Human Resource Practices within Multinational subsidiaries operating in Egypt: managerial experiences during times of change

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Human Resource Practices within Multinational subsidiaries operating in Egypt: managerial experiences during times of change

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Abstract
The current research was conducted to understand how HR managers at MNC subsidiaries in Egypt approach integration and local context as well as the experience of line managers implementing HR practices. Multinational Corporations (MNCs) are seen as important actors in the transfer of management know how, including HR practices, especially in developing countries such as Egypt. Line managers increasingly play an important role as ‘transfer agents’, the research hopes to show a more complex understanding of the ‘reality’ facing managers in implementing the HR practices of diversity, employee relations, performance and rewards within the current situation in Egypt.

The current research considers institutionalism as an important approach to transfer, where Kostova (1999) Model of Success of the transactional transfer of organisational practices guides the understanding of why certain practices are implemented but not necessarily internalised by subsidiary managers. There is no aim for generalisation of findings but the adoption of the HR practices of diversity, employee relations, performance and rewards in MNCs case subsidiaries operating in Egypt has shown managers are active agents and the degree of compliance varies based on the particular practice. Through the use of case study research, both qualitative and documentary evidence are employed to gain context rich data for a new understanding to how certain HR practices are implemented and internalised.
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List of Abbreviations

Human Resource Management HRM
Human Resource HR
Multinational Corporation (s) MNC(s)
High Performance Work Practices HPWP
Middle East and North Africa MENA
Foreign Direct Investment FDI
Economic Reform and Structural Readjustment Program ERSRP
Head Quarters HQ
Resource Based Value RBV
Shipping Danish SD
Telecommunications United Kingdom TU
United Kingdom UK
Internal Labour Market ILM
Perceived Organisational Support POS
Employee Relations ER
Key Performance Indicators KPIs
Corporate Social Responsibility CSR
Information Technology IT
Ability Motivation Opportunity AMO

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Chapter 1. Introduction

1.1 Introduction

Globalisation and the opportunities for business around the world have led Multinational Corporations (MNC) becoming some of the most powerful actors in World Economy. Countries especially in the developing world, such as Egypt, encourage Foreign Direct Investment for several reasons, including resource transfer effects of capital, technology, and management (Hill, 2008). MNCs and their involvement in FDI make them important actors in the transfer of management know how including human resource management. While the intellectual roots of the field are much older, since the 1980s there has been a marked increase in the number of studies and literature on Human Resource Management (HRM) as research has demonstrated its value to organizations in helping achieve a competitive advantage (Guest, 1997, Postuthma et al, 2013 and Jiang et al. 2013). Research on MNC transfer of HR practices has developed into a separate field, as MNCs need to consider both external and internal environments while integrating management structures to achieve efficiency and control both at home and overseas.

There are a number of studies that try to show that national cultures, including in developing countries such as Egypt, differ affecting a range of management practices such as human resource management (Hatem, 2006; El-Kot and Leat, 2008; Singh, 2004), Cognitive and learning styles (Savvas et. al, 2001) and leadership styles (El- Kot and Leat, 2008; Shahin and Wright, 2004). Much discussion centres on what some researchers view as increasingly convergent human resource practices around the world with the debate on differences being attributed to cultural and/ or institutional arrangements. Several researchers point to institutional arrangements in both host and home countries as having an effect on transferred HR practices and that culture has been used too freely to explain any differences in outcomes (Rubery and Grimshaw, 2003). The debate continues
where critics and globalisation proponents either play down differences, or point out convergence of HR into a single model based on the American model as evidence against the field of IHRM (Almond and Tregaskis, in Beardwell and Thompson, 2014). Researchers have increasingly used institutional theory to study the transfer of practices and in MNCs. Researchers such as Kostova et al. (2008) point out that institutional theory can be very useful but how it is used needs to be challenged. MNCs work beyond nation states so neoinstitutional theory would not be enough as MNCs also need to consider internal transfers. Therefore, for MNCs the organisational field, an important construct in institutional theory, is broader as well as dynamic making it more difficult to identify.

While much research has been conducted on the transfer of human resource policies and practices from home to host country, including research on the use of expatriate managers as important purveyors there are gaps in looking at the subsidiary as a unit of analysis, even more so in Egypt. The thesis uses institutional theory as a foundation to understanding the adoption and transfer of four HR practices including diversity, employee relations, performance appraisal and rewards in the context of two MNCs operating in Egypt. Kostova’s (1999) model of success of the transactional of transfer of organisational practices guides the research. The research concentrates on the use of institutionalism to look at the adoption of diversity, employee relations, performance appraisal and rewards by MNCs. While institutionalism calls for organizations sharing the same environment to have similar practices, MNCs face conflicting institutional pressures. The current research looks to show that subsidiaries are active agents and while some degree of compliance is expected by headquarters, how the practice is implemented and if it is eventually internalised varies depending on the practices purported benefit from the perspective of subsidiary managers’.
This thesis looks at the transfer of HR practices in MNCs operating in Egypt where the current political and economic situation has led to many MNCs locating and operating without the use of expatriate managers. The aim is to shed light, not only on the transfer of HR systems from headquarters to subsidiary, but the implementation of HR practices too. As MNCs are seen as vehicles for the transfer of HR policy and practice, the aim is to explore the following questions:

1. For MNCs Egyptian subsidiaries what is the relationship (relational context) with HQ and how have HR managers had to balance between integration and local context in relation to the practices of Employee relations, diversity, performance management and reward and benefits transferred?

2. In relation to employee relations, diversity, performance management and reward and benefits what are the issues faced by managers during implementation and to what degree have the practices been implemented and internalised.

The thesis addresses these aims through a programme of qualitative research at two highly recognised MNCs operating in Egypt. The research was conducted in two MNCs both operating in the service industry where in both MNCs studied here the HR managers interviewed were the experts in charge of the transfer of the four HR practices which were changed or formally instituted within a year or two from when the interviews took place. Thus both MNCs provided a good case to see the transfer degree of success had occurred and how managers dealt with the transfer.

While there is an increase in the amount and quality of the research coming from Egypt there are still gaps and as such this research is exploratory in nature. Two case organisations were studied and they are SD the leading shipping service provider from Denmark in Egypt and the World and TU a leading mobile
communications services provider from the UK in Egypt and around the World. Both have a reputation for being industry leaders in terms of conditions of employment as well. The cases were chosen on purpose as Farndale and Paauwe in (2007) did in their research following Truss (2001, p. 1122) example ‘to take a firm that is financially successful in conventional terms and ask what HR policies it uses to achieve this level of performance’. The second question looks at the implementation of said practices and these are expected to include issues that face any manager implementing the four practices irrespective of location but also those that relate to the particular context. Egypt, as is acknowledged, is not expected to have too many constraints as a host country and MNCs will probably not find too much to prevent managerial prerogative, still some of the institutional arrangements are expected to have an effect on transfer implementation and institutionalisation by managers for each particular practice. As Janssens and Steyaert, (2009, 146) mention, ‘HRM studies may incorporate variables such as fear of layoffs, experiences of job opportunities or labour market positions’, ‘we suggest HRM studies should consider patterns of power and inequality not only at the organizational but also at the broader political–economic level’. As this is an exploratory study the aim is to gain an understanding of the managers’ experiences, as ‘institutional duality’ would suggest that pressures to conform from MNC headquarters and the need maintain legitimacy within the host country would lead some issue in implementing HR practices at the subsidiary. Context cannot be separated from HRM discourse on management as managers need to manage the tensions among the different stakeholders with consideration to the political, social, cultural, national, historical and global layers of context (Collins in Beardwell and Thompson, 2014, pp. 74). Acknowledging that researchers such as Rubery and Grimshaw (2003) have called for ‘a dynamic integrated approach that considers contingency, cultural and institutional arrangements that are within a dynamic not static framework’. The current research subscribes to a critical realist tradition where some themes may be expected and researched before data collection while others may emerge from the data.
1.2 Justification

Although some studies have been conducted on human resource practices in Egypt and the Middle East, they are still considered exploratory in nature and more extensive work is needed (Mellahi 2006; Hatem 2006; El Kot and Leat 2008 and Moustafa and Gould, 2013). There are many human resource practices propagated by the Egyptian public sector that can be considered counterproductive such as nepotism, pay and promotions by seniority, centralized decision making and reluctance to share information with employees (Hayajenh et al. 1994 and Mellahi 2006). Since, the socialist regime of the 1950’s, the public sector has been the main employer in the Egyptian job market. Subsequently in the 1990’s the Egyptian government realized that the growth of the private sector was vital to support an ever increasing population. With more than half a million new jobs needed every year the government instituted the Economic Reform and Structural Readjustment Program (ERSRP) in the 1990s that led to privatisation and encouragement of the development of the private sector.

MNCs operating in Egypt like in many developing countries are looked to for their superior management practices. The transfer of human resource practices and the ensuing HR systems are increasingly valued by managers for their purported effect on organisational performance. As, El-Kot and Leat (2008) have mentioned many managers and private business men in Egypt have studied and obtained international degrees so there is expectation of convergence of national and international human resource management practices. In spite of its strategic location and economic importance, there is a shortage of management research in Egypt and as Moustafa and Gould (2013, p.13) mention at the conclusion of their article, ‘Therefore, we hope that the findings reported here, demonstrating the positive effects of High performance HR on employee outcomes, will offer an encouraging base on which to conduct further management research in Egypt.’ Thus the current research will look to institutional theory as a framework which
has not been utilised in research on HRM in Egypt as well as using a case study design to understand the implementation of Anglo Saxon HR practices at MNC subsidiaries operating in Egypt.

### 1.3 Introduction to the chapters in the thesis

The second chapter of the thesis covers the major debates in the literature on HRM and the transfer of mainly Anglo Saxon HR policies and practices across boundaries. The definition of HRM and its increasing importance due to popularity of the resource based theory of the firm and the search for competitive advantage are discussed. Next institutional theory is presented as well as support for its continued use in MNC research. The key terms used in the institutional theory are presented and how they need to change when considering MNC transfer. Kostova’s many works are presented here. Institutional theory is not the only approach to HR transfer so the other main approaches are presented briefly as well as some research conducted using the approaches. A trend amongst some researchers of late is look beyond the quantity of HR practices to their quality implementation and the different goals amongst different stakeholders which ties in with the current research. The research on transfer of HR practices has looked beyond only having HR practices, but to the quality and the actual implementation of HR practices (Kostova, 1999 and Nishii and Wright, 2008). Bowen and Ostroff’s seminal paper in 2004 on the strength of HR and the signal it sends to employees collective sense of what is ‘expected’, has put the focus on the role of line managers as they ‘influence employees’ perceptions about the HRM systems in place as well as their attitudes, behaviour and performance’ (Gilbert et al. 2015). Subscribing to this line of thought when Multinational Corporations transfer HR practices the role of line managers becomes even more important as agents of transfer. As managers are human, they may face difficulties in dealing with different stakeholders’ goals especially in MNCs where headquarters and subsidiary may have different goals. Thus institutional theory in the current research guides the research in helping to uncover the adoption and diffusion of practices across MNCs subsidiaries. Kostova (1999) model goes beyond host and
home country differences in showing why some practices succeed in not only being implemented but internalised within the subsidiary. Finally the chapter ends with a look at some of the previous research conducted on the transfer of the HR practices studied in the current research.

The third chapter presents a look at the methodology of the current research including the epistemological foundations. A look at the justification for the current case study research design and ethical issues are presented as well.

The fourth chapter introduces the institutional context of Egypt with relation to the political, legal, economic and demographic context where the case study research was conducted, with a look at the important economic, political, and legal factors. As mentioned the organisational field for MNCs goes beyond the local context the two MNCs are from two different developed countries and their institutional systems and prevalent HR systems are presented briefly. The context was presented for both host and home countries for the case MNCs to help in understanding that concepts such Kostova (1999) ‘institutional difference’ may or may not be enough to explain the differences in outcomes. The organizational field also includes sector so a brief mention of the growing importance of the service industry worldwide but also in Egypt, which is still not at world levels, and the two case MNCs are presented with an overview of their operations.

The fifth chapter provides a look at the HR practices as they are intended by the MNC subsidiary. Data on the intended HR practices was gleamed from several sources including company documents, published articles and HR interviews. The chapter also includes the implementation experiences of managers on the four HR practices and this was collected through interviews conducted with both HR and line managers.

The sixth chapter provides the analysis which used thematic analysis to arrive at the emergent themes. The researcher presents some of the relevant research in
relation to these themes. Some of the themes such as implementation and integration were expected prior to the interview process but internalisation became evident as an important theme after a few interviews while some of the other themes emerged from the data.

The first part of final chapter answers each of the research questions based on the research findings. The second part discusses the significance of findings, limitations and conclusions of the research. The research conducted is exploratory but there is support and similarities between the findings of the research conducted and other studies from around the world.

1.4 Significance of the current research
The current research intended to make an academic contribution by looking at the extant literature on MNC transfer of HR practices, institutional theory, and implementation of HRM. Research on MNCs has seen a shift from concern with country of origin effects to sector effects, where competitive isomorphism points to firms becoming more similar. Much research on HR practices including those on Egypt point to increasing similarities or convergence of practice yet differences in outcomes remain. As Collins (in Beardwell and Thompson, 2014, pp.82) point to socio-political events in the distant past and currently occurring affect the management of the employment relationship, the current situation in Egypt within the institutional context is bound to have an effect on MNCs operating in Egypt. Kostova’s (1999) model of success of transactional transfer of organizational practice guides the research in understanding the diffusion and adoption of practices. There is no aim for generalisation of findings but a better understanding of the implementation of HR practices of diversity, employee relations, performance appraisal and reward in MNCs operating in Egypt.
Chapter 2. Literature review

2.1 Introduction

This chapter looks at the literature on the transfer of HR policies and practices, mainly Anglo Saxon, within MNCs and their subsidiaries. As Edwards et al. (2007, p. 201) state perfectly, ‘The extent and impact of such transfer has the potential to influence the performance of MNCs, while it can also lead to change in national host systems as novel practices become established’. Concentrating on this statement the literature review looks at influential theories and research done on HR transfer and the approaches to transfer, concentrating on the institutional approach. This statement implies agency where MNC subsidiaries are seen as both influencing and being influenced by various stakeholders including headquarters and national systems, as well as the subsidiaries managers and employees. This chapter uses institutional theory to guide the research where in as of Kostova et al. (2008, p. 1002) state, ‘it might be more instructive to conceive social environments as evolving rule systems that are products of a continuous process of sense making, enactment, and negotiated political interactions.’ Institutionalism has many variants, defining the organisational field, isomorphism and legitimacy for the current research helps uncover the institutional perspective used.

As such MNC are looked at as vehicles for the transfer of what may be considered best HR practice, there is increasing awareness that some benchmarking through isomorphism (DiMaggio and Powell, 1983) may lead to reproduction of some HR practices, but increasingly research is looking to actual implementation not only intended HR policies and practices (Farndale and Pauwee, 2007; Bos-Nehles et al., 2013; Piening et al., 2014; Khaliji and Wang, 2006). No literature review for a qualification can fully cover all of the research conducted on HR transfer in MNCs. The current research acknowledges many of the influential theories in HRM and MNC transfer; whilst institutional theory guides the current research contingency, cultural and
integrated approaches are still important to understanding MNC transfer of HR practices.

The final part of the chapter reviews the literature in more detail on four HR practices of diversity, employee relations, performance management and rewards and benefits as they are prescribed in Anglo American prescriptive texts and the previous research on the transfer of these four HR practices across borders by MNCs. Literature on the transferability of HR policy and practice to different contexts as well as home and host country institutions. Navrbjerg and Minbaeva (2009, p. 1734) point out that ‘FDI is unlikely to diminish in the future, but are the national industrial relations systems geared to deal with different management styles? Some HQ originated management practices incorporate the needs of the employees to such a high degree that collective representation of their interests (via unions) becomes obsolete from the employees’ point of view’. Thus discussion on institutions when considering transferability of HR to other contexts inevitably leads to discussion on convergence versus divergence within the on-going globalization debate. As Farndale and Pauwee (2007, p.355-356) state,

Multinational corporations (MNCs) are at the heart of these debates, as they operate at both the global and national level, are one of the main driving forces next to information and communication technology – ICT behind globalisation, and are confronted with a variety of HR practices in their countries of operation.

2.2 HRM definitions

While the intellectual roots of the field are much older, since the 1980s there has been a marked increase in the number of studies and literature on Human Resource Management (HRM) as research demonstrated its value to the organization in helping to achieving a competitive advantage (Guest, 1997; Boslie et al., 2005; Postuthma et al, 2013 and Jiang et al. 2013). Still the field of
HRM is continually changing and evolving, as such the definition of HRM continues to evolve and even the HRM model has remained controversial as it is seen by some as a way to leverage people’s knowledge and capabilities through intensification (Legge, 2005). ‘The study of HRM is, in its broadest sense, concerned with the selections made from a myriad of policies, practices, and structures for managing employees’ (Boselie et al., 2005). Bratton and Gold (2006) define, ‘Human resource management as a strategic approach to managing employment relations which emphasizes, that leveraging people’s capabilities is critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices’. This latter definition suits this research as it calls attention to the importance of employees in adding value to the organization and by implying the integration of employment policies and practices with the organization strategy and the importance effective organizational performance. Thus as Collin (p.79 in Beardwell and Thompson, 2014) point out HRM can be considered as a strategy adopted by managers to address the tensions within organizations especially amongst the different stakeholders. Boxall (2012) distinguish between 3 major subfields of HRM: micro HRM (MHRM) which covers the sub functions of HR policy and practice, Strategic HRM (SHRM) or the overall HR strategies adopted by business units and companies trying to measure their impacts on performance’, and International HRM (IHRM) which covers HRM in companies operating across borders. The current research topic of HQ subsidiary relationships and transfer is central within the IHRM field (Kostova, Marano and Tallman 2016, p.176).

Kostova et al. (2016) conducted a review on HQ-subsidiary research within the past 50 years and found that researchers in the beginning emphasised formal control and organisational design aspects with research HQ based but the current trend is more research looks to the subsidiary as a unit of analysis and increasingly HRM is considered. The current research follows this trend in that the transfer of HR practices by MNCs and its implementation will be presented.
2.3 Multinationals and transfer of HR

An important feature and interest in multinational companies (MNC) is their ability to transfer HR practices across countries (Edwards et al., 2007). Much as researchers have called for public sector to be studied separately, researchers have called for MNCs to be also studied separately as well. Many researchers have used MNCs as a context of study, with researchers such as Roth and Kostova (2003) in their review, show that MNCs have been used by a large number of researchers to validate and expand existing theories, develop new theories and study MNC specific phenomena. MNCs headquarter and subsidiary relationships are considered central to the study International management (Kostova, et al. 2016). Kostova et al. (2016) conducted a review of the past 50 years in the Journal of World Business, and found that while MNCs have been popular contexts for research, only in the 2000s have researchers been looking at subsidiaries as units of analysis.

At its most basic, classification of MNCs is faced with decisions between differentiation and standardisation of integration. Researchers have moved beyond this dichotomy as relationships ‘are likely to be characterised by evolving forms and practices’ (Kostova, et al. 2016, p.182). There are many different types of MNCs and theorists have developed different classifications including, Prahard and Doz (1987) who provided a simple classification between two choices facing MNCs the need for integration versus responsiveness. Doz et al. (1981) defined integration as ‘global competitive pressures’ and differentiation as ‘host country demands’. Bartlett and Ghosal (1989) went beyond the simple classification to develop a well-known classification that is based on organizational structure. Bartlett and Ghoshal’s (1989) typology of MNC strategy for international business shows four ideal types of classification based on the demand for global integration versus demand for local responsiveness. MNCs pursuing an international strategy, which is low demand for both local responsiveness and global integration, tend to centralize core competencies such as R&D and establish operations in each country they operate in. Whilst, at the other end is the
transnational strategy for which an MNC has both the need for a high degree of integration and a high degree of local responsiveness. Transnational strategy thus calls for achieving cost efficiencies through economies of location and scale as well as being sensitive and responsive to local needs through sharing knowledge. Transnational Strategy is the newest strategy and it is expected that not as many MNCs practice it (Rubery and Grimshaw, 2003, p. 201).

Bartlett and Ghoshal’s (1989) typology depicts ideal types as MNCs continue to resolve issues between integration or low cost leadership and local responsiveness or differentiation in the context of IHRM (Bratton and Gold, 2006, p. 80). Another well-known classification by Perlmutter (1969 in Rubery and Grimshaw, 2003, p.205) focuses on geographic origins of international managers: an ethnocentric organization has a majority of international managers from home country; polycentric organization has local nationals appointed; and in the geocentric organization managers can be from a third country where national origin is not important to become a manager. While the 1990s saw several models developed and typologies that focused on the role of IHRM functions and the alignment with organisational strategy, these models did not give much attention to home country and host country effects but emphasised the importance of integrating HRM and creating global practices that transcend national boundaries (Almond and Tregaskis, p.610).

As in all classifications the reality maybe different and there are problems associated with each of these strategies. Even in less regulated countries MNCs may chose not to transfer more costly elements of HR systems but awareness of consequences for these decisions is important. An MNC may have a different strategy for each subsidiary as well as different goals. Boxall and Purcell (2003) posit that for organizations to survive in the long-term the HR strategy needs to distinguish between three primary goals of labour productivity, organizational flexibility and social legitimacy. While Farndale and Pauwe (2007, p.360) attribute productivity and flexibility goals to competitive environment and social
legitimacy to institutional pressures which will be discussed in further detail in the following section, all three goals can be affected by institutional pressures and affect the HR strategy and the MNC across borders. Corporate strategy thus varies based on the extent to which firms want or need to adapt practices to local conditions. MNCs also have the option of adopting the practices with which they are most familiar or which appear to promise high returns in performance, regardless of the location of their subsidiary.

2.4 MNCs and Institutional theory

Institutional theory is being seen as increasingly important in organizational analysis. Traditionally institutionalism and its variants can be defined as how institutional arrangements and societal structures within which an organization is embedded may account for differences across countries (Rubery and Grimshaw 2003; 37). Yet researchers such as Kostova et al. (2008) point out that whilst many researchers are using institutional theory in the study of MNCs as it allows for multiple level of analysis, caution must be exercised. MNCs due to their unique positions in different markets have conflicting sets of external environments, complex internal environments, power unit struggles, organisational distance and conflicts of interest all leading to difficulty in identifying clearly the organizational field (Kostova et al. 2008, p. 997). Di Maggio and Powell (1983, p. 148) state ‘by organizational field—we mean those organizations that, in the aggregate, constitute a recognized area of institutional life: key suppliers, resource and product consumers, regulatory agencies, and other organizations that produce similar services or products’ or in other word ‘the totality of relevant actors’. Thus the organisational field for MNCs differs from other organisations and this distinction is especially important because MNCs may exhibit tendencies to be disconnected from national institutional systems yet new practices can become, in Selznick's words(1957, p.17 in Di Maggio and Powell, p. 148), ‘infused with value beyond the technical requirements of the task
at hand. This leads to discussion of another important term attributed to institutionalism, isomorphism.

Isomorphism is defined by Kostova et al. (2008, p. 998-999) ‘similarity among organisations that result in the adoption and diffusion of certain business models, practices, and structures established in the respective organisational field.’ If we look to institutionalism, we find that there is the “structure versus agency debate”. Structuralists such as DiMaggio and Powell (1983), ‘We ask, instead, why there is such startling homogeneity of organizational forms and practices; and we seek to explain homogeneity, not variation’. The structuralists in this case view populations of organizations as becoming increasingly isomorphic over time where ‘isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions’ (Hawley, 1968 in DiMaggio and Powell, 1983, p.149). Those from an Agency position deem this overly deterministic and organizations can experience varying degrees of discretion in responding to institutional pressures (DiMaggio, 1988; Pursey and Lander, 2009; 61). Looking closely at these terms especially through the work of researchers such as Kostova, institutionalism can still be used in MNC research but with a change in perspective.

According to DaMaggio and Powell (1983, p. 151) Institutional isomorphic change occurs, through coercive isomorphism or the political influence and problems associated with legitimacy; mimetic isomorphism resulting from responses to uncertainty; and normative isomorphism the professionalization through education and professional networks. Pursey et al. (2009, p.78) conducted a meta-analysis on previous institutional research both structural and agency positions and conclude, ‘isomorphic pressures give rise to increased isomorphism in organizational fields because of the diffusion of templates for organizing, that the diffusion of these templates benefits the conforming organizations by increasing their symbolic performance’. Some questions arise here; where does
This leaves MNCs in terms of institutional isomorphism, what is the organizational field for MNCs, and is it difficult to define.

A premise held by institutionalism is that organizational success is socially constructed and if so, the environment in an international setting is dynamic and constantly evolving. Social actors in MNCs are socialised beyond the national setting but it is a negotiated political process with different interests coming to play. Thus legitimacy is another important concept in institutionalism, where legitimacy is ‘acceptance and approval of organizational actions by external constituents’ (Kostova et al. 2008, p.1000). Legitimacy for MNCs is more complicated as there are multiple legitimating actors. It is also important to realise that it is very difficult to achieve legitimacy as MNCs need to negotiate their status with each actor separately especially being foreign has both advantages and disadvantages. Legitimacy issues faced by MNCs, range from ‘censure of MNEs in the global media’ to the ‘liability of foreignness’ where MNCs are held to ‘different legitimacy standards’ when compared to domestic firms (Kostova and Zaheer 1999). ‘MNEs are expected, in many countries, to do more than local companies in building their reputation and goodwill, in supporting local communities, in protecting the environment, and so on’ (Kostova and Zaheer 1999, p. 74). Thus defining the organizational field is important as legitimacy through isomorphism cannot happen at the national level. Where legitimacy ‘is more a social construction than a function of isomorphism, symbolic image building becomes critical (Kostova et al. 2008, p.1001). Researchers such Kostova et al. (2008) feel that pressures from local host countries is not for local isomorphism but more related to compliance of legal and regulatory domains as host countries value MNCs distinctive practices. Thus Kostova et al. (2008, p.999) mention that similarity amongst MNCs is due to ‘institutional freedom’ as well as being exposed to a rich ‘institutional landscape’ that is a result of choices to pick and choose patterns that best fit each MNC.
2.4.1 Kostova’s (1999) Model of success of the transnational transfer of Organizational Practices

Kostova’s (1999) Model of success of the transnational transfer of organizational practices, while encompassing many constructs is still an oversimplified when related to the complex phenomena of transfer. The model is for the transfer of strategic organizational practices from HQ to subsidiary. Strategic organizational practices here are defined as practices that are broad in scope, more people focused than technology focused and are more likely to be formalized in order to be diffused more easily (Kostova, 1999 p.310). Success in the model is theorised
as the degree of institutionalisation or the status ‘this is how we do things here’, which is conceptualised at two levels in the model; implementation and internalisation (Kostova, 1999 p.311). Implementation is the degree to which the subsidiary follows the formal rules of the practice while internalisation is a higher value as employees attach a symbolic meaning to the practice. The factors of transfer success are theorized at a multilevel approach, which is based on institutional and resource dependence theory.

The first factor is social context or ‘country level effects’ which has usually been studied using the concept of national culture but in Kostova’s model uses a country’s institutional rather than cultural characteristics (Kostova, 1999 p.313-314). The concept of Country Institutional Profile (CIP) which captures the social context in the model consists of the regulatory, normative and cognitive components. Where CIP captures the national institutional characteristics of a national environment, with the greater the difference in CIP as theorised to lead to a greater likelihood of misfit in transfer. Kostova et al. 2008 amended the value of CIP in transfer, as MNCs were later theorized to negotiate with regulatory institutions and compliance is more important in the national context. The second set of factors affecting transfer were theorised as organisational and internal environment within MNCs has gained greater importance when looking at MNCs organisational fields. The third factor, what Kostova terms as the relational context is based on dependence theory and how dependent the subsidiary is on
HQ but also the past experiences and relationship. The model remains a useful starting point when considering a complicated process, such MNC transfer.

