems arising from the internationalization of business and the HRM strategies, policies and practices which firms pursue in response to the internationalization of business" (John, 2001). "It is a set of distinct activities, functions and processes, which is directed at attracting, developing and maintaining an MNC's human resources" (Taylor et al.,1996). According to Dowling et al., (1999), different determinants of IHRM includes the industry in which an MNC is operating, the MNC's international life cycle and experience, the organizational structure, the HQ's international orientation, the host country's cultural and legal environments; and the resources or strategic role of affiliates and certain employee groups. Dowling et al. (1999) also identified the difference between HRM and IHRM. Domestic HRM is involved with employees within only one national boundary. IHRM, on the other hand, deals with three national or country categories: the parent country where the firm is usually headquartered; the host- country where a subsidiary may be located; and other countries which may be the source of labor, finance or research and development (Dowling et al., 1999; Sonja T., 2001).

It is concluded that IHRM was also concerned with the six core activities of recruitment and selection, training and employee's career development, compensation, performance management, and employees' engagement management. Each activity plays an important role in IHRM policy (Welch, 1994; Dowling et al., 1999; Carl, 2001 and Sonja, 2001). A comprehensive international human resource recruitment and selection ensures that the MNC has the appropriate people in every country to take certain tasks at the right time. Training and development prepare individuals to operate effectively in their overseas locations and to cooperate with other MNC units. Compensation policies are strategically and culturally relevant. Nevertheless, activities of IHRM have recently been extended to cover localization of management, international coordination, global leadership development and the emerging cultural challenges of global knowledge management (Evans et al., 2002).

Scullion (2001) identified some main reasons for the growth of interest in international HRM. Following his study, the rapid growth of internationalization and global competition has increased the number and significance of MNCs in recent years, resulting in the importance of IHRM roles. The management of human resources is increasingly being considered as a

major determinant of success and failure in global business. There is evidence that HR strategy plays a more significant role in implementation and control in the international firm. A fit between HRM strategies and the global organizational structure of the firm often leads to superior outcomes (Delery & Dorty, 1996) so when a firm restructure or modifies its organization, its HRM strategy are also expected to change (John et al., 2004). Maddy (2001) made a conclusion that the central issue of IHRM is not to identify the best HRM policy, but rather to find the best fit between the MNC's overall strategy and its HRM policy. Moreover, the problem of how to internationalize the HRM function itself has been identified as a major issue facing international organizations, and it is recognized that "the same HR policies will not produce the same effects in different country contexts" (Scullion, 2001).

Lengnick-Hall & Lengnick-Hall (2002) introduced four new roles of HR which can be suitable to discuss in the global economy context. These roles includes: ***Human capital steward***- HR acts as a guide and facilitator in partnership with employees with the aim of achieving the highest return possible on a company's human capital investments; knowledge; ***Facilitator***- HR facilitate both knowledge capital (held in explicit and implicit sources) and knowledge flows; ***Relationship builder***: HR manages relationships between individuals and groups both internal and external to the organization to enhance social capital across the total value chain; and ***Rapid deployment specialist***- HR takes responsibility for the development of human capital resources with an emphasis on adaptability, tolerance and capacity to learn.

In fact, "international HRM is also understood to related to identifying and understanding how MNCs manage their geographically dispersed workforces in order to leverage their HR resources for both local and global competitive advantage" (Schuler et al., 2002). That means IHRM is seen as playing a key role in achieving a balance between the need for control and coordination of foreign subsidiaries, and the need to adapt to local environment. John et al., (2004) suggested that MNCs should note that the different environmental conditions such as economic, political, legal and institutional factors; demographic characteristics such as labor market conditions; and organizational features such as a firm age and size, administrative heritage, global strategies, structure and corporate culture can all be conductive or detrimental to developing successful HRM policies in foreign subsidiaries. Generally, there is a fundamental goal for HR to achieve a balance between centralized control of international HRM strategy and responsiveness to local circumstances. This issue about centralized or decentralized HRM will be clarified in the next part.

To sum up, the IHRM is the management of HR issues and problems arising from the internationalization of business which firms pursue. IHRM concerns core activities of recruitment and selection, training and employee's career development, compensation, performance management, and employees' engagement management, localization of management, international coordination, global leadership development and the emerging cultural challenges of global knowledge management. The roles of HR in IHRM are quite essential as Human capital steward, Facilitator, Relationship builder and Rapid deployment specialist. IHRM members should find effective ways to balance between the demands of globalized HRM and local responsiveness one to support top management in making appropriate business strategy.

2.3. Decentralized or Local HRM vs. Centralized or Global HRM in Multinational Company

Scullion (2000) mentioned the fact "while the nature of global business calls for consistency in the management of people, cultural diversity requires adaptation and differentiation". Evan et al. (2002) suggested that there were three approaches to achieve this aim: centralization, coordination and decentralization. Centralization refers to the concentration on activities carried out at global level while decentralization calls for the concentration on activities carried out at local subsidiaries level. Coordination refers to a middle ground, balancing those activities that would be best to be undertaken by local subsidiaries with those managed by global or regional centers. This is dependent on the degree of integration or differentiation desired. Commonly, "organizations often operate with a global and centralized HRM strategy for top managers and high-potential executives but a more polycentric and decentralized one for all other employees". (Scullion, 2000)

Scullion (2000) also categorized international firms into three types based on their HR function. They are centralized HR companies, decentralized HR companies and transition HR companies.

Scullion (2000) explained that in *centralized HR* MNCs, HR policy was designed by the Headquarter HR function and diffused to all subsidiaries. It means that global, standardized HR tools and systems provide the backbone for all HRM activities in an attempt to create a global employment experience whereby employees are treated the same everywhere in the world. A key role of the Headquarter HR in these MNCs is to establish and maintain control over all high-grade management positions world-wide. For example, in the global and

centralized companies, strategic staffing is under central control and Headquarter HR is responsible for the allocation of strategic human resources. Centralized monitoring is also made over the careers and mobility of top management positions and over expatriate transfers. In fact, "centralized parent- company tends to utilize, much further than the decentralized firms, the practice of inpatriation" (Harvey, 1997). The centralized companies tend to establish more comprehensive succession and career planning systems and are more effective in managing the repatriation process than decentralized companies. Following Sculllion (2000) point of view, the high degree of centralized control over the mobility of top management and high-potential staff allowed corporate HR to have a high degree of control over the development process. This enables a greater degree of central support for international management development and reflects an increasingly strategic role for corporate HR. To conclude, in the centralized/global firms, the corporate HR function undertook a wide range of activities and the key roles are management development, successive planning, career planning, strategic staffing, and managing the mobility of expatriate managers.

On the contrary, "*decentralized HR* companies have a primary focus on an elite set of top management and expatriates" (Scullion, 2000). According to Scullion (2000), this exclusive focus on senior management is different to that in centralized firms where the concern is to develop and internationalize a wider range of managers. In decentralized HR companies, there is evidence of a much smaller corporate HR department and the vast majority of HR staff being country based. In the highly decentralized international business, the coordination of international transfers of managers is more problematic than in the global/centralized group of companies. Scullion (2000) also indicated that training and preparation of managers for international assignments in the decentralized companies were much more limited and *ad hoc* than in the global/centralized companies. In his opinion, the decentralized companies need to make more use of the practice of inpatriation. It has been argued that this type of international transfer exposes local managers to headquarters corporate culture and facilitates the development of a corporate perspective rather than simply reflecting their local interests. To conclude, in the highly decentralized international firms, which pursues more of a multi-domestic international strategy, the corporate HR executives undertake a more limited range of activities than their counterparts in the global companies, and the declining role of the HR function below the corporate level reflects the logic of decentralization. "Management

development and succession planning for senior managers are the key roles for the corporate HR function in the decentralized organizations" (Scullion, 2000).

In *transition HR* companies, manager development and the management of the careers and mobility of expatriates and senior managers are under stronger centralized control than in the decentralized companies. The development of high-potential managers in the subsidiary companies is rapidly becoming a growing concern for the corporate HR function in these companies. However, in practice, in transaction HR companies, international transfers for development purposes are more limited than in the global/centralized companies.

However, in fact, irrespective of a centralization or decentralization strategy, most MNC subsidiaries are commonly found to exercise some degree of autonomy in formulating their own HR policies but may require head office permission for significant developments involving major expenditure. Local subsidiaries are found to develop proactively strategic proposals and persuade head office to adopt these, as well as the corporate head office needs to take a look at subsidiaries to learn new ideas and fill gaps in corporate policies (Kelly, 2001).

In more details about the issue concerning HR function patterns, according to a study of Maddy (2001), three typical strategic IHRM approaches that can be popularly applied are: adaptive, exportive, and integrative HRM. These orientations determine the company's overall HR approach to manage the tension between integration or the pressure for internal consistency and differentiation or the pressure for external consistency.

According to Maddy (2001), an *adaptive* IHRM orientation is one in which each affiliate develops its own HRM system, reflecting the local environment. Differentiation is being emphasized with almost no transfer of HRM philosophy, policies or practices either from the parent firm to its affiliates or between affiliates. The major advantage of such an approach is that HRM systems may be completely in tune with their local context. However, when each affiliate determines its own HR policies, disadvantages could occur. There may exist a lack of coherence within the MNC if, for instance, different performance criteria are considered in the employees' appraisal in different affiliates. Because each HR department is focused on its own context, there might be also a duplication of efforts with no attention to economies of scale or synergies in terms of learning from each other. Each affiliate would have spent time and resources to design a HR policy without having consulted other HR managers for best practices.

Conversely, Maddy (2001) also discussed about exportive IHRM. An *exportive* IHRM orientation is one in which the parent firm's HRM system is being transferred to its different affiliates. This approach emphasizes integration across all affiliates, developing a highly internal consistent MNC. However, the downside of such an exportive IHRM approach is its inflexibility, ignoring the possible local differences, and therefore having missed opportunities with respect to learning. This all may lead to an ethnocentric orientation from Headquarter and as a consequence, affiliates will show feelings of rejection towards the imposed practice. However, also from Maddy (2001) research, a variation of this approach is that the Headquarter HR involves subsidiaries in the design of HR policy, but then ensure consistency of practices by creating standardized policies for all subsidiaries to implement. There is strong control from the centre to ensure that HRM policies are consistent regardless of where they may have originated. Standardization approach ensures an appropriate balance between local input and global design of policy.

Thirdly, Maddy (2001) introduced that an *integrative* IHRM orientation attempts to take 'the best' HRM approaches and be used throughout the organization in the creation of a worldwide system. The focus here is on substantial global integration with an allowance for some local differentiation. An integrative approach combines both characteristics of the parent company's HRM system with those of its international subsidiaries. Transfer of HRM policies and practices occurs and can go in any direction, from one affiliate to Headquarter or between affiliates and vice versa.

The three orientations of adaptive, exportive, integrative and IHRM approaches represent three basic choices for IHR managers, reflecting an overall approach towards IHRM. In order to decide which one of those three approaches above will be appropriate for the global business of MNCs, there are three criteria that should be considered previously including "global and local forces, the cultural context of Headquarter, and its different affiliates and the power dynamics within the MNC" (Maddy 2001).

 The first criterion in deciding on an adaptive, exportive, integrative or synergistic approach refers to the different global and local forces operating in the MNC. John et al., (2004) figured out when the parent firm faced similar economic conditions as its subsidiaries, some HRM practices would be more likely to converge to a similar form, and exportive IHRM approach would be chosen, based on a common need to achieve maximum financial return. In contrast, when the parent and subsidiary do not face similar forms of economic, political,

social and other contingencies, conflicts between the two in optimal configurations for management practices may occur. While global forces refer to the need for integration, local forces refer to the need for responsiveness or differentiation of each affiliate to operate effectively in its local environment. MNCs that follow a multidomestic strategy are more likely to adopt an adaptive orientation. On the other hand, MNCs that follow a global strategy are more likely to adopt an exportive approach. (Maddy, 2001). However, MNCs following a global strategy may also choose to adopt an integrative approach. Despite the drive towards internal consistency, local forces are also presented which may lead to the decision to be simultaneously globally integrated and locally responsive. "Host units must not only systematically analyze their own environmental needs, but also ensure that those factors are folded into the process whereby global HR policies are created" (Schuler et al., 2000). When differences in the local environment create the need for differentiation, IHR professionals may want to decide on allowance for local differentiation. One of the most influential factors of these local forces is the legal environment of the affiliates which will force a MNC to adapt certain HR practices to the local labor laws. Besides allowance for local differentiation, IHR managers may decide on the choice of transferring best practices across affiliates and Headquarter.

The cultural context of Headquarter and the different affiliates is another crucial criterion. Differences in cultural values reflect different assumptions about the nature of the relationship between employers and employees and therefore lead to different interpretations and employees' experiences of what 'good' HRM practices are. Consequently, cultural differences are main drivers in deciding which HRM practices can be globally used and which HRM practices need to be locally adjusted. For example, practices with respect to selection, socialization, training, performance appraisal,reward systems and career development may all be experienced differently in individualistic and in collectivistic ones (Maddy, 2001). Being able to assess the cultural context is crucial in deciding which HR policies can be globally exported and which need to be locally adapted.

The final criterion for choosing an adequate HRM approach is related to power dynamics (Maddy, 2000). It may happen that the decision is strategically correct from a Headquarter perspective but the different affiliates have another opinion about its need or relevance. Following Kim and Mauborgne (1993), affiliate managers will be more inclined to accept a Headquarter's decision if Headquarter shows familiarity with the local conditions, if a two-way communication process is set up, if affiliate managers have the ability to refute a

decision or receive an explanation for the final decision, and if decision making is consistent across affiliates. When decisions are being made with understanding of the effects and impacts for that affiliate, affiliate managers will judge Headquarter to be competent and sincere. Consequently, those decisions will be more respected. Affiliate managers will also value the ability to voice their opinion and work back and forth with corporate HR in decision formulation. Explaining final decisions is further important because an intellectual understanding of the employees makes affiliate managers more motivated to implement those decisions. Finally, affiliate managers appreciate a consistent application of decision making rules across affiliates. The reason lies in the mere fact that each party wants to reserve the power and autonomy to do things as they see fit. It is also for this reason that an exportive HR approach is very likely to lead to feelings of rejection.

This section distinguished various kinds of HRM mode from decentralization/exportive to coordination/transition/integrative and centralization/adaptive based on different academic research. The selection of HRM approach can be relied on some criterion such as the global and local forces, the cultural context of Headquarter and its different affiliates and the power dynamics within the MNC. However, in fact, choosing the best approach for HRM is not a simple issue. Instead, company has to continuously evaluate the chosen approach and if needed, they should be ready to make a change in the strategy which can improve their HRM practice to be more efficient in successfully managing the whole business. It means MNCs should be ready for the transformation process in HRM.

2.4. Transformation in HRM

According to Hertog (2010), the HR strategies and policies of an organization interact with its strategic environment, corporate and business strategy often in a complex and recursive relationship. HRM also plays an important role in helping the organization to develop the necessary capabilities to enact business strategy. Facing instable business environments and an increasing need to view employees as a major source of competitive advantages; many companies are rethinking their human resource strategies and simultaneously, the contribution and capacities of their human resource organizations (Blancero et al., 1996). IHRM is linked to the overall international strategy of the firm and that its changing forms must be understood in relation to the strategic evolution of the international business firm. Mohramn (1997) also argued that in traditional organizations, the human resource function added value by building systems that produced bureaucratically correct behavior as well as the predictable and orderly development of people and their careers. But the era of traditional

organizations is gone; stability needs to be replaced by change, innovation, and new organizational designs. This fact represents both a major threat and a major opportunity for the HR function. If organization can create HRM systems that fit the new organization designs, the function can not only survive, it can also make a major contribution to organizational effectiveness.

Many studies indicated factors which might interact with the modes of MNC's operation and international HRM, thus, when the factors change, company's operation mode and HRM systems might change accordingly. These factors include size of company, characteristics of industry sector, organization, the features of the host country environment, market competition, and those derived from product market, labor market structures and dynamics (Jack et al., 2006; Baddar et al., 2009). Baddar et al., (2009) also asserted that multinationals could vary and change considerably in the approaches that they adopted towards the management of human resources. The context generalizability of HRM systems will change over time as company organizational structure and the HRM systems themselves have changed. Maddy (2001) also stated that another important factor affecting HRM pattern transformation is the life cycle of the MNC and its affiliates, and consequently their experience. In more detail, newly internationalizing companies may choose to adapt an exportive approach. As MNCs gain more experience, they will be able to assess the appropriateness of their approaches and may change their policies if needed. For example, MNCs that encounter performance problems in international affiliates will usually move towards a more adaptive IHRM approach over time or MNCs that encounter good practices developed in affiliates may move towards an integrated approach.

According to Rowley, (2002), criteria and characteristics of transformation can be taken as the reconsideration and change of system 'deep structure', change in structure as well as practice occurs rapidly relative to the past, widespread experimentation and increases in diversity. Developments may occur at different levels of HRM such as:

1. System architecture, guiding principles and basic assumptions ('deep structure')

2. Policy alternatives, mix consistent with (1) 'architectural' and internal/external fit

3 Practice process, techniques given decisions at (1)

According to Gregory's study (1995), there are two main stages of the HRM transformation process encompassing HRM reform stage and implementation stage for change implementing.

Firstly, in MNCs, the Headquarter HR will carry out the HRM reform process. They have to contract with top line management for a new role of HR, identify and develop new HR competencies and redesigning HR work, systems and organization.

When creating the new role for HR, it is essential to acquire the consensus from every level of stakeholders: Top line manager, functional HR, middle management and employees. In order to implementing the new HR strategy, it needs the agreement of line executives in how the fundamental HR role will change. Contracting must be a two-way dialogue in which managers influence and are influenced by their HRM suppliers. A process is necessary to identify HR priorities for the business through intense engagement of both HR function and line management.

Moreover, Gregory (1995) added "The business role for HRM requires more than a clear role definition or "contract" to deliver certain outputs". A new role means developing or acquiring very different skills and knowledge, thus, the identification and development of new HR competencies also plays an important part in the HRM reform process. Competencies must be selected based on a clear set of outputs and with sensitivity to company culture and values.

 Regarding the designing of HR work, system and organization, "the HRM redesign and the elimination of non-value-adding work in human resources management provide the same powerful opportunities they do in other business processes" (Gregory 1995). In the designing, a design team was determined to create major change in the HR function with the continuous support and engagement of subsidiaries HR staff. This team also planned an implementation process making every necessary effort to minimize resistance and defensiveness among current staff. Mohrman (1997) believed that HR function should be the supporters of design team; and its members should play the role of internal consultants to the ongoing designing and redesigning that will characterize organizations and their subunits. They should continually modify themselves to achieve shifting strategies, develop new capabilities and higher levels of performance.

Secondly, in the change implementing stage, each business unit should identify its own schedule and actions plan for implementation. Experiences and best practice of the

implementation should be shared among such units. During the implementation stage, local HR should set local change implementation objectives so that all local employees can base on them to evaluate the result of change implementation at the end. In addition, Mohrman (1997) determined the roles of all employees in this stage. Without employee's belief and commitment to the change strategy, no change achievement can be reached.

Gregory (1995) also emphasized "the change process requires momentum and continuous, assertive leadership and the credibility of the redesign process depends largely on the willingness of HRM to actively pursue these changes".

Furthermore, from the studies of Mohrman (1997) and Jack et al. (2006), an important key to successfully create new human resource systems concerns dealing with the paradox that just as employees can expect less loyalty from companies. In order to be effective, companies must have the supports from employees who are willing to participate in the change. Sustained high performance will only be achieved if new organization forms result from a design process that takes into account the nature of the task and the nature of people. This design process needs deep knowledge of strategy as well as the principles of motivation and the use of new approaches to goal-setting and rewards- approaches that give people a meaningful stake in business performance.

In general, IHRM transformation may occur due to the influences of the industry and its product market; the life cycle of the MNCs and its affiliates; the features of host country like regulations and culture; and the understanding as well as loyalty level of employees towards the change in policies. Moreover, as indicated, the IHRM transformation covers two main stages: The IHRM reform and the change implementation. Normally, the Headquarter HR function will carry out the HRM reform process while the implementation stage will be taken place at all levels of organization. The change implementing process requires continuous, assertive and commitment leadership as well as the active engagement and the high trust of employees to the change/new strategy.

2.5. Conclusion

To sum up, this chapter began with the most recent issues of the telecommunications industry focusing on five business drivers that have given a great effect to the development of telecoms companies in both of their domestic and international market, which are basically the deregulation and liberalization of telecommunications, technology development, increasing global customer demands, acquisition strategies and the tight cooperation between

telecoms carriers and telecoms equipment suppliers. However, when going global, these telecoms companies would have to consider an appropriate approach for their business strategy among three main ones: global, multi-national, and transnational strategy; or a mixture of them in order to achieve their global business goals. Besides these three common strategies, telecoms MNCs also tend to follow some other strategies typically effective for their industry which are customer-solutions orientation strategy and alliance strategy and.

In the later section of the chapter, the definition of IHRM was introduced combined with the identification of their main core activities such as recruitment, training and employee's career development, compensation, performance management, employee's engagement management, localization of management, global leadership development and the global knowledge management. According to many studies, because of its increasingly important roles, IHRM tended to attract more and more attention from both academic side and company side with the interest of discovering which IHRM model is the best practice for international management. This issue also brings us to the popular challenges for most multinational companies, who have to make a priority whether exportive-centralized, adaptive-decentralized or integrative strategy they should approach for IHRM best practice. The answer can be seen as "glocal". That means most MNC subsidiaries could exercise some degree of autonomy in formulating their local HR policies but may require head office permission for significant developments.

In addition, normally, companies often choose IHRM approaches based on three criteria: global and local forces, the cultural context of HQ and its different affiliates and the power dynamics within the MNC. As mentioned above, choosing an appropriate global strategy is a big challenge for MNCs, especially at the beginning of their globalization. MNCs, as a result, might face a change in their policies to become more sufficient in managing the business. That will also lead to the transformation process in HRM for management improvement if needed. The characteristics of the industry and its product market; the life cycle of the MNCs and its affiliates; the features of host country like regulations and culture; and the understanding and loyalty level of employees toward the change in policies may be the main factors that influence the concept of IHRM transformation. The IHRM transformation covers two main stages: The IHRM reform stage and the change implementation stage. The headquarter HR function will carry out the HRM reform process in three main steps: contracting with line management for a new role for HR, identifying and developing new HR competencies and redesigning HR work, systems and organization. The implementation stage

will be carried out by all members of organization. Each business unit identifies its own schedule, actions plans and change implementation objectives for this stage. Experiences and best practice of the implementation should be shared among such units.

Based on the literature review, an appropriate research framework is formulated at figure 2.1
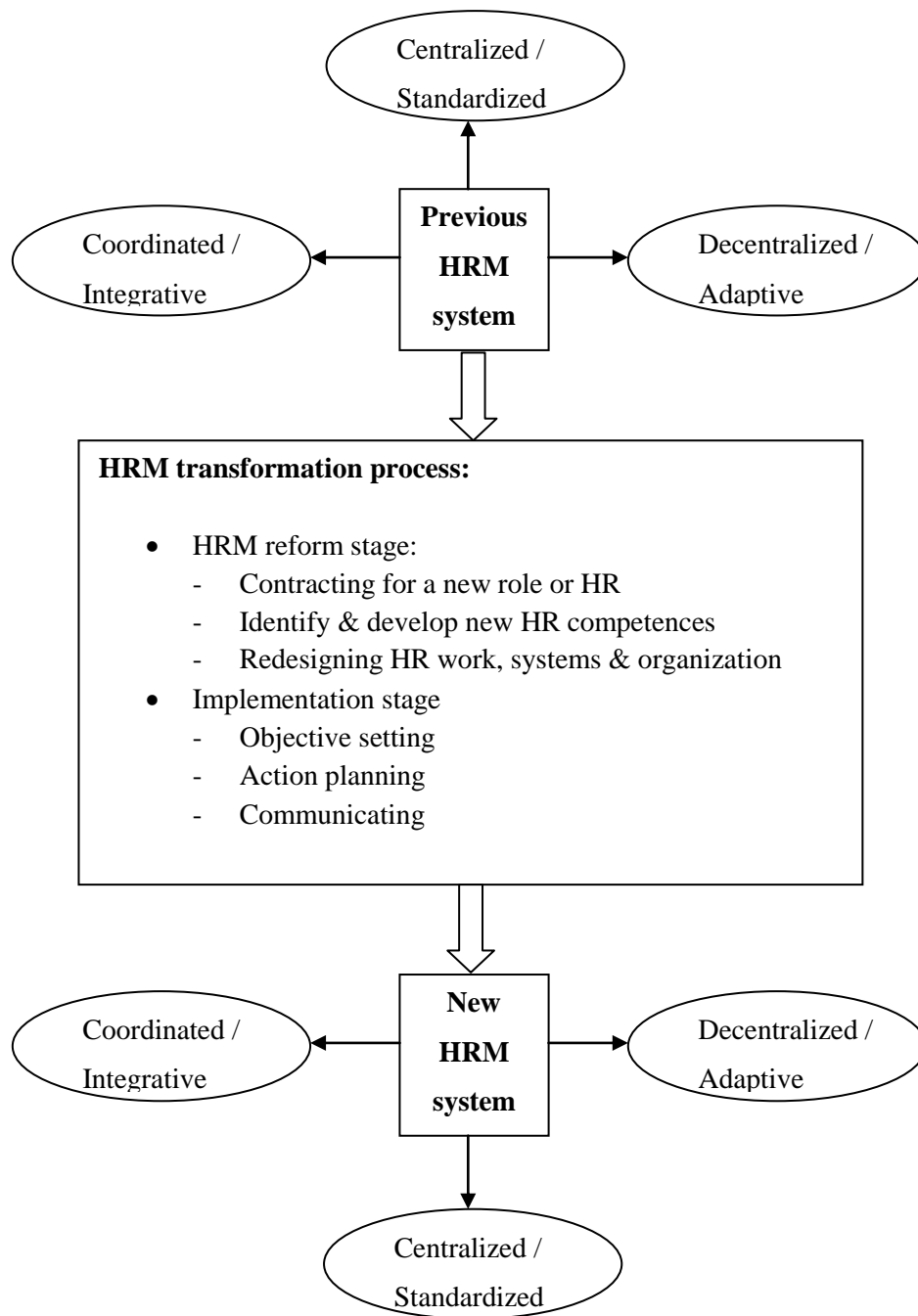
Figure 2.1 Research framework