2.4.2 Research on MNC transfer using Institutional theory

Researchers using the institutional school of thought have concentrated on several key issues including home and host country differences, dominant country models and forms of control MNCs exercise as well as three characteristics of external environments that have attracted some attention, including industrial relations and unions, market conditions and country location. Research on MNC transfer after the 1990s moved to consider the home country effects which Ferner (1997 in Beardwell and Thompson, 2014, p.626) defines as ‘those elements of the behaviour of MNCs that can be traced back to the characteristics of the national business system from which the MNC originates.’ A large number of studies have been conducted to collect evidence that MNCs subsidiary policy is affected by embedded national systems from its home country. Many studies have been conducted in the UK especially as it is seen as having a more permissive environment. These include Edwards et al. (2007b) representative survey of MNCs operating in the UK. In their research they found that the HR practices of American MNCs operating in the UK, tend to be much more integrated and with respect to Employee relations the most unlikely to acknowledge or accept unions. Whilst for example German MNCs were the most willing to accept unions and develop cooperation, although German MNCs in their subsidiaries did not transfer their employment model of cooperation and codetermination due to institutionalised differences in training of skilled workers and ER. Still Edwards et al. (2007b) did find a trend of a system of HR practices and certain practices such as monitoring performance to be quite high amongst their representative sample. Some researchers have looked to varieties of capitalism where the institutional embeddedness of economic activity and the complementary nature of institutions within countries create lasting national differences in management practices (Hall
and Soskice 2001 in Edwards et. al 2013). Some researchers have found evidence of convergence toward ‘dominant’ practices with the dominant nation currently the US, whilst in the 1990s it was Japan acting as a model for firms to follow (Edwards et al., 2013) Institutional Researchers have also looked at how host country national systems affect the transfer of HR practices with many looking at the constraints, such as employment systems, as well as increasingly looking at the opportunities host countries’ national systems provide, not only the constraints.

An important research by Kostova (1999) proposed the concept of ‘institutional distance’ as an important institutional variable when transferring of practices between subsidies in different institutional national domains. Kostova (1999) thus proposed the greater the extent of dissimilarity between the regulatory, cognitive, and normative institutions between two countries, the more difficulty a MNC would face in establishing legitimacy. Institutional theory has also been especially influential for industrial relations researchers such as Kaufman (2010). While, critics point to developing countries lack of regulatory systems as an advantage for MNCs to pursue operations, MNCs operate in many Developed countries. For example there are countries such as Denmark a developed Country, which although it has strong regulations, highly skilled work force which act as an opportunity for a large number of MNCs which operate there (Navrbjerg and Minbaeva, 2009). As Almond and Tregaskis (in Beardwell and Thomas, 2014, p.634) point to ‘neither home nor host country effects are automatic in their operation’ there is an increasing awareness in research that MNCs can negotiate changes to host national systems they operate in and at the same time there are different power resources negotiating whether to follow ‘global’ policy or make allowances for local context.
2.5 Other Conceptual Approaches to the transfer of HR

Whilst the current research follows an institutional approach, some of the debates for considering other approaches are mentioned. Farndale and Pauwee (2007) point to the tensions between competitive isomorphism which call for HR to conform versus RBV which posits firms are motivated to position themselves differently. Within this debate the current research expected that successful MNCs are open to best practices moving beyond country of origin HR practices to best practices and that the internationalisation strategy chosen would affect the degree of centralisation of HR practices and degree of control.

There are a variety of strategies, policies and practices available to organizations especially when considering HR globally. A separate field of research developed called comparative HRM, tries to understand the nature and reasons for differences in choices across national boundaries (Rubery and Grimshaw, 2003, p. 26). Farndale and Pauwee (2007, p. 360) mention there are three perspectives to transfer: it is driven by managers perception of a clear competitive advantage from it, transfer as conditioned by ‘cross national variations in business systems’, or transfer is shaped by the interests of various actors in MNCs. There are several theoretical frameworks that have shaped research on HR transfer but only the three main schools will be mentioned here.

2.5.1 Universalists: Contingency approach

The ‘best practice’ or Universalist approach’s underlying assumption is that organisations should adopt the same best management policies and practices to be successful. Pfeffer (1999) is one of the early researchers to claim to have developed an HR strategy with at first, 13 policy elements then narrowed them down to 7 elements: Employment security, careful hiring, self-managed teams and decentralised decision making as basic principles of organizational design, comparatively high pay which is also contingent on organizational performance, extensive training, low-status distinctions and barriers, and extensive sharing of financial and performance information throughout the organization. Pfeffer (1999)
did not claim that all organizations have the same content of HR practices or techniques but to use the seven elements a successful organization’s HR strategy includes the 7 policies. The Universalist approach advocated by Pfeffer rests on the high commitment view and that successful organizations that hope to achieve a competitive advantage follow these 7 policies but the practices would differ based on organizational circumstance and context. The Universalist approach has been greatly debated and although most researchers currently acknowledge the role of context and that there is still no consensus for a specific bundle of HR practices or policies to work in all organizations. Yet the approach remains in High Performance literature (HPWS/P), where there is no agreement as to what constitutes HPWS or HPWP but there is agreement that they are a means to maximise employee contributions toward organisational performance (Chow, 2012, p. 3116).

Thus the Universalist approach has shifted to include the ‘best fit’ or Contingency approach in which researchers argue that effective HR strategy arises when it is integrated with organizational and environmental context (Khilji and Wang, 2006; Schuler and Jackson, 2005). Still in this approach it is sectoral differences not national differences that guide the framework. In the ‘best fit’ or Contingency approach there is the view that organizations need to horizontally align their HR practices toward their strategic goals to achieve the organizations business strategy through vertical alignment (Schuler and Jackson, 2005). Contingency approach can be traced to efforts to bridge Strategic Management and HRM research and its main premise is that managers adopt strategy based on the goals of their organization (Schuler and Jackson, 2005). The earliest work to address whether HR effectiveness depends on the strategic goals of the firm were Miles and Snow (1984) and Schuler and Jackson (1987). Miles and Snow (1984) use business strategies typology of defender, reactor analyser, and prospector to ‘match’ the HR practices with the strategy used. While contingency theory continues in the work of Jackson et al. (2014) and it is now less prevalent that researchers call for one ‘best way’ but as Schuler et al. (2005 p. 11) mention, there
is an implicitness to ‘best practice’ as seen in research that seeks to establish the superiority of HPWS.

2.5.2 Culturalist approach

The culturalist approach looks to the observed differences between societies in terms of management forms and especially in IHRM. Culture in IHRM has been used to look at differences within MNC when variations in responses occur to similar HR policies and practices. Culture as a concept can have several meanings, refinement of the mind, or to systems, codes and programs of meaning (Hofstede, 1991 p.5). Two authors who have built their work on anthropologists last meaning of culture are Trompennaras (1993), who defines culture as, ‘the shared ways groups of people understand and interpret the world’ and Hofstede. Hofstede (1981, 2000) emphasised that employees come with ‘mental maps’ from previous socialization and in his research on IBM as one MNC the variances were attributed to national culture as IBM was considered to have one organizational culture and practices. Of course the current research does not subscribe to this view and is one of the criticisms levelled at Hofstede’s research, is subsidiaries cannot be assumed to have the same organisational culture. Hofstede identified four dimensions to culture and he concentrated on values which is the highest level of abstraction, as both Hofstede and Trompennars presented an onion as a metaphor for culture with values on the very inside of the onion. From Hofstede’s research, initially four elements were identified and he has added two more after further research. These elements of culture have been used by many researchers in hopes of trying to explain the differences in outcomes when transfer of the same policies and practices occurs within multinationals and across different countries (El-Kot and Leat, 2008; Tarek, 2006, 1994; Newman and Nollen 1996; Savvas et al. 2001; Shahin and Wright 2004; and Singh 2003). Still as Rubery and Grimshaw (2003, p.34-35) mention, that observed differences in values are used as ‘indirect explanations’ for the different forms of outcomes and performance across countries and differences in themselves are not proof that values affect
behaviour within an organization. Institutional variables influence the ‘formal’ characteristics of the organizations such as centralization, while the cultural variables influence the ‘interpersonal’ such as communication patterns (Tayeb, 1987 in Aycan, 2005).

The cultural approach has been used to cast doubt on Universalist approaches and to explain some differences between societies. Hofstedes’ conceptualisation as well as several other authors such as House and Hall (1999), Trompennars (1990) and Aycan et al (2000 in Aycan 2005) includes cultural dimensions which are not cultural theories but typologies. McSweeny (2002, 113) put it best,

Instead of seeking an explanation for assumed national uniformity from the conceptual lacuna that is the essentialist notion of national culture, we need to engage with and use theories of action which can cope with change, power, variety, multiple influences- including the non-national-and complexity and situational variability of the individual subject.

Critical researchers have pointed to several issues when these classifications are used to explain transfer of HR policies and practices across countries. Culture is dynamic and national culture evolves as well as within many countries there are different cultures so national culture is not a given, also culture interacts with environment and institutional frameworks. El-Kot and Leat (2007, p. 157) mentioned, ‘as much time has passed and the world has changed greatly, there is a need for greater and more substantial investigation into work-related values’.

As Friedman (1994, p.75) mentions, ‘cultures do contain elements from other cultures but it is a matter of identity not origins that leads to some elements not being absorbed by a culture’. Due to this conceptualization researchers expect that not all western values will be accepted by members of a society and it is this concept of culture that companies need to consider when for example certain human resource practices are introduced based on western theories in order to consider the fit to members’ culture. Still important areas of research in culture include socialization within organization, organizational culture and recruitment
of host country nationals who exhibit close fit to cultural norms of parent company (Rubery and Grimshaw, 2003, p.34-35, 206-207). An important example of culturalist research is Tayeb’s (1998) account of an American firm in Scotland but where the adoption of similar policies across the MNC where changed during the transfer process owing to the home country cultures affects. Tayeb (1995 in Aycan 2005) supports the premise of the ‘what’ question in HRM being universal such as selection policy but the ‘how’ question being culture-specific such as choice of practice and technique but culture is not the only explanation.

2.5.3 An integrated model

Research using the dominant country institutional perspective led researchers to look at the different national business models and there is an implicit assumption that ‘not all societal systems are equally valued within the economic and political arena’ (Smith and Meiksens, 1995 in Rubery and Grimshaw 2003, p.40). The ‘resource-based’ model of international HRM Taylor et al. 1996 points to ‘organisational competencies’ and multinationals improving their competitive position by transferring these competencies across subsidiaries. As Edwards et al. (2007) in their review point that pure market based approaches are few; the choice of transfer is not based solely on rational decisions in the hands of one group of actors. Budhwar and Yaw (2001) in Figure 1 developed a framework that while not exhaustive includes many of the variables considered by researchers in previous research as important context variables.

The institutional theory has much support yet researchers such as Rubery and Grimshaw (2003) and Buhwar and Deborah (2001) have tried to show that the Universalist tradition is not enough and both Cultural and Institutional perspectives need to be more in tune with the dynamic Institutional perspective where differences may go beyond nation states. Yet the current research subscribes to this as the organizational field is not only the national but as MNCs operate in many different environments so their organizational field is dynamic.
and not easily defined. As Farndale and Pauwee (2007, p.357) state, ‘although the range of drivers has been widely discussed, less attention has been paid to the potential conflicts between the underlying theoretical perspectives applied (such as neo-institutional theory, resource-based view, strategic balance theory, human agency and strategic choice)’. Such a focus can provide deeper explanations for why we see both similarities and differences in the HR practices of MNCs across the globe’ Farndale and Pauwee (2007) looked at the previously discussed theoretical perspectives and looked at the tensions where, for example competitive isomorphism would call for HR to conform in order to achieve legitimacy but RBV posits that firms are motivated to position themselves differently. Due to these dualities Farndale and Pauwee developed a matrix that shows the different theoretical perspectives on HR adoption and adaptation taking into consideration both internal and external context as well as institutional and competitive drivers. The point is that researchers researching the transfer of practice have become more aware of the tensions and have shown that while convergence may occur in some areas there are still differences in outcomes between not only nations but how organizations chose to operate.

**FIGURE 1** Overview of theoretical perspectives influencing HR practice adoption and adaptation

<table>
<thead>
<tr>
<th>Institutional drivers</th>
<th>Internal context</th>
<th>External context</th>
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</thead>
<tbody>
<tr>
<td>Organisational heritage → institutional differentiation between firms</td>
<td>National level context-dependent best fit → institutional isomorphism of firms</td>
<td></td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td></td>
</tr>
<tr>
<td>Competitive drivers</td>
<td>Strategic choice/human agency → competitive differentiation between firms</td>
<td>Global level universal best practice benchmarking → competitive isomorphism of firms</td>
</tr>
<tr>
<td>Q3</td>
<td>Q4</td>
<td></td>
</tr>
</tbody>
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Figure:2 Farndale and Pauwee (2007; 361)
2.6 Implementation and Internalization

The quality of HR practices is taken as a given in much research which looks to organisations having HR practices in place (Huselid, 1995 and El Kot and Leat, 2007). In Kostova (1999) model of success of the transnational transfer of organizational practices the outcome of transfer is the implementation and internalization of the practices. As Wright and Nishii (2006) point out that merely having HR practices is not enough as we need to look at their effectiveness. Bamberger and Meshoula (2000, in Bratton and Gold, 2006) make an important distinction between senior managers ‘espoused’ HR strategy and ‘emergent’ HR strategy. Where the espoused strategy refers to HR related decisions on policies that are planned but not necessarily implemented as such or in other words the ‘road map’. While the emergent strategy refers to HR related decisions including practices that have been applied in the workplace or the ‘road actually travelled’. While many researchers have pointed to imitation of management practices including HR but copying a practice does not necessarily mean that it is implemented the same as it was intended or experienced by the employees uniformly.

When looking at MNC transfer of HR practices many researchers have looked at the home country where for example previous research show that US, MNCs prefer to have centralized policies on pay and performance and employee representation and other issues through formalisation and procedures (Almond and Ferner 2006; Gooderham and Nordhaug 2008). Kostova (1999) in her model of success of the transnational transfer of organizational practices points to the outcomes of implementation and internalization where implementation is the adherence to formal practice and internalization as the meaning employees attach to a practice. Kostova uses the ‘country institutional profile’ tool as the basis for assessing ‘institutional distance’ (ID), the divergence in institutional arrangements between the parent country and host. Thus the greater the institutional distance between home and host MNC, the more problematic is transfer and the harder is the ‘internalization’ of transferred practices (Kostova, 1999). Nevertheless
discussion on MNC transfer should also consider issues of agency such as power, interests and competing value systems. Ferner et al. (2011, p.164) point out that ‘The key concepts of ‘institutional duality’ and ‘institutional distance’ overlook the ability of actors in MNCs to shape institutions to their needs and thus influence the transfer process’). MNCs are the site of what Kristensen and Zeitlin (2005, p. 11 in Ferner et al. 2011, p.485) call

Ongoing political struggles over the allocation of resources and responsibility for success or failure, and, one might add, over the definition of agendas and strategies. deploying, for example, a variety of ‘voice’ mechanisms, such as proactive initiative taking and actions to build profile and credibility, to attract the ‘attention’ of and to influence HQ’.

Thus operating with different national institutions and actors, MNC face many issues when transferring HR practices across borders. Still if MNC, aim to transfer practices so that they are implemented and internalised no matter the home or host country, the Kostova model for successful transfer outcome is still useful, as Ferner (2009) points to the lack of research that looks to the internalization of HR practices. Bowen and Ostroff (2004, p. 206) point out that having a strong HR system depends on a strong and shared organizational climate where the HR system acts as a ‘linking mechanism that builds shared, collective perceptions, attitudes, and behaviours among employees’. Where Edwards et al. (2007, p. 202) point to the growing concern with ‘best practice’ which can be attributed to the assumption of a ‘readily identifiable and successful management turns on the capacity to diagnose the firm’s needs accurately. It also implicitly assumes that senior managers determine courses of action and can implement these effectively’. The ‘intended’ HRM are the practices formulated at the top management levels, headquarters or within the HR departments and the ‘implemented’ practices are those operationalised in organisations and experienced by employees (Gratton and Truss, 2003; Khilji and Wang, 2007). Research such as Khilji and Wang (2006) confirms convergence of practices due
to intense global competition in a Non-Western setting of Pakistan but it also points to the fact that mere imitation of HR practice does not lead to value but it is effective implementation that is related to stronger performance.

Another related issue that has received some attention is that more implementation responsibilities fall to line managers in their daily roles with employees. As Bos-Nehles et al. (2013, p.862) posit line managers reluctance to take on HR responsibility maybe due to lack of possession of the necessary skills and knowledge, motivation to do so in terms of adequate rewards and the opportunities for support. Many researchers have called for research that not only surveys HR managers but to include employees and even customers as well. Another important consideration is that much of HRM research assumes that employee well-being and organisational goals can aligned or HR paradigm is presented as supplanting the ‘adversarial job control’ model with a more cooperative one (Janssens and Steyaert, 2009). Thus taking what is called a ‘unitarist approach’, as Janssens and Steyaert (2009, p.145) mention, ‘By taking a unitarist approach, HRM considers management to be the primary actor in the employment relationship, responsible for designing and implementing the appropriate practices to produce gains for both employees and employers’. Placing less importance on conflicts of interests within organisations and the belief that adopting the right HR policies and practices are important no matter where or for whom is an important issue in transfer. For organisations operating across borders managers in subsidiaries may face conflicting goals as HQ goals may not be the same as subsidiaries. Thus the implementation of the transferred practices takes on greater meaning in an international setting, as outcomes of the same practices may vary between subsidies of the same organization, (Ferner et al., 2004) and aligning organizational and employee goals maybe even more complicated. Thus both transfer of HR, implementation and its outcomes including internalization are becoming important research areas.
2.7 HR in MNCs

Any discussion on transfer of HR practices in MNC usually begins with country of origin effect. Discussion on country of origin effect has moved from reverse diffusion to sector effects. As Clark and Claydon (in Beardwell and Thompson, 2014) mention, in a period of globalisation there is criticism to only considering country of origin effects as sector effects have become increasingly apparent in certain industries. Research may look to the national HR systems used in the country of origin and then compare national systems to US or ‘Anglo Saxon’ practices (Edwards et al., 2007). ‘Anglo Saxon’ HR practices here are the HR practices usually presented in HRM texts by authors such as Dessler, Torrington, Beardwell and Thompson and Bratton and Gold. Some authors have narrower definitions of HRM to not include job design, industrial relations frameworks or quality systems, organizational design, managing change (Boslie et al., 2005; Posthuma et al., 2013; Schuler and Jackson, 2005). A broader definition of HR practices with 26 practices based on Posthuma et al. (2013) and Boselie et al. (2005) review of Literature may not be exhaustive but in many organizations and especially those operating in different countries with different institutional and legal regulations, some of these practices may not apply or are not up to the organization to conduct in a more effective manner. Keeping in mind that the majority of research on MNC transfer is from developed countries from where most of the dominant models, US, UK, Germany, Italy and Japan are, maybe different from developing countries such as China and India. There is evidence of MNC having some similarities in HR structures, but there is also evidence of national and sectorial differences (Edwards et al., 2007; Edwards et al., 2010; Chang and Tsang, 2013).

With a few exceptions most of the research on transfer of HR practices has either been through survey or interviews with managers and has concentrated on a few of what are considered key HR practices from the researchers’ perspective (Almond et al., 2005; Edwards et al., 2007; Edwards et al., 2010, Chang and Tang, 2013; Ferner and Almond, 2013). The current research will concentrate on
four HR practices, the previous research on MNC transfer of these practices as well as how these practices are prescribed in Anglo Saxon texts.

2.7.1 Diversity

Diversity as defined by (Schneider, 2001, p.27 in Bratton and Gold, p. 225) as being ‘about creating a work culture that seeks, respects, values and harnesses difference’. Diversity differs from equal opportunities, which is based on the view of equality where all people should be treated equally regardless of race, sex, religion, ethnicity, sexual orientation and other social categories. Equal opportunities policy can take one of two main approaches: the liberal approach which is based on the premise that everyone joining or within the organization should compete freely based on ability; or the radical approach whose premise is that men and women are equally talented so if there are more male managers then that is discrimination and positive discrimination to deliberately recruit more women to managerial positions is called for. Both approaches have their problems with the radical approach even considered a form of discrimination to men and illegal in some countries. Even United States which has equal opportunities legislation for some years has seen much controversy by those negatively affected by this form of discrimination.

Thus to try to overcome some of these issues the business argument was made in the UK mainly, that equal opportunities for women made good business sense for several reasons for example loss of a large and talented candidate pool, good for company image, retention of female managers. Ferner et al (2005; 312) point out that their research on MNCs point to three elements of a business case which include maximising 'access to the pool of talented people', achieving a workforce more representative of the customer base, and enhancing ‘creativity by avoiding a 'cloned' workforce’. The business case has limitations especially for low skilled females or when unemployment is high as it may not make business sense or in other words costly and it entails a change in organizational culture to redesign
jobs to suit women. There is no conclusive evidence yet that diversity leads to improvements in business performance and it maybe that the business case is not enough to encourage diversity. Yet Diversity with its various meanings has become especially in an international setting an important part of HR. So the business case is not a sufficient explanation for the increasing use of diversity policies in MNCs.

Diversity initiatives have been instituted by organizations where ‘The management of time is an essential workplace process over which employees-especially those with domestic responsibilities- need a measure of control in order to combat tensions between the demands of work and home’ (Joseph Rowntree Foundation, 2005). Work-life balance practices work by either increasing the variety of ways employees can relate work and non-work or practices that facilitate change (Felstead et al., 2002). Work-life balance is defined by Felstead et. al (2002, p.56), ‘as the relationship between the institutional and cultural times and spaces of work and non-work in societies where income is predominantly generated and distributed through labour markets.’ Work-life balance practices can thus be seen as those that help employees to have more freedom in integrating and coordinating work and non-work aspects. Work-life balance may have been first introduced for working mothers but it in many organizations it covers all employees.

In IHRM instituting diversity policy, includes many more variables including national institutions, large organizations have realised that differences between employees can be an advantage and can help business development and diversity policies are useful in this respect. Diversity management is an approach to managing people that recognizes and values the differences between people and sees the differences as a source of productive potential. Diversity thus is broader not only women but encompasses those who may feel discriminated against or previously overlooked at organizations. Ferner et al. (2005) looked at the process of diversity policy transfer to UK subsidiaries within US MNCs and showed that
transfer was complicated by the difference in ‘institutionalisation of diversity’ and by differing conceptions of diversity between the US and the UK. Thus research on diversity policies if present in MNCs are expected to be different based on MNC country of origin and implemented differently based on host country national factors including legal frameworks.

2.7.2 Employee Relations

Employee relations, labour relations, union management relations and industrial relations all are terms that refer to the same dimension of addressing the collective element in the employment relationship (Bratton and Gold, 2006, p. 402). Usually the focus is on examining organized labour and power relations with management as well as the tensions that underlie collective bargaining and employment conditions. The discussion will consider the collective element so that not only unions are considered as vehicles for representative participation as in some countries organised labour is not recognised. When dealing with IHRM there are many factors including social, economic, historical and political to consider and that collective demands by employees may not follow the same path.

Hall and Soskice’s, 2001 (in Navrbjerg and Minbaeva, 2009) ‘varieties of capitalism’ approach finds there are two main economic systems which are the liberal market economy (LME) and coordinated market economy (CME). This approach have been criticised for being primarily developed for and concerned with developed countries but it remains a well-known typology. Where MNC from LME are used to have less regulation and limitations in HR and may find that in CME they face limitations especially with employee relations. Employee relations have had an evident and important part in the debate on the convergence or divergence in practices because of increasing globalisation (Paauwe, 2009). Many studies show that MNCs adjust their HR systems or individual practices to accommodate local employee relations institutions Gooderham and Nordhaug 2008). Where union legislation is strong such as in CMEs, then HR practices
maybe limited by the legislation and where it is not as strict then HR practices are not (Navrbjerg and Minbaeva, 2009). The shift from manufacturing to services, changing nature of jobs, globalization and threat of loss of jobs are seen as reasons for declines in union memberships in developed countries. Still union membership can vary where in Scandinavian Countries it is close to 75 per cent while in some developing countries it may not have much power. Employee relations is one of the HR practices that needs some adaptation as each countries national model can be unique and enduring, where it may make it difficult in some countries to join a union or even having unions in others unions may have legal legitimacy. Organizations have been accused of using the HR model as a way to circumvent collective bargaining as employers prefer to deal individually with employees (Guest, 1997 and Godard, 2005). Whilst there are different forms of employee participation around the world such as works Councils in France and Germany the Anglo American model of HR tries to discourage unionisation by offering employees opportunities for involvement. Employee involvement as defined by Cotton (1993, in Torrington et al., 2005) is, ‘a participative process to use the entire capacity of workers, designed to encourage employee commitment to organizational success.’ Forms of employee involvement that management can use are downward communication such as team briefings and newsletters for example, upward involvement such quality circles and employee representatives who are voted for by employees and even be independent workers. Still as Hyman and Mason (1995, in Torrington et al., 2005) mention that employee involvement is management driven based on unitarist principles where the assumption that employees and management have the same objectives. Research on high involvement and high commitment HR both overlap in that employee involvement can be used as a route to increased performance. Still MNC have been accused of centralizing employee relations to enhance the bargaining power as employee relations were usually decentralized to individual subsidiaries (Hill, 2008). Employee relations and the use of employee involvement as envisioned by management is not without its problems, as there maybe discrepancies between actual practice which may be difficult to implement even more so in an
international setting (Almond et al., 2005). Unions in both developed and developing countries are making fundamental changes to meet new demands and should not be removed from consideration (Guest, 1995 in Guest, 1997).

2.7.3 Performance Appraisal

It is increasingly seen that HRM plays an important part in business performance and that employee performance has a clear relation to organizational goals. The strategic thinking of an organization’s managers and its organizational culture affect the perspective taken on measuring performance (Pun and White, 2005). Performance Appraisal or performance review, performance evaluation, results appraisal, employee rating and employee evaluation are different names for what is essentially the same HR practice of analysing an employee’s capabilities and potential based on particular criteria or set objectives, thus assessing past and current work in order to aid in making decisions on any of the following promotion, training, development and rewards. Increasingly there is trend of moving beyond performance appraisal to performance management where the former is seen as a standalone practice the latter showing a more integrated systematic approach. Bevan and Thompson (1991 in Bratton and Gold 2007) proposed a model performance management system would include: shared vision of organizations objectives that is communicated to employees through mission statement; individual performance targets are cascaded from operating unit and those from wider organizational objectives; regular formal review of progress towards targets, review process to identify training and developmental needs as well reward outcomes; whole process is evaluated and its contribution to organizational performance is evaluated and improvements made as needed.

The objectives underpinning Performance appraisal or management can also be categorised as either judgemental or developmental. While performance appraisal can vary but there are basic design features that are provided in texts which are
based on American and British practice. The core features of appraisal include the definition of work, setting measurable targets, performance and assessing the performance against the targets. Setting performance targets is at the core of appraisal and while it is not a straight and simple process there are mainly three types of indicators. Trait based indicators are subjective character features, behaviour based indicators are related to behaviours that lead to efficient and effective job performance and results based indicators measure tangible work related goals. Setting targets against these indicators has led to literature that aims to help assessor in this important step for appraisal. Once targets are in place there are a large variety of techniques to assess performance. Although traditionally the assessor has been the direct supervisor or line manager, there is a trend for appraisals to include multiple sources such self-appraisal, colleagues assessing team members, employees assessing superior and customers which some call a 360 degree appraisal.