3. Research methodology

3.1. Introduction

Because this research mainly describes, explains and discusses the reorganization and HRM transformation of NSN from country based mode to customer-orientation based mode; and the implementation process of change, it can be considered as a descripto-explanatory study which means "the description of case study is likely to be a precursor to explanation" (Saunders, 2009). Due to the process nature of HRM as well as the lack of rigorous theoretical model, a qualitative case study approach was utilized; and following Yin (1994), an embedded single case design was chosen. This implies that "one single organization was selected as representative of a general phenomenon, here understood to be the large contemporary firm, in the midst of developing knowledge management initiatives". For that purpose, Nokia Siemens Networks, a multinational telecoms equipment supplier is selected as the case study. In general, the research indicates the improvements in organizational structure and HRM strategies of NSN in order to manage more effectively their global business performance and to be able to gain the market share among various telecommunications equipment corporations. Further, the change implementation process is also analyzed.

The research will use data collected from NSN to discover the global HRM strategies of a multinational company and the contribution of local HR to the success of company's HRM. The following list includes the main sources of information for this research:

- NSN Headquarter

- HR and Sales Managers of NSN Vietnam

- HR Managers of NSN APAC

This chapter discusses how researcher obtains the data which are utilized to answer the research questions. Firstly, a short explanation about different types of data collection is given. After that, the ways which are applied to collect data in different stages of the study will be mentioned. The selected data will be processed by using a descriptive data analysis.

3.2. Types of data and data collection methods

Types of data and collecting methods that have been used in this research will be introduced in this section. According to Saunders (2009), two types of data that have been gathered for the study are:

- *Primary data* which are the data that have been collected particularly for this research. The primary data will be collected with the use of interviews.

- *Secondary data:* these data were already gathered and utilized for other purposes, and have been re-used for this research. For example, secondary data in this study can be NSN's internal documents including Operation guidelines, HRM policies or selected information found from the company's website.

Saunders (2009) also mentioned different methods to obtain data. There are three main methods that have been used to collect the data for this research.

- Desk research: Most of the information has been collected by desk research which involves the summary, collation and synthesis of existing research. The data collected with this method are all secondary.

- *Interview:* The second data gathering method is interview. The interview is semi-structured which means that a number of questions are formulated. Interview will be conducted among HR Manager and Sales Manager of NSN Vietnam as well as HR Manager of NSN APAC who are affected directly from HRM policies. Main questions in English will be firstly sent to the respondents through email to give them time to prepare for the interview. After that, Internet telephone interview will be conducted to figure out the answers for those questions. The respondents will also be asked to clarify some unclear issues concerned with their answers. No interview is taped, but extensive notes will be taken during and after the interview. The interview consists of questions on these issues:

* The main reasons for the transformation in NSN's HRM mode.

* The changes in role of local HR function when HRM policies changed.

* The most significant improvements in the new HRM system compared to the previous one

* The obstacles exist in the new HRM policies realization.

* The implementation of NSN organizational restructuring and HRM transformation in NSN APAC and NSN Vietnam.

The list of interview questions and the interview report can be found in the appendices.

The table 3.1 below describes which specific document will be utilized in certain parts of the Finding and Analysis to clarify the examined issues.

Finding & Analysis / Sources of data about NSN	The necessity of organizational restructuring and HRM transformation			The obstacles in customer-orientation HRM system	The implementation process of organizational and HRM transformation at NSN regional/country units	
	The reasons for organizational restructuring and HRM transformation	Country based model and HRM approach in 2007	Customer-orientation based model and the most significant HRM improvements since 2008		The generic guidelines for change implementation at NSN regional/country units	Practice of change implementation in APAC countries, especially NSN Vietnam
NSN main Website			✓			
NSN Mode of Operation 2007		✓				
NSN Mode of Operation 2010			✓			
HRM Policies of NSN 2007		✓				
HRM Policies of NSN 2009			✓	✓		
HRM Policies of NSN – updated version 2010			✓			
Guidelines for New Policies Implementation 2008					✓	
Interview	✓	✓	✓	✓	✓	✓

Table 3.1 Selected NSN's data used for the research

4. Finding and Analysis

Firstly, in this chapter, in order to clarify why NSN top management decided to restructure the organization model which led to the reform of HRM, section 4.1 "The necessity of organizational restructuring and HRM transformation" will be presented to explain this issue. Also in this section, the models of customer-orientation based and country based organizations as well as their relevant HRM approach will be described to explore the most significant improvements of HRM after change. After that, section 4.2 will analyze some shortcomings and challenges occurring in the new HRM mode which required the company to pay attention to. Finally, section 4.3 discusses the ways in which NSN APAC and NSN Vietnam employees carried out organizational and HRM change process at the regional/country level and how they implemented new HRM strategy.

4.1. The necessity of organizational restructuring and HRM transformation

4.1.1. The reasons for organizational restructuring and HRM transformation

Since NSN is the result of a merger between Nokia and Siemens, the company's operation mode in the first year revealed some weaknesses and accordingly, needed certain appropriate improvements. *"Organizational restructuring is considered as a continuous process in our company in order to optimize company's resources to be more adaptive with the changeable business environment and the new technological trend"* (Vietnam Sales Manager, see Appendices). Moreover, APAC HR Manager added *"As the telecom market in 2008 kept developing quickly with increasingly significant demands on high telecom technology, core competencies of our company like human resources, business approach and main product sectors could hardly catch up with the growth of the market"*. At that moment, top management of NSN finally decided to make a deeply transformation in organization and administrations from country based mode to customer-orientation based mode to consolidate the operational capacity and market position of the company". Such reformation of organizational structure also caused the change in HR policy and HRM re-organization to give employees directions to follow new tasks and to stimulate their creation in a new working environment.

Besides, the old HRM model was not suitable anymore with the fast development of telecommunications and the expansion of its market. Products' life-cycles have been shortened to catch up with the increasing demands in high-tech market. As a result,

technological and sales-skill training programs for employees about new products and services must be organized more often. As explained by a Vietnam Sales Manager "*Such training for every separated country business units was no longer appropriated because educating employees for particular products specialized for particular domestic markets is very costly, especially when those markets could not create adequate value*". Moreover, in the country-based model, each country will have its own market with various types of customer's needs. The product development decisions for those single needs require a great effort of employees in working on many projects which most of them turn out to be less valuable than expected at the beginning due to the small-scaled market. Therefore, NSN determined that product and project development should be carried out based on the needs of regions/sub-regions instead of countries so that the company can make a more effective business with a larger market size for particular products to satisfy more sensible demands of a bigger customer segment and to cut the big cost for training. In general, centralizing the capabilities to regional level will help NSN build a more quality workforce as well as minimize HR costs and optimize NSN's specialist utilization simultaneously.

4.1.2. Country based model and HRM approach in 2007

Figure 4.1, 4.2 and 4.3 below present the country based mode of NSN operation in 2007.
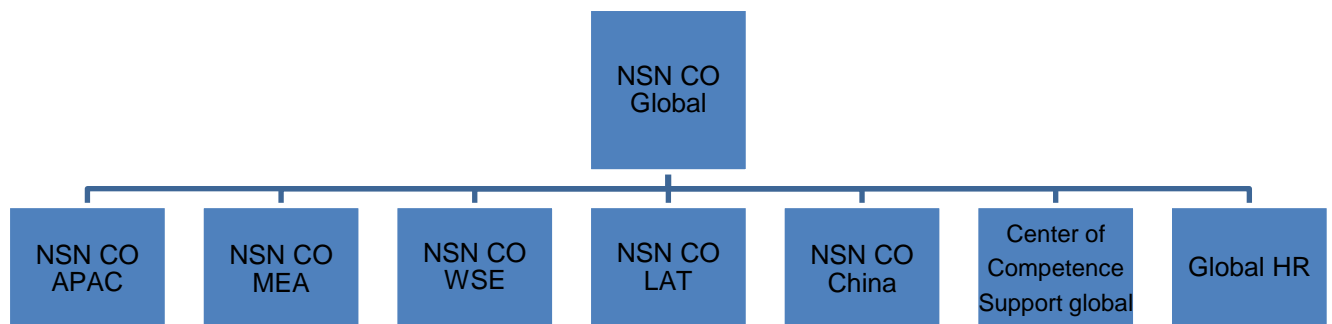

Figure 4.1 Customer operations organizational set up 2007

Source: NSN Mode of Operation 2007

As shown in figure 4.1, the Customer Operation (CO) organization set up of NSN in 2007 is headed by NSN CO Global including five main CO branches located in five areas Asia Pacific, Middle East Africa, Western& South Europe and Latin America. Particularly, NSN CO has one Global HR function and a common worldwide center which both provide core

competencies support for its CO regions all over the world. These five regions and these two functions above will report directly to Chief of CO Global
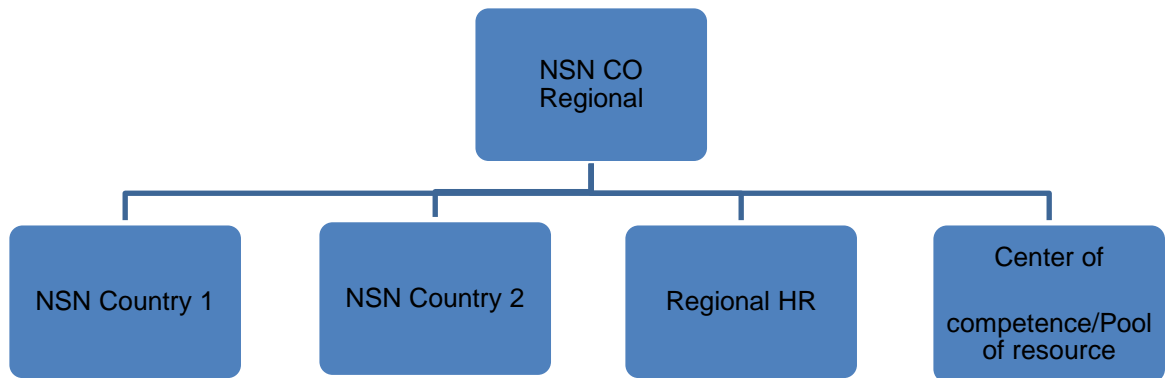

Figure 4.2 Region organizational set up 2007

Source: NSN Mode of Operation 2007

Figure 4.2 shows the organizational model of NSN CO at regional level. NSN CO Global identifies the target market and customers in countries located within particular regional boundaries and then, setting up company's business units in those ones. Country subsidiaries report with a solid line to NSN CO Region. Besides, each region also has regional HR function and its center of competence to support entire region. These functions report to CO Region with a solid line.
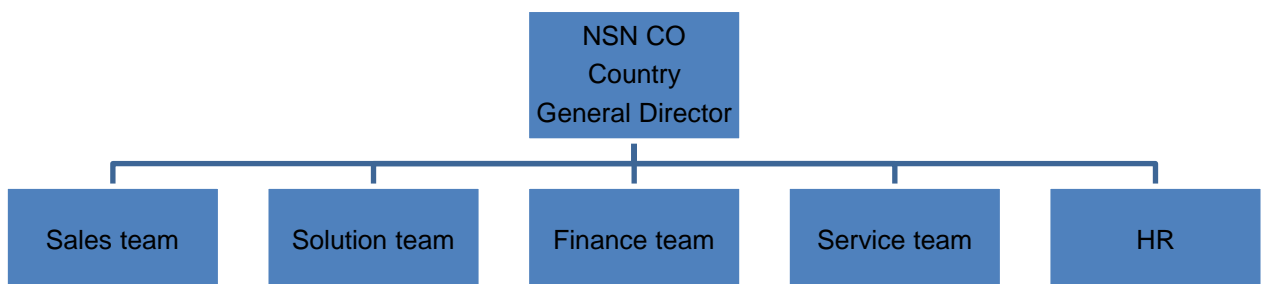

Figure 4.3 Country organizational set up 2007

Source: NSN Mode of Operation 2007

Each country subsidiary is headed by Country General Director (CGD) and encompasses it own Sales Team, Solution Team, Finance Team, Service Team and HR. They report with a solid line to Country General Director. The business control is decentralized at country business units. Every operational and administrative activity within a country was decided by GCD and managers of each department. There is a low interaction among country units

With regard to such organizational structure, the HRM authority of NSN in 2007 is decentralized at the country level. That means while the HRM policies are globalized, CGD and country HR function are empowered to make most of HRM decisions within a country. As can be seen in "HRM policies of NSN 2007", for *Recruitment and Selection*, CGD and HR manager manage the recruiting process. Each country has separated labor demands to work on local projects and customers, thus, its employees are maintained within the country domain. Region Head and regional HR are only in charge of recruiting employees for regional Head office and senior managers like CGD. For *Training*, due to the business demand of country, every unit's HR will choose appropriate training campaigns to adjust to the new conditions. For instance, when a new product is launched to the market which then results in a rapid increase in its sales, based on the market demand, CGD and country HR managers will decide whether training about such new products, its market and new technical skills should be held more widespread to a larger number of sales staff so that they can participate in the projects as soon as they are needed. For *Compensation,* Region Head relying on the business results of countries will divide a certain compensation budget to them. Based on employees' performance, CGD and country HR will arrange adequate salary and incentives amounts for their employees. In other words, CGD and country HR managers have the right to make compensation decisions based on references and the consultancy of the regional HR such as compensation budget and salary grade. Regarding *Performance Management*, employees' performance evaluation is the direct responsibility of country managers under the leading of CGD. Employees' Engagement program is taken place mostly within country to gain communication and to consolidate the relationships among employees and country managers. Later, HRM practice in countries will be reported to Regional Head.

4.1.3. Customer-orientation based model and the most significant HRM improvements since 2008

❖ **Customer-orientation based model**

Figure 4.4 and 4.5 below present the current customer-orientation based mode of NSN operation.
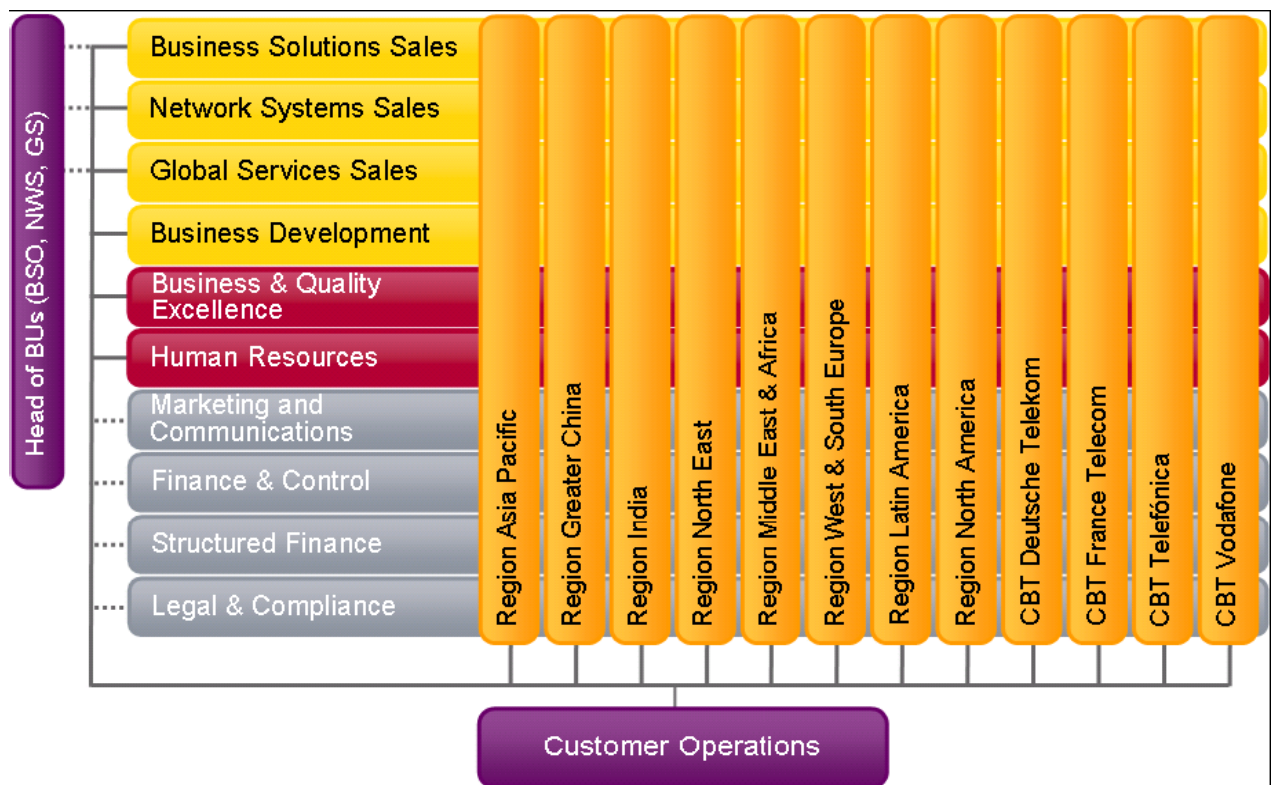

Figure 4.4 Customer Operations (CO) organizational set up since 2008

Source: NSN Mode of Operation 2010

According to figure 4.4, the CO Global organization drives the customer engagement. It is responsible for all activities at the customer interface. CO is headed by the Chief of Customer Operations (CCO). The CO Global organizational set-up encompasses eight Regions and four Global Customer Business Teams (GCBTs) (Deutsche Telekom, France Telecom, Telefónica, and Vodafone), as well as four operational sales units, which are Business Development, Business Solutions Sales, Network Systems Sales, and Global Services Sales reporting directly to the head of CO. Two of the horizontal support functions, CO Business & Quality Excellence, and regional HR are also reporting with a solid line to the CCO, while the other departments (Finance & Control, Marketing and Communications…) report with a dotted line.

Figure 4.5 Region Organizational set up since 2008

Source: NSN Mode of Operation 2010

The global reach of NSN is assured by strong Regional organizations (figure 4.5). The regional split follows primarily cultural peculiarities and common market characteristics but also considers factors like NSN global strategy, regional strategy, market size and expected revenues and growth options. The company setup comprises eight Regions: The West and South Europe Region, The North East Region Middle East Africa Region, The Greater China Region, The Asian Pacific, The India Region, The North America, The Latin America Region.

Regions are fully responsible for Profit & Loss (P&L) in respect to the consolidated account view. A Region is the owner of all account and service resources working in their respective organization. Regions are responsible for managing the overall customer relationship. Therefore, a Region has to ensure customer loyalty and focuses on all customer opportunities within the Region.

The regional management defines and establishes the structure for regional distribution channels and the regional setup for Service Region, Customer Business Teams (CBTs) and Customer Teams, within the organizational key design principles.

A Region is headed by the Region Head reporting directly to the head of CO. The regional setup enfolds Customer Business Teams (CBTs) as vertical functions. They all report with a solid line to the Region Head. The CBTs are the main units within the Region in terms of customer contact. Regional HR reports via a dotted line to the Region Head and solid line to CO.

CBTs are categorized into different countries where their own customers locate. As an example, Viettel and Mobifone are two important customers of NSN APAC from Vietnam, so CBTs for these two customers are located in the same country. Within each country boundary, in order to support company in administrations function, local NSN also set up HR department, Finance & Accounting Department, etc. Those departments will directly report to HR and Finance & Accounting functions at the regional level.

❖ **The significant improvements in customer-orientation based HRM mode**

Due to the organizational restructuring, the HRM must reform to adapt with new conditions. The business units of a region now are CBTs instead of countries so the power was transferred from CGD to Business Line (BL) managers who are the leaders of CBTs. In customer-orientation HRM mode, the decision power relating to HRM recruiting, performance management, compensation management and employee's career development also becomes more centralized into regional BL managers, and regional/Business HR in comparison with the country-based HRM mode in which CGD and local managers hold major authority in HRM.

Regarding the goals of current HRM, "*as the HRM policies have transformed to fit with the new organization model so their goals are aligned with the change in organization*" (Vietnam HR Manager). Firstly, new HRM policies introduce both of the new responsibilities and benefits of employees when their tasks were changed due to the re-organization. Secondly, new HRM policies help to create a highly competitive working environment compared with other companies in the same market to motivate and conserve their human resources. Another goal of HRM transformation is minimizing administrations procedures concerning HR so that employees can completely focus on their work in order to increase sales and business effectiveness.

In fact, there are a large number of HRM components which were transformed under the change of HRM mode. However, because of the researcher's limited understanding about NSN HRM practice, she can only discuss and analyze the most positive transformations of current HRM strategy concerning Employees' Engagement, Training and Career's Development, Recruitment and Selection, Compensation and Performance Management based on the latest version of NSN's HRM Policies in 2009 and 2010 and the interview with NSN APAC/Vietnam HR Managers and Vietnam Sales Managers

❖ **Employees' Engagement**

"Creating a company culture to connect company members is an ongoing process in NSN, which requires a clear understanding throughout the organization" (NSN website, 2010). As the cornerstone of NSN's culture, top management created five core company values which are focusing on customer, winning together, innovating, communicating openly and inspiring. These values result from an open discussion platform and the work of international working groups of volunteers from all levels of the organization. Each of the values adopted will improve and enrich the way in which people at NSN work together.

Clear and open communication is essential to engage employees in business objectives and other values. NSN sets up a voluntary global network to encourage leaders to exchange ideas and experiences, and to implement diversity initiatives. Annually, top managers receive feedbacks from employee surveys to measure engagement levels and top management has implemented a company-wide plan to improve weak engagement areas. Company also opens communication channels with employees like online blogs and forums, where employees are invited to engage with senior managers and take part in discussions on specifics topics.

Another core value affects positively the employee's engagement is winning or achieving together. Achieving Together approach creates a framework for the performance culture that is essential for NSN way of working. "Achieving Together means that managers and employees regularly plan and agree on objectives, conduct a performance and competence evaluation, and prepare personal and career development plans". (NSN Mode of Operation 2010) This important foundation is linked to the Nokia Siemens Networks strategy and planning processes.

Generally, Engagement Management in the current HRM has been improved through more internationally open communications, higher interactions among senior managers at

regional/global levels and better connections between NSN Global and employees all over the world.

❖ **Training and Career's Development**

The new Training and Career's Development strategy also shows a significant modification. All critical trainings and workshops are carried out in Training Center at the Region Head office instead of local training like in HRM strategy in 2007. That means regional employees could share a common view of area's business conditions as well as sharing valuable working skills and experiences with international colleagues. They provide employees the diversified knowledge of regional main customers, regional market, and different local working cultures, with which they could reach a higher development of their career from local to regional level. Additionally, the centralization in training issue helps NSN cut greatly training costs per employee per country in comparison with local training. In general, a more standardized education also means more consistent, professional and higher quality education. Regional-level training allows an increasingly number of employee to be able to meet requirement of expatriated work within the region and to take a chance working beyond regional boundary, that gains the flexibility of workforce and facilitate NSN's business development.

Personal career development of NSN emphasizes the importance of employee's learning on their jobs. Top management believe that learning through working is the fastest way to become a professional and learning on the job makes up around 70 percent of development activity. NSN also supports its employees' personal improvement by providing internal recruitment priority for higher level positions to encourage them to take personal responsibility for their own professional growth and competence development. Moreover, the central point in NSN's personal development strategy is "Nokia Siemens Networks Career and Development Journey" which helps its employees to chart the course of their career and development. According to NSN Career and Development Journey Guidelines in 2010, such Personal Development Plan, in other words, provides a global-approach framework for employees to agree with their BL managers on their personal and career improvement aspirations for the coming year. This increases the communication between BL managers and team members and enables employees to understand how they can contribute to the company's success as well as align their own achievements and career aspirations to the company's objectives.

❖ **Recruitment and Selection**

The recruitment and selection is done firstly by offering internal career development opportunities to the current workforce (to leverage current talent) and secondly by recruiting external talent. NSN has particular recruiting managers who are accountable for the entire recruiting process with the support of HR in providing specialist advice to ensure that all proper steps are taken. Such Hiring managers always consult BL managers when they makes decision during the recruitment process such as defining the open position and selecting final candidates.