Performance appraisal or management as Bratton and Gold (2006, p.285) mention, ‘of all the activities comprising HRM, appraisal is arguably the most contentious and least popular among those involved.’ One of the reasons both employees and managers can have some issues is that it any time feedback is given there is a danger for de-motivation. Many techniques have been developed as well awareness of distortions that can occur when conducting appraisal to make it less intimidating for both employees and managers. It is important to be aware of the critiques which have taken different forms but mainly concentrated on one of two issues that appraisals are a judgemental process from beginning to end and that it helps managers to maintain both control and power. In IHRM in addition to these critiques there is great need for awareness that performance appraisals are a political activity and can be seen differently and may even be undermined as different cultures and socio-political experiences can lead to unexpected outcomes (Bratton and Gold 2006, p.90-91). Ferner and Almond (2013) point to performance management practices being common in MNCs from different
countries of origin in the UK but what are the causes whether its host country institutions or competitive isomorphism is undetermined. The use performance appraisals or management has been shown to be one of the more centralised HR practices (Stiles et al., 2015) and as such maybe expected to be more likely to be transferred from MNC headquarters to subsidiary. Still the transfer of performance management may not lead to the same implementation or intended outcomes as Ferner and Almond (2013) point to subsidiaries from differing countries exhibiting different degrees of autonomy and transfer leads to potential conflicts of institutional rationality that are resolved through the deployment of power capabilities. Ferner et al (2011, p.167) made an important point that needs to be kept in mind when looking at transfer of practice,

Individual performance appraisal and reward is a norm taken for granted and generally regarded as legitimate in ‘liberal market economies’. Even if disliked, it can only be legitimately challenged on the grounds of its failure to achieve its performance-enhancing functions. But cross-institutional transfer allows the shared norms to be laid bare and challenged on grounds of alternative normative frameworks, emphasizing (for example) social equity, solidarity and fairness.

2.7.4 Reward and Benefits

Reward is part of what defines the employment relationship also sometimes known as ‘reward effort bargain’. Rewards refer, ‘to all of the monetary, non-monetary and psychological payments that an organization provides for its employees in exchange for work they perform’ (Bratton and Gold 2006, p.358). From this definition it is apparent that pay is a part of rewards and that there are both intrinsic and extrinsic rewards for organizations to manage. Reward like performance appraisal relates and is closely connected to other HR practices and as such many organizations have moved to a more integrated approach of reward management which emphasises flexibility and performance (Armstrong, 1998 in Torrington et al., 2005).
Bloom et al. (2003) developed a model of International compensation systems which takes into consideration both organisational and local host context and how MNC achieve alignment, thus supporting MNC global strategy. There are three global compensation strategies which include the ‘localizer strategy which seeks to create compensation systems that match most or all of the local host contexts in which they compete; Exporters pursue a ‘one world, one strategy’ approach; Globalizer (integrator): Like exporters, these organizations seek to implement a common compensation system across all local host contexts, gather the best compensation practices from any and all locations, and then incorporate them into a set of practices that can be used consistently across subsidiaries and local host contexts’ (Bloom 2003, p.1354-1356). Still as Bloom et al (2003) point to manager’s choice of International compensation systems is constrained by context or pressure of conformance versus strategic alignment pressures (Figure 3).
So within each of the Global strategic orientations is a choice for organisations depending on the need for conformance. Bloom et al. (2003, p.1359) ‘We believe that variation in contextual factors is the boundary condition that determines when local host contexts are more constraining, thus increasing the likelihood of conformance responses, and when they allow greater discretion, increasing the possibility for resistance and alignment.’ Almond and Ferner (2013) point to Bloom et al. (2003) framework for International compensation systems and
indicate that it is helpful in that it taps into how managers may consider issues of international compensation.

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<th>Characteristics of the local host context</th>
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Table 1 Bloom (2003) Balancing global strategic imperatives and local host contexts

Similar to Bloom et al. (2003) framework, research on rewards considers how it is strongly affected by institutional context and while some countries are more ‘permissive’, institutional constraints vary around the world even as collective bargaining is decreasing it still may affect pay systems chosen (Almond and Ferner 2013, p.241). As such while most MNC managers ‘consistently expressed a strong inclination for aligning the design of compensation systems’ which stems from a ‘strategic HRM mindset’, reward is one of the HR practices that is expected to vary (Bloom et al. 2003, p.1358). Still Ferner et al. (2011) mention that MNCs from the US prefer to centralise rewards and performance thus it maybe that rewards vary by MNC country of origin. According to contingency theory, organizations should consider context when developing a reward strategy, so that it achieves both the organizations goals and balances employee objectives whilst taking into consideration national models. Pay can be linked to personal characteristics, age or seniority, based on skills or qualifications or on performance and pay system can vary for employee groups.
There will be tension between the different pay goals of an organization and employees, especially as there are power differential between both parties. In developing countries where employees may have even less power due to lack of jobs, some ethical issues become even more apparent. The institutional and national models maybe more permissive in developing counties or where labour laws may not be enforced leading MNC to face ethical issues in relation to pay. The choice of Home versus Host country pay is important where many MNCs have faced negative publicity due to what are considered predatory practices. Thus a balance those MNCs try to achieve of realising cost savings from locating in countries where wages are lower while not harming their global image. The critique that American style HRM circumvents unionisation and collective bargaining and further weakening the power of employees to negotiate rewards has taken an international importance. Also another issue in relation to and is mentioned in the media as well in research is the pay disparity between men and women in developed countries such the UK. Developing countries where women’s workforce participation and opportunities in the formal sector may be low the pay gap is expected to be even higher (World Bank, 2010). As such reward is one of the HR practices that while there may be some similar reward practices between MNC subsidiaries it is expected that local HR managers have some autonomy (Ferner and Almond, 2013).

2.8 Conclusion

The institutional approach guides the current research where the organizational field is seen as complex and goes beyond the nation state. Legitimacy is negotiated amongst the different actors in the internal and external environment. It is acknowledged that there are pressures from host countries, but these pressures are more related to compliance than local isomorphism (Kostova et al., 2008). Therefore isomorphism occurs but patterns in MNCs are different and more complicated than other organization types. The literature review also acknowledged dualities between different theoretical perspectives and some of the
directions for research into transfer of HR as well as the emergence of implementation, internalization and integration processes through which these systems work (Kostova, 1999; Bowen and Ostroff, 2004; Kauffman 2010; Truss, 2001; Farndale and Pauwee, 2007 and Khilliji and Wang, 2006). A theme that emerges in research is the call for research that not only says ‘why’ but also ‘how’ HR practices are different and similar (Dimaggio and Powell, 1983).

Also taking into consideration the home and host country issues on transfer is not enough as a look at HR systems in terms of practices is important as some practices are more likely to be centralised than others. Ferner et al. (2011) have pointed that reward and performance tend to be centralised when the MNC is from the US and employee relations and diversity being less centralised as they are more subject to legislation, the current research will look at the four practices at two Non-US MNCs. There is a rich research tradition in both HR research transfer and HR systems therefore the current research is based on the literature and the following questions will be answered in this thesis:

As MNCs are seen as vehicles for the transfer of HR policy and practice:

1. For MNCs Egyptian subsidiaries what is the relationship (relational context) with HQ and how have HR managers had to balance between integration and local context in relation to the practices of Employee relations, diversity, performance management and reward and benefits transferred?
2. In relation to employee relations, diversity, performance management and reward and benefits what are the issues faced by managers during implementation and to what degree have the practices been implemented and internalised.

The first question is important as it provides an understanding of how each subsidiary negotiated and reached the current HR practices and system. The second question looks at the implementation of practices where power
differentiations are faced by managers. Some issues related to implementation and are expected to face any manager conducting, for example an appraisal, but also those that relate to the particular context. As Janssens and Steyaert, (2009, 146) ‘HRM studies may incorporate variables such as fear of layoffs, experiences of job opportunities or labour market positions’, ‘we suggest HRM studies should consider patterns of power and inequality not only at the organizational but also at the broader political–economic level’. As this is an exploratory study the aim is to gain an understanding of the managers’ experiences as they are human and may face tensions in implementing HR practices in general. The current research subscribes to a critical realist tradition where some themes maybe expected and researched before data collection while others may emerge from the data. Janssens and Steyart (2009), and Legge as critical researchers point that research needs to consider ‘interest conflicts in organizations’ and ‘assuming that conflicting goals and beliefs can be resolved if management adopts the right HRM policies and practices’ especially when researching MNCs and their subsidiaries as this assumption should not be taken for granted.
Chapter 3. Methodology

3.1 Introduction

The research methodology follows from the review of literature on the MNC transfer of HR and the implementation of Anglo Saxon HR practices. The main aim of the current research is to understand the transfer and subsequent implementation of the HR practices of diversity, employee relations, performance appraisal and rewards and benefits. This chapter begins with the key research questions and how they are addressed in the research as well as how the current research came about. An understanding of the debates around contrasting epistemological assumptions, the methodological issues associated with the research, and the philosophical grounding of relevant approaches are looked into. How and why the current research utilised the analytical approach and the reasoning for the justification of selecting case study design conducted on two organizations are presented. Issues of generalisation and representativeness are reflected upon and the choice of these particular organizations is considered. The choice of site for the research is then justified and the advantages and disadvantages of conducting semi-structured interviews with management in relation to the research aims are discussed. The descriptions of the various other sources of data which will make up the case study are explained.

The aim of this thesis is not to test hypotheses or establish correlations, there are gaps in knowledge surrounding the complexities of the social processes associated with transfer of HR systems by MNCs as they negotiate with different stakeholders inside and outside of organisations, added to this are the dearth of research on HR systems in Egypt. This chapter will show how quantitative methodologies are unsuited to answering all of the questions in the current research as there is a need to understand ‘which’, ‘how’, ‘why’ and for ‘whom’ and by ‘whom’ are HR systems transferred. In order to achieve this, two MNC case organizations Egypt were selected. Semi structured interviews conducted with various HR staff and line managers as well as documentary evidence were collected. As the questions
posed by the thesis required light to be shed on the transfer of HR policies and practices, an analytical process will be undertaken because it is consistent with these aims.

3.2 Aims

The aim of this research is to investigate in depth the HR practices of diversity, ER, rewards and performance at successful MNCs operating in Egypt. Through the use of case study research, both qualitative and documentary evidence are employed to gain context rich data. The study’s aim is to add new understanding to certain HR practices developed and experienced in a successful MNC in Egypt and implementation of these practices. The use of case study research attempts to shed new light on the internal interactions, negotiations and contradictions of certain HR policy areas. As MNC are seen as vehicles for the transfer of HR policy and practice:

1. For MNCs Egyptian subsidiaries what is the relationship (relational context) with HQ and how have HR managers had to balance between integration and local context in relation to the practices of Employee relations, diversity, performance management and reward and benefits transferred?

2. In relation to employee relations, diversity, performance management and reward and benefits what are the issues faced by managers during implementation and to what degree have the practices been implemented and internalised.

As managers are human and make decisions whilst considering different stakeholders the current research considers their experiences in implementing HR practices where their agency is acknowledged as well as the limitations they face. The investigation of these questions enables the creation of a more complex understanding of the ‘reality’ facing managers in HR transfer and reactions to internal and external pressures. These questions are referred to throughout the
methodological discussion and are used to justify the selected approach and methods to research.

3.3 Journey to reach current research

This research changed and evolved over the course of a few years with the revolution of 2011 coming about during the time the researcher was undertaking her doctorate degree. After the revolution there was great optimism and while the ensuing strikes were crippling the economy, workers were excited to be able to strike and make their demands heard. At the time the researcher was starting her research on trust and felt that the topic could be usefully merged with the newly established trade unions. After two years of actively attending and meeting with union members, the researcher was discouraged from continuing by her employer and the Ministry of Labour. The researcher moved with her family to Budapest after this which made data collection even more difficult. The researcher’s employer encouraged her to conduct her research on HR and employee relations seemed a natural direction. Countless approaches including the use of connections proved fruitless to find even one large company private or public sector in Egypt willing to participate. The researcher only found one large Egyptian company willing to participate but if the research was on HR practices only. Finishing the doctorate became a priority and data collection could only be undertaken during school holidays. When the time came the researcher was only allowed to meet with the HR manager but was not given access to the managers at the Egyptian company. Thus in 2015 a pragmatic decision by the researcher and her supervisor was made, to research MNC transfer and approach MNCs in Egypt as they would be more willing to allow the researcher to conduct her research.

MNCs HR managers were approached through personal contact especially those in the telecom and technology sectors. Yet even well known, MNCs were only willing to participate if the research was not conducted on other companies in the same sector. As such, the researcher approached MNCs in other industries but all
within the service sector. The choice of the two MNCs in the current research is due to their willingness to participate fully in the current research. These two MNCs are known for their employment practices and there was very little interference with the data collection. While the researcher acknowledges that the current research may not be the ideal in terms of case selection, conducting research in Egypt it is not always easy.

3.4 Philosophical Foundations

All research reflects the values of the researcher which is based on personal beliefs or feelings and is apparent from the beginning of the research endeavour with the choice of research area until its conclusion (Bryman, 2004 p.21-22). The epistemological positions can simply be expressed as two extremes along a continuum of what is accepted as knowledge in a discipline. Positivism has many versions and, at its simplest, knowledge is obtained through sense experience, while at the other end is interpretivism, holds that people are different from objects of natural science and require different logic to understand the subjective meanings (Bryman, 2004). The current research subscribes to critical realism which is seen along the middle of the simplified continuum, which acknowledges that ‘social phenomena are intrinsically meaningful’ and meaning is to be understood not measured or counted. But the main difference between critical realism and interpretivism lies in ontology, that there ‘exists a reality to be discovered’ and research is neither ‘value free’ nor ‘value laden’ but ‘value aware’ (Easton, 2010 p. 122-123). Research on HRM, needs to view the real events as well the underlying structures which shape and cause organizations to develop and implement a particular HR system. Critical realism is pertinent to my research because it proposes a stratified ontology where there are the three domains; empirical (experiences and perceptions), Actual (Events and Actions) and Deep (structures, mechanisms, relations, and exercised and unexercised powers). Research that taps the Deep domain is clearly more difficult to reach and positivist research would find difficulty to uncover underlying mechanisms. Thus
critical realist research lends itself as an approach to developing theory as Ackroyd and Fleetwood (2000 p.15) put where,

Explanation is conceived in terms of revealing mechanisms which connect things and events in causal sequences and requires the elaboration of structures, mechanisms, powers and relations that are the condition and the continually reproduced and/or transformed outcome of human agency be achieved. In this account, the criteria for evaluating theory are not concerned with deduction or prediction, but with explanatory power.

As Easton (2010, p.119-123) mentions in his review of critical realist research that it is relatively new by philosophical standards and it is based on his work that the following summary of the important issues that make critical realism a rich source of ‘explanatory devices’. The idea of variables which only ‘register quantifiable change not its, cause’ (Sayer, 1992, p.180 in Easton, 2010, p.120) is in contrast to concept of entities in critical realism as it directs attention to the capabilities of things. Where entities are seen to have both causal powers and are susceptible to liabilities and events are the visible manifestations of things as they have happened. Another important concept in the current research is context in critical realism is ‘relevant circumstance’ in that it is ‘possibly relevant’ as the research asks ‘in what ways may the external contingency affect the events that have occurred? (Easton 2010, p.121)’. The last concept of interest to the current research is mechanism or ‘the deep generative processes and structures’ which do not need to be linear additive.

There have been arguments against combining methods but Bryman (2004) mentions that epistemological and ontological assumptions and research methods are not as fixed or based on dualities in social research. Critical realism maybe considered as pragmatic in that choice of method/s depends on the research questions and assumptions about qualitative research involving inductive process of theory emerging from data and quantitative research is for theory testing do not follow such a linear process. Seale (2012, p.482) mentions that in practice quantitative research may uncover unexpected patterns and interconnections that
had not been conceived in the design stage making the research more exploratory than envisioned. Research on HRM in Egypt cannot be based only on an empirical realist basis as organizations consist of structures and agents and critical realism not only offers a stratified ontology it is also transformational. Critical realism with its understanding of that the businesses function in an open system and there is a social reality allows for research to fill the gap between reality and what we already know. As Bhaskar (1989, p.3 in Ackroyd and Fleetwood, 2000, p.14) mentions,

People do not create society. For it always pre-exists them and is a necessary condition for their activity. Rather society must be regarded as an ensemble of structures, practices and conventions which individuals reproduce and transform, but which would not exist unless they did so. Society does not exist independently of human activity. But it is not the product of it.

research design, case selection, the role of gatekeepers, selection for interview and analysis

3.5 Research design - Case Study

Much research on MNC transfer HRM has used the case study method (Bloom et al., 2003; Chang and Tsang., 2013; Farndale and Pauwee, 2007; Ferner et al., 2005; Almond et al., 2005; Edwards et al., 2007; Ferner et al., 2004). With a tradition in using case studies, MNC transfer research benefits mainly from the advantage that Case study research can provide a holistic understanding of the HR system within the broader organization system. Critical realism in case study research is defined by Easton (2000, p. 119), ‘as a research method that involves investigating one or a small number of social entities or situations about which data are collected using multiple sources of data and developing a holistic description through an iterative research process.’ The aims of the study which include an understanding of the transfer process and its outcomes are in line with this definition and the choice of case study as a research design is clearly related to the research aims and research questions. Bryman (2004, p. 50) points to the
distinguishing hallmark of a case study is ‘elucidation’ of the unique features of the case or in other words the ‘case’ is the object of interest.

In critical realism the instrumental case is used to understand the real world that are ‘born of people’s minds but exist independently of anyone person’ (Healey and Perry, 2000 p. 120). Critical realism is open to the use of both qualitative and quantitative research methods in case study research and choice of method depending on the nature of the object studied. Yin (2003, in Easton, 2010 p. 119) writes that research questions are defined in terms of ‘what’, ‘where’, ‘how’, and ‘why’ with case studies answering ‘how’ and ‘why’ questions which are explanatory in nature. Strength of the case study design is the prospect of gathering many different types of data from multiple sources and informants within the case study which is more than other research strategies.

With the conclusion of a single case study, it must stand on its own and it is suggested by some researchers that findings are likely to be stronger if based on multiple sources of data. Mixed methods research strategy according to Hammersley (in Bryman, 2004, p.455) has three approaches; triangulation (use of quantitative research to corroborate qualitative research or vice versa), Facilitation (qualitative research is used to aid quantitative research or vice versa) and complementarity (two research strategies are employed to obtain different aspects of research). The current research looks to the use qualitative research methods as a way to gain a better understanding of reality where complementarity is the aim. The inclusion of documentary analysis is used complement the data on HR systems retrieved via interviews. As such the current research meets with all the requirements to be consider the case study as a research design.

3.6 Case Selection

The research was conducted in two MNCs both operating in the service industry. The HR managers interviewed in both MNCs were the experts in the transfer
cohesion which according to Kostova 1999 are a group of experts in the field and managers that commit to help in transfer. In both MNCs studied here the HR managers interviewed were the experts in charge of the transfer of the four HR practices which were changed or formally instituted within a year or two from when the interviews took place. Thus both MNCs provided a good case to see the transfer degree of success had occurred and how managers dealt with the transfer.

Several MNCs operating in the service industry in Egypt were approached but access to managers and company documents was provided in both of the case MNCs. While the researcher had hoped to conduct research within the same sector, especially telecom, this was not possible as each company asked who else the researcher was approaching. Only successful MNCs were approached and the choice of purposive cases follows both Farndale and Pauwee (2007) and Truss (2001) example. The researcher believes in the power of a single case or in this case MNC but as the researcher does not work in an MNC, several MNCs within the service sector were researched and approached in order to gain access, based on their respective leadership in their industry. Each of the MNCs preferred that the researcher not collect data at a competitor within the same industry which the researcher respected. TU and SD were not only willing to allow the researcher to gain access but HR managers were enthusiastic and agreed to allow the researcher to approach mangers within the MNCs for interviews. As such the researcher felt that an opportunity to conduct interviews at both MNCs would be elucidating. With some research prior to interviews there were several commonalties between the two MNCs uncovered. Both TU and SD are in Forbes top 500 leading companies in its 2015 listing and have received honours as being preferred employers within the past 5 years. Both organizations began operating in Egypt in 1998 through joint ventures with Egyptian government initially but are currently operated and majority owned by the MNCs. Both MNCs in Egypt only employ University graduates with strong English skills, making them ideal locations for research on professional and more skilled employees in Egypt if that were the aim of the current research. Both MNCs are from developed countries and after
reading some published articles on their HR practices have gone through a global HR transformation, with differences but both MNCs are increasing the integration of the HR function across their global subsidiaries. Previous research by El Kot and Leat (2008) and Moustafa and Gould (2013) used surveys in Egyptian organizations to uncover the use of Anglo Saxon HR practices but did not look into the transfer and implementation in MNCs.

### 3.7 Semi-structured Interviews

Semi-structured interviews are defined by Bryman (2004, p.321), ‘the researcher has a list of questions or fairly specific topics often referred to as an interview guide, but the interviewee has a great deal of leeway in how to reply’. The interviewer can ask questions not included in the guide when he/she picks up on things within the interview but all of the questions in the interview guide would be asked in a similar way (Bryman, 2004). Still the researcher acknowledges that the interview is a social encounter whether structured or semi-structured (Dingwall, 1997, in Denzin and Lincoln, 2008) even when following the list of suggestions made to keep interviewer related error to a minimum. The researcher followed a qualitative interview approach in that all interviewees were asked the same questions using similar wording but interviewees were asked to discuss any issues they felt relevant or elaborate on something that seemed interesting. The researcher mostly subscribes to Kvale’s (1996) and Bryman 12 qualification criteria of an interviewer (Bryman, 2004, p.325):

- Knowledgeable and is thoroughly familiar with the focus of the interview.
- Structuring by giving purpose to the interview and rounds off with whether the interviewee has questions.
- Asks clear simple, easy short questions.
- Gentle by letting people finish and gives them time to think.
- Sensitive and listens attentively to what is said and how it is said.
- Open by responding to what is important to interviewee and is flexible.
• Steering by knowing what s/he wants to find out.
• Critical, is prepared to challenge what is said such as inconsistencies.
• Remembering what is said and what has been said.
• Interpreting, clarifies and extends meanings of interviewees statements
• Balanced by not talking too much and does not talk too little resulting in interviewees feeling s/he are not talking along the right lines.
• Ethically sensitive, ensuring the interviewee appreciates what the research is about, its purpose and that his/her answer will be treated confidentially.

As such the interviews were qualitative semi-structured and interview guide included questions on the four HR practices and changes since 2011.

The researcher acknowledges that the interview presents a particular account of an individual’s views and opinions and may not represent the full picture of why and how the HR system was actually developed through transfer and its implementation. That is why it is important to interview more than 1 manager in each level to try to gain a clearer picture and look into discrepancies and similarities in accounts and interpret this. Still giving HR managers a list of HR policies and practices to indicate which are used or the percentage of employees covered by a particular practice is not sufficient to create an understanding of how HR systems are developed and implemented in a particular context. Interviews with HR staff included questions on practices but not in the form of do you have performance appraisal but can you explain the process of performance appraisal and techniques and how the current appraisal come about and what are the differences between LOG and managerial group for example. The researcher hoped to uncover not only the extent of employees covered but why and how the particular practices and overall system were developed and implemented. ‘How’ questions are less threatening and after the researcher has developed some rapport with each of the interviewees, then questioned how they feel about the organization and the ability to dissolve any labour tensions and if there have been any changes to HR system due to economic and legal employment changes since 2011.
3.8 Interviews

3.8.1 Interview preparation
The number of interviews conducted at each MNC was intended to be around 10 interviews per MNC and the majority to be electronically recorded. When it is not possible to use electronic recording based on interviewee discomfort or unexpected circumstances detailed notes would be taken. There was also an expectation that during interviews the majority of the language used will be Arabic which the researcher acknowledges and adds to the importance of careful note taking. As meaning and nuance can be lost in translation the researcher would translate the transcripts and try to use back translation as it is often presented as a stronger option. The researcher had consulted an Arabic HR textbook to create a familiarity with the key terms that might be used by managers and employees. Due to time limit in conducting the research, the interviews would be transcribed and electronically stored on the researchers personal password protected computer. Although resources are available to facilitate transcription and translation but the researcher feels that becoming familiar with the data is an important step in thematic analysis.

3.8.2 Interview guide
The researcher developed interview questions from the literature to provide an overall understanding of the research topic and then conducted interviews with HR managers and line managers in the case organizations. During the interviews different questions were used to illicit more information. Kvale (1996, in Bryman, 2004) suggests the use of different types of questions and the researchers used indirect questions when a particular topic was sensitive, uncomfortable to discuss or to help in gaining a clearer picture. For example when an interviewee mentioned the importance of religion but after saying so felt worried that s/he had
offended the interviewer, the interviewer asked the interviewee how s/he feels and that the interviewee was very helpful.

Before each interview began the researcher introduced herself and explained the purpose of the research by email. From the literature review, the researcher developed interview themes and questions designed to collect data on HR systems with four HR practices in detail especially in relation to implementation. Two different sets of interview guides were initially developed, one for HR managers and the other for line managers. Both of these were tested on a professional HR consultant who previously worked at several MNCs in Egypt and the Middle East before starting her own consulting business. She provided feedback and suggested that not recording interviews would be better in improving interviewees’ comfort levels and that the researcher should start the interview in Arabic but that the topic area and most managers in MNCs would switch to English. The consultant was also questioned on the choice of the four HR practices. The researcher felt that both diversity and employee relations would be less likely to be available in Egyptian companies and she assured me that in MNCs they had an increasingly valued role and would be interesting and useful to research as they are both greatly affected by institutional contexts. Also the interview guides were adapted in TU as there were HR managers for different areas not one HR manager responsible for all HR like SD.

3.8.3 Arranging interviews

The researcher approached both MNC HR managers through personal contacts who facilitated the initial contact process. Initial contact was made through email and subsequent contact as well as arrangements for onsite visits was also arranged through email. Both MNCs were approached initially in early June 2015 with the researcher reading published articles and going through the MNCs website prior to contact. Once contact and approval were given the researcher began interviews in July 2015 which was incidentally the holy month of Ramadan. The interview
process was then stopped during the Eid break and resumed until all interviews were completed by the end of August 2015. The appointments were arranged through a snow ball process where the initial interview would be with the HR manager in SD and HR managers at TU. Then each HR manager would introduce the researcher to one line or middle manager at the MNC. After the interview was conducted with the line or middle manager the researcher would ask the interviewee with help in identifying another manager in another department. At SD the whole process was easy as the managers were all in the same building, a maximum of 3 interviews were conducted per day so that the researcher needed only 4 visits. At TU the interview process was more difficult as managers would commit to an interview time but at the last minute change the appointment and the locations were very far apart, so a maximum of 2 interviews were conducted at each visit.

In the following table a breakdown of the interviews conducted is provided:

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<td>Appraisal specialist</td>
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When conducting the interviews the researcher used Arabic at the beginning but in most interviews due to the subject, the interviewees except for one preferred to conduct the majority of the interview in English with Arabic used by the
interviewee only to make a certain point or as a metaphor. This facilitated the interview process especially as the HR consultant had warned that HR managers would not be keen on the interviews being recorded. Both HR managers used as points of contact in TU and SD asked that the researcher respect the policies of the MNC especially privacy and data security. The researcher as such did not want to risk access to MNCs, especially as access to TU was more difficult due to their privacy policy, which was sent to the researcher prior to the first site visit.