 NSN Global Recruitment Policy 2009 emphasizes four steps of the recruitment process to select the right person for company.

- *Define and approve open position*: Firstly, the recruitment request is submitted and must be approved by all required management levels. Next, the request will be returned to the Hiring manager. He is in charge of defining the open position and preparing a clear description of the job content, the position requirements and necessary competencies with the consultancy from HR. Finally, the Hiring manager works with HR and line managers to development a recruiting plan.

- *Recruiting and selection:* NSN strongly promotes the internal mobility in order to support employees' career development and to enhance the effectiveness of resource retention and competence transfer. Therefore, a search for suitable internal candidates is always the first step in recruitment. In case there is no appropriate internal candidate identified, may external candidates be considered and sought.

Personal attributes such as age, gender, nationality and political orientation do not negatively affect the hiring decision because NSN supposes that it is essential to source and validate a diverse mix of candidates and to seek those who would bring different skills and perspectives to the team. A diverse workforce will help to improve company's understanding of the markets where it operates, to provide a more inspiring workplace and to encourage business units to create and execute more diversity related action plans.

- *Interviewing and selection*: BL managers and Hiring managers with the support of HR will select the qualified candidates for interview and are in charge of the interview progress.

- *Final selection and decision making*: The final decision is made based on all the available information gathered from interview and previous assessments and references concerning the

candidate. Once the final candidate is selected, the Recruiting manager has to submit the hire request with all employment related information into the NSN's intranet. After request is finally approved by Business HR, the Recruiting manager can make the final offer to the candidate.

All in all, the recruiting power in the current HRM strategy has become more centralized into BL managers, Hiring managers and HR function at the regional level for junior or senior positions. The biggest improvement of new recruitment policy is the optimal utilization of internal labor force for job requests. Dynamics expatriation policy of NSN allows the company to exploit thoroughly the leisured workforce within a geographical region. Employees can easily transfer to different projects or CBTs in different countries within their area because they have already known every regional customer. Each region at that time is considered as a homogenous labor market for regional NSN employees. This approach helps the company use the human resource more efficiently. Moreover, the recruitment in current HRM mode is really a more comprehensive process compared with the recruitment of the previous HRM approach. Due to the fact that recruiting process requires higher level of management's approval; and it is taken place more globally and objectively, the selected candidates will be highly qualified with more international and professional working manners.

❖ **Compensation and Benefit**

"The key elements of NSN compensation structures are: Annual base salary, incentives / bonus programs, recognitions programs, long term incentives. Such compensation elements are based on the Job Grade which determines the percentage of Incentives, Midpoint of Salary Range and Incentives Plan Type" (*NSN Compensation Policies in 2009).* NSN often takes a look at similar jobs in comparator companies within the same markets to support their own compensation planning. This market comparison also helps to determine projected budgets for salary increases depending on NSN competitors' practices.

BL managers in NSN employ the Annual Compensation Planning (ACP) Process to review the salaries and job grades of the employees in their team. ACP helps them recognize the employee's performance through merit salary increases and understand the changes in job content. The BL managers make merit and promotional reviews based on Total Target Cash (TTC) referring to the sum of employee's annual base salary and annual incentives on target.

Based on *NSN Compensation Policies in 2009*, BL managers make the annual compensation planning through four main steps:

- Participating in the annual ACP/Reward training sessions

- Reviewing employees' performance evaluation, range position and their available salary budget and following the guidelines given in the training and perform the compensation review. The proposals will later on be reviewed and approved by Regional Head.

- Reviewing the final approved amounts from Business Head

- Meeting with team members to discuss results openly with clear reasons for the new compensation policy.

NSN Employee Benefit Programs are Country -Specific based. Employee Benefit Programs vary significantly from country to country and are determined upon using NSN benefit principles, which can be applied wherever local market legislation allows

To sum up, in current Compensation strategy, NSN has a common global approach for job levels, salary administration processes, incentives management, benefits packages; but the detail amount of salary as well as particular benefits are aligned to the regional market where it operates. Managing the compensation budget for each local subsidiary is the responsibility of BL managers and regional HR. Local HR is just in charge of composing the local reward list based on employees' performance and delivering it to Business HR for incentives approvals. It is the biggest difference from the previous policy where the compensation deciding power is decentralized at country level. Regarding new compensation policies, employees of developing countries like Vietnam feel greatly satisfied with the standardization of incentives system. Profit percentage of such local employees is pushed up to be equal with ones in other country. It accelerates their motivation on working and on being creative to their jobs.

❖ **Performance Management**

Performance Management has been embedded into NSN's core people processes where the contribution, achievements and behaviors of employees are annually evaluated based on company's values.

Performance evaluation process of NSN is presented in figure 4.6. According to *NSN Performance Evaluation- Training material 2009*, first of all, individuals will self-evaluate their performance during the year, then, they draft their own assessment and send it to BL managers. In the next step, BL managers review that draft and discuss with the employee to come to an agreement for evaluation result before giving approval and send it to the regional/Business HR. In case BL managers and employees cannot agree with each other about the result, it will be sent to second level manager to review and comment. The final approval will be the responsibility of second level manager. The final assessment later will be sent to the regional/Business HR. Then, they base on the result to make incentives payouts and promotion approvals for employees according to compensation policy. All the data of assessment which flow in a company HR software are called Success4U
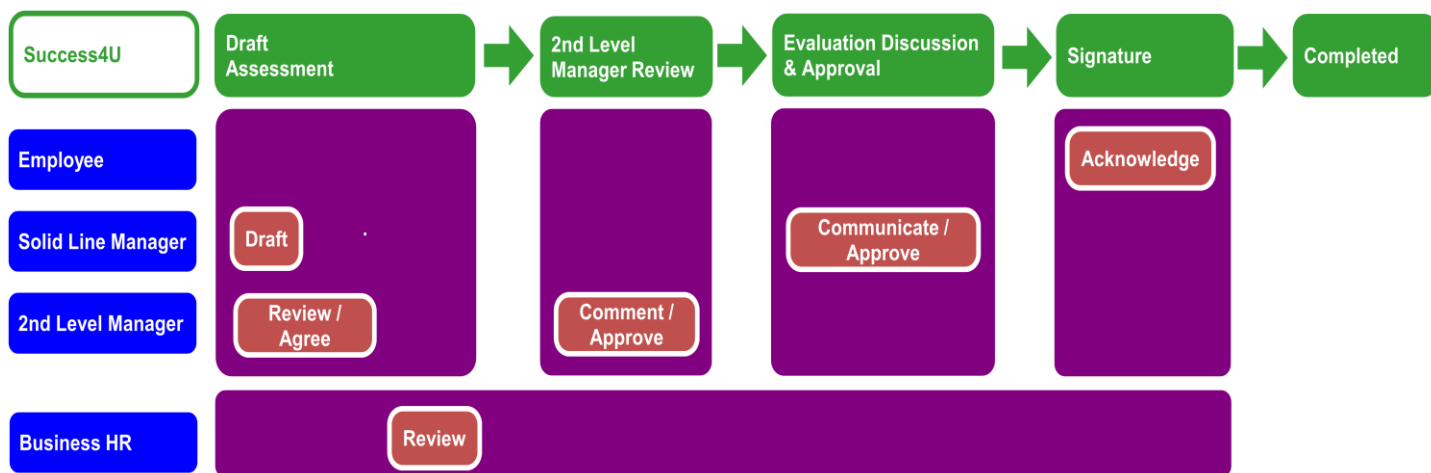

Figure 4.6 Performance Evaluation Process

Source: NSN Performance Management in 2009

In summary, the Performance Management in customer-orientation HRM is also more converged into regional level. In the previous HRM mode, all of performance management activities were taken place by CGDs and country HR while in the present HRM, the authority has already transferred to BL managers and regional HR. This change has made the performance evaluation process become less biased. One improved point of the current HRM approach is the focus on performance self-management of employees. Because some BL managers of CBTs do not stay in the same country with team members, that requires a self-conscious attitude, which is considered as an important characteristic from team members to manage well their works without direct instructions or monitoring of BL managers. Another special point of the new performance management policies is that when an employee did not

have a good performance in a year, he would be eliminated and replaced easily by another member in the region or a newcomer. However, despite the fact that this new performance management is stricter than the old one it helps company strengthen the quality of work. As a Vietnam Sales Manager supposed "*While the new performance evaluation is severe, it aids to maintain the freshness and effectiveness for the whole company if we always keep in mind about refreshing and developing ourselves day by day*".

Overall, the new HRM still represents a top-down model. The policies are standardized and must be followed by all of regional, sub regional and country NSN while the HRM decision powers are given to the BL managers and Business HR in each region which is separated profit centre. That means although the strategy is globalized, the authority to make HR decision is normally decentralized at regional level. However, comparing with the previous HRM mode, this latter mode is obviously considered to be more power-centralized.

As a conclusive point of this section, some judgments of interviewees about the company's organizational and HRM transformation in 2008 will be quoted to show their attitude towards such changes.

> "*When the business environment and the characteristics of market change, the change in organizational structure and HRM is undeniable in order to maintain the business effectiveness. NSN have already foreseen such market change and make appropriate adjustment to adapt to the new conditions. Of course any change has its own side effect but for NSN, our reorganization and HRM reform have brought more positive elements.*"
>
> (Vietnam Sales Manager)
>
> "*Change is always necessary even when a company is still managing to run well its business. For NSN, after one year facing difficulty from inefficient operation, organizational restructuring brought the concentration and dynamics to the company's members, which helps them gain performance in the last two years. NSN will continuously monitor carefully company's operation and keep track of the market changes in order to have timely improvements in the future.*"
>
> (APAC HR Manager)

4.2. The obstacles in customer-orientation HRM system

Besides the positive effects of HRM transformation and the new HRM mode mentioned above, there have been also some obstacles that occurred in practice after NSN had applied current HRM policies. These issues are also explored through the interview with APAC HR Manager, Vietnam HR Manager and Vietnam Sales Managers.

The first disadvantage of the customer-orientation HRM concerns the limitation of country HR function. For more detail, in the current HRM strategy, authority of country HR function is limited. Previously, with country based HRM approach, country HR managers and CGD had right to make HR decision based on references and consultancy of regional HR. On the contrary, in customer-orientation HRM, country HR just plays the role as adviser and local information supporter for regional HR to make HR decision and CGD even lost his position and became just a specialist. It means there is a considerable limitation in the control power of country HR function and "*That made some of these HR members felt less interested and inspired to be active and innovative in their work*" (APAC HR Manager)

Another challenge also occurred from the new HRM policies related to the effectiveness of HR mobilization for sales purpose. According to a Vietnam Sales Managers, in the new HRM mode, they have to get acquainted with evaluating accurately the potential size and sales of the markets as well as asking for a certain number of supporters that they need in order to reach the target, which are difficult issues to deal with. If they overestimate the market and ask for more HR than it is actually needed, their region will later waste a large amount of budget for HR relocation, new recruitment and training within region because of his ineffective HR utilization. Conversely, if he underestimates the target market which leads to the inadequate HR mobilization, he will not be able to have proper support from employees to reach the target. As a result, an incorrect investment will cause the loss in sales, the loss in company profit and his own benefit. This problem is actually easier to handle whether one business unit just works within a country boundary.

An inadequate factor in the performance management is also one side-effect of the new organizational structure and HRM systems. Evaluation performance mostly based on the result of projects, but in fact, a success of a project or a CBT does not mean that it is caused by the high contribution and commitment of all team members. Therefore, sometimes, it is quite hard for BL managers to recognize the actual capacity and working effectiveness of

their employees when they do not work in the same country with them; and later on, it might lead to unsatisfactory attitudes of CBTs members towards inaccurate evaluation caused by that matter.

In addition, the centralization at region leads to the company's late business chance catching at country subsidiaries and the delay in employing business plan because all important and strategic decisions must wait to be made by the Region Head.

The final identified obstacle exists in the dynamic strategy of NSN expatriate utilization. Although there are many advantages in the dynamics of company's expatriation strategy as mentioned such as the diversity of workforce, international working experience, etc., in some case, employees can hardly make the most of their competencies when working abroad. Most of NSN abroad projects are short term assignments. Some employees think that it is not enough time to get used to the difference in working styles, in culture and in the ways of communication of home countries when they start to work in a host-country. Moreover, some of the home-country CBTs members even underestimate the foreign member because he is short term member. These facts possibly lead to the worse performance of expatriate and his productivity during his abroad assignment. A Vietnam Sales Manager admitted "*I used to work abroad one time for six month assignments with another CBT in India, I found it not very comfortable to work with them at the beginning because they had different style of working and some of them even preferred using their local language sometimes to discuss a problem fluently. One more thing, because I was a foreigner, and just work there for a short time so they were not really willing to cooperate with me. That concerned me a lot! At the last days of my assignment, everything got better but it was time for me to come back.*" In fact, this problem in new operational mode of NSN probably represents for chance cost in company's HR competency because company could use those expatriates better to seek for other projects and customer in their home countries.

4.3. The implementation process of organizational and HRM transformation at NSN regional/country units

NSN Headquarter had global instructions for change realization at regional/sub regional and country level. However, when being applied in specific areas, the company may experience different practices of change implementation process. Based on the selected documents containing those instructions and the interviews with NSN APAC HR manager, NSN Vietnam HR manager and two NSN Vietnam Sales Managers, guidelines for change

implementation within NSN will firstly be generalized. After that, practice of organizational and HRM transformation implementation process in APAC countries, especially in Vietnam will be reflected.

4.3.1. The generic guidelines for change implementation at NSN regional/country units

As presented in *Guidelines for New Policies Implementation 2008*, the implementation process of organizational structure and HRM change covers two stages: Re-implementation Stage and Change Implementation Stage which are introduced below

❖ **Pre-implementation Stage: Creating a climate of trust within each regional/country subsidiaries**

NSN stated that the message of change had to be trusted by the all company members. Therefore, prior to the implementation of organizational and HRM change, it is necessary to have a stage to consolidate the belief of workforce with the company's strategic decisions. BL managers, regional/business HR managers and country HR staff are responsible for making such climate of trust among employees towards the new organizational mode and HRM policies. They must be the first members to be informed about the organizational and HRM redesigning and be trained how to implement such change process at areas/countries. In the pre-implementation stage, local HR could announce other employees the general information of the change; discuss the reasons why such change must happen and the values of new HRM strategy. It is recommended that they should talk to each department to explore what they think about the change and whether they will support, show a neutral attitude or oppose against the customer orientation-based organizational structure and HRM strategy. That helps regional management imagine the probable reactions of employees in the implementation stage and make a solution for employee's dissatisfaction.

In general, the purpose of this pre-implementing stage is providing employees a generic view about the coming transformation, creating motivation and strong belief among staff to engage in the transformation process before it is officially employed. As APAC HR Manager assured, it is critical to do so because high level of trust in the parent company and the reform will reduce the uncertainty of employees towards the value of the policy and well-expected outcomes of the change. In NSN, higher trust is also associated with higher perceived reliability of the source, lowering the costs of communication, negotiation and exchange

between parent company and regional/country subsidiaries. Each business units will later have motivation to carry out the change in a higher level.

❖ **Implementation Stage**

In order to reach the success of organizational and HRM transformation implementation, NSN identified consistent instructions for such process from the head quarter to regional/country units which were presented in NSN Change Implementation Guidelines 2008.

Firstly, employees should have a clear understanding of strategic goals of the organizational reform as well as the change in HRM. NSN hopes that the regional/country HR and BL managers will be the first people who could understand clearly the goals of change and the reasons to do so, so that they can well define the meaning of transformation and deliver company's behavioral expectation to their employees during the implementation process. NSN top management stated that a good beginning for the change implementation was that all employees at all levels can have obvious answers for the questions: Why does the company have to change? What issue is going to change? When and how is change realized?

Secondly, change implementing at the regional/country subsidiaries requires a high commitment of NSN BL managers, and regional/country HR managers who play important role in managing the change. HR function acts as agents of change, supports top managers in change strategy organizing and creates the conditions to facilitate the transformation at regions through training and management development efforts. Without the leadership, commitment and participation of regional/country HR to the change process, the company can hardly achieve the change target. As an example, regarding the role of country HR in HRM change process at the change designing stage, NSN Vietnam HR Manager said "*We are people who directly contact with local employees and understand well the domestic labor market, so we can provide top management with the most accurate information for building new HR systems and policies. We also help to review some new specific policies that top management creates for Vietnam in order to make sure those policies are relevant in Vietnam HRM practice before they are implemented*". Local HR managers played a key role to make local staff integrated in the process. By explaining carefully every detail of the change in organization and HRM when being asked and giving instructions concerning new procedures, they helped employees have motivation to engage in the change process so that it could run smoother.

Additionally, NSN top management emphasized the role of continuously training and communication in the transformation process. Diffusing the new mode of organization and HRM policies through workshops and meetings is the fundamental issue of change implementation. The workshops are served to clarify and define responsibilities, roles and expectations and to help the staff become more acquainted and comfortable with the new environment, functions and procedures of the new organization and HRM policy. All of the interviewees, when being asked, agreed that communicating the clarity of goals, content and vision of change is crucial. APAC HR Manager stated "*HR person has to be the first in line to start and stimulate the discussion about the change and to exemplify the needed changes in his personal behaviors that later other employees should consider to follow*". Moreover, they play a key role in the flow of information in the transformation process, bottom-up and top-down. Understanding the importance of HR staff in change realization, the company also provided particular training on HR skills for regional/country HR function to assure that HR staff would be qualified to carry out the new policies. NSN stressed that communication of the change has to be a continuous work to stimulate a employee's urgent sense. At the start of change implementation program, the change should be marketed and communication was seen as an effective tool for that. As mentioned above, at pre-implementing stage, HR managers have to investigate the opinions of employees towards the change announcement by talking to each department. Later, in the implementing stage, country HR staff have to discuss in more details with employees how to carry out the change steps by steps and together find solutions for any problem concerning the change implementation then reporting them with regional HR and BL managers. NSN staff are encouraged to hold group meetings within the local units and with other units in the region through company's intranet to debate the transformation. Each unit can share the experience of their change implementation so that it may affect positively the result of change. At the end of the change realization, having sufficient understanding about the change's content associated with its progress makes every employee able to provide helpful feedback for NSN administrations in order to help them improve the company's future change.

A successful implementation in NSN also needs the contribution of general HR staff working as implementation teams at country units. They are responsible for creating the initial and detailed plan for carrying out the change and new policy implementation. They also assign responsibilities for various activities such as scheduling the training and preparing all necessary resources needed for the transformation execution.

Finally, the change process must be implemented without interrupting current business plan. For example, employee A is in charge of a project belonging to a particular team. After the organizational and HRM restructuring, that employee has to move to another team but the project is remained in the previous unit. However, he is still responsible for the project until accomplishing or finding someone else to replace him on dealing with his work.

4.3.2. Practice of change implementation in APAC countries, especially NSN Vietnam

According to Vietnam HR Manager, because the change in organization and HRM has been a continuous process so HR and local employees feel fairly familiar with this. The change process was implemented under the leadership of APAC HR with the advice of country HR to make the change implementation more adjusted to the specific features of the local environment. Relying on the clear guidelines from Head Quarter, in overall, the change implementing process was taken place smoothly at APAC region.

The organizational and HRM redesigning is also carried out based on the discussion and references from business units, thus, receiving the support from most of them when being employed. Before implementing the change, NSN had already announced the transformation and made a survey among employee's opinion about such change. As a result, most of APAC employees felt that a customer-orientation approach is rational, so they gave a collaborative attitude to participate in the change process. In other words, at the end of the pre-implementation stage, most of employees within NSN Vietnam and the whole APAC had a strong common feeling of trust at the beginning when new organizational mode and HRM approach were diffused.

However, in fact, during the new operation mode and HRM applying process, NSN APAC in general and NSN Vietnam still had to face some challenges in which most of them have not been dealt with.

First of all, due to the matter that benefits of the new policy may not be completely obvious in their point of view, some country units concerned that it was just a waste of time learning new skill and systems for an unknown-result change. Thus, it did take some efforts from regional HR and line managers to convince them to engage in the transformation process.

Secondly, APAC HR Manager conceded "Besides the major support of the majority to the change, a few other business units felt afraid of changing or had less motivation to pursue the

change implementation because of the regional/country resources restructuring". As NSN restructured its organization and HRM, regional/country resources also changed. Responsibilities change, new procedures are created, new tasks are delivered, some divisions and functions gain power while others' authority may be limited, and new type of internal resource allocation will emerge based on the demands of the new policies. As a result, it takes times and many efforts of employees to accept and get on well with the new situations. As an example, for country subsidiaries like NSN Vietnam, a more centralized approach at regional level leads to the movement of current workforce; and the fact that roles of HR as well as official country managers are abridged. "We just contribute to the HRM as the supporters, not the decision makers anymore", said by Vietnam HR Manager. Consequently, some of CGDs in the past felt depressed and had less motivation to work just as specialists.

Furthermore, another considerable challenge has been identified is that training and developing personal competences and skills for employees to adapt to the change of the organization and HRM can cost a lot of each NSN's regional budget and time. NSN also has to spend a large amount on recruiting the new labor to meet the demand of new business whenever it begins to make a change in organizational and administration mode. However, in order to solve the training cost problem, NSN has applied a new online training program which is so-called Nokia Siemens Networks Academy, allowing employees to learn change issues of the company directly at their units instead of traveling to Training Centers in another country. That not only helps company cut training-costs but also makes the change realized faster and more efficiently because employees can simultaneously learn and work without any interruption.

Finally, in some Asian units like Thailand, Vietnam and Philippines, there was still lack of employees' proactive feedback for the reform of the organization and HRM to the Headquarter. People just gave feedback whenever they were asked. They have rarely criticized or put forward many ideas to reflect the change. It is partly because of the collectivism culture of Asian people. Vietnam HR Manager admitted that "*It is not our culture to comment too much, we prefer to be silent to do our job. In addition, when a small problem occurs as an impact of the new policies, normally we choose to manage it ourselves because it takes time to report to the Headquarter and even more time to receive reply from them*". This issue seemed to be not very important but in fact, the accumulation of many small problems may lead to the roadblock in the path of the reform process at South East Asian sub region.

5. Conclusion and Recommendation

In this chapter, the conclusion section will provide the summary of thesis objectives as well as the main research findings which give the answers for the problem statements. The discussion section compares the findings and the literature that researcher used to support her study, in order to explore whether NSN operational and HRM practice are convergent or divergent with theoretical concepts given in some typical academic HRM research. Recommendation for future research will be presented in the next section; and at the end of this chapter, limitation of the thesis will be expressed.

5.1. Conclusion

The objective of this descripto- explanatory research aims at studying HRM reformation and its transformation implementation process which are the prevalent HRM activities of MNCs in the recent years. NSN is chosen to be the single case study to illuminate this issue. There are two identified problem statements for the research: "*How has NSN changed its organization and HRM model from country based (decentralized) mode to customer-orientation based(more centralized) mode since 2008*" and "*How did NSN's employees in APAC and especially in Vietnam implement the organizational and HRM transformation process?*". The answers for them were figured out based on NSN internal document and semi-structure interview with NSN APAC/Vietnam HR Managers and Vietnam Sales Managers.

The first problem statement can be clarified through the first two parts of the Finding and Analysis. In order to explore how NSN has changed its organizational structure and HRM system from country based mode to customer-orientation based mode, the purposes and the content of such changes as well as positive effects and side effects of the new HRM mode have already been identified. There were some main factors which caused NSN's structure re-organization and HRM system modification: the need for frequently improvements in organization and strategies of a young company, the requirement of quickly adapting to the development of business context such as market demands, technology and company core competencies; and the necessity of centralizing HRM to low the HRM cost and to exploit optimally the large-scale markets. In addition, the main content of change in NSN's transformation was that company had decided to change its operational approach from a decentralized control mode at country level called "Country based" to a more centralized mode at regional level which is called "Customer-orientation based". That means the

company's business units are currently not the country units but the customer business teams which are specialized to focus on particular customers. The management power of local business within a region moved from CGDs to BL managers who are the leaders of CBTs at region level. That also leads to the transferring of HRM authority from country HR managers and CGDs to regional HR managers and BL managers at Region Head as well as some critical changes in HRM policies from country adaptive approach to a more global and standard approach. In fact, the new HRM system did show great advance. *Engagement Management* in NSN's current HRM has been improved through more internationally open communication, higher interaction among senior managers at regional/global levels and better connection between NSN Global and its employees all over the world. The biggest improvement of *Recruitment* policy is the optimal utilization of internal labor force for job requests. Dynamic expatriation policy of NSN allows company to exploit thoroughly the leisured workforce within a region. This approach helps the company use the human resource more efficiently. The new *Training and Career's Development* strategy provides employees more international working experiences and diversified knowledge of their works, with which they could reach a higher development of their careers from country to regional level. In current *Compensation* strategy, employees of developing countries are greatly satisfied with the standardization of incentives system. Profit percentage of such local employees is pushed up to be equal with ones in other developed countries. That makes them more motivated to work and to innovate. One improved point of current HRM approach concerning *Performance Management* is the focus on performance self-management of employees; and with a strict Performance Evaluation policy, company could strengthen the quality of work. In contrast, there are also some obstacles occurring in the new HRM system which need top managers pay attention to such as the less job motivation for country HR managers, the challenge in HR competency relocation for sales purpose, inaccurate performance evaluation, project delaying and obstacles in NSN's expatriate utilization. In general, although the customer-orientation HRM with its new policies have some disadvantages that need NSN's top management to continuously improve, this new HRM still represents for many significant developments in NSN current operational approach.