3.8.4 Analysis

Thematic content analysis is used for several reasons but the main reason is that it can be used to look across data sets and it usually helps to focus attention on the phenomena or event ‘looks like’ (Seale, 2012 p. 367). Thematic Analysis was chosen based on characteristic of research from Vaismoradi et al. (2013, p.399) as opposed to content analysis as the current research meets the following criteria ‘analysing narrative material based on a realist perspective and analysis process aims to provide; description and interpretation, both inductive and deductive, emphasizing context, integration of manifest and latent contents, drawing thematic map, nonlinear analysis process, no peer checking’. While, Grounded theory is used greatly in qualitative research analysis and there is some debate as to it being stronger than thematic analysis, it is considered constructivist and researchers are not encouraged to read similar research done previously (Healey and Perry, 2000 p.120). The current research entailed a great deal of literature review before starting and the research questions are not very broad. As the researcher has narrowed them down based on previous research therefore the concept of theoretical sensitivity is more developed. There is considerable debate as to whether researchers conducting a more inductive approach should and should not have preconceived themes on the data. As the researcher follows a critical realist perspective both inductive and deductive methods can be used. Having read much of the current research on HR systems and MNC transfer the
researcher has an awareness of many themes that already are in the literature and as such will follow a more deductive approach in that some themes will be developed before beginning but inductive coding can be used to explore the data in more detail (Seale, 2012 p. 371). Thematic analysis will not only be used on interviews but also the documents willingly provided by the organization such the employee handbook will be similarly analysed to arrive at themes. There are a lot of recommendations for conducting thematic analysis with lists and steps to follow and the researcher aimed to do so, including; preparation, use of memos, open coding, asking questions of your data, categories then themes (Seale, 2012). The current research while not only aimed at ‘experiences’ of participants with the development and implementation and experience of the HR system it is an important part to completing the full picture of not only the content of HR system but how they and why they are developed in this particular context. Thus themes on both identified HR systems as well as the experience of developing them and experiencing them will provide the themes encountered. Case study research helps identify what is unique in this case in other words the organization under study that is successful in the current context of Egypt.

3.9 Written documents

Yin (2003, p.103) makes an important point that documents are ‘likely to be relevant to every case study topic” and documents help to support evidence gathered from other sources. Bryman (2004, p.381) points out that there are several types of documents that are used in qualitative research but that they should have the following criteria:

- Can be read
- Have not been produced specifically for the purpose of social research
- Are preserved so that they become available for analysis
- Are relevant to the concerns of the researcher
For the current research official documents produced by the case organizations was used to complement semi structured interviews conducted in the case organizations. The researcher was provided with documents from one of the case MNCs, SD which included the current employee handbook used in Egypt, current handbook used in headquarters, and manager and employee training materials on new performance management process. The researcher also collected several newspaper and academic articles written on both case MNCs HR transformation. The researcher looked at TU employee handbook Egypt and some manager training materials but was not allowed to take them for further analysis but an organization wide Code of Conduct that should guide all subsidiary decisions was provided. Qualitative content analysis on the documents which can be used as a strategy of searching for themes will not be used as the primary form of analysis but documents will be used to complement themes arrived at from the content analysis of semi structured interviews.

3.10 Promotional publications and videos

Both organizations provided the researcher with promotional materials on who they are. SDs manager visiting from headquarters provided the researcher a video about the history of the organization and its different business areas as well as their mission and vision for each business area. At TU promotional materials and publications on the different CSR programs in Egypt and around the World were also sent to the researchers email as well as the code of conduct no other company generated material was provided. At TU there was fear that any material not generated by the MNC headquarters PR department would be deemed confidential and require approval to be emailed to the researcher. These promotional materials along with MNC websites like written documents mentioned before where used only to provide an understanding of the company background and to complement the semi structured interviews.
3.11 Presentation of data in the empirical chapters

The research will contain two empirical chapters, where the data from the research case study are presented. The discussion of qualitative data will not be full of direct quotes from transcripts as interviews were not recorded but used in moderation for descriptive purpose and a thorough description of the processes of analysis will be provided. Including themes such as unemployment statistics will complement the qualitative data. The discussion of thematic findings, are based on the understanding that researcher interpretation may not present the full reality out there but a facet of it.

3.12 Ethical Issues

The two companies have both not formally consented in writing to be mentioned in the current research but managers from both stated that it would not be an issue if the MNC names are mentioned or recognized within the case study. It was expected that the data collected will be confidential as some of it will relate to tensions or problems at work and other data will be related to organizational systems and strategies. As such the researcher has provided anonymity of the organization and more importantly to individual employees. Any reference to the organization or its competitors in the write up will be avoided as much as possible as HR systems and Organizational strategies are considered to be sources of competitive advantage. As organization members placed trust in the researcher to protect their interests and after giving the researcher their time the researcher will reciprocate their kindness in turn. All data on the computer will be secured by password and notes taken will be very keenly protected and remain on the researchers person where they will be kept at the researchers home and interviewees will be referred to by code names.

In Egypt employees have a difficult time in filing complaints and receiving a ruling even with the unified labour laws introduced in 2003 (UNDP Judicial Report 2004). This may lead employees to feel that they cannot trust in the system
to protect their rights. In this environment of distrust many employees may fear voicing their opinions in management research as it may reach their supervisors. As Tarek (1994:122) mentions there are problems when conducting management research in Egypt as responses lack reliability and validity. Without a law to protect employees from unfair dismissal and with high unemployment in Egypt it is very difficult to conduct management research that is objective. It is not only employees in Egypt who might distrust the researcher but the managers or in other words the gatekeepers in organizations. As Tarek (1994, p.122) states,

the assumption that the respondents are aware of the meaning and methods of research is more often not the case, since the tradition of research is not well established. Therefore, the scope of misunderstanding about what is required and its purpose is wide.

Even when dealing with educated managers some view research as a tool to obtain information for competitors or personal gains. Although the gatekeepers in organizations may be aware that research is for academic purposes such as obtaining a degree, many managers are afraid of how this information will be used after or beyond the present study.

Within the current situation in Egypt the researcher initially had aimed to conduct research on Egyptian owned companies but even having contacts in these companies was not helpful in gaining access to both HR managers and line managers. The researcher gained access to the Case MNCs through personal contacts with gate keepers, whilst several MNCs were approached these were the two willing to fully participate. In Egypt access to organizations is usually through the researchers personal contacts as in other developing countries such as China. As Sun, Aryee and Law (2007:564) mention access to participating organizations in Peoples Republic of China is obtained through the snowballing technique or development of contacts of contacts. As such expects participation of members to be easier than without this personal contact but there is a worry that participation may not be completely voluntary. This fear of managers not expressing themselves to the researcher in an interview is in part a reason for the
interviewee being given the chance to indicate the choice to be recorded while being interviewed in-depth. The researcher believes that coercion to join whether based on fear or pressure from gatekeepers as ethically wrong and makes it difficult to create trust between interviewer and interviewee. Another ethical problem that the researcher may experience more acutely when dealing with employees of the organization is the willingness place trust in an interviewer with different characteristics than the employees. As, Howarth (2002 p.24) mentions the status of the interviewer or researcher will affect answers and results provided and this is especially relevant as the researcher is conducting research to gain a qualification. In Egypt, the difference will mostly be due to social background as like the United Kingdom a person's accent and choice of words indicate their educational and social background which may lead to misunderstanding and distrust arising due to these differences. Another issue that relates to Egypt is that workers may expect to be paid to participate as this is a normal practice. The researcher is wary that research participants, especially non-professional employees may only participate in the research due to an expectation of a gift of money at the end, which may affect their answers (Tarek, 1994). As such the researcher preferred to interview managers who are less likely to be threatened by researcher’s social standing or coerced to join or provide information they may not be willing to.

On an important note the Egyptian University the researcher works in does not have research ethical codes that the researcher is currently aware of, as such the researcher will follow and incorporate throughout the research both the University of Leicester ethical standards as well as British Sociological Association Guidelines. The research was only conducted after the ethical approval of the ethics committee at the University of Leicester dated March 26, 2015.
### 3.13 Generalisation

One of the main preoccupations associated with quantitative research is the concern with findings being generalised beyond the specific research context in which the research was conducted, also known as external validity (Bryman, 2004, p.539). This concern is revealed in the attention given to ensuring a sample that is representative of the particular group researched as generalisation in quantitative research depends on the sample of units drawn from the population researched, which is to be representative of the population. Hence the sampling frame or population researched has units chosen at random to minimize error and eliminate bias in the sample. Without proper random probability sampling generalisation in quantitative research is not possible, no matter the research design chosen. As Tarek, (1994, p.1) mentions, many factors such as lack of trust and access issues make research in Egypt difficult, defining the sample frame of the population challenging and sampling usually through contacts or snowballing sampling technique to obtain a non-probability sample (Moustafa and Gould, 2013; Leat and El Kot, 2007 and Tarek, 1994). If all studies conducted in these contexts are not generalizable then what is the aim, the answer lies in the gaps that these researchers hope to fill and to develop theories to help interpret the social world (Seale, 2012).

The case study is proposed because it is strong on causal explanations and interpreting meanings in context but is time consuming and as such depth is emphasized over breadth. As, case study research in critical realism is guided by the nature of research and questions and the aim of research is not generalisation according to Easton (2010) it is enough to have research based on a single case such as an organization. Swanborn (2007, p.46) states that two cases are better than one and three even better, where multiple case studies are seen as a replications of the same phenomenon but hopefully different conditions, he then refers to Yin (1994) that to have a high degree of certainty then maybe even six more replications are needed. There is not a definitive consensus on the number of cases and even then the researchers point to lack of research (statistical)
representativeness (Easton, 2010). Therefore an important decision for case study researchers is the choice of how many cases are sufficient to answer the aims and research questions. The research looks to critical realism to answer this and to justify the use of a single case. As such unlike ‘intrinsic’ case study where the case is the focus, ‘instrumental’ cases are interested in the extrinsic reality through the perceptions of interviewees to uncover a reality that is only imperfectly apprehensible (Stake, 1995 and Guba and Lincoln, 1994, in Healey and Perry, 2000, p. 120). Critical realism researchers such as Easton (2000) make the point that replication of case study findings may detract from the case and in some cases do not add to interpretation. Easton (2010, p.127) clearly explains that a single case study in critical realism is used, ‘Where little exists then one case can be enough to begin the process of theory creation. Where there exists well-articulated theory, particular aspects of that theory, the entities, their powers, the nature of the relationships and the overall mechanisms can be targeted and attempts made to elucidate one or all of them in a single case’. While the researcher agrees that a second or third case organization maybe more illuminating the current research uses a second case not for comparison but gain more understanding. Further research in future can continue the aim of critical realism research which is not against theory testing but ‘theory has to be built and confirmed or disconfirmed, before generalisability to a population is tested (Healey and Perry, 2000 p.123).

Reliability and validity of qualitative research in critical realism is important and Healey and Perry (2000) suggest separate criteria than those used to judge from constructivist and positivist perspectives respectively. Critical realism is judged on six criteria with ‘analytic generalisation’ or theory building as being one of the important criteria as well as ‘methodological trustworthiness’ or the extent to which the research can be audited, in relation to the current research. Finally, ‘one of the best ways for judging the quality of findings is whether new insights into the studied phenomenon have been provided if so, the study should have increased the understanding of particular phenomena or informed practical actions’ (Krippendorff, 2004, in Vaismoradi, 2013, p. 403).
3.14 Time Horizon

There are two main time horizons to research design which are cross-sectional and longitudinal. Within the qualitative research strategy, cross-sectional design typically entails focus groups, interviews or qualitative content analysis of a single point in time (Bryman 2004, p.56). While, longitudinal design within a qualitative design entails ethnographic research over a long period in time or qualitative interviews or content analysis over different time periods. The major difference between cross-sectional and longitudinal research design is that the first takes place at a single point in time while the second involve a series of measurements taken over a period of time whichever the research strategy employed. Bryman (2004) thus points to case study research design ability to take on a qualitative or quantitative research strategy with either a cross-sectional or longitudinal time frame. The current research takes on case study research design that is cross-sectional and follows a qualitative research strategy.

3.15 Conclusion

This chapter covered the methodological approach to be taken, which shows support for the use of a critical realist case study design. Semi structured interviews with HR managers and line managers were used to collect primary data on HR practices of diversity, employee relations performance appraisal and rewards and documentary data was collected. The interviews were argued to be the most appropriate method as they would help the researcher not only gain a list of the practices used but an understanding from the management’s point of view of the transfer and implementation of the HR practices. The two MNCs for the case study have been justified with both being successful and leaders in their respective industries. While it would have been better to account for sector effects none of the MNCs approached agreed to a competitor being researched as well. The two MNCs provided an opportunity as they had adopted or changed all four of the current practices within a year or two before the interviews were conducted.
Issues with regard to the generalizability of case research are considered and analytic generalizability is offered as one of the important criteria to judge realist research (Healy and Perry, 2000). A discussion of the use of thematic analysis, data presentation and the ethics of research are presented. The following two chapters will present the data to be generated during collection its analysis and conclusions.
Chapter 4. Case Study

4.1 Introduction
As mentioned in the literature review, the institutional approach for the current research, considers MNCs as having wide organisational fields. The researcher agrees with Kostova et al. (2008) that MNCs are affected and affect national and global institutions where their organisational fields include the internal and external environment. As such this chapter will introduce the relevant institutional context in Egypt especially in terms of compliance, the service sector in Egypt, as well as HR in home countries of both of the case MNCs. The following chapter will provide a look at the internal environment within the MNCs as well as HQ and subsidiary relationship. Within the Egyptian institutional context the focus will be on economic, political and legal issues to help set the base for the empirical chapter. Both MNCs are the dominant player in their respective sector and their HR strategies were further developed to maintain their dominance in Egypt and Internationally. Both subsidiaries started operating in Egypt at the same time and have both gone through and are still going through a global transformation of how they conduct their business.

The chapter begins with an analysis of the institutional context and the service sector in Egypt and the respective countries of origin for both MNCs. Finally the chapter concludes with how both MNCs rose to become the dominant player in their respective sector in Egypt and around the world.

4.2 Institutional Context in Egypt
The Arab Republic of Egypt is a North African country that has a population of close to 90 million (CAPMAS, 2015). Egypt has a long history and being at the cross roads of Africa and Asia there have been many different influences on its cultural history. Arabic is the common language for the majority of people and
Sunni Islam is the majority religion while nearly ten per cent of the population practice Christianity. Egypt has made some progress along a number of important human development indicators such as Child mortality, life expectancy and literacy rates but economic growth has been modest and insufficient to absorb the rapidly growing population and labour force (World Bank, 2014). With such a large population, Egypt’s greatest resource can be its youth who are better educated than their parents and can continue to not only supply other Middle Eastern Countries with talent but act as an engine for further growth.

4.2.1 Population

Egypt is the most populous country in North Africa and the Middle East also known as MENA region. Egypt has one of the youngest populations in the World with more than 60 per cent of the population under 30 and one third of the population between 15 and 29. The ‘youth bulge’ is the group from 15 to 29 who are entering or will enter the job market within the coming years and signify the need for growth in job opportunities. Adult literacy rate, defined as being able to read and write, is currently close to 74 per cent where women’s’ literacy rate is close to 60 per cent and progress has been made in the past few years to reach current literacy rates (World Bank, 2014). Life expectancy is 70.9 and currently close to 5 per cent of the population is over 60 years.

4.2.2 Political Economy

The political economy is a term that denotes how the political, economic, and legal systems of a country interact and influence each other (Hill, 2008). Egypt’s current political system can be described as a totalitarian state that allows some individual and economic freedom but there are restrictions on individual political freedom. Egypt has a mixed economy where many sectors of the economy are left to private ownership and free market mechanisms but sectors such as the energy sector has substantial state ownership. Egypt is considered a lower middle income country and the Egyptian economy currently is suffering from the consequences
of the continuous political instability following the 25 January 2011 revolution and the slowdown in global growth following the 2008 economic crisis (Said, 2014). The economic situation is getting more difficult recently where the lack of foreign reserves is due to two main issues and they are the loss of tourism revenues due to political unrest and the loss of foreign direct investment. The value of the Egyptian pound (EGP) fell to its lowest rate in July 2013, losing 12 per cent of its value and currently lost another 10 per cent. A large share of Egypt’s GDP is spent on energy and food subsidies leading to high spending deficit and debt (Salsecci et al., 2015). The main sources of income have revenues coming from tourism, remittances from migrant workers, Suez Canal and donations from Gulf countries but cannot be depended on for the future.

Employment conditions are affected by economic trends and crises. Whilst unemployment in Egypt is structural and not cyclical as it affects the young, educated, and new entrants into the job market disproportionately. Unemployment continues to increase even though the ‘youth bulge’ or the large number of educated new entrants entering the labour market has declined due to demographic change but it continues to take longer for new entrants to become employed as such there is a need for over one million new jobs every year.

Egypt in 1991 initiated the Economic Reform and Structural Transformation Program (ERSAP) as a condition to reschedule public debt but the reforms only started to take off after 2003 when the government further liberalised the economy. Until the financial crises the economic situation in Egypt was improving but the political situation was not improved where many youths became disenfranchised and growth was seen to only affect a certain few. After the years of economic ills especially since 2011 revolution, in 2014 the Government of Egypt initiated reforms to reduce energy subsidies, broaden the tax base, reduce the deficit and improve efficiency, and improve targeting efficiency of social safety nets. The relatively new Egyptian Income Tax Law (Law no. 53 of 2014) has now been finalised and has entered into force as of 21
August, 2015 where the corporate income tax rate was changed from 25% to 22.5% and Dividends distributed by resident companies to resident or non-resident individuals or companies are subject to a 10% withholding tax, in hopes of generating taxes while encouraging business.

4.2.3 Education

Since the 1960s Egypt has spent increasing amounts on improving its educational system where school is compulsory for 9 years and around 30 per cent of students go on to tertiary education. Secondary school from age 14 until 18 is not compulsory but to join students must pass an exam to join a vocational program or secondary education program (Thanaweya Amma). The government aimed to develop students’ language skills and introduced English as second language instruction in public schools starting in primary school where it previously started at the age of 12. While, Egypt does not suffer from lack of spending on Education it is ineffective spending such tertiary institutions receiving greater funding than overcrowded primary and secondary schools. Also, as Botrous (2013) points out Egypt spends on education a percentage of its GDP that is equal to Jordan, but in Jordan better quality can be attributed to number of teachers, where in Egypt there are more administrators than teachers in the public school system. Still students graduating from Vocational and Universities continue to have higher unemployment rates than the less educated making spending on tertiary continually questioned as to it whether it is sound and effective economic policy to continue doing so.

With the slowing growth rate of the economy, the high rates of unemployment and underemployment, the supply of educated graduates far exceeds the demand by employers. Still employers point to the fact that despite the competition for jobs there is a lack of skills among graduates. Thus to move away from the traditional ‘rote’ method of teaching and fit the needs of the labour market in Egypt there is a trend among affluent parents to educate their children in private
schools and universities which are perceived to offer the higher quality education. Around 30 per cent of University graduates currently graduate from private universities or public universities with fees that offer degrees in English, French or German and are affiliated with other universities from around the world. Still many graduates that have high potential leave Egypt to work in other countries, in other words ‘brain drain’, a phenomena happening in other developing countries as well. An economist, Marshall, back in (1986 in Mclean 2004), said it best, “developed, educated, motivated people are an unlimited resource . . . [whereas] undeveloped, uneducated, unmotivated people are a monumental drag on an economy in the internationalized information era.

4.2.4 Labour market

According to Kandil (2011) Egypt faces certain unique features in relation to employment with unemployment officially around twelve per cent for the past few years, youth unemployment especially educated youth is at around forty five per cent, female participation is low at twenty four per cent, excessive government employment and an increasing number of people in non-decent work, an extremely large informal sector, underemployment, low wages and productivity, mismatch between available skills and labour market requirements and weak social protection programmes. Egypt has been facing international competitive pressures to improve both productive efficiency and service delivery as such there has been a huge debate in previous years as to improving the low productivity of its work force (Hadad, 2010). Both public and private sector firms need to improve productivity to not only survive but provide new job opportunities.

The enactment of the new unified labour law of 2003 has facilitated the firing process even though many employers still see the costs of firing as high and the extreme social provisions in the law has discouraged employers from hiring full time workers formally. Still it was a step to create flexibility for employers and introduced two forms of employment contracts the fixed term contract and the
open ended. Employees view employers as having taken advantage of reducing the labour force without meeting or honouring compensation obligations (WTO, 2009, in Hadad, 2010 p.10). Employers see that despite the introduction of the unified labour law no.12 for 2003 labour market rigidity is a constraint to flexibility in organizational performance as shown by the Global Competitiveness report 2013/2014 on pay and security where Egypt ranks 120 out of 148 (Abdelgouad, 2014 p.1). Another point is that Egypt has the fewest firm working days per year when compared to twenty other competing countries and there is low productivity in many industries and sectors (WTO, 2006, in Hadad, 2010 p.15).

One of the important features of Egypt’s labour market is the role of public sector as an important employer where together both government and public sector provide more than one-quarter of total jobs (Barsoum et al., 2014). Research by Barsoum (2013) shows that for youth, government remains ‘the employer of choice’ especially among young women due to the formal employment relationship provided and benefits received. Another feature is that the informal sector provides more than half of the remaining jobs where informal employment in Egypt consists of ‘workers in the informal (unregistered) sector and paid employees holding informal jobs in the formal sector’ (Barsoum et al., 2014 p.27). Holding a job informally means that the worker earns a salary but does not receive benefits, which is not unexpected as there is very high unemployment among youth. Barsoum et al. (2014) survey for the ILO found that one-half of working youth between 15 and 29 are in jobs that do not match their education, where 8.8 per cent are overeducated, thus doing jobs below their qualification level and not taking advantage of their productive potential, and another 38.9 per cent of youth are undereducated, which negatively affects productivity and their future job prospects. As under employment, which affects a more vulnerable population, has gone up substantially, it is the main indicator of labour market distress.
The current president Abdel Fattah el Sisi has vowed to stop hiring in the public sector and that the private sector should drive the economy. Still employment in the private sector is dominated by small firms and informal work. The public sector on the other hand has seen conditions improve due to worker demands. The public sector employs 40 per cent of the 23 per cent of women in the labour force. Most women worked in public sector because of the benefits but without the public sector job it become more difficult to continue working. Women are less likely to participate in the labour force; Egypt has some of the lowest female participation rates even among middle-aged educated women in the MENA region. According to Said (2014) the ‘Revolution has exacerbated public/private disparities and it is important to focus on those who are employed but in precarious employment conditions’. According to a report by Egypt at work (2013) ‘Basic improvements to working conditions and investments in human resource systems and workforce development could greatly enhance efficiency and productivity via lower turnover rates and eventually lead to economic growth and improved competitiveness in the global economy if Egypt’s workforce can be directed to adapt to global needs’.

Abdelgouad (2014) compiled a list of the labour market organizations that facilitate the match between supply and demand and are legally regulated by the Egyptian Government:

- Ministry of Manpower Migration (MOMM), which has been changed to two separate ministries in October 2015. Ministry of Manpower helps ensure unemployed are provided with retraining and job seekers find employment. Ministry of Migration is involved with migrant workers and employment issues abroad.
- Council for Human Resources Development which shapes training policies and encourages private companies to train their employees and offers both support and certification.
- Employment offices are part of Ministry of Manpower and have a territorial structure.
• The Social Fund for Development (SFD) (www.sfdegypt.org) is a semi-autonomous governmental agency created in 1991 as a joint initiative between the Egyptian Government, the World Bank and UNDP to help alleviate some of the negative effects of the economic reform on vulnerable people.

Still as pointed out by Abdelgouad (2014) some of these organizations roles can be difficult to determine and their effectiveness varies.

4.2.5 Trade Unions

The idea of organizing workers began in Egypt in 1845. Trade Unions under their present form were instituted in the Nasserite time from the late 1950s. The Egyptian Trade Union Federation (ETUF), while developed during the socialist populist regime reflected a time when most large companies and businesses owned by foreigners were nationalised. As such the law 35 of 1976 clarified that the role of unions were a forum to promote production and vehicles for workers to express opinion, but were not to be used to make wage demands and outlawed strikes and any other forms of protests. ETUF had no power but in return there was job security and guaranteed jobs for University and trade school graduates. The situation remained mostly so even after the open door policies instituted in the 1970’s but many workers began to look to the private sector inside or outside of Egypt and the informal sector. Still the number of unionised workers in 1991 constituted only 23 per cent of the workforce as more than half of the population worked in the informal and agricultural sector which are not unionised and many private sector industries are also not unionised (Gad, 1997).

The structural adjustment program instituted in the 1993 lead to change in employment security and job guarantees for graduates. Consequently the agreement of workers to surrender power for job security was impacted but the ETUF though remained the same (Gad, 1997). Since the early 2000s fears of job losses and unwillingness of private investors after privatisation to pay fringe
benefits, contributions to retirement funds, increasing use of fixed term contracts and precarious employment have driven collective action and strikes not only in the public sector but among private sector workers as well, which have comprised as many as 40 per cent of participants. These collective actions have not been organized by the ETUF but by independent workers unions which lack the resources and organization afforded formal unions. Mostafa Bassiouny an author of several books on the trade unions in Egypt states that ‘over the past four years, Egypt's independent unions have proven they are unable to build solid labour structures, to organize general strikes or to mobilize on the national level’. When the Egyptian Federation for Independent Unions was created January 30, 2011 it was seen as a ‘major step toward establishing proper social dialogue’ unfortunately it and the other independent unions suffer from lack of funding and government support making ETUF still the main union in Egypt (Said, 2014). Many have pointed that unions around the world have lost their power but workers especially the vulnerable need positive ways to make their voices heard instead of crippling strikes and violence.

4.2.6 Political and Legal

‘Decades of emergency laws, fraudulent elections, deprivation of the most basic of freedoms, and dire poverty have had an intense, negative effect on the Egyptian psyche (Totonchi, 2011, p.259). January 25th 2011 was the beginning of what has been termed the ‘Arab Spring’ where Egypt erupted in large-scale anti-regime demonstrations like Tunisia before it. By February 2011 President Mubarak resigned ending his 30 year regime. Unfortunately since then Egypt has faced both political uncertainty inside and threats of terrorism. After removing the Muslim Brotherhood member and elected President Mohammed Morsi on July 1, 2014 an interim President Adly Mansour took over until elections in June 2014 where held, the current President Abdel Fattah El Sisi took over has been running the country where Parliamentary elections were held between October to December 2015.
The Judicial and legal system in Egypt is derived from the French system, where the judge’s role is to implement the law not to draft it. Still for family law on issues such as marriage, decisions are made based on the religious laws of the individual concerned, whether Muslim or Christian. The judiciary plays an important role in the political process where it has the responsibility to monitor and run the country's parliamentary and presidential elections. Still one important note is that a woman’s testimony is not equal to a man’s so in legal proceedings such as being witness to a crime two women are needed versus one male witness. Female judges face many hurdles with the first female judge to be appointed to the judiciary in 2003.

Some legal issues in terms of employment are mentioned here (ICLG 2015)

- Egyptian Labour Law N.12 for the year 2003 protects employees against all forms of discrimination. More specifically, Article 35 of the aforementioned law prohibits any discrimination on the basis of gender, national or ethnic origin, language, religion or other personal belief.