The answer for the second problem statement was also addressed through the interview with NSN APAC/Vietnam HR Managers and NSN Vietnam Sales Managers. Company standardized the implementation process for its organization and HRM transformation in two main stages: pre-implementation and implementation. The pre-implementation stage is

carried out with the purpose of creating a climate of trust within each regional/country unit. The main goals of this pre-implementing stage are providing employees a generic view about the coming transformation and creating the motivation and strong belief among NSN's staff to engage in the transformation process before it is officially employed. There are some important requirements for change implementation stage as well. First of all, employees must have clear understanding of the strategic goals of the organizational and HRM reform. Secondly, change implementing at region/country subsidiaries requires the participation, leadership and high commitment of NSN BL managers, and regional/country HR managers who play important roles in the change management. Moreover, the training and communication in the transformation process should be focused and organized continuously and frequently. Finally, the change process must be implemented without interrupting current business plans. According to the research finding, NSN APAC and NSN Vietnam had to face some challenges while implementing the change with regard to the lack of trust of some employees who cannot see or do not agree with the expected result of change, the adaptation of employees towards regional/country competency restructuring, high training cost and lack of employees' proactive feedback for the reform of organization and HRM to the Headquarter. However, in practice, APAC HR Manager and Vietnam HR Manager both agreed that because the transformation had been a continuous process in NSN so the implementation for such change was taken place quite smoothly.

Generally, this research described and analyzed the transformation of NSN organizational structure and HRM system as well as the implementation of the changes at regional/country units. Since every organizational model or HRM mode has its own weakness and needs to be improved, the change process in NSN should be realized persistently in the future.

5.2. Discussion

Based on the researches of Christiano (1995) and Rugman (2001), it can be concluded that NSN applied a multi-domestic approach for company's operation in 2007 which is called "Country based" mode. The management of all business activities was decentralized into country units at CGDs and managers of each department (HR, Financial, Sales, etc.). There was lack of interaction among these units. Each country had its own business plans and local business strategies to rapidly respond to local circumstances. This reflected "a strong local autonomy with decentralization of operations" (Cristiano, 1995).

However, since 2008, NSN has decided to transform their operational mode from country-based to customer-orientation based approach. This new approach is considered as one of the most prevalent operational strategies of global telecommunications corporations according to a study of Mathe (1994). NSN has adopted this model with the purpose of highly concentrating on customers to gain better connectivity with them and creating more added-value for the products that are attractive to customers. The customer-orientation mode of NSN also conforms to the participative decentralization and administrative concentration approach of Rugman (2004). On the one hand, the new operational approach allows NSN regional divisions and CBTs to participate in the strategic planning of Headquarter. It helps NSN Headquarter have better understanding about local circumstances in host regions and gain the commitment of regional workforce. On the other hand, also in the new operation mode, NSN top management globalizes the administrative strategies to acquire the consistency in the entire company's business management. Generally, in the customer-orientation based mode, the operational management power is more converged into Regional Head and Regional HR, compared with the country based mode. However, from the viewpoint of NSN Global, the management power is still thought as being strongly decentralized at regional level.

As a result of the operational change in 2008, HRM system of NSN had to be redesigned to align with the new organizational structure and business approach. This practice of the company conforms to the perspectives of Delery& Dorty (1996) and John et al., (2004) about the nature of HRM transformation regarding the change in company's organization. In 2007, among three IHRM approaches of Evan et al., (2002) including decentralized HRM, centralized HRM and coordinated HRM, NSN chose the decentralized mode for their HRM system. Country HR managers and CGDs were highly empowered to make most of the decisions concerning the HRM of a country and regional HR function just plays the role as a consultant. However, the company HRM policies and the methods of implementing HRM strategy were standardized by NSN Headquarter HR and diffused to all subsidiaries, which was also a feature of centralized HR in Scullion (2000). From 2008, NSN has already applied new HRM approach which reflects a higher level of HRM centralization compared to HRM approach in 2007. Besides the consistency in the HRM policies, the HRM authority is currently transferred from country HR to regional HR. Nevertheless, that also means regional HR functions are empowered to share the company's HR management with the Headquarter HR which might represent for the HRM power decentralization. According to IHRM practice

of NSN, it is thought that MNCs have recently been seeking for a mixture approach between centralization and decentralization for their HRM in order to simultaneously acquire IHRM consistency and increase its responsiveness to the local subsidiaries' context. Supporting this opinion, Maddy (2001) also argue that a thorough centralized/exportive HRM is inflexibility, ignoring the possible local diversity which may result in an ethnocentric orientation from Headquarter and the rejection feelings of local employees while a pure adaptive/centralized HRM can lead to the lack of coherence within MNC. Therefore, in accordance to Maddy (2001), an integrative approach is possibly preferred.

Concerning the HRM change implementation process, NSN required the climate of trust among employees towards the transformation which were also emphasized in the studies of Mohrman (1997) and Jack et al., (2006). Moreover, NSN thought that highly communicating about the change as well as the commitment of HR function during the implementation stage are very important success factors of the change implementation. This consideration is similar to the suggestions of Gregory (1995) that experiences and best practice of the implementation should be communicated within and beyond a business unit with the critical support of HR department. In fact, there were some challenges occurred in the change implementation of NS. However, just one of them was identified in the research of Mohrman (1997) and Jack et al., (2006) which is about the difficulty to get the willingness of employees.

5.3. Future research

This section gives some recommendations for future research.

The first suggestion for future research concerns the balance between centralization and decentralization of MNCs' HRM system. It will be quite interesting to investigate whether the demand for an appropriate combination between centralized and decentralized HRM approach is a prevalent trend in MNCs practice; how MNCs can mix and modify these two approaches to have a "best practice" HRM; and which factors will influence the centralized/decentralized balancing.

Secondly, is it recommended that there should be more studies regarding MNCs' HRM transformation in specific circumstances, which could adequately explain and analyze the whole process from the change defining stage to the assessment stage for transformation result. That may also help to identify problems or challenges that most of MNCs often face when implementing change in order to figure out the solutions for these issues.

5.4. Limitation

A comprehensive research about HRM transformation process should follow the process of change from the beginning stages such as considering and designing for a new approach as well as knowledge transferring for new IHRM procedures from Headquarter to subsidiaries to the implementation stage of the new IHRM policies in practice and finally to the evaluation of the change process' effectiveness. However, because of the limited access to the case-study companies, this research will just focus on explaining the implementation of the HRM transformation process in MNC at regional and country levels.

In order to have a more adequate judgment and accurate analyst about HRM transformation practice, research should be carried out with more case studies, but in fact, it is beyond the ability of the researcher because she did not have enough time to expand the studying to more than one MNC. Moreover, with just a single case, it is preferred to have as many interviewees as possible to analyze problems with various perspectives. Nevertheless, in the researcher's situation, although she did try to contact NSN in Munich which is the Headquarter of NSN West and South Europe to ask for telephone interview, they did not agree and replied that she had to come directly to make face-to-face interview. Due to the lack of time and budget, she could neither go there nor come back to Vietnam to directly reach NSN Vietnam to make a more comprehensive study. All of these issues lead to the limitation of this research.

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2. NSN Mode of Operation 2007

3. NSN Mode of Operation 2010

4. HRM Policies of NSN 2007

5. HRM Policies of NSN 2009

- NSN Compensation Policies 2009

- NSN Global Recruitment Policy 2009

- NSN Performance Evaluation- Training Material 2009

6. HRM Policies of NSN- updated version 2010

- NSN Career& Development Journey Guideline 2010

7. Guidelines for New Policies Implementation 2008

APPENDICES

Questions for Interview

Questions for NSN APAC/Vietnam HR managers

1. What were the main reasons that made NSN decide to change the organizational structure which leads to the reform of HRM policy?

2. What are the goals of this HRM transformation? And the generic goals of the new HRM strategy?

3. What are the most significant improvements of the new HRM policies compared with the previous in your opinion?

4. How did country/regional HR support top management and Headquarter HR function in the organizational redesigning and HRM improvement process?

5. How did your roles change when NSN changed the HRM approach from country-based mode to a more centralized one?

6. Did NSN have any instruction for country/regional employees to realize the change? Please explain it.

7. How did you involve in the transformation implementation progress?

a. How did you react to such HRM changes from the beginning?

b. How did you develop new HR competencies?

c. What are your main roles in the transformation implementation process?

8. What are the challenges when applying the latter HRM approach? How could you overcome such challenges above and get familiar with the new HRM strategy? Did you think that such change in organizational mode and HRM strategy is rational? Why?

    If not, so in your opinion, what are the disadvantages of the new organizational mode and HRM policies?

Questions for Vietnam Sales Managers

1. What were the main reasons that made NSN decide to change the organizational structure which leads to the transformation of HRM?

2. How did country Sales managers support top management and Headquarter HR in the organizational redesigning and HRM improvement process? Was there any important issue occurring from country Sales practice that impacts the decision of headquarter to change their organizational structure and HRM strategy?

3. What are the most significant improvements of the current organizational model and HRM policy compared with the previous one in your opinion?
   Which change in new policy that impacts the most on your work and the sales result? And how?

4. From the side of a sales manager, did you think that it is an efficient transformation to follow? Why?

 If not, so in your opinion, what are the disadvantages of the new HRM policies?

Interview Report

Interview Report 1: (Confirmed)

Name: Co Thi Hoa

Position: HR Manager-NSN Vietnam

Date of Interview: 16/02/1011

Ms Hoa has been working at NSN Vietnam for four years at HR department. She was interviewed to explain the purpose of NSN organizational restructuring and HRM transformation, the advantages and disadvantages of such change as well as her roles in the change implementation process and in new HRM system. Her explanation will be summarized below.

To answer the first question about the reasons that made NSN change their organization and HRM systems, Ms Hoa told that the re-organization of NSN had been continuously carried out in order to optimize company's core competencies to adapt quickly with business environment and the new trends of technologies. This organizational restructuring led to the reform of HR organization and policies.

The HRM policies transformed associated with the organizational restructuring so their goals are also concerned with the change in organization. Firstly, current HRM policies introduce both of the new responsibility and new benefits of employees when their tasks were changed due to the re-organization. Secondly, new HRM helps to create a highly competitive working environment compared with other companies in the same market to motivate and conserve their human resources. Another goal of HRM transformation is minimizing administrations procedures concerning HR so that employees can completely focus on their work in order to increase sales and business effectiveness.

When being asked about the most significant improvements of the new HRM policies, Ms Hoa responded that there were three most improving points of the organizational restructuring and HRM changes. First of all, the utilization of NSN's resources will be more efficient based on the new organization structure which helps company to quickly get used to market change. Moreover, new HRM policies allows employees' to participate in various projects in different countries which will helps to gain their valuable working experience.

Finally, with the new structure and HRM mode, top management may easily identify weak departments so that they can find solution to eliminate this issue.

Ms Hoa also conceded that her roles changed a lot because of the change in organization and HRM. In the country-based model, she was the person who made most of HR decisions such as compensation budget and employee quantity balancing, based on the references and consultancy from regional HR. But in the customer-orientation model, she is just the advisor and supporter to provide local HR information to regional HR so that regional HR can make better HR decisions. Generally, her tasks in country based HRM mode were more complicated but she was more empowered.

Regarding the change process, she said that company had general guidelines for change implementation covering two main stages: pre-implementation and implementation which highly emphasized the support and commitment of every employee in the success of the change implementation. Moreover, the change process should be implemented without any interruption in business activities. Ms Hoa provided that country HR also supported top management and Headquarter HR in organizational redesigning and HRM improvement process. Regional/country HR members are the people who directly connect with employees and understand well the labor market of such region/country so they can provide more accurate HR information to support top management in building new HR systems and policies. Country HR also reviews specific policies that company created for their area in order to make sure that those policies are adequate to the local market before they are applied. Furthermore, Ms Hoa said that local HR manager played a key role to make local staff integrate in the process. By explaining carefully every detail of the change in organization and HRM when being asked and giving instructions concerning new procedures, Ms Hoa tried to motivate employees to engage in the change process.

Because organizational improvement happens quite often, she and other employees felt fairly familiar with it. Moreover, the change in organization was implemented at country level after a long time making surveys and discussing among departments and employees with the participation of HR at the pre-implementation stage; and new policies had already been accepted by most of employees. As a result, the implementation of new policies is taken place smoothly and efficiently.