- After the 2011 revolution, a ministerial decree was issued to allow the formation of unions, (nullifying Law N.35) irrespective of their sector or field, by simple notification to the Ministry of Manpower and Immigration. Such a process remains the primary means for the creation and recognition of trade unions. The Law N.35 for the year 1976, which was the reference in terms of trade unions and their recognition, allows only for the establishment of one trade union for each profession. Prevented several trade unions for each sector was contrary to the ILO convention (87/1948) to which Egypt was a signatory.

- Women who have spent a minimum of 10 months at work, have the right to a maternity leave of 90 days at a full basic wage payable by the social insurance authority. Women also have the right to two years unpaid leave and upon returning all her rights and benefits upon her return to work from maternity leave are preserved.
• The labour circuit court hears employment-related complaints and disputes. The court is composed by three judges and representation of both employer and employee is mandatory.

• Law No. 135 for 2010 changed the social insurance contributions to 11% by the employee, 19.5% by the employer and 25% by the government for all employees including the self-employed, where Law No. 79 for 1975 social insurance payments included only wage and salaried workers in public and private sectors where the employee paid 14% and the employer 26% and the government 1% the government.

One of the most important failings in the Egyptian judicial system is the speed of the litigation process. A labour-related dispute before the court of first instance may take up to three years to be adjudicated and a then there is lengthy appeal process whose time span varies with a maximum of eighteen months. Once the appeal process is exhausted there is no guarantee that a company will honour the decision or commitments (Ghanem, 2015). The UNDP Judicial Report (2003: 8) reaches the conclusion that ‘The analysis in this Report makes it clear that implementing the principle of judicial independence in Egypt is not going to be an easy task in the current political environment’.

4.2.7 Service Sector

Services in Egypt are not at World levels yet with only 37 per cent of GDP in 2014 coming from services, even trailing other Middle Eastern Countries such as Lebanon, Jordan and Tunisia (ECES, 2015). As such services are seen as an engine for growth and are being promoted by the Government for further development in its Strategic Plans. Both case organisations are in the service sector and are in industries that the Egyptian government has given prominence to further aid in development and growth. The communications sector has seen growth of over four per cent in real GDP growth for the years 2013 and 2014 and
transportation has seen 0.11 growth for the same period while on the other hand tourism has seen negative decrease of 30 per cent for example (CBE, 2015).

There has been an increase in the number of research on HRM in the service sector as it employs large numbers of employees in the developed World. In developed countries there are large numbers of individuals being employed in retail as well as customer facing roles which apart from financial services, pay is considered low. The situation in a developing country such as Egypt is different in that work in the service sector does not necessarily provide low pay as they can be similar to manufacturing jobs. While there is research on HRM in Egypt there is still a dearth (Tarek, in Budhwar and Melihi, 2006) with the two most noteworthy researches conducted within the service industry both using a list predetermined HR practices in surveys distributed to HR managers (Leat and El Kot, 2007 and Moustafa and Gould, 2013).

4.3 HR in Denmark

Bévort et al. (1992) in their research on the state of Danish HRM mention that it is ‘characterized by a relatively low level of professionalism’ which they attributed to the majority of companies being small and medium sized, weak development of taylorism, and the unique form of historical Danish employer-employee relationship’. Still by the end of their review they mention a ‘new paradigm of HR is being observed’ in Denmark which they attribute greater emphasis on service and on quality in production, diffusion of new information technology and new patterns of negotiation and co-operation at the level of the firm and national level. Danish economic success of the 90s and 2000s has been attributed by authors such as Campbell and Pedersen (2007) to its complementary institutional arrangements especially in coordinating labour markets and vocational training giving private sector firms both the flexibility in hiring and highly skilled workers. Denmark is not a large country yet there are several large Danish MNCs
as well as MNCs operating in Denmark. Navrbjerg and Minbaeva (2009) found that none of the MNCs studied in their research tried to interfere with industrial relations and accepted Danish laws but a number of the headquarters initiatives indirectly affected management and employee relations. In a country such as Denmark which is CME and its industrial relations is based on trust between the state, employer and employees, the MNCs were able make some changes from a stakeholder to shareholder management style through increasing headquarter control (Navrbjerg and Minbaeva, 2009, 1734). Unlike Germany where companies must cooperate with workers and build functional flexibility due to institutional arrangements that bars companies from easily letting go of employees, Denmark allows employers flexibility in staffing. Thus a Danish MNC is expected to be more of accepting of IR than an American MNC but the flexibility of its labour market as well as an open economy allows Danish MNCs to be open to HR practices developed in other countries. Danish law is much more comprehensive in providing family leave policies and legislation and cooperative agreements affect the number of working hours than the US and MNCs operating in Denmark must abide by the legislation.

4.4 HR in UK

The UK is similar to the US in that it is relatively deregulated with most research on IR and HR practices conducted in both of these countries (Muller, 1998). The representative survey by Edwards et al. (2007b) found that MNCs operating in the UK to be a varied and large group, they also found differences in the take up of formal HR systems. In their research they found that the UK subsidiaries of MNCs were most likely involved in a ‘strategic role’ such as Research and development and that HR manager at subsidiaries had a high degree of discretion. It is important to note that even in the UK employee relations, play a role and there are historically different arrangements than in the US. Tayeb (1998) found that in certain HR policy areas subsidiaries were more than willing to go along with headquarters but in some areas there were tensions and subsidiary made
modifications. This discussion on institutionalism which will be further elaborated fails to consider the of power different players. Ferner et. al. (2005) mention that even though the US and UK maybe similar the history and legal legislation on diversity and discrimination are different. US MNCs operating in UK in their research on diversity policy transfer were found to resist, avoid or accommodate. Even when looking at the UK which is LME there remain institutional arrangements that have affected the HR systems and practices of MNCs from the UK and foreign MNCs operating in UK.

4.5 Case MNC ‘SD’

SD is a global conglomerate that employs more than 120,000 employees in 130 countries worldwide. SD headquarters are in Denmark and 70 different nationalities are employed there. One of SD’s group core goals is ‘the right environment for the right people’, which are translated into policies to provide all employees the opportunity to develop and succeed. As such SD General Manager of Group HR has publicly mentioned that they aim to be the first choice employer for top performers where ever they are. SD which was established in 1904 has had strong growth until 2009 when it recorded a loss for the first time due to the financial crisis of 2008. SD was able to quickly recover by concentrating on customer service and instituted major changes in all areas with HR deemed as an important area of its transformation. SD through its transformation has moved to create consistent and ‘seamless global transportation solutions’ which require all subsidiaries to be ‘speaking the same language’ and customers to receive the same service irrespective country. As of the time of writing up this thesis SD is working on its HR and Finance transformation (change from how it was traditionally done, outsourcing administrative functions and more centralised) worldwide.

Marine Shipping sector in Egypt is important as Egypt is at the gateway between three continents and with 15 commercial ports; the majority of imports and exports are shipped through its ports (MTS, 2015). SD Egypt has been a key player in logistics and shipping in Egypt since being established in 1998. In 2014
as in the past few years SD has had the highest number of transactions in Egyptian ports, making SD the largest in market share amongst shipping providers in Egypt. SD as of January 2015 employs 200 employees down from its peak of 700 in 2009, yet it remains the strongest player in the Egyptian market even though it charges higher prices than its competitors. SD products are standardised around the world but SD Egypt’s marketing, sales and customer service tailor services to meet the unique demands and market in Egypt. As such SD has been able to charge higher prices and the strength of its strong customer service as well as a solid reputation for delivering goods faster and consistently providing customers with information on when their shipments will arrive continue to drive its success after SD’s transformation.

4.6 TU

TU worldwide employs more than 90,000 employees in 30 countries, with 26 different nationalities. TU headquarters are in the UK and its expansion had initially been through mergers, acquisitions and joint ventures and as such it currently has around 20 subsidiaries and the rest as joint ventures. Established in 1982 it has evolved to be one of the largest telecommunications companies in the world, it is continually evolving to meet its consumers changing demands for communication. In 2006 TU realised that its global operations that were acquired through acquisitions and joint ventures were not taking advantage of a globally unified set of standardized business processes as each subsidy becomes part of one company. Thus a Business Transformation Programme was developed with the initial aim of unifying back office processes thus allowing local operating companies to focus on value creation. The transformation concentrated on supply chain, human resources (HR) and finance functions to deliver a new ‘Core Business Model’. TU developed a global Procurement Centre and Shared Service Organization with the use SAP platform globally to monitor HR services and HR delivery.
Thus by 2012 TU was able to have ‘a new TU way of working’, and a strong code of conduct that was well publicised within and outside of the company to guide its subsidiaries and joint ventures as well as further its brand worldwide. A cornerstone of this message was ‘trust’ and that privacy concerns were of utmost importance to customers, employees and all who deal with the company. TU states that it is important, to base relationships with Employees on trust and respect and TU will not accept any discrimination, harassment, human rights abuses such as underage working at its subsidiaries and partners. The transformation while still giving subsidiaries decision making authority created a framework and a system of checks and controls so that all decisions consider the TU way.

Emerging countries such as Egypt have been the engine for growth in revenue at TU especially as Europe, TUs main market has seen some decline. TU Egypt has been operating in Egypt since its establishment in 1998. TU Egypt was started as a joint venture with Egyptian Government; TU currently owns the majority in TU Egypt. In 2011, TU became the largest mobile operator in Egypt in terms of both revenue and customer base. TU as of January 2015 employs around 8000 employees down from its peak of 10000 employees in 2010. TU provides products and services that are tailored for the Egyptian market. To remain competitive in a dynamic and highly competitive market TU Egypt provides strong customer service as well as better network coverage than its two other competitors and is currently investing in updating internet connectivity. TU continually creates offers to draw new customers and attract new young mobile users.

4.7 Conclusion

The current chapter began with a mention of the Institutional context and service sector in Egypt and the two different industries that each company is engaged in. It is important to provide an understanding of the differences between the two organizations and their significance to the Egyptian economy and its future
growth. An important part to the empirical discussions is the position of both companies as the market leader in their respective industries. This gives both organisations the financial strength to withstand the uncertainty and difficulties experienced in Egypt since the revolution in 2011 and at the same time the ability spend on new technologies to advance against key rivals as well considering employment and HR policies. The chapter briefly covers the HR practices and significant institutional arrangements of the home countries Denmark and UK to help in locating the two MNCs within the home and host country debate. The chapter concludes with a description of the two MNCs and their operations globally.
Chapter 5. Intended and Implemented HR practices

5.1 Introduction

The current chapter looks at the organisational context of each of the MNCs particularly their HR systems in Egypt. A brief look at the HR systems and overall HR strategies are identified from company documents from the Egyptian subsidiary and home office as well as published articles on both companies is referred to throughout the chapter. Interviews with HR managers and line managers were conducted to collect data on each of the four practices of diversity, ER, reward and performance appraisal implementation.

Each company in their own way has used its HR strategy to be a leading employer and both have sophisticated and coherent HR systems that reflect a performance culture. While there are marked differences and many similarities the discussion looks at HR practices related to reward and benefits, performance (performance management cycle), diversity and employee relations as they are intended in the Egyptian Subsidiary. After each intended practice the managers’ experiences are presented which were gleamed from interviews with line and HR managers. Each of the case MNCs is looked into as an individual case and this discussion is of key importance, as it provides the base for the subsequent empirical chapter.

5.2 HR at SD

HRM is viewed as a strategy driver at SD and as the organization has been going through changes to how it does business with headquarters being more involved in all areas of business, HR has similarly been affected (published articles in bibliography). The current research looks at HR at SD in general then concentrates on four major areas of employee relations, diversity, performance and rewards and benefits. Of these four HR practices only performance appraisal was globally conducted prior to the transformation (change from how it was traditionally done, less discretion to subsidiaries and more centralised) and while
the other three cannot be the same in exactly the same way around the world there is a move to simplify all HR practices and make them as uniform as possible while taking into consideration the institutional and legal frameworks of operating country (HR manager).

The HR transformation has come about since 2013 and this transformation has moved most HR transactions and systems to be outsourced to SD India’s 11,000 employee workforce as well trying to unify HR practices globally as much as possible in line with the transformation of the whole organisation becoming unified. SD globally uses the same HRIS (SAP) which has helped to integrate HR function and provide headquarters with information to monitor HR (HR manager).

Part of SD HR transformation has been the institution of an Organization wide organization chart for all Employees and managers worldwide (employee manuals). Thus all who are doing the same job description must carry the same job title. The Administrative, HR and finance transformations have led to job losses around the world as transactions in these areas have moved to SD India and some of the administrative tasks are handled by the remaining employees (HQ manager and HR manager). The Global initiative of de-layering has led to smaller number of job titles amongst the remaining staff, thus any vacancy at managerial level has many internal employees applying. SD has always preferred and continues to develop employees so that there are capable employees within the companies ‘pipe line’ and thus all job postings are posted to all SD employees globally (published article and employee manuals).

### 5.3 HR at SD Egypt

The HR department at SD Egypt is responsible for close to 200 employees in Egypt and 40 employees in Lebanon. The HR department in Egypt now consists of the HR manager and an HR specialist which is more in line with international bench marks of one HR employee for every 100 employees (HR manager). While in Lebanon there is an administrative assistant who reports to the HR manager.
that is based in Egypt and the HR manager tries to go to Lebanon twice every quarter. Prior to the global transformation SD Egypt had close to 700 employees and the HR department had 10 employees and an HR manager. SD Egypt HR manager is also part of regional HR committee that collaborates on HR initiatives (HR manager). SD Egypt outsources security and cleaning personal and as such employs only University graduates with strong English language skills to fill available positions for its Three Commercial Offices in Egypt. When SD Egypt started operating in Egypt they had a very structured management trainee program where candidates had to pass a battery of tests more than for those applying to other positions. This management trainee program had candidates work in all departments for around six months as well as covering related course work and if performance was high, would be asked to apply to postings outside of SD Egypt (HQ manager). Expat managers were needed but now there are many ready managers in Egypt so that no expats are needed to fill management positions (HR manager). As is mentioned in company literature SD hopes to develop employees and always have ready individuals in the ‘pipe line’. The de-layering initiatives of having a small number of managerial levels as well as employees filling the ranks are a corner stone of HR transformation. Currently there is less need for a structured management trainee program and managers are developed from current top performers in the company in other words they are not specially recruited for management positions (Manager HQ).

SD provides a service which is standardised globally but its marketing and sales approaches are tailored to the Egyptian market. As such the majority of employees are working in sales, marketing and customer service with supporting functions including HR, Finance and operations employing a small percentage of the workforce (HQ manager). SD prides itself on having a performance culture and all employees are gently guided to consider how any situation or action will affect not only their performance but that of their team and ultimately the organization. Driving performance at SD is seen as critical and even more so since the transformation and employee engagement is seen as one of the important
drivers of performance (published article and manager performance management material). SD has had a third party conduct an annual employee engagement survey since 2006 to compile employee opinions on their job, career opportunities and their satisfaction at work including remuneration, communication, work life balance and organisational change (published article). Response for the survey which is mainly answered online and is anonymous was around 89 percent in 2014 (HR manager). The survey has resulted in both local and group wide changes, for example on issues of retention and performance (article and HQ manager). As group HR manager in a published article mentions, ‘We created the engagement survey as a mechanism for employees to voice their opinions about their work, about the organization and about their managers. By understanding what engages our best performers, we’re able to create a stimulating workplace and to attract and retain the best talent.’ SD clearly states in its employee handbooks that shipping industry may not provide the highest pay, what they receive from SD is a full package of opportunities for personal and professional growth. Employees are encouraged to be responsible for their own Personal development plan where training should be 20 per cent of learning and on the job learning close to 80 per cent. Employees are encouraged to discuss further development plans with their managers and are encouraged to use training portal to further develop themselves.

Since the transformation the SD has felt that an annual survey is not enough to understand and uncover how employees are currently feeling so the HR department sends one question to all employees once a month (HQ manager and HR manager). ‘If next month is the same as this month, are you happy coming in to work this month’ with a likert scale of degrees of contentment. The answer to this question is seen as especially important to local management, in understanding how the workforce is feeling about their work and to open dialogue especially where unique situations may affect a particular team.
5.3.1 Diversity at SD Egypt

Diversity as SD envisions includes employing talent from the broadest pool where all employees are treated with respect (Website and employee handbooks). Headquarters as mentioned previously is truly international and there is strong awareness and respect for different cultures. Danish law is much more comprehensive in providing family leave policies which are clearly stated while Egyptian law provides only maternity leave (Danish and Egyptian employee handbook). SD headquarters employ close to 50% female employees and have many female managers, while SD Egypt has only 26% females and very low female representation in managerial positions (HQ manager). Since the HR transformation SD has initiated globally Equal opportunity policies which have gained importance and this is being put in action in Egypt but with variances (Employee handbook and HR manager). SDs HR transformation has ensured that employees are treated equally and employees cannot be discriminated on for religion, religious dress, sex or age. Previous to this diversity initiative the company in Egypt discouraged employees from showing their religion through dress or wearing of religious symbols (HQ manager). Currently female employees are allowed to wear a religious veil as long as they are able to fulfil their work roles and follow the employee dress code which is clearly specified in the SD Egypt employee handbook. Men similarly are allowed to grow a beard but it must be well maintained and this is also mentioned in SD Egypt handbook. Religious symbols are allowed and training on diversity has been offered to all employees in Egypt and has concentrated on gender and religious affinity as these were the diversity issues deemed important in Egypt (HR manager and training document on diversity).

5.3.2 Implementation of Diversity at SD (Interviews with managers)

Work life balance
SDs International website, there is a mention that they have instituted diversity initiatives but still have more to do on having more females in management. In Egypt this is apparent as there are only 3 female managers versus almost 30 male managers (employee handbook includes organisation chart with managers names and HR manager stated it was up to date). Almost all managers interviewed credited the diversity policies with the improvement in work life balance but there was no mention of female employment. Thus diversity in the minds of the managers interviewed seemed to be part and parcel at SD with work life balance. Working the prescribed working hours of 9am to 6pm which is still a long 9 hour day but lunch and prayer breaks are taken into account was considered as having work life balance. The managers mentioned that prior to the diversity policy it was normal for everyone to stay in the office until quite late but now 6 pm rolls around the majority of the office is going home.

A Marketing manager at SD also felt that the training on work life balance which was provided by SD headquarters was very useful for all, as it encouraged managers to realise that the organization does not promote long working hours and no family time. The manager was shocked to learn the working hours at headquarters and that employees there are more productive. Thus according to the managers interviewed the managers’ role changed in that SD encourage employees to go home and recharge and try to take into consideration personal issues as long as work is not affected.

The HR manager was not present in the organization when this training was done and was unaware of it, only when the researcher questioned him/her for a quick informal chat. S/he were interested and felt that there are some new managers since s/he joined including him or herself and that for this initiative on working hours to succeed it should be known to all managers at least.

Gender

Of the three female managers at SD Egypt only one is married with young children. The married manager with young children felt that at least now when she
leaves at 6pm everyone is leaving too so that she is not working less or less valued as an employee than others. Still she felt that she has a hard time meeting all her personal and work demands together. She admitted that she would have been ‘happy’ if she were one of the employees made ‘redundant’ as they got a large amount of money, so that she would have time to stay home and look for a job that had more convenient hours.

Both female managers were adamant that SD Egypt does nothing to encourage female employees to remain after having children and only managers can remain due to their larger salaries to afford child care. The unmarried female manager pointed out that there are a lot of male employees fighting for the few managerial positions especially since the de-layering, that why would SD Egypt care to help retain women. Still both women feel that they are well respected at work and have not felt discrimination as one said ‘I work just as hard or even harder than everyone and so I am an equal’.

The manager from HQ on the other hand pointed to the number of women working at headquarters and that most employees and managers leave work in time to pick up their children from school and can work from home in some instances during school holidays. S/he admitted this was due to legislation and cooperative agreements and it is generally how employment in Denmark is and it is a must to retain an important part of the workforce. Why this was not available in Egypt, especially quite a few managers complained of the horrible commutes they and their employees make, s/he felt it may be related to their work being customer related but did not know if it was ever really considered when current work systems were designed.

Also most of the male managers and female managers spoke about female job candidates only in the past few years becoming more career oriented even more so than male candidates. While only one manager felt his female employees were not as committed to their job, the majority felt that and pointed to the hard work and ambitions of young female employees joining the company and that they expect in
the future SD Egypt will have a large number of capable female employees and managers within its ranks.

Religion

Religion at SD Egypt was another important part of the global diversity policy for the managers but which took prompting by the researcher. The mention of religion seemed a sensitive topic and all mentioned that SD in general did not encourage mention or discussions on religious or political issues within its premises.

‘Religion was to be kept out of work period’ as quoted by one manager at SD. One of the managers in confidence mentioned that previously any religious symbols were not tolerated even head scarves, male and female employees it was implicitly known would not be hired if they displayed strong religious views. (Researcher observation) Walking around the offices one sees some veiled women although there are not too many women in the first place and amongst the men there are a large number with beards and ‘zibiba’ (which is a permanent bruise on the forehead from touching the floor when praying vigorously). The manager mentioned that there are a lot of extremely religious employees in SD Egypt but previously hid their affiliation but now as long as it is out of the office you do not need to hide it. Thus diversity policy seems to be associated with being a more inclusive employer.

5.3.3 Employee relations at SD

SD Egypt employs only University graduates and as such has not had to deal with unions as an employer in Egypt, as new unions in Egypt are mostly for blue collar and government workers (HR manager and literature). SD globally and this has been transferred to Egypt prefer to offer employees competitive working conditions, wages and benefits within the industry to pre-empt problems with employees (published article). Employees are encouraged to voice concerns with direct manager or HR manager to create an atmosphere of transparency. In both
employee handbooks in Egypt and headquarters there is a quote that is highlighted, ‘we will do anything we can to protect the right of employees to speak for themselves’. A ‘whistle blower’ system is clearly mentioned as is the process to report any ethical problems, to encourage employees to report them while feeling safe to do so. SD in Egypt reduced its workforce from 700 employees to close to 200 in less than five years and it has been able to avoid any lawsuits or negative publicity which has plagued many companies since the revolution of 2011 (HR manager and no negative news articles). It has done so by offering generous packages that go beyond the Egyptian Labour Laws stipulated minimum severance packages. The company has budgeted for redundancies as they were part of its carefully planned transformation which was started globally in 2010 and not related to the Egyptian revolution of 2011 (HQ manager). The HR manager consults with lawyers before any employees are let go to ensure that all legal matters are correct as SDs reputation is of paramount importance (HR manager). SD historically and continues even after the redundancies to maintain a very low turnover rate (HR manager). As the main values that SD clearly stipulates and hopes guide all decisions include our name, brand and honouring our word and as such tradition and reputation are of utmost importance (Website and company literature).

5.3.4 Implementation of Employee relations at SD

At SD Egypt there was a lack of awareness amongst line managers of the role of employee relations or employee participation mechanisms (All managers interviewed). Whilst the HR manager had pointed out that redundancies were handled in an exemplary manner there are mechanisms in SD global HR policies for employee participation but have not been instituted in SD Egypt. While globally there is acceptance of unions, the managers in Egypt have avoided it as it is not known to them. The HR manager mentioned that tradition always plays an important role at SD and as a Danish MNC there is acceptance of unions and other participative mechanisms. The HR manager mentioned that with the support
of the Egyptian head, in his/her opinion s/he has created an open door policy where employees can feel safe to voice their ideas and concerns without need for such mechanisms. Also according to the HR manager the relatively small size of the subsidiary and professional nature of employees in SD Egypt does not encourage employees to make collective demands.

Still the line managers mentioned that employees come to them with their complaints and they do not know what to tell them and there really are no mechanisms for resolving issues.

A Customer service manager made an important point that SD globally was so concerned with the negative effects of the current redundancies on ‘reputation’ and on those remaining that so much effort was put in to this ‘facet of the transformation’. The other changes in the transformation which are important to those remaining are neglected. For example the manager mentioned that traditionally the company had a strict ILM but with the flattening of management layers the opportunities for growth are limited.

All managers mentioned that there is continuous mention by the HR manager to develop their employees and that any employee doing the same job for a few years are at risk. Every line manager in the interview mentioned that they were worried about the more experienced employees under them as they were being paid more than someone who joined at a later date but doing the same job. Still they all felt that the more experienced workers were important to the team and added positively to it and there were not any opportunities for further growth in SD Egypt. The new transformation according to the HR manager encouraged employees to become more employable and thus making it easier to leave SD Egypt as employees who are doing the same job for a few years need to consider their career which may not be at SD Egypt.

With the current situation in Egypt finding another job would not be easy even for those with sought after experience. As the same HR manager personally
mentioned when discussing the current situation in Egypt and the Middle East that from his/her personal experience where s/he used to receive a few job offers on a monthly basis, currently not to many offers are made. Still the HR manager points to his/her career where almost every four to five years there is a job change and does not envision him/her remaining at SD Egypt for very long after the transformation is complete. The HR manager is the only manager recruited from outside SD Egypt as all the other managers have been at SD Egypt for the majority of their careers. The HR manager feels that the strict ILM has limited the other managers’ perspectives and has made the transformation all the more difficult for the managers to accept and is reflected on employees.

A few of the managers spoke freely and felt that HR manager as an outsider and SD Egypt should consider the loss of these experienced employees to competitors as the HR manager is not taking the companies or employees welfare to heart.

5.3.5 Performance Management

At SD performance is very important and ‘People Performance Management (PPM)’ is considered the most crucial HR practice and is instituted the same globally (company training material on PPM). Both managers and employees are expected to fully comprehend the process and to be actively involved in the performance cycle. The employee handbooks clearly mention this, during induction and orientation much effort is spent on PPM and training materials are provided for all employees and managers. PPM at SD concentrates on objective setting, on-going dialogues, and performance appraisals.

The PPM cycle is a continuous cycle and includes (PPM manager training material):

**OBJECTIVE SETTING**

- Set shared team goals
- Set individual objectives
- combine objectives
• Set personal development plans

PERFORMANCE DIALOGUES
• Ongoing performance dialogues (Formal and informal)
• Mid-year/periodic review

PERFORMANCE APPRAISAL
• Self-appraisal
• Forced distribution (applying 30-60-10 guided distribution)
• Final appraisal

PERFORMANCE EVALUATION
• Holistic appraisal
• Leadership discretion
• Qualified feedback
• No surprises

Within PPM managers and employees are expected to each understand their personal roles, where managers are expected to provide leadership and employees their performance effects on the team. PPM is seen as essential part of leadership; to help align, drive and develop the performance of employees and managers. Employees are expected to know the answer to the four questions which change over time: What am I accountable for? Why is what I do important? How am I performing? How should I develop to improve?

SD values performance and all managers are encouraged to provide regular feedback to employees on their performance so that employees are given the chance to grow (published article). The annual performance appraisal and midyear appraisals are not seen as enough to drive performance where managers have small teams between 2 and 6 employees to have time to meet at least monthly to discuss work and objectives. Previously all KPIs were quantitative and SD management had a strong preference for all actions and decisions to be based on
measurable criteria and most employees were comfortable with this (HQ manager). The new system instituted since 2013 is simpler and removes weights from objectives and a single rating is given for behaviour and results in order to integrate performance assessments for both results and behaviours. Key performance indicators (KPIs) not only value results but put cultural amplifiers, which have been instituted since January 2013 globally and revolve around customer service and teamwork as important behaviours which employees are rated for, where previously meeting quantitative objectives led to higher rewards. Also a form of 360 degree appraisal was instituted formally on a global basis that includes self-appraisal, peer appraisal and where applicable customer appraisal (employee handbook and PPM training material). These appraisals are not taken into the appraisal rating per say but are important for managers to see how their employees interact with others (HR manager). Any exceptional ratings in terms of high or low ratings need to be supported by the manager (HR manager). The PPM cycle is the same for all SD employees globally and even before the transition the appraisal process was the same globally (Manager HQ).

5.3.6 Implementation of PPM at SD

The new PPM has changed as mentioned with the main difference being that reward is tied to appraisal rating not achieving objectives. Most of the managers at SD Egypt felt that the old appraisal process was better in that KPIs were less subjective.

Customer service manager mentioned that the new performance appraisal introduces ‘personal bias’ in my opinion the KPIs are not clear enough and individual KPIs are ‘easier to judge’ than team. Appraising team effort is difficult as each member in my team compliments the other. I have cascaded my objectives down but giving one main objective to each team member and tell them for ‘example 15 per cent of your score card will depend on how you manage this objective’. Still I feel that results and effort are not being measured.
Operations manager mentioned that for example s/he works with a virtual team in India for customer service transactions and along with his team in Egypt. I feel this makes evaluation even more complicated and I do not feel this was considered.

Sales manager simply stated for me I feel ‘what can’t be measured can’t be fixed’. We avoided subjectivity and had fair appraisals previously because subjectivity was low. The change to measure attitudes is a problem as I do not feel apt to do it. I believe in critical incidents and this change in culture to focus on the how needs a ‘cultural shift’.

The manager from headquarters explained that a rolling forecast is set quarterly at the headquarters in Copenhagen with each subsidiary expected to meet monthly to set some standards. With the new appraisal we are not rewarding only results as before but effort too. I believe it will take time until everyone even at headquarters to see the process is better.

Another issue that was not well liked by the managers was forced distribution for each team. Teams are between two and six members and managers need to rank each team member against the others. Two managers stated the same thing that bell curve for such a small team was difficult and even the weakest individual is important.

One manager mentioned confidentially mentioned that bell curve over such a small team is not right they need to trust us as managers, ‘it is a ‘high performance company so I have no luxury of a poor performer.’

Marketing manager even without any prompts mentioned that s/he hopes that global realises that these ‘new appraisals and transformation in general can be harmful for the culture of the company and I feel that ‘implementation’ has not been considered and the effects on employee loyalty and performance’.

It maybe, that the managers have discussed their concerns with the visiting manager from headquarters. S/he was unwilling in the interview to mention any tensions or issues in relation to transformation or appraisal and as previously mentioned said implementation and getting used to something new takes time.
5.3.7 Rewards and Benefits at SD

Rewards and benefits were for a large part under the discretion of the HR manager and in each country (HQ manager). Each country prepared a budget that was approved by global but the HR transformation includes a more unified rewards system for the whole organisation. SD employees in Egypt all receive a salary at the end of the month and all salaried employees globally receive their salary at the end of the month and there are two additional months given in June and December (employee handbooks). SD employees in Egypt receive a salary and are not compensated for extra time which is a legal requirement in Denmark but not in Egypt for salaried employees (Employee handbooks). SD states in both employee handbooks that it tries to be a ‘competitive median market player’ in its compensation. They differentiate themselves through total rewards including outstanding career opportunities, diverse workplace and commitment to personal development and flexibility not high salaries. Base salary is a reflection of external and internal market value as well as the persons experience, qualifications and sustained performance.

All employees receive medical insurance and while Denmark has universal care in Egypt all SD employees and their families receive medical coverage through a private insurance company (employee handbooks). Annual increase is set based on the annual official government inflation statistics and that is the maximum to be given to an employee based on their appraisal rating and the minimum is based on each country’s minimum annual increase. In Egypt the annual increase is between 1 and 3 percent with 1 percent the minimum and is given to employees with the lowest rating. An employee may also have the highest rating and be eligible for 8 percent which was the official inflation rate for 2014 but if they are at the higher level of the pay grade would receive a lower percentage (HR manager). Pay levels and grades at SD have seen a change as the number of job
layers has been decreased since 2013. Job descriptions have been set globally so that all employees doing the same job are given the same title and any changes to job descriptions need to be made through discussions with HR managers and the regional head (HQ manager). Pay scales on the other hand are based on each countries job market and the availability of individuals for the position and Egypt HR manager uses market surveys regularly to set and evaluate pay scales and levels of pay grades (HR manager).

As SD promotes a performance culture and transparency is seen as very important there has also been a shift in that rewards given employees to be set in the same manner globally (published article). Compensation is set to reward outstanding performance and as such there is a global shift to tie all employees’ rewards to their appraisal ratings (published article). Previously rewards were given to employees for achieving their employee objectives (KPIs) and the rewards were then set by each country’s management (HQ manager). The transformation has tied rewards to performance appraisal rating thus making appraisals even more important and not only achieving certain objectives. Also sales were given rewards for reaching their targets in addition to the performance rewards (Sales manager). While performance rewards were given annually and have remained so with the transformation, sales rewards in Egypt were given every quarter. The transformation aims by the end of 2015 to have sales rewards for all sales employees to be given annually based on an annual target a not quarterly one (HR manager).

5.3.8 Implementation of Employee Rewards at SD

As mentioned previously the reward system at SD Egypt has become more simplified and centralised after the HR transformation. All employees and managers receive a bonus that is tied to the appraisal rating.

Customer service manager said we have a ‘differentiated salary increase due to appraisal rating and goals are met’. Still most of team especially those who are married are unhappy with their pay and that the cost of living increase is not
covering the increase in prices. ‘I remind them that a comparison with other industries is unfair as banking and oil have higher profit margins’.

Another manager echoed the same sentiments that salary increase and all financial decisions are taken by ‘global’ and as ‘CAPMAS’ does not publish double digit inflation which is the reality we face.

A married manager mentioned that the private school his/her children attend raised their fees for the 2014/2015 school year by 17 per cent while s/he received the top band for 2014 salary increase of 8 per cent. As s/he said ‘how can you maintain your life style and cope with demands? It’s a concern but ‘married managers and employees are the ones most complaining’.

Still all managers acknowledged that they understand that SD cannot sustain the level of inflation.

Marketing manager said ‘MNCs cannot keep up with increase in prices and Egyptian companies do offer more money. We have no retirement plan only the government one that provides a maximum of $200 per month. Money is a real concern for all employees and managers.’

Managers all mentioned their greatest concern is that the transition has led to a flat organisation and those who are highly paid in comparison to someone doing the same job would be the most likely to be let go.

There is ‘incongruence between performance and pay’ as operations manager mentioned that those who perform well deserve to get the high end of rewards but it then makes them more expensive. ‘I think those who have worked hard several years and have experience doing the same job should not be pushed out especially as it is through no fault of their own’. Still overall the managers said that SD discourages employees to discuss salaries and ratings but overall most employees are aware of pay scales and are paid similarly with the main difference being the number of years worked.

Sales managers mentioned that centralisation of rewards has also affected sales commissions and it has affected motivation. As all employees including sales receive a ‘bonus’ tied to appraisal but sales representatives receive
commission based on meeting targets. Sales targets were set quarterly not annually as it is set from 2015.

One sales manager said with ‘quarterly targets it’s easy to start over after a bad quarter’ so sales representatives would not be too upset when they could not meet targets because they had the next quarter to look forward to. But with an annual commission you still have to wait to receive money for a whole year and having a good quarter will not balance a poor one.

Another sales manager said that ‘they chose the worst year to introduce this!’ It is July and year to date we have lower sales so two quarters and my team is feeling very depressed and I feel they have lost an important motivator. ‘Money is important but global really do not understand its importance!’

A marketing manager said that ‘I believe the situation is bound to keep getting worse in Egypt and we need a strong sales team to compete for the smaller piece of the pie’ asked to elaborate s/he explained that the ‘Suez canal and increase in trade affects SD globally positively but for SD Egypt we make our money from local countries exporting to some extent importing and exports levels keep decreasing not as the Egyptian Government projections make out’.

5.4 HR at TU Egypt

TU Egypt employs only highly educated individuals with a university degree and has a variety of tests for incumbents. Around 70 percent of TU employees work in customer service whether in retail shops or at its Egypt call centres as well call centres in situated in TU Egypt that serve the TU UK and TU Australia. A smaller but significant group work as Information and Technology specialists and support services such as operations, marketing, finance and HR employ the rest of the employees. Technicians to maintain networks are outsourced from a company that was bought by TU but remains under its old name and employees are not legally considered as TU employees. All cleaning and security personal are outsourced and are not TU employees.
TU Egypt employs around 130 HR specialists in its HR department with the majority working at its Egypt headquarters in Cairo. This number is somewhat greater than best practice average of 1 HR to 100 employees, but TU headquarters have not included Egypt in outsourcing of HR transactions and functions as it was deemed that costs were not very high in Egypt. The HR department consists of an HR director then reporting to him is the recruitment manager; talent, training and development manager; HRIS manager; Employee relations, reward and benefits manager. These managers each have a large group of HR specialists aiding them. Recruitment at TU Egypt includes a battery of tests with those applying to work at call centres serving Europe and Australia needing to pass written and spoken English. Turnover is high in customer facing departments where monthly 150 new recruits on average are recruited to fill places. Non customer facing departments including commercial, marketing, technology, IT, HR, logistics, operations and finance have low turnover rates. As such for management positions there is currently a strict Internal Labour Market. There is a top talent programme where each manager nominates his/her top talent and justifies why they are and the manager can ask for further development training or opportunities. As the aim at TU Egypt to try and have staff that can take over any vacancies.

TU Egypt service is tailored to the Egyptian market with packages meeting the needs of consumers, for example youth make up a large part of the market unlike Europe. Egypt population has a youth bulge of more than 50 percent of the population 25 years and under with the majority being less than 15 years and these are the customers TU Egypt targets to gain new customers with campaigns promoting technology in helping families stay connected. There are 115 mobile phones per one hundred people in 2014 while traditional fixed line is 8 per 100 people with TU amongst others investing in increasing mobile and internet coverage. As such TU Egypt considers Marketers responsible for setting tariffs and programmes, IT employees working on networks and websites and Finance responsible for billing as key groups. They are not the largest number of employees like customer facing employees but they are considered the key to the
smooth operations of the subsidiary. The key group receive greater training opportunities and higher salaries and their retention is very important to TU.

As TU philosophy is to ‘treat people with respect, and offer attractive performance-based incentive opportunities’. At TU HR is based on ‘High Performance HR’ and employee engagement is seen as the central tenant to thinking of HR in this manner. As published about TU, the value of engagement is that it is seen as a whole systems thinking from top to bottom and bottom to top. HR is structured on processes and systems that encourage engagement with business results, customers, line managers and the experience of customers (Sparrow et al. 2010). TU views employee engagement as needing adaptation for different business functions and additionally with different cultures what engages a certain group may not work for another group. TU global like many large companies uses a third party provider to survey its employees on an annual basis to find out what employees experience at work. This recognition by TU has allowed local subsidiaries to develop their own HR engagement initiatives with a minority of the engagement initiatives having a global application.

5.4.1 Diversity at TU Egypt

One of the important sources for TU transformation came from its employee survey where TU realised that they wanted high performance while attracting and retaining a highly skilled workforce (published article). Thus engagement was seen as the important link and even when change such as redundancies become a necessity the remaining employees would be engaged. The survey in 2008 indicated that employees especially those that are highly skilled valued work life balance. The initiative for work life balance is related to an important HR directive on diversity. Diversity is considered an important directive at TU and is increasingly important as it relates to TU’s Corporate Social Responsibility (CSR) projects on developing communities and furthering the role of women in local communities (Website and published article). Diversity and inclusion are one of
the pillars of TU code of conduct that serve to guide decisions at subsidies. TU aims to pursue diversity and inclusion for all employees through its employment policies and practices. TU encourages all its subsidiaries to provide flexible work when possible to recruit and retain employees (website). TU though appreciates that cultural and legal institutions vary according to country. TU Egypt has one of the highest rates of female managers and employees in Egypt (recruitment manager). The aim of TU is to have as close to 50% female participation as possible, that has not been easy in all functions in Egypt. Some functions such as Technology and Operations remain mainly male dominated and there are differing theories but none can be fully ascertained as to why it is so. On the other hand marketing and commercial have a large number of females more than 50%. Women in Egypt are legally not allowed to be employed in jobs that have late shift work without government permission and even then cannot leave the work premises between the hours of 12am until 6 am. TU was able to gain permission to employ females at its call centres but shifts were changed so that they would conform to the legal hours between 12am and 6am as well as company buses being made available to take the female employees to their homes (Recruitment manager). TU globally introduced flexible work with core hours that employees must be at work and a certain number of hours to be covered (company training material). This arrangement is not available for customer serving employees but when scheduling shifts for employees, managers are encouraged to consider an employee’s special requests if possible (company training material). The Egyptian labour law allows women to receive three months paid leave and up to two years of unpaid maternity leave which can be taken any time before a child turns five. Accommodation must be made to the returning employee to allow her to return to the same job or another of equal position. At TU this legal stipulation goes with the diversity policy initiated globally where women are given four months paid leave to help encourage women to balance their work and life (website).

Another important diversity issue in Egypt is the differences between employees based on religion and level of religious observance. TU from early on has aimed
to allow and respect differences and any harassment based on religion is not tolerated (Website and diversity manager). Those who are more observant are not allowed to harass or force religious ideals on others and vice versa. Employees are given the freedom to dress in the manner that is most comfortable for them as long as it is in a professional manner and in the employee handbook there are clear guidelines as well as an additional comment that an HR representative not the manager will address any issues of nonconformity (employee handbook).

The Egyptian labour office is responsible for enforcing labour regulations including for non-Egyptians hired as employees. The law only allows for 1% of non-Egyptians to be hired without clear reasoning for their hiring and a maximum of 10% non-Egyptians but they need to have skills that are not available in Egypt. As such TU Egypt usually only hired more skilled positions and brought in only highly skilled Expats to justify their coming to Egypt (Recruitment manager). TU Egypt currently only employs Egyptians as it has become harder to employ expats especially after revolution as expats require higher pay and benefits to be willing to work in the current situation. Egypt is an exporter of talent so while it takes time to hire more highly skilled job holders to fill positions TU Egypt uses employee referrals, for some positions the use of head-hunters and TU sponsors promising University projects to help in recruiting graduates (recruitment manager and ER manager).

5.4.2 Implementation of Diversity at TU

Diversity at TU is important as in all promotional material and website there is consistent message of diversity at our company is a reflection of the diversity of our customers. Whilst TU does not strongly centralise HR practices, diversity is an important policy area globally. There is a HR manager responsible for diversity in TU Egypt and works closely with the (CSR) corporate social responsibility manager. The diversity manager mentioned that any initiatives that a subsidiary introduces and have a positive effect on diversity especially in hiring, retaining,
and developing female employees and managers are encouraged to be shared at annual HR conference attended by regional HR directors.

Gender

‘Gender balance’ is encouraged but the diversity manager felt that headquarters does not interfere as long as positive steps are taken, as the manager felt that TU headquarters are sensitive to differences between UK and Egypt. One of the initiatives started in Egypt has been to sponsor University graduation projects at engineering Universities around Egypt. It is considered a CSR initiative but the diversity manager looks for any female students who show promise to join the technology and IT departments when they graduate as these are two areas that have a lower number of female employees. The diversity manager at TU Egypt mainly looks at helping female employees that have strong potential receive support to become future managers as s/he admits they have not reached the number of managers TU globally envisions. At TU diversity policies affect recruiting as there is a conscious search for qualified female candidates.

One of the initiatives that headquarters has had TU Egypt introduce and provided training materials and other resources to help in conducting is the ‘future managers star programme’ where young female employees are provided with a female mentor if one is willing as well as training on how to be more assertive, career advice and managerial training. Surprisingly only one of the female managers was aware of this programme as she herself had gone through it to become a manager. None of the other female managers who had been with the company for more than four years were aware of this programme.

One female customer service manager became quite upset when diversity was mentioned and said that diversity policy should not even exist. She felt there is not any difference between men and women and these programs are a form of discrimination. When asked to elaborate she said ‘ones work should be the only determinate in promotion at work’ and these initiatives may promote women who are not deserving of promotion and would give female managers a negative image.
and anyway there have been females working successfully at TU Egypt before these initiatives. She felt that to continue a ‘high performance environment’ rotation for young managers should be a must whether male or female.

Still this female manager and all the female managers interviewed did not work in technology or operations where there is only one female among close to 50 male managers.

One male manager in IT said that his team of 6 has 4 female employees and the other IT managers question his hiring of female employees for his team. As the ultimate decision in hiring a new team member is his but he says his experience with female employees has always been positive but can imagine if his first experience was negative it might have remained so.

The female managers all admitted TU Egypt was one of the best employers for female employees in Egypt. One of the female managers interviewed had returned from 2 years unpaid leave to care for her family which is prescribed in the Egyptian law. She stated that it was not easy and her direct manager at the time was unwilling to sign off on it and was not concerned that it was her legal right but when she spoke to HR, they told her to escalate the matter and she was given the unpaid leave. She appreciated that in Egypt this is quite rare at an MNC to get the opportunity to return after two years but attributes this to headquarters strong support for diversity policy. Still she says she has paid a ‘heavy price’ since she has returned as she feels overlooked for projects. Before leaving she was a top performer and given many opportunities but since returning she feels like she is starting from scratch like she is a new employee and all her old colleagues have been promoted and are at a higher employee level some even rubbing it in her face that she at one point was in the top talent program.
Flexible Hours

One of the most important initiatives discussed by managers when asked about diversity is the introduction of flexible hours. All managers felt that it gave them flexibility in scheduling their day.

As marketing manager mentioned that the commute in the morning is less stressful as if I am late coming in I will stay later to make it up.

One of the marketing managers also said it has made his/her team generally happier and ‘feel like adults not school children’ and s/he does not have to sit and look at who arrived on time. When asked how the system worked s/he mentioned that every month a printout of employees (employee cards to enter and exit premise) working hours is automatically generated and if there are discrepancies the manager is asked to account for them.

Discrimination and Religion

The diversity manager mentioned that s/he is involved when an employee complaint of discrimination or harassment is made but admitted not many are made. Still the employee’s direct manager would also be involved in the matter unless there was an accusation against them or that they had knowledge and allowed it. When the diversity manager was asked as to why personally you think not too many complaints are made, did not answer the question directly but said it may be due to the fact that employees know not to engage in such behaviour.

Still an example where one of the managers pointed out that diversity includes religion and s/he pointed out that everyone can practice as they want. While it is clearly stated in employee hand book that talk of religion and observance should not be mentioned at work so as not to make anyone employee feel left out, the manager went on to say that s/he was proud of an important accomplishment. S/he noticed that while the whole team are Muslim and their observance of prayer time was erratic and s/he told them if you saw that Mr so and so TU CEO Egypt on your caller ID would you answer right away or I will get back to him later. They all said they would answer right away then the
manager stated that there is no being more important than God and you say I will get back to him later when you do not promptly answer his call to prayer and pray ‘hadeer’ at the time of prayer call.

The researcher observed a large number of female employees at TU headquarters and its call centre as well as retail shops visited. During two visits in Ramadan female employees were dressed in summer clothing and the employee cafeteria was open and some employees were there eating which is not common in Egypt so there is a large degree of religious freedom not usually seen. The researcher was also asked several times if she wanted coffee which has not been the researchers experience during Ramadan previously.

As one of the younger female managers pointed out that she finds two separate worlds between working with the marketing department and working with the technology department, which she attributed to differences in class and the difference in ‘perceptions’ of work. Asked to elaborate she pointed out that there are class differences, as TU Egypt is an inclusive employer that makes work harder with some of the employees and managers from other departments.

Several times by different managers even the contact HR manager who made most of the arrangements there were many comments that it is difficult to find a manager in technology willing to meet with you. Two of the interviews with male managers were cancelled at the last minute and the managers called and asked to be interviewed by phone. These interviews were not included but seemed to be similar to face to face interviews in content. Two of the female managers when they heard of the difficulty in interviewing IT and technology managers laughed and said that it is not that they are busy but that you are a young female. It could be conjecture and that these female managers have some departmental issues but further research is warranted to look into the reasons for such perceptions as well as to why there are not as many female employees and managers in both technology and IT and how to make interdepartmental work more effective.
5.4.3 Employee relations at TU Egypt

TU Egypt hired an ER manager who had experience dealing with unions as it was facing lawsuits from former employees after 2011 revolution. The ER manager was hired at the end of 2012 and additionally a lawyer who specialises in labour law was added to the in house legal team to collaborate with the ER manager. TU Egypt aims is to be proactive in dealing with any employee discord and to avoid negative publicity. To do this there has been a strong emphasises on developing and clarifying employee policy to all employees. Through workshops and at training events for all employees TU Egypt has emphasised the transparent manner of promotion opportunities, reasons for disciplinary steps and actions taken, simplified rewards structure, grievance procedures, types of employment contracts for different employees and TU responsibilities and obligations to its employees and vice versa. TU Egypt currently has a detailed policy on what constitutes behaviour that leads to disciplinary actions and what these actions are so that employees are aware of what to expect and these policies are provided to the labour office. For example several employees had filed wrongful termination suits for being fired over the release of confidential customer or company data and not receiving a warning as it was a first time. Now the policy is clearly stated and linked to the Global TU code of conduct that values information and specifies clearly the steps to secure information and the permission needed for the release or sharing of different levels of information as classified.

TU Egypt had to make close to 2000 employees redundant after the revolution and could not meet the minimum legal obligations to all these employees which led to a lot of negative publicity for TU Egypt. Prior to 2011 Revolution only blue collar workers on strike were mentioned in media reports but after the revolution, a large MNC with problems created a media firestorm. TU Egypt became aware that this was against the TU way and instituted changes to avoid being unionised while hiring a large law firm to settle lawsuits.
5.4.4 Implementation of Employee relations at TU

As mentioned by the ER manager TU has a global directive on how to deal with employees. In the TU code of conduct also mentioned, the most important goal is to create trust and as such the ER role has evolved to increase trust through transparency. The ER role was created 2 years ago after some redundancies created poor publicity for the company. When speaking to the TU Egypt HR managers, the three all took a very negative tone when discussing unions. Whatever their role in HR they all say that they explicitly know that they are to prevent unionisation of any form. No collective agreements or bargaining would be accepted and all employees are welcome to negotiate salary increase or a complaint individually.

There is a real fear as the ER manager recounted of his past experience with the disorganized self-interested newly organized unions causing disruptions to work in Egypt and his/her concern that with the large number of young employees being affected.

This echoes what most of the line managers mentioned that they discourage their employees to discuss ratings or salaries with colleagues. When HR managers were questioned if TU globally discourages working with unions they all said that the Global directive does not mention this and the decision is by TU Egypt. Surprisingly all HR managers used the same word ‘insular’ to say of their awareness of what occurs in other TU subsidiaries or even headquarters in terms of ER.

When line managers at TU were asked about ER, most said that it is a new role in the HR department and the manager has been very active. All mentioned the increase in inductions for new employees and old employees to be aware of things like TU Egypt’s strategy, new discipline procedures, promotion policies, annual budget and appraisals.
Redundancies

The ER manager had mentioned that transparency was the most important way to head off legal complaints so detailed procedures and policies were developed for any situation and thus being proactive. The managers on the other hand admitted that there was so much to do that instead of reading all these policies and procedures they send the issue to HR.

For example one customer service manager mentioned that an employee had spoken her/him in an unpleasant manner after being warned but did not know what to do as there is a procedure ‘now’ for everything so I called an HR specialist and told them send me ‘exactly’ what I should do in this situation and do not send a whole document.

Still transparency has not been achieved as most managers were a little pensive about discussing the redundancies. Only that the rumours and news reports about the company were not good for TU Egypt reputation and it was obvious this was a topic the HR managers wanted to avoid from occurring again.

A Female manager who was hired two years ago after the news reports was pensive about joining especially as she was making more money at another local company and worried that she would be the first to be let go if more redundancies were instituted. The Egyptian Labour code allows employees to be fired within one year of joining without any repercussions but once an employee remains longer they become a permanent employee unless they signed a limited time contract. Still she felt that MNCs are more trust worthy than local companies when it comes to meeting obligations and decided to join TU Egypt in the end to further her career and she did not believe what was said on the news.

None of the line managers mentioned awareness of the number of people let go (2000) or the actual circumstances. It maybe that this is a topic that causes worry amongst managers and TU Egypt’s lack of systematic response or that it is accepted by managers as a cost of doing business in turbulent times.
Labour Office

Another important issue that two of the HR managers each mentioned was that after the revolution not only were there new unions coming about but that the labour office was becoming more involved in any employee complaints. They saw this as unfair to MNCs as it made for nice headlines to say an MNC is unjustly treating employees and gave the labour office a positive public image at their expense when Egyptian local companies were getting away with a lot more.

The ER manager then pointed out that s/he has an induction for any outsourced staff or companies whose employees are working with TU Egypt to explain who is their employer and their rights and who is responsible for them. A few outsourced employees went to the labour office to complain and the media became involved, when in fact they were not TU employees.

The HR managers said that felt the back lash on social media was harsh towards TU Egypt and even after publicly stating the facts in the case it did not stop some of the media from falsely reporting. The HR managers said that this has made TU Egypt’s management more keenly aware of the importance of being completely compliant in all employment matters and to publicise their efforts at CSR as TU being a well-known MNC it can be a target for the media.

The HR managers’ perception may not in fact be completely true but as Alexander and Bassiouny (2014) point to that there is a change in public consciousness especially amongst the young in Egypt and revolution has emboldened workers to not accept poor treatment by employers. MNCs which have more financial resources are held in higher esteem or to greater account than local companies who are seen as trying to survive amongst such powerful entities.

5.4.5 Performance Appraisal at TU Egypt

TU prides itself on having and encouraging a high performance environment where employees stretch to achieve company objectives (company manual). HR
at TU views its role as furthering engagement to increase and sustain productivity which ultimately leads to profitability (published article). Performance appraisal is seen as an important HR practice in that it helps in setting which rewards each employee will receive for their performance. TU Egypt aims to involve employees and managers during the appraisal process which is considered an on-going process (employee handbook). Annual appraisal results and rating are tied to the reward the employee receives but there should be monthly meetings discussing performance and any issues so that employees are not surprised by the rating at the end of the period (Reward manager). Managers are encouraged to continually consider their team members individual performance and their performance within the team (training material). Managers at TU Egypt have small teams of between 2 to 6 employees so that the maximum number of employees a manager is appraises is 6 employees (Appraisal specialist).

The new appraisal instituted in 2012 differs from the old system is that it is electronic and KPIs have evolved to be more measurable using SMART (published article). Previously there was a short list of KPIs that each employee needed to achieve to reach a good rating. Now KPIs include team measures such as interaction with team members and all objectives are set through cascading the manager’s own objectives to his/ her team (training material). Team members are aware of what need to be achieved and their objectives are owned as there is transparency on what is expected from the team for example a particular project and the role they play in achieving the completion of a particular project. Performance appraisal processes including forms are transferred from headquarters but some adjustments have been made.

TU Egypt has a bell curve for the number of employees receiving the rating of exceptional, outstanding, solid and needs improvement performance (Appraisal specialist). Managers are encouraged to provide critical instances especially with employees they feel as exceptional or need improvement as the curve is not put for such a small team but departmentally. As such managers before the final
performance ratings are out, need to discuss their intended rating of employees to achieve the bell curve (Recruitment manager). Mid-year appraisals are currently scheduled and new managers are given training on conducting appraisals to help avoid the pitfalls of appraisals. Also another major change is the introduction of ‘HR campaign’ before appraisals are due as well greater internal communication and induction on using appraisals and procedures. Scheduled mid-year appraisal and encouraging managers to meet informally on a monthly basis to discuss performance so employee is not surprised (Appraisal specialist). Managers are encouraged to ‘engage’ with the whole team and discuss issues as a team and one on one as well.