The change implementation process, later, were based on guidelines from top management. Country HR would rely on these guidelines to carry out the change. When applying new

model, NSN would organize training programs and workshops concerning the change and new HRM strategy for HR and other employees. Company also provided training about HR skills to assure that HR staff would be qualified to carry out the new policies.

However, as Ms Hoa revealed, there were some challenges that occurred in the implementation of change: training and developing personal competence and skills for employees to adapt to the change of organization and HRM costs a lot of each NSN's regional budget and time. NSN also had to spend a large amount for recruiting the new labor to meet the demand of new business whenever it begun to make a change in organizational and administration mode. In order to solve training cost problem, NSN has applied a new online training program which is so-called Nokia Siemens Networks Academy, allowing employees to learn change issues of the company directly at their units instead of traveling to Training Centers in another country. That not only helped company cut training-costs but also made the change realized faster and more efficient because employees could simultaneously learn and work without any interruption. In addition, in Vietnam, there was still lack of employees' proactive feedback for the reform of organization and HRM to the Headquarter. People just gave feedback whenever they were asked. They have rarely criticized or put forward many ideas to reflect change. It is partly because of the collectivism culture of Asian people. Ms Hoa admitted that it was not their culture to comment too much, they prefer to be silent to do their job. When a small problem occurs as an impact of the new policies, normally they choose to manage it ourselves because it takes time to report to the Headquarter and even more time to receive reply from them.

All in all, Ms Hoa stated that the organizational restructure from country based to customer-orientation based model was adequate to the present business environment of NSN. The evidence of the transformation success was shown in the improvement of sales results, the satisfactory index towards the jobs and NSN were increased and simultaneously, operation costs and training costs had become lower. Finally, Ms Hoa thought that there is no significant disadvantage of the new organizational mode and HRM policies.

Pham Le Anh Van- Master Thesis

Interview Report 2: (Confirmed)

Name: Ciaron Murphy

Position: HR Manager- NSN APAC

Date of Interview: 18/02/2011

Mr. Ciaron has been working for NSN for 4 years at NSN at many executive positions. He was interviewed to explain the purpose of NSN organizational restructuring and HRM transformation; the improvements and obstacles in the new HRM system. He was also asked about his roles and other country managers' responsibilities in new HRM mode and in HRM change implementation process. The ways that change process was carried out at regional/country level and challenges in implementation were clarified in this interview as well.

Firstly, he explained that since the telecoms market kept developing quickly with high demand on high telecoms technology, company decided to make a deeply transformation in organization and administrations to consolidate the operational capacity and market position of the company. Such reformation of organizational structure also caused the change in HR policy and HRM re-organization to give employees directions to follow new tasks and stimulate their creation in new working environment.

He provided that the goals of HRM transformation was to make company HRM system adjust with the change in organizational structure in order to assure that company still can run its operational system normally and even better after change. Moreover, according to his opinion, the improvement in HR quality and their increasing contribution to the success of company is also a main goal of organizational and HRM change.

About the most significant improvements of the new HRM system, he thought that there was an improvement in employee's engagement through more internationally open communications, higher interactions among senior managers at regional/global levels and better connection between NSN Global and employees all over the world. In addition, new Training strategy also shows improvement. All critical trainings and workshops are carried out in Training Center at the Region Head office. That means regional employees could share a common view of area's business conditions as well as sharing valuable working skills and experience with international colleagues. It provides employees the diversified knowledge of

regional main customers, regional market, and different local working cultures, with which they could reach a higher development of their career from local to regional level. In contrast, as Mr. Ciaron judged, the new HRM system a bit underestimates the role of country HR function in the HRM practice and it makes some of these HR members feel less interested and inspired to be active and creative in their work.

As he answered, during the redesigning stage of change, regional HR and BL managers plays an important role to support top management in new organization and HRM system defining and redesigning. Region Head and regional HR have a general view of regional market, so they understand the best about NSN global business context, NSN business practice and HR competencies within regions which are considered as the core components of company structures. Therefore, they could give helpful advice for top managers about what should be change or how to change the operational approach to be more appropriate with the current circumstances.

Related to his roles in the new organization structure and HRM systems, Mr. Ciaron told that the HRM control power had become more centralized to regional HR. Regional HR managers have the authority to influence most of the HRM issues like recruitment, incentives and rewards, training and career development and employees' relations. That is different to the previous roles in the old system when they work mostly as advisers and supporters.

According to Mr. Ciaron, NSN had details instructions for change implementation presented in specific guidelines for change process. Company distinguished two main stages of change realization which are pre-implementation and implementation stage. In the pre-implementation stage, regional HR is responsible for making the climate of trust among country units within the region towards the new organizational mode and HRM policies. In the pre-implementation stage, HR could announce other employees the general information of the change; discuss the reasons why such change must happen and the values of new HRM strategy to make employee believe and support the change. Mr. Ciaron emphasized that the pre-implementation stage is critical because high level of trust in the parent company and the reform will reduce the uncertainty of subsidiaries towards the value of the new policy or practice. Mr. Ciaron stated that there were some requirements for the implementation stage. Employees should have clear understanding of strategic goals of the organizational reform as well as the change in HRM. HR function will be in charge of delivering company's expectation on their employees' behaviors during the implementation process to all of NSN

members. Regional/country HR managers play an important role in the change management. HR function act as agents of change, support top management in change strategy organizing and create the conditions to facilitate transformation at regions through training and management development efforts. He added that continuously training and communication in the transformation process were also important. Diffusing the new mode of organization and HRM policies through workshops and meetings is the fundamental issue of change implementation. NSN staff is encouraged to hold group meetings within the local units and with other units in the region through company's intranet to debate the transformation. Each unit can share the experience of their change implementation so that it may affect positively the result of change. Mr. Ciaron also thought that HR people were the first in line to initiate the discussion about the change and to exemplify the needed changes in personal behaviors that later could be followed by other employees. Moreover, they play a key role in the flow of information in the transformation process, both bottom-up and top-down.

In general, Mr. Ciaron concluded that the change implementation process was carried out sufficiently in APAC in both two stages. However, there were still some challenges occur in the practice of change process. Besides the major support of the majority to the change, a few other business units felt afraid of changing, thus, had less motivation to follow the change because of regional/country resources restructuring. As NSN restructured its organization and HRM, regional/country resources also changes. Responsibilities change, new procedures are created, new tasks are delivered, some divisions and functions gain power while others' authority may be limited, and new type of internal resource allocation will emerge based on the demands of the new policies. Thus, it takes times and many efforts of employees to adapt and work well with the new situation.

At the end of the interview, Mr. Ciaron gave his overall comment for the company's transformation. For NSN, after one year facing difficulty from inefficient operation, organizational restructuring brought the concentration and dynamics to the company's members, which helps them gain performance in the last two years. He suggested that change is always necessary even when company is still managing to run well its business. He asserted that NSN will continuously monitor company's operation and keep track of the market changes in order to have timely improvements in the future.

Pham Le Anh Van- Master Thesis

Interview Report 3: (Confirmed)

Name: Hoang Van Tung

Position: Solution Sales Manager- NSN Vietnam

Date of interview: 17/02/2011

Mr. Tung also has been working for NSN Vietnam for four years as Solution Sales Manager. He was the main contact of the researcher in NSN to help her get agreement of the other managers for interviewing. He also provided valuable NSN internal document that support the researcher to accomplish her assignment. Regarding the interview, Mr. Tung was asked some questions about the reasons for organizational and HRM change that happened in 2008, the support of country Sales Managers to the change process, the significant improvements of the current HRM mode in his opinion and his overall comment about the transformation. His answer will be summarized below

Firstly, Mr. Tung said that the old HRM model was not suitable anymore with the fast changing telecoms market and the shortening of products life-cycle because employee's training for particular products specialized for particular national markets is very costly but not all of those markets could add adequate value to the company's business. Therefore, the expertise knowledge enriching should be realized based on the training demands of regions or sub regions. That led to the transformation need of organization and HRM to a more centralized model at regional level to enlarge the market size and minimize the training costs.

Secondly, Tung thought that country Sales do not have any direct contribution to support top management in re-organization and HRM transformation. It may be the involvement of BL managers and regional HR because they have a wider view of the product market and labor market and understand more about company organizational structure at a macro level so they can give useful suggestions to help top management to make an efficient change. Sales can only support executive management in studying, exploring new market, formulate new market to create new business customer lines, that positively influences the incremental development of organizational structure.

Thirdly, in Tung's opinion, the most advantage of new HRM strategy is the cost-cutting for expertise training per employee in a country because currently, training is centralized in region and types of education for employees towards the products, customers and markets is

now standardized. In addition, Tung also supposed that the new HRM policies gave some challenges on his work. In the new HRM mode, they have to get acquainted with evaluating accurately the potential size and sales of the markets as well as asking for a certain number of supporters that they need in order to reach the target, which are difficult issues to deal with. If they overestimate the market and ask for more HR than it is actually needed, their region will later waste a large amount of budget for HR relocation, new recruitment and training within region because of his ineffective HR utilization. Conversely, if he underestimates the target market which leads to the inadequate HR mobilization, he will not be able to have proper support from employees to reach the target. As a result, an incorrect investment will cause the loss in sales, the loss in company profit and his own benefit. This problem is actually easier to handle whether one business unit just works within a country boundary.

Finally, when being asked whether he agreed with the change and whether it is an efficient transformation, Tung responded that when the business environment changed, the change in organizational structure and HRM was undeniable in order to maintain the business effectiveness. Of course any change has its own side effect but for NSN, our reorganization and HRM reform have brought more positive elements. Discussing the "side-effect" of the new organizational structure and HRM systems, he also revealed that there was still an inadequate factor in the performance management. Evaluation performance mostly based on the result of projects, but in fact, a success of a project or a CBT does not mean that it is caused by the high contribution and commitment of all team members. Therefore, sometimes, it is quite hard for BL managers to recognize the actual capacity and working effectiveness of their employees when they do not stay at the same country with them. Moreover, NSN also face some challenges in interact with country units' government to improve their political and economic position because they do not have a person who is the official leader of NSN at national level. In addition, the centralization at region leads to the company's late business chance catching at country subsidiaries and the delay in employing business plan because all important and strategic decisions must wait to be made by the Region Head.

Interview report 4: (Confirmed)

Name: Pham Viet Hoang

Position: Solution Sales Manager- NSN Vietnam

Date of Interview: 16/02/2011

Mr. Hoang has been working for NSN for 4 years as Solution Sales Manager. Regarding the interview, Mr. Hoang was asked similar questions with Mr. Tung about the reasons for organizational and HRM change that happened in 2008, the support of country Sales Managers to the change process, the significant improvements of the current HRM mode in his opinion and his overall comment about the transformation. His answer will be summarized below

Mr. Hoang firstly gave reasons for company HRM transformation. He said that since NSN is the result of a merger between Nokia and Siemens, company's operation mode in the first year revealed some weaknesses and needed appropriate improvements. In addition, the changes in market and technology have changed the way of doing business, the products that brought back main revenue for NSN are losing their position. This required NSN to change its organizational model to adapt to the new circumstances.

Mr. Hoang also agreed that country Sales Managers do not directly affect the organizational redesigning and HRM improvement process. In fact, Sales Manager just helps to expand and develop the existing structure. Country Sales manager is the one who detects potential markets that the company needs to invest on in order to make profit. Potential markets need personnel with new skills and management styles. Sales manager will give some criteria for staffs, markets for the company to use as reference and change accordingly.

In his opinion, the new HRM policies has new reward policies that make the sales team feel more responsible as well as have better rights. This helps them find more passion in their work and bring back better results. Hoang told that a factor of the new HRM policies that impacts Sales Managers is the discharge system in Performance Management strategy is stricter than before, if a sales manager does not have good result in a year, they will be replaced by a new one. Thus the company always has fresh ideas in doing business.

When being asked about the necessity and effectiveness of organizational and HRM changes, Mr. Hoang responded that changes are necessary in business even when the company is

running well. In case of NSN, after the first year operating inefficiently, changes have created concentration and flexibility inside the company that brought good results in the past 2 years. The company will still have to continue researching for new suitable changes in the future. However, he added that obstacle exists in the dynamic strategy of NSN expatriate utilization. Most of NSN abroad projects are short term assignments, he and some colleagues think that it is not enough time to get used to the difference in working styles, in culture and in the ways of communication of home countries when they start to work abroad. Moreover, some of the home-country CBTs members even underestimate the foreign member because he is short term member. These facts possibly lead to the worse performance of expatriate and his productivity during his abroad assignment. Hoang revealed that he used to work abroad some times for six month assignments with another CBT in India. He found it not very easy to work with them at the beginning because they had different style of working and some of them even preferred using their local language sometimes to discuss a problem more fluently.