5.4.6 Implementation of Performance appraisal at TU

HR manager responsible for the appraisals mentioned that appraisal at TU Egypt follows ‘best practice and are similar to other MNC I previously worked for. Still it is not well liked by managers and employees alike but we have done our best through thorough inductions to make it as ‘painless’ as possible. We have a large HR department and we have two specialists who are responsible for appraisals and offer support to all managers’.

Still one of the younger marketing managers, who has a small team of two employees, mentioned s/he was still awaiting the training on appraisal and it is currently July the time for the mid-year appraisal. S/he received a reminder of mid-year appraisals being due but emailed to remind the HR specialist that she was awaiting the training and the resources online were not enough to help her set the correct KPIs. S/he was concerned that the KPIs were set by his/her manager at the beginning of the period and were not really evaluated yet. S/he was assured that the team would not suffer and ratings at the end of the year would not be affected. Still this young manager showed that young managers need more support.
Another contentious issue the Bell curve, which the HR manager did not see as an issue as it’s over the whole department. Most managers echoed the HR manager in that even if they do not have a low performer some of the other managers surely have. But the top ratings were another issue.

Marketing manager said what if the direct manger does not support his employee that deserves an extreme rating. Someone always has extreme low performance even if not me but there can only be ‘a certain number at the top’ and here is where a lot of give and take happens.

IT manager felt that the appraisal process especially how many can receive exceptional ratings needs to be done differently. ‘I do not know how’ but it can be rather de-motivating to tell your employee that s/he efforts cannot be faulted but you will not receive an exceptional rating. ‘Hard to justify’

Another marketing manager who echoed the similar sentiments in that the Bell curve is not too serious a problem, if I do not have a low performer because I feel I have the support of management. Still I worry that appraisal can de-motivate employees so even a low performer needs to see the appraisal process as a chance to be better. Feedback should be less harsh and to show mistakes and how to rectify them. Furthermore the manager mentioned that this is an area that needs development as it is left to managers to ‘engage’ and motivate their employees. ‘KPIs still stress more on individual performance but working well with the team is important for future growth’ in my opinion.

Another important feature introduced 3 years ago was 360 degree feedback. Managers overall at TU Egypt felt it was not useful when it came to appraising a manager but more useful with colleagues, self and customers.

IT manager said ‘360 degree feedback here is just for show’ and I think it’s become popular and everyone does them. But I do not really consider wasting too much time on them as I do not think employees who are friendly would really say the truth about their colleague and vice versa.
5.4.7 Rewards and Benefits at TU Egypt

TU Egypt has a strong management team and competitors in Egypt and the Middle East regularly head hunt our top talents (Recruitment manager). TU Egypt offers competitive salaries and benefits but is aware that some of its competitors in Egypt and in Middle East pay higher salaries. To counter this TU Egypt aims to create strong career opportunities in Egypt and globally, a unique office environment and organizational culture, as well as quality training and development programs including coaching and a host of benefits to keep employees (employee handbook and recruitment manager). TU developed open office plans where all management and employees interact together so that information and idea sharing will be easier (employee handbook and published article). There is lots of light coming into its office space and all levels of management congregate in the lounges around the building. TU globally and this is being instituted in Egypt is trying to decrease the numbers of management to encourage collaboration as well as simplify rewards (published article and Reward manager). Transparency is seen by TU global as very important and in pay and rewards a more simplified system has been in place since 2012 (Company manual). Employees are made aware that there a pay bands for each level and rewards are set based on pay band and performance. Yearly bonus based on company performance is publicised and as an example set with a maximum of 4 months’ salary for top performers and a minimum of 1 month for those receiving the lowest appraisal rating then everyone knows what to expect (ER and Rewards manager). Also TU Egypt lets employees know quarterly about results and how it compares to previous periods so employees know what to expect (ER and rewards manager). Rewards such as recognition for employees who have performed exceptionally well occur at a special ceremony for each department with clear criteria and reasons for those selected (company manual).

Annual increases are set based on Egyptian government regulations. TU also pays taxes on employee salaries and makes social insurance contributions as stated in the Egyptian law (recruitment manager). Still managers can personally
ask for a raise for employees that they feel are important to the team and do not want to risk losing or for a member who is paid much less than the other team members (ER and Rewards manager). These raises can cause some issues and employees are encouraged to not discuss their salaries, still management is keenly aware that pay cannot be used as the only motivator as they cannot give raises without considering budgets (Recruitment manager). Still there is flexibility in setting pay structure as they are set by TU Egypt as long as budget and revenues objectives are delivered. HR reward manager in conjunction with the recruitment manager conduct salary surveys regularly inside and outside the company, considering the value placed for the job especially when there is job that is more difficult to recruit for.

TU Egypt provides all employees the option to use company buses which have meeting points and for those who prefer to use their own car a parking area is made available. In Egypt this is considered an important benefit as public transportation is not always available, comfortable or safe (employee handbook). Managers are given a large amount of money to purchase a car and it does not need to be returned if the employee remains for five years after the five years the amount belongs to the manager and s/he are then eligible for a larger sum based on previous and expected performance (Recruitment manager). All employees are enrolled in medical insurance scheme with managers families of the first degree also enrolled automatically and employees families are enrolled after a certain number of years of service at TU (employee handbook).

5.4.8 Implementation of Employee Rewards at TU

The HR manager responsible for rewards is the same manager responsible for employee relations at TU. In many respects his view is that transparency as mentioned in TU code of conduct guides the reward system much as it does employee relations, which has seen changes in the past two years since s/he joined.
The global transformation of TU called for reward systems to be less complicated and transparent as this was becoming a best practice around the World to ensure employees and managers understand the reward system. TU Egypt reward system has followed suit but according to the HR manager there is not a particular reward system advocated by headquarters but as the objective of the system is high performance the reward system must reward high performance and in turn productivity.

The reward manager mentioned the current reward structure came about as HR at TU Egypt looked to best practice, previous experience to try to motivate our employees and to consider our financial situation. Of course we kept in mind the social contributions and taxes we must pay on salaries but as we see it, we have highly qualified employees so we are paying above the government set minimum salaries and as such our reward structure is set to help retain and motivate our employees.

The recruitment manager pointed out ‘the largest occupational group are customer service representatives in our retail shops and call centres and they are paid well above minimum wage and above starting salaries for fresh graduates. Even still we have high turnover which is not due to salary as much as it is due to the demands of the job. An analysis has shown us that the majority of our representatives take the job as a starting or ‘launching pad’ for their careers but with the large number of fresh graduates entering the job market we at TU Egypt feel that this turnover rate is acceptable and we even factor in the costs of recruitment and training. Our reward systems are more personalised for marketing, IT and finance departments as they are our key employees as they provide our ‘competitive edge’.’ Still from my perspective as an HR manager currently ‘we have not needed to hire too many managers as turnover is low and we currently have a strict ILM and career development and succession plans for most of the key positions. In 2007 and 2008 we lost many people to the third mobile operator that opened in Egypt but even though the pay there is higher we realised and I think the employees too, ‘that our advantage at TU is a clear career path, positive culture, environment and benefits’. We have a ‘resourcing task
force’ for the Middle East which we actively participate in. I personally worked at our competitor before joining TU Egypt 4 years ago and can tell you that from previous experience money is not enough if you are not learning, growing and have a clear career path. Our reward systems we feel reflect our objectives at TU Egypt and help achieve TU headquarters objectives and we also consider our employees personal objectives.

All the managers with TU Egypt for more than four years mentioned that having seen the changes in the reward system, which were many and much more complicated are happy with the current system. The simplicity where the appraisal rating is related to the number of month’s bonus the employee will receive allows for employees to be aware of what to expect so there is less pressure on the managers to explain how the yearly bonus is calculated.

IT manager said that s/he never knew what the amount would be as there was not a set formula s/he was aware of for employees or managers or even annually what TU Egypt needs to achieve or how it was doing financially.

The reward manager pointed out that transparency initiative started before he joined but currently headed by him/her is to update all employees of TU Egypt quarterly on ‘financials’ as well as ‘how we are doing in terms of goals and budget’ so that the employees are not surprised.

Still customer service manager felt that this transparency overall was good but s/he has seen that her/his team gets de-motivated when results are low for a certain quarter and start to discuss their worry about the bonus this year and the different financial responsibilities they have.

Marketing manager said it is better that employees are aware of the range that their bonus will be so as not entertain ‘fantasies’ which in the current situation facing Egypt and the investments TU Egypt is putting in the networks are impossible.

The managers that were with TU Egypt for longer than 5 years did mention that bonuses previously were larger in comparison to their salaries at the time but that
realistically speaking being with TU Egypt one must look beyond the financial reward. Even managers who were newer to TU Egypt all said the same that they feel that working at TU Egypt includes other benefits not only the immediate salary or bonus. Several managers mentioned that any employee who is performing well has many opportunities outside of TU Egypt and that the experience gained at TU Egypt is highly sought after by local companies and companies around the Middle East.

As the young female manager mentioned here before, pointed to being paid more at her previous employer still in her opinion the ‘benefits at TU Egypt are working in an open and creative environment where my career can grow’. As such being ‘employable’ and highly sought after in the job market were seen as a key benefit to working at TU Egypt.

Still rewards at TU Egypt remain quite contentious and the main issue for most managers remains the setting of the actual base salary not the bonus or ‘reward for performance’ as many managers called it part. The changes to reward setting including benefits such as car allowance are clearly stated and known to all managers. It is how the base salary is set and the large variability between team members and even managers that causes problems.

The recruitment manager pointed out that there is what is called levelling bands or which include juniors or non-managerial employees, first line managers including supervisors, second line managers and head of departments who report to the managing director. So that the old system of a large number of levels is made simpler and there is a minimum and a maximum for each job set based on the internal and external job survey. Still he admitted that some jobs that are difficult to recruit for the salary would need to be adjusted to find a qualified individual.

When speaking to several managers the issue of levels with different values was raised several times in relation to different issues including reward. The managers would say that they were a certain level and to have power in negotiations or
discussions at departmental level you need to be this particular number. This seemed to be at odds with what the HR managers all said that levels have been done with but it was still relevant to managers who were conscious of it.

One of the managers in confidence said that if I were an employee and even for myself as a manager I would want my direct manager to have a high level number not similar to mine so that they would have a strong say within the department. As salary increases and adjustments are made based on a manager’s request for it.

Another manager mentioned the importance of having a manager ‘that had my back’ not ‘just nice’ and who was ‘heard’ within the department because that manager can get salary increases for his or her team, resources to accomplish work duties and support strong appraisal ratings for his or her team.

As the reward manager mentioned that the relationship with headquarters rested mainly on the agreed budget and that TU Egypt needs to provide a certain set ‘service revenue’. With the management team at TU Egypt having some freedom compared to other MNC s/he previously worked at in setting salaries and rewards.

One manager who had been with TU for over 10 years and is a head of department pointed out that ‘yes’ there is high variability between salaries and it does cause high competition between team members and is even more pronounced between departments. Still to ‘retain key top talents’ especially in key departments there have been choices made. We have the ‘basics’ to improve and salary adjustments are used based on performance.

5.5 Conclusion

The current chapter looked into the organisational context of both MNCs presented and the four HR practices as they are intended by the Egypt subsidiaries HR departments as well as some of the managers’ experiences in implementing these practices. The HR managers interviewed in both MNCs were the experts in the transfer coalition which according to Kostova 1999 are a group of experts in the field and managers that commit to help in transfer. In both MNCs studied here
the HR managers interviewed were the experts in charge of the transfer of the four HR practices which were changed or formally instituted within a year or two from when the interviews took place. Thus both MNCs provided a good case to see the transfer degree of success had occurred and how managers dealt with the transfer. Commonalities between both MNCs were many yet differences in the organisations and culture were evident. Both organizations have developed their HR practices based on the High Performance Work Practices paradigm of HR as a system. Both MNCs look at HR bundles that work better than individual practices and point out that they employ only well-educated employees so it is best to have a ‘soft’ approach to HR. Still there are clear differences between the relationship both companies have with their global headquarters and the amount of discretion HR managers as well as business managers have. Where SD’s model after the transformation is of less subsidiary discretion and more headquarter driven. TU continues to give discretion to local subsidiaries after its transformation but it wants decisions to be based on how it perceives business and as such provides a framework for decisions including HR and has more mechanisms in place to monitor subsidiaries. TU views that its success comes from allowing the local subsidiary to be aware of customers wants and needs and employees are seen as customers. What engages employees differs by country and job and TU allows for developing unique HR solutions and even heralds successful initiatives developed at subsidiaries and can be seen as possible best practice. SD believes that employees are unique but that what motivates and engages employees is similar and it creates cost efficiencies if HR practices are as similar as possible differing only when it is must due to differences in institutions. As such each of these two MNCs has chosen a different internalisation strategy which very much seems in line with the industry they are in.

From the description in the current chapter of the four HR practices a picture arises where ‘Dominance effects’, ‘isomorphism’ and ‘best practices’ where the impact of practices developed in leading economies, firms and sectors is quite apparent. Still while both SD and TU for example believe in employee
engagement as a driver of performance the implementation and power structures show marked differences which are apparent with in depth discussions in the next chapter. This chapter presented some of the points made by managers in the implementation of these HR practices and the perceptions of the managers charged with implementing HR practices in both companies.
Chapter 6. Case Analysis

The internal environment of the MNC plays an important role in transfer as the organisational context includes the subsidiary as well. In order to address the research questions the previous chapter provided a look at the intended and implemented HR practices at both MNCs. Whilst conducting the interviews some themes were touched upon that directly related to Kostova’s 1999 model as well as others that were not in the original model. Within the current chapter the themes that the researcher identified from the interviews as well as some of the previous research that relates to them is explored. The final chapter provides the conclusions and the findings in relation to each of the research questions.

6.1 Relational context- power

Kostova’s model uses the resource model to touch upon resource dependence and the relationship with HQ. As mentioned previously, MNC transfer should also consider issues of agency such as power, interests and competing value systems. Ferner et al. (2011, p.164) point out that ‘The key concepts of ‘institutional duality’ and ‘institutional distance’ overlook the ability of actors in MNCs to shape institutions to their needs and thus influence the transfer process’. The transformation seems to more difficult at SD Egypt as both Egyptian top management and the HR manager are not able to make many decisions, that were previously conducted in Egypt, without going back to ‘global’(headquarters). Centralisation of HR systems and out sourcing of HR transactions have changed HR departments role.

The autonomy of TU Egypt in making decisions has helped mitigate the effects of transformation and revolution as TU Egypt is able to adapt its HR strategy to the situation and context. Drucker and Dalton (2012) mention ‘The scope for local discretion in interpreting, adapting or ignoring central HR policy varies considerably between companies’. This independence from HQ is fiercely guarded and the source of pride to all the HR managers interviewed at TU Egypt and it was a very important point that they made. Still there was a fear in
providing any written documentation as HQ privacy policies according to HQ was the most important code and could be grounds for interference.

Yet individual managers have some power in how they interpret and implement HR practices. The use of power and the difference between managers and employees is evident and mentioned in literature on performance appraisal. Some managers at both MNCs felt forced distribution and its setting was related to individual manager’s power and related to his/her support of team members. Rewards and especially salary increases at TU Egypt managers felt was related to the individual managers power within the subsidiary. Power in Diversity was more subtle as at SD Egypt where the lack of acceptance by male managers, that there are not enough females or the introduction of diversity initiatives to specifically target females. This may be interpreted that the male management may not be aware of the issues or it does not make business sense. At TU Egypt where there is greater awareness and effort to recruit females individual managers both female and male still have the power to make decisions on whom to hire and promote. Even when religious harassment was explicitly mentioned in diversity policy a manager at TU Egypt mentioned pushing his/her subordinates to pray.

6.1.1 Transfer coalition-Line managers Ability (AMO)

Kostova 1999 model includes as part of the relational context,

‘a set of key players, which I refer to here as the transfer coalition, is composed of two groups of people: (1) a stable "core" and (2) a flexible "expert" group. The core group consists of the key managers of the recipient unit who are "in charge" of all transfers, and who quite often have a lot of discretion in making a decision of whether to engage in the transfer or not and, if so, how much effort to put into it. The transfer coalition serves as a "bridge" between the recipient unit and the parent company.’
The HR managers interviewed in both MNCs were the experts in the coalition to help in the transfer of the four practices studied especially as they were responsible for the HR transformations at both MNCs. All of the four HR practices were changed within a year or two from when the interviews took place.

Line managers play different roles at both MNCs where each manager is responsible for his/her team acting as a technical expert as well as providing support for their team. They also need to help employees achieve their personal goals whilst achieving the MNCs. Gilbert et al. (2015, p.12) state that ‘In the event of strong HRM processes, however, the use of all three coping strategies may become more difficult, because the HR expectations put forward by the organisation will be more pronounced and mandatory, leaving less room for line managers in changing them, and less discretionary power in deciding how to combine their HR role with their other roles’. Gilbert et al. (2015, p.13) go on to suggest that ‘line managers understand the HR policy and their role in it, know where they can find support and comprehend the emotional nature of their job because of the different stakeholders’ interests that need to be aligned’. In both MNCs the line managers knew the HR practices and the processes involved in reward setting and appraisal for example but at SD Egypt the line managers felt unable to cope with employees worry over job security and TU Egypt the managers felt pressured to know all the procedures and deal with employee complaints.

6.2 Internal context- Management philosophy-

There is obvious convergence between these two MNCs companies of different national origins in their approach to HR but the main differences are in their philosophy. Jackson et al. (2014), ‘the primary elements of the HR system include overarching HRM philosophies, which specify the values that inform an
organizations management approach.’ Dalton and Drucker (2012) mention that there are ideological differences between American companies which attempt to bypass the unions with participative machinery and direct communication, German companies for example seem more prepared to recognise organised labour and negotiate collective agreements. The country of ‘origin effects’ is important as well as the globalising strategy of Headquarters in understanding the MNCs HR philosophy. Still as Rubery and Grimshaw (2003) point to that it may be inappropriate to classify the whole organisation into one category as some functions may be centralised while others not.

TU Egypt

If we look at Bartlett and Ghoshal’s typology for example TU follows a multi domestic company overall whilst TU headquarters are based in the UK where unions exist but as TU Egypt has some autonomy they have decided to prevent it and follow so called American practice. Still management at TU Egypt is aware of a shift occurring in Egypt where unlike the UK which has seen trade union decline, in Egypt after the revolution employees are looking to find ways to be heard especially as unions have not filled the void especially amongst white collar workers.

SD Egypt

SD Egypt initiated the transformation in 2010 but it is still on going, HR was based on a Commitment strategy which included a strong ILM, development opportunities and career ladder, and job security. These were seen by managers as the reason to remain loyal to SD Egypt. The traditional values and perceived organisational support (POS) were ‘undermined’. Perceived organisational support relates to the belief that the employing company cares about employee wellbeing, where Eisenberger et al. (1986 in Eisenberger et al., 2002) developed a construct to capture commitment to employees. From the manager’s interviews and their talk of commitment, joining SD Egypt after graduating University there is some concern that the transformation has altered the POS for both managers.
and employees. SD is seen to care about ‘employee wellbeing’ even when redundancies were needed it went over the minimum stipulated by the Egyptian Government but job security for all managers and employees has changed. These issues most likely affect other SD subsidiaries and maybe even at headquarters but further research would be useful to ascertain.

6.2.1 Security and job security

SD Egypt

The change to a performance strategy with the transformation has changed the psychological contract as some of the employees and managers’ expectations have been affected. There is concern that the high job security that had been afforded to those who work hard may not be there as they become ‘too expensive’. Commitment is viewed in three forms where affective commitment a psychological attachment to the organisation is apparent at SD Egypt but the transformation has had an effect on this form of commitment. Continuance commitment involves recognising that there are costs to leaving the company so an employee or manager stays because they need to.

TU Egypt and SD Egypt

Still it is not only lack of job opportunities and job security at the respective subsidiaries that worried managers only, the fear of the situation in Egypt and the rest of the Middle East. Many managers questioned the researcher about living abroad in Europe and most mentioned that a lot of their friends have taken posts abroad. Two HR managers each lamented that their jobs as HR while highly in demand in Egypt and the Middle East were not going to help them to go Europe. Most managers took job opportunities and problems in finding another position from a Middle East view not only in Egypt. A point that brings back the HR managers mention of Egypt being an exporter of managerial talent to the rest of the Middle East and managers from well-known MNCs being highly sought after.
Speaking with all the managers especially there is always a mention of the advantages working for an MNC.

Unfortunately the only positive mention is that local companies pay more but as previously mentioned there are many disadvantages such as lack of trust, clear career path, and nepotism, favouritism and work environment.

6.3 Diversity Policy and legal requirement in Egypt

Discrimination based on gender, religion and origin is illegal in Egypt but as mentioned previously it can be very difficult for an employee to bring a complaint against a company, receive a verdict and even if the verdict is in his/her favour there are no guarantees of the company honouring the verdict. As such MNCs diversity policies when looked at from ‘institutional distance’ perspective would not be a problem for both case MNCs. Also the Egyptian law stipulates that women are legally given three months of paid maternity leave and a maximum of two years unpaid leave to be taken any time before the child reaches the age of five. As mentioned previously many employees are not formally employed and companies can avoid meeting legal obligations. Still both MNCs come from countries that have generous maternity leaves thus the legal requirements in Egypt are not greater than home country. Egypt does not provide any institutional support like free or subsidized child care and like many women around the world combining a career with caring responsibilities remains an important area for research in gender studies.

The two case MNCs have chosen to have diversity policies which from the managers’ perspective these diversity policies seem to play a more important role in protecting against discrimination than the legal system. Diversity policy in Egyptian MNC subsidiaries has a place as Ferner et al. (2005, p.312) point to
when ‘a non-union approach is advocated the diversity policy can be used to underline and enlarge essentially the ‘independent role of HR as an advocate of employee interests with the enhancement of the HR role provided the impetus for the emergence of systematic diversity policy (not just in the US but worldwide)’ in Egypt the lack of government support can be used as a similar justification.

At TU for example one of the female managers (previously mentioned), that if it were not for the diversity policy and the support of the policy by HQ, she would have not received the two years stipulated by the law and been able to return to her job, acknowledging that TU Egypt was unique. Thus for MNCs in Egypt diversity policy is being used not as compliance with institutions but also to create an image and in TU retain skilled workers.

6.3.1 Diversity and the Business Case

Diversity policies in the US emphasise gender and ethnic composition and is conditioned by equal opportunities legislation. As the two case MNCs are not American companies and are not shaped by this history therefore diversity management is ‘the proactive and voluntary development of initiatives at company level’ (Ferner et al., 2005, p. 308). As Ferner et al. (2005, p.312) mention that where diversity policies are under pinned by ‘hard headed business rationale’ then the reasoning takes one of the three elements; ‘access to a pool of talented people’, achieve a workforce composition representative of the customer base and enhance creativity by harnessing different perspectives’. Both MNCs have distinct diversity policies that are transferred from headquarters and whilst TU generally allows TU Egypt freedom in the design of its HR systems the diversity directive is considered important and TU monitors diversity issues and heralds successful diversity initiatives at subsidiaries that increase the number of female employees and managers. TU mention that diversity is a reflection of their customers and have taken effective actions to reach their goal of close to parity between genders even in Egypt.
At both MNCs this was the case where as Ferner et al. (2005) mention that in their research:

‘Companies generally provided only a broad international framework rather than globally standardised policies. Within this framework, subsidiaries could develop locally appropriate policies. However, subsidiaries could not evade or reject diversity; they were required to develop a diversity policy against which they would be judged’.

Whilst SD HR practices are mostly transferred from headquarters and the transformation has made HR practices more centralised when it comes to diversity SD Egypt is not the same as headquarters. The visiting manager interviewed from headquarters attributed the difference to institutional arrangements and that for companies in Denmark the business case is important. If diversity is a reflection of the customers that the employees at SD Egypt deal with, then it is understandable that females would not be a majority as the customers for transportation services as mentioned by sales managers and customer service managers at SD Egypt are mostly male. Also SD Egypt the business rationale for diversity may not be as strong as there is high unemployment. If SD wants to have further diversity in its workforce in Egypt it cannot continue to depend on the business case as unemployment is high and there is a large pool of candidates for most jobs, only through conscious choices can the number of women in management and employees improve and other initiatives not only work life balance need to be introduced. Also as SD doesn’t deal directly with consumers and is not in the media there is less importance to creating a particular image.

6.3.2 Diversity and Patriarchal legal system

Egypt is a patriarchal society where the ‘state’ and ‘family’ unit are seen as responsible for the welfare of women. Patriarchy as seen by feminists is the dominance of men in social and cultural systems. As mentioned in TU Egypt that
women are not allowed to work night shifts without government permission and are not permitted to leave the building between the hours of 12am to 6am and a bus service needs to be provided as well. HR managers in both MNCs mentioned that when planning office events they have to consider that it is not too late for women to join otherwise they would be excluded and the diversity policies at both MNCs prevent this.

Men in many modern societies and from different classes are still socialised to the ‘breadwinner model’. In both MNCs in Egypt the female managers mentioned that they struggle to combine work and family as they are the primary carers even if they work as their husbands. Still the four married women with young children in both MNCs mentioned that they have hired help and their families are involved in child care. One female manager in SD mentioned that diversity policy can do so much in the office but we need to change men and really some women’s thinking that ‘a woman can be successful at work and have healthy and successful kids’. One of the male managers at TU Egypt mentioned that he has a team of mostly female managers and some of them do not want to hire a young female for fear she may become pregnant and leave after being trained.

There may be a male oriented culture in IT and technology where some male managers may not consciously hire female employees or if the female employees join they may not be given an equal chance for promotion. As such TU shows both cultural sensitivity and support for diversity policies for its subsidiary in Egypt. Diversity policies on gender in Egypt need greater support than just depending on the business case as there are both economic and societal factors involved. Even in developed countries women joining and remaining employed after starting families depend on institutional arrangements that are not available in Egypt.
6.3.3 Diversity and Religion and politics

While Sunni Islam is the religion for the majority of the population as mentioned previously the labour law in Egypt does not allow discrimination based on religion. Still some of the managers at SD Egypt mentioned that since the diversity policies have been instituted employees are not afraid to show their religiousness. It maybe that diversity policy has made employees more comfortable in expressing their religion, but it may have some relation to the political and social events since the revolution. The rise of the Muslim Brotherhood to power and subsequent loss and the continued strength of the Salafi religious political party have had an effect too but further research would need to ascertain this as both MNCs seem to have a large number of conservative employees. Also as previously mentioned the diversity manager at TU mentioned that there were not too many complaints about discrimination and it may be that employees are afraid to speak about it or some issues such as the manager who spoke to his team about their religious observance is not seen as harassment. Here discrimination and harassment would need to be clear as the employee handbooks in both MNCs, shown to the researcher are not. Some of the researcher’s difficulties in interviewing managers from IT department at TU Egypt were attributed to the researcher being a young female which would warrant further research as this was not ascertained.

6.4 Employee relations

As mentioned previously Egypt has a long history with workers organising but unions in their current highly government regulated form came about in the 1950s. Whilst new unions can now be formed after 2011 uprising they are underfunded and lack financial support. None of the new unions are for white collar employees that both case MNCs employ. While many employees are members of government unions, these unions are used by members to access social services and not to make demands on employers. Still employee relations
are much more than union management where employee involvement, employee participation and industrial democracy are inter related (Butler in Beardwell and Thompson, 2014). Both MNCs have avoided dealing with unions but their response and acceptance to the idea of employee representation has been different.

6.4.1 Employee relations and union management

At both subsidiaries the HR managers felt that ‘engaged’ employees would not need to resort to unions as their employees knew they were respected and listened to. Both Case MNCs offer employee surveys conducted by third party providers to collect employee opinions.

SD and lack of representation mechanisms

SD Egypt has a small number of employees and the HR manager sees as there are only close to 200 employees that managers through one on one coaching, informal and formal performance interviews can engage with employees regularly. Formal participative mechanisms according to the HR manager are not necessary and the redundancies while a large percentage of the workforce were well managed and employees appreciated this. Also the annual employee satisfaction survey and monthly survey question help management know what employees are thinking and help open discussions between managers and employees. Still managers voiced frustration as they were unable to answer certain questions or support their team especially the in relation to the uncertainties faced by the transformation. Still, SD Egypt HR manager mentioned SD prides itself on its traditions and if employees were to unionise there would an acceptance of this but s/he believes that by offering competitive and fair packages that unions in Egypt can be avoided. Managers may need further training on what are the available mechanisms to deal with employees concerns but also the role of employee relations needs a clearer role in the subsidiary.

TU Egypt
TU Egypt on the other hand hired an ER manager after layoffs caused some negative publicity and to avoid unionisation of it’s close to 8000 employees. TU headquarters are in the UK but TU has left subsidiaries to design their own HR practices as there is an acceptance of localisation. TU Egypt’s management has chosen American HR practices as all HR managers mentioned looking to best practice. Both ER and recruitment managers were adamant that unionisation or any collective demands from its close to 8000 employees will not be accepted. Employee relations manager said employees can voice their opinions in the annual Employee survey and in informal and formal meetings with direct managers. One manager at TU Egypt said that the survey is useful for some issues but it is not a good idea to say anything as there are spaces to write about local management as ‘they can know who wrote it’ it is not totally anonymous as they ‘can figure out who it is’.

The employee relations manager felt that unionisation could be prevented by being proactive in improving procedural justice and that s/he had been working on setting clear and transparent procedures for all practices including disciplinary procedures for infractions. Dealing with the Labour office and developing transparency have kept him/her busy in the two years since joining as there has been a lot of effort to stop unionisation and descent among young customer service representatives. Still s/he sees that his/her efforts in future are to introduce some company employee voice/ involvement mechanisms.

6.5 Employee rewards

Marsden and Richard Belfield (2010, p.236) look at the institutional influence on the use of incentive pay including ‘the effect of employment protection on the use of the dismissal threat, peer support from employers’ local and national organizations, and state encouragement of profit sharing and employee share schemes by means of fiscal incentives’. Incentive pay from these points in Egypt would not be readily found especially as historically the public sector was the
main employer and pay continues to be seniority based. Still as El Kot and Leat (2008) found from their survey of HR practices in the private sector that high performance practices including performance pay are used by a majority of the private firms surveyed. Both rewards and performance are accepted by the managers at both MNCs and while some changes due to the respective transformations were made to both practices, overall managers find that simplicity is better, in line with global trends (Ferner and Almond, 2013). Research shows a move towards ‘unilateral management determination of pay’, and greater prominence of relating individual pay to performance (Rubery and Grimshaw, 2003 and Ferner and Almond, 2013).

6.5.1 Rewards and Lack of autonomy

TU Egypt on the other hand has control over salaries and rewards and as such the transformation is not as influential but leaving reward setting to the subsidiary as will be mentioned later has caused some managers to complain of favouritism.

6.5.2 Unfair rewards or internal inequity

SD unfair rewards due to lack of autonomy

At SD the HR transformation that began in 2010 and is on-going caused changes to how pay and rewards are conducted as SD. The global job descriptions and de-layering initiatives coincided with the introduction of narrow reward bands and approvals coming from headquarters for all salaries and salary increases. The HR manager admitted that HQ left very little manoeuvring for him but he was to prepare regular internal and external salary surveys. SD Egypt managers complained that salary increases were more flexible and managers could ask for increases for employees and sales managers felt the changes to sales commissions in 2014 from the locally common quarterly sales commissions to the global annual commissions were affecting motivation among sales.
At SD Egypt managers did not feel that the new rewards process was unfair except that some managers worried that tying rewards to the new appraisal which has some ‘subjective’ non quantitative criteria. As Price (in Beardwell and Thompson, 2014) is a common concern when reward is tied to performance appraisals. What managers at SD Egypt felt was unfair was that with rewards becoming centralised there is lack of understanding to the institutional context facing the subsidiary. HQ which is currently the decision maker was seen as not being aware of the difficulties of living in Egypt. One female manager mentioned that there is an assumption that Egypt is cheap but schooling, housing and transportation are very expensive and salaries do not cover all our expenses in addition to our lack of pensions except for the Governmental which is only 200 dollars monthly. Still managers appreciated that SD cannot be expected to keep up with the inflation facing Egypt but depending on official Government statistics to set annual increases show a lack of awareness to reality faced by employees. The centralisation of reward is part of the global integration strategy of SD and local customs such as quarterly commissions may be missed by employees but as SD HR manager and HQ manager mentioned with time employees will get used to the new system and there was a veiled implication that those employees who are not happy are welcome to leave.

**TU unfair rewards due to choice of reward system**

The rewards system at TU Egypt while also as SD based on profit sharing and individual performance based pay but reward bands at TU Egypt have been changed to be broader bands to allow management greater flexibility in hiring and retaining those deemed ‘key talents’. This form of reward as Thompson and Ryan (in Bearwell and Thompson, 2014) mention is a reward choice that is less concerned with internal equity and can be related to the industry. TU Egypt faces some skill shortages as the recruitment manager mentioned and competitors try to head hunt key talents regularly. Still each reward system has its problems and as in TU Egypt, one female manager in confidence mentioned that annual salary
increases could be considered unfair. She herself realised that her salary was much lower than other colleagues doing the same job and asked for an increase but was told that in time it would correct itself. She attributed this to being a female and her manager once mentioned that her husband is a manager at a well known MNC and she has no financial worries and to the fact her manager does not like to speak up for his/her team at departmental meetings that consider raises and performance ratings. As Thompson and Ryan (in Beardwell and Thompson, 2014) in their opening case mention one manager speaking up about salary increases and setting is not enough to say that discrimination occurs on a regular basis. But what is certain is that the salary setting and increases at TU are seen as unfair by many of the managers interviewed with both middle managers and line managers mentioning this. As Thompson and Ryan (in Beardwell and Thompson, 2014) mention that companies have a myriad of decisions to make when setting their reward systems with decisions as whether centralise or decentralise decisions, focus on internal equity, or concern with external bench marks. Thus managers feeling that the reward system as not stressing internal equality and lack of transparency is common concern with the reward system instituted at other companies. Still it may be that the system initiated in 2012 needs more time for managers to accept but also that HR needs to re-evaluate how salaries and increases are set.

6.6 Performance Appraisal

As Egypt was a socialist country the main employer was the Government from the 1950s, until now they are still important employers. Performance appraisals as presented in Anglo Saxon texts have been introduced as Moustafa and Gould (2013) mention and El Kot and Leat (2008) in the Egyptian private sector as part of HPWP.
6.6.1 Favouritism in performance appraisals and rewards

Favouritism as well as nepotism is mentioned in research conducted in Egypt in relation to recruitment and promotions (Hayajenh et al., 1994 and Mellhi, 2006). They are usually ascribed to culture and job scarcity. The current research did not look at recruitment in detail but both HR managers mentioned their rigorous selection process. Here ‘favouritism’ is mentioned in relation to appraisal and rewards.

At SD Egypt managers were concerned that tying rewards to appraisal and KPIs not being only quantitative would lead to subjectivity. Still none of the managers voiced any concerns with favouritism by their manager but SD Egypt is small. At TU Egypt there is a lot of mention by managers of the political nature of the appraisals and referred to previously Bratton and Gold (2008) see appraisal as the most contentious HR practice. TU Egypt is large and there has been a high performance culture for some time and as several managers mentioned previously ‘highly competitive’. Also with managers having some say in asking for raises for their team members as well as appraisal ratings being tied to annual bonus, three separate managers voiced their concern about favouritism among managers and certain team members. This may be ascribed to national culture as mentioned by (Hayajenh et al., 1994) or it could be due to the organisational culture but it also relates to the power given to managers in asking for rewards where previously mentioned it is better to have a more powerful manager inside TU Egypt. One note of caution here is that it may be that what is seen as favouritism is not but what management see as a way to retain key talents as TU Egypt competes in a more dynamic industry and profits are larger.

6.7 Implementation

The current research looked at implementation of HR practice with in MNCs and the transfer of practice. Implementation and its success here differ from what Kostova’s (1999) definition ‘implementation here as the degree to which the recipient unit follows the formal rules implied by the practice; hence, it is
reflected in certain objective behaviours and actions at the recipient unit’. Successful implementation can occur with some variations and implementation here is the actual experiences of managers in implementing the four HR practices of diversity, employee relations, performance appraisal and rewards were mentioned in detail in the previous section. Bowen and Ostroff (2004) mentioned that the strength of HR systems lays in the processes not just their content and when HR has visibility, understand ability, legitimacy of authority, and relevance and HR system has consistency, fairness. In general both MNC strived and succeeded in developing strong HR systems and while there were some issues overall there are processes in place not just the practices or content in other words. Thus implementation is not just having practices but the quality of the enactment of practice. Bowen and Ostroff (2004, p. 215), ‘propose that if the process of the HRM system is strong, a shared perception of the climate will emerge in organizational subunits, albeit with some differences in content or strategic focus across groups’. As the current research only considered management it considers only the HR system from their perspective.

There was Consensus among responses in both MNCs from managers indicate a strong HR ‘climate’ but also internalised message. As all managers at both MNCs except for a new manager at TU Egypt knew the reward and appraisal processes clearly. Diversity and employee relations are different at the two MNCs still there was consensus among managers. Therefore the definition of successful implementation as Kostova (1999) envisions is a bit constraining as success can occur when local managers make some accommodations to the formal rules but there is consensus among the subsidiary managers for the practices intended by the ‘subsidiary management’ which may be different from those intended by HQ.

6.7.1 Best practice and bench marks

Both terms ‘bench marks’ and ‘best practice’ were used by managers from both MNCs and in different departments. At SD two sales and marketing managers talked about a new initiative to motivate their teams that was used at a famous
American MNC. HR managers at both MNCs discussed their HR system using best practice or in comparison to bench marks. At SD the transformation was seen by the HR manager as a positive move to make SD more progressive coincidently s/he is the only manager to be recruited from outside of SD Egypt and worked at several MNCs including American MNCs. While TU Egypt has the freedom to develop their own HR system the HR managers were proud that the system is developed from looking to best practice and choosing the ‘best’. Both MNCs subscribe to ‘high performance’ HR and their HR transformation followed a similar path of looking to ‘employee engagement’ to enhance performance. Even their HR practices follow Anglo Saxon practices prescribed in texts. Dalton and Drucker (2012) in their research on HR transfer in MNCs in Romania found that ‘Most have also set up joint regulation machinery, formalised staff surveys, communications machinery and’ introduced periodic 360 degree reviews. The drive to institutionalise HRM seems to reflect the priority given by top management to professional HR practice as a vehicle for transformational change.’ There is definite convergence of practices and even though the case MNCs are not operating in the same industry, where some contextual factors may be at work, best practice and convergence of practice is apparent. Ferner et. al. (2011) ‘point to firms in dominant economies may tend to assume that their practices are superior and capable of transfer to less dominant hosts’. In Egypt it seems that the managers have accepted that transferred practices and those deemed best practices are ‘best’.

6.8 Socialisation and internalisation

Rubery and Grimshaw (2003, p. 207) mention that some MNCs may recruit host nationals whose attitudes and expectations fit the parent company and that the success of this rests on the efficacy of personality tests and large pool of appropriate candidates. Even though recruitment was not an HR practice that was researched thoroughly at the case MNCs both Egyptian subsidiaries HR managers and line managers mentioned it. When speaking with all of the managers expect
for one the researcher was impressed with the level of English these managers possessed and their use of HR ‘jargon’ and terminology. While the researcher did not interview employees there was some interaction and by coincidence at both MNCs the researcher met former university colleagues and students.

**Youth and socialisation**

At SD the director is 35 years old and almost all the managers are less than 40, even one of the managers interviewed said I am the oldest manager as I am over 40. SD Egypt began operating in 1998 and with ILM they recruited fresh graduates who have grown within the company. Hiring fresh graduates without ‘preconceived’ ways in which work is done and selection is very important. There are only two ‘outsiders’ the HR manager as mentioned previously and the finance manager but s/he while not interviewed has been with SD Egypt for more than 5 years and both worked at other MNCs previously.

TU Egypt managers are youthful as well but there are older managers in the more senior positions. TU Egypt started operating in Egypt in 1998 but only one manager has been working since graduating from University. There is more movement among the managers at TU Egypt as the recruitment manager who had worked at TU Egypt’s competitor mentioned that experience in the same industry is always an asset when recruiting for any position. Still TU Egypt as the recruitment manager mentioned look for a particular ‘mindset’ and both language and personality tests play extremely important roles in recruitment.

**Similar employee backgrounds and Inclusiveness**

Both MNCs call for inclusiveness but in their choice of managers and it seems as well with employees they have chosen individuals who are somewhat similar. At SD managers mentioned that they favoured candidates from top private Universities while at TU there was more acceptance of Public Universities but the level of English required favoured those who went to private schools. The
managers interviewed while only a sample of the managers at both MNCs represent all departments except Finance. It was mentioned that at TU Egypt only the IT department faces difficulty in recruitment and English at a high level maybe sacrificed. Tying socialisation with internalization here is that having employees who are aware of international differences and have studied in a foreign language as well as foreign curriculum maybe more open to accepting transferred practices where success then is easier and strong HR system can then lead to internalization of HR practices. (Ferner et al., 2011, p.172) state:

HQ actors can also shape meaning systems in subsidiaries by, for example, recruiting key host individuals whose mindsets are less typical of host norms and more in tune with organizational norms (Evans and Lorange, p.1989); this allows them to bypass barriers to ‘internalization’ and helps create alternative micro-institutional settings within the host institutional context.

Both MNCs managers mentioned the term ‘mindset’ where SD HR manager mentioned that all the employees and managers had the same mindset (based on previous strategy) and the transformation aimed to change that. He saw his biggest challenge was to change the employees’ mindset. The recruitment manager at TU Egypt mentioned a particular mindset is very important consideration especially when recruiting managers. So internalisation of the intended HR practice becomes easier with certain ‘mindset’ and thus the implementation of the intended where actual and intended there is less of a discrepancy, if we look to Kostova (1999, p.311) states:

I define the success of transfer as the degree of institutionalization of the practice at the recipient unit. Institutionalization is the process by which a practice achieves a taken for-granted status at the recipient unit-a status of "this is how we do things here." I define implementation here as the degree to which the recipient unit follows the formal rules implied by the practice; hence, it is reflected in. Internalization is that state in which the employees at the recipient unit attach symbolic meaning to the practice-they "infuse it with value" (Selznick, 1957).
It seems that both MNCs in the current research help the internalization process by giving considerable consideration to the selection process.

6.9 Conclusions

The previous chapter presented the intended and implemented practices at the two MNCs. As the current research uses thematic analysis in helping to analyse interviews, the current chapter presents some of the themes identified as having some significance to the current research. There are many themes that were identified and reading the ‘interviews’ there is always the wish that in hindsight some more questions or elaboration was asked. Some of the themes were connected to Kostova’s model while others related to the actual implementation of the four HR practices. Whilst the current research did not look at culture in transfer of HR at the two case MNCs, as the influence of institutional arrangements in Egypt can be neglected or cultural aspects being given greater weight, some of the issues managers experienced can be related to culture and this is acknowledged. Whilst the two case MNCs are unique in that the employ only university graduates, in both sectors this is a common practice as well as in other sectors as there is a large pool of fresh University graduates in Egypt.
Chapter 7. Conclusions

7.1 Introduction
The concluding chapter discusses the findings which address the two research questions and the contribution made to on-going debates in the academic fields of MNC transfer of HR practice and implementation. The first question, the findings on the transfer of the four practices of diversity, employee relations, performance appraisal and reward are considered in terms of autonomy and power relations between home and host subsidiary. The second question considers the implementation of the four HR practices of diversity, ER, performance appraisal and reward with the underlying issues arising from pluralist goals. The latter half of the chapter considers further implications of this empirical work for theory, for future research, and for practice in HRM in Egypt.

7.2 First research question
For MNCs Egyptian subsidiaries, what is the relationship (relational context) with HQ and how have HR managers had to balance between integration and local context in relation to the practices of Employee relations, diversity, performance management and reward and benefits, which are being transferred?

To find the answer for the first research question interviews with HR managers at the MNCs and the collected documents were used. Kostova et. al (2016, p.177) in their review of the literature on HQ-subsidiary relationships, mention that researchers have been interested in the hierarchical nature, power and control aspects and have investigated the mechanisms that control and coordinate this relationship. The first research question looks to the formal organisational design and HR practices used, which are gleamed from the interviews and documents. Another important point the research question helps in understanding the power distribution between headquarters and subsidiary.
The first question looks at the relationship the subsidiaries have with Headquarters and several themes relate to this question. The main answer to the question is that in line with previous research, which is that the social, organisational and relational context, are important factors to successful transfer as well as the practice itself being transferred. Most research on the transfer of HR across borders looks to the individual practices or policies. Still it is important to be aware of the different levels at which choices for HR policies and practices come about (Almond et al., 2005; Ferner et al., 2005; Ferner and Almond, 2013; Stiles et al., 2015). HR strategy is defined by Bamberger and Meshoulam (2000, p.5) ‘the pattern of decisions regarding the policies and practices with the HR system’. When considering international business, the need to understand an organization’s strategy and whether there is one unified one in terms of HR, or different ones depending on place of business helps to understand the degree of centralisation and autonomy given to subsidiaries. TU has more discretion in decision making and not all of the practices were formally transferred. Depending on the particular practice for example, TU Egypt used the performance management system set by HQ as it was seen as TU specific and useful. While the HR managers and line managers in both MNCs, all felt that performance appraisal is an important if not well liked HR practice. At SD the HR manager had to support the centralised performance appraisal as he had much less discretion. Both performance management and reward management at SD were centralised similar to the trend in other MNCs as Ferner and Almond (2013) found.

In general as mentioned both MNCs followed a performance strategy, used HRIS, meetings were scheduled for regional HR committees to meet, collection of HR data, worldwide philosophy on the management of employees were used to integrate the HR function. Still the degree of integration and degree of autonomy differs between the two MNCs based on the internationalisation strategy the MNC has chosen which is in line with Farndale and Pauwee’s (2007) findings. SD, whose company wide transformation began in 2010 and its HR transformation effectively began at all subsidies in January 2013, moved from one of subsidiary
discretion to greater integration amongst all subsidiaries with HR operations and many administrative tasks being outsourced to its subsidiary in India. Efficiency and cost cutting initiatives are behind the changes with formalisation of HR procedures being very important in all areas, in relation to the current research HR practices of rewards and performance management there is much less discretion left to the local management team. Diversity and Employee relations as mentioned previously are two areas where the HR manager had greater discretion as SD accepted that local context played an important part and centralising them would not be as important to efficiency according to the HR manager.

TU gives its subsidiaries discretion in designing their HR systems, but after the transformation in 2012, the subsidiary is expected to follow the code of conduct considered as basic tenets in all decisions. Still TU with regards to diversity which is considered an important HR policy area has provided TU Egypt and all subsidiaries a directive and follows the numbers of female managers and employees and the initiatives on gender more closely. TU accepts the differences in local context and understands that increasing the number of females in technology departments as well the number of female managers overall may present unique constraints. In performance appraisal TU Egypt uses the same new forms developed at HQ but as the manager responsible for appraisals mentioned TU Egypt had the choice to not use them but they were developed especially for TU and there is no justification in not using them. With regards to rewards as mentioned TU asked subsidiaries to simplify systems and TU Egypt’s reward manager responded that simplification is in line with current best practices. Finally as mentioned ER was left to TU Egypt’s management and the management chose to try to avoid any unionisation or collective agreements. Whilst the research only considers two MNCs, there are obvious similarities in the results with relation to the four HR practices and previous research such as Ferner and Almond (2013) and Farndale and Pauwee (2007). Autonomy while different in both MNCs is explained by their internalisation strategy yet HR managers in both MNCs had strong feelings about it.
Both MNCs included HR managers interviewed in what Kostova (1999) termed the transfer coalition or experts responsible for the transfer of the practices. One of the striking points when interviewing HR managers at TU Egypt, who had worked at other MNCs, was that there are many advantages in working at TU Egypt but that the discretion given by TU to HR to develop its own initiatives and system was the most important. TU Egypt has greater autonomy in all business areas and this has allowed the HR department the autonomy to look to best practice as well as local context in designing their HR system. All three HR managers were proud that some of the ideas and initiatives started such as sponsoring university students and others that have been recognised by TU and mentioned in regional HR meetings. MNCs are the site of what Kristensen and Zeitlin (2005, p. 11 in Ferner et al. 2011, p.485) call

Ongoing political struggles over the allocation of resources and responsibility for success or failure, and, one might add, over the definition of agendas and strategies. deploying, for example, a variety of ‘voice’ mechanisms, such as proactive initiative taking and actions to build profile and credibility, to attract the ‘attention’ of and to influence HQ’.

Surprisingly, SD Egypt’s HR manager’s implicit message was that the more centralised an HR system the less challenge at the HR level in the subsidiary. She/he does not envision her/himself remaining beyond the transformation and this seems related to lower discretion in decision making at the subsidiary. The loss of decision making, power differentials and agency are important areas for further research. As in any qualitative research different themes arise that are not directly related to the question at hand arise, research on increasing formalisation and centralisation and the change in HR subsidiary manager discretion in MNCs can be a useful where discretion and the degrees would be further assessed.
The SD HR manager who had previously worked at two other American MNCs mentioned that whilst SD’s HR practices are following international trends and taking on more American features there is one main difference and that is at SD in general, tradition plays an important role and change in anything from how it is traditionally done, is difficult which he attributes to the country of origin Denmark. Denmark as shown in the discussion has many MNCs is open to new practices even though it is a CME. As such both and TU Egypt and SD Egypt HR managers pointed to the HR system following the trend of an American Model which is similar to what many researchers point to as evidence of convergence of some of the HR practices. Farndale and Pauwee (2007, p. 371) similarly find that

Differences in approach between MNCs at both the global and national levels seem to be predominantly led by internal competitive processes, such as the corporate strategy, structure or culture. In other words, external institutional and competitive drivers are leading to isomorphism, but internal drivers are more likely to lead to differentiation.

7.3 Second question

In relation to employee relations, diversity, performance management and reward and benefits what are the issues faced by managers during implementation and to what degree have the practices been implemented and internalised.

The research on transfer of HR practices has looked beyond only having HR practices but at the quality and the actual implementation of HR practices (Kostova, 1999 and Nishii and Wright, 2008). Performance management or appraisal as other researchers such as Ferner and Almond (2013) have found, is more likely to be centralised and in the current research it was a practice that is more internalised and formally implemented than the three other practices. With Bowen and Ostroff’s seminal paper in 2004 on the strength of HR and the signal it sends to employees collective sense of what is ‘expected’ the focus of some
researchers has been on the role of line managers as they ‘influence employees’ perceptions about the HRM systems in place as well as their attitudes, behaviour and performance’ (Gilbert et al. 2015). Subscribing to this line of thought when Multinational Corporations transfer HR practices the role of line managers becomes even more important as agents of transfer. Yet the role of managers in supporting organisational goals and trying to help employees to achieve their goals as well as the managers own personal goals can create tensions where some researchers have looked at Ability in AMO theory. The belief that having the right HR policies and practices leads to alignment between employees and the organisations goals thus placing less importance on conflicting interests within organisations is what critical researchers such as Legge and Janssens and Steyaert point to as explicitly or implicitly assumed in HRM research.

Some of the issues expected were those related to the actual HR practices such as the fear that non quantitative KPIs might lead to subjectivity. As O’Brien and Linehan (2014, p. 1277 in Gilbert et al., 2015, 13) ‘HR work is emotionally challenging’ because of the need to balance competing stakeholder interests. As such tensions with relation to pluralist goals were deduced and this is in line with what Farndale and Pauwee (2007) in their research did, ‘The study is also limited by the way in which the questions were posed during interviews: companies were not expressly asked about the drivers of practices but this was deduced by the researchers based on the information provided’. There are several researchers who point to job intensification as an outcome of HPWP but in the current research managers felt that work life balance policies helped somewhat relieve some of the time constraints they faced. Thus the issues deduced were related the role of line managers to provide support to employees, at SD Egypt most managers mentioned feeling in the middle and unable to deal with employee distress about the transformation and salaries which should be the role of the HR manager. At both MNCs managers mentioned training to ‘engage’ with employees, yet several managers at both MNCs still felt unsure with how not to de-motivate employees. Gilbert et a. (2015) mention that the ‘emotive challenges of HR professionals can
be applied to line Managers’ and that ‘emotion management’ can help to perform what is perceived as HR work.

Managers at both MNCs seemed to have internalised both appraisal and rewards practices, which goes above implementing the practice, where according to Kostova’s (1999) definition, the managers state this is how we do it and infuse it with value. Diversity and ER are both new practices at the MNCs where SD Egypt does not have a formal ER policy. Here TU support for Diversity has given gender parity importance but even so most managers were not in agreement or aware of the policy, even female managers expressed mixed feelings. Thus diversity and ER were not internalised and it maybe that time is needed or that local managers as Kostova (1999, p.) mentions ‘disapprove of the practice or of some of its aspects, or they simply may not have had the time to develop a positive attitude toward it.

Whilst the Egyptian employment law prohibits discrimination so institutionally there is some support to diversity issues the legal system is based on both civil and religious laws and there is inherent patriarchy where two female witnesses equal one male witness and women cannot participate in certain jobs due to the working hours without government permission. Patriarchy and the role of men as ‘bread winners’ are two themes that emerged when managers were encouraged to discuss diversity policy in both MNCs. Thus while not ascertained Ferner et al. (2005) found that subsidiaries with relation to diversity used local context in justifying the response to diversity policies through resistance, avoidance, and accommodation. TU Egypt tries to accommodate TU initiatives that do not directly affect their autonomy this was deduced from both the HR and line managers continued mention of their autonomy but the fear of allowing the researcher any physical documentation not provided by HQ. The researcher was allowed to read TU Egypt employee handbook and some of the training on diversity while all the HR managers apologised profusely that any physical copies might cause a problem with HQ. Therefore tensions occur when there are power
differentials and in both MNCs Egypt subsidiaries there was an awareness of this. At SD the loss of power in determining pay raises or annual increases to HQ was mentioned by every local manager in the interview. While at TU Egypt managers had power to ask for raises and performance ratings which are negotiated at department level there was worry of both power differentials between and amongst managers and favouritism. Research on implementation needs to incorporate both power differentials and self-interest of individual managers, at subsidiary level, with relation to HQ.

7.4 Conclusion

The current research findings support Janssen and Steyaert (2009, p.145-146) calls for research where,

attention to the ‘negative effects of HRM practices like job stress and insecurity, and highlight continued discrimination against traditionally marginalized groups like women and older workers are important avenues for reframing the HRM field. A first new line of research may consider ‘individual variables’ that capture the political nature of the employment relationship. For instance, HRM studies may incorporate variables such as fear of layoffs, experiences of job opportunities or labour market positions, and the research designs may control for differences such as capital inputs and labour characteristics across industries.

The current exploratory research makes a contribution in showing that the experiences of professional managers in Egypt are similar to those from other countries yet research needs to consider the context. Changes at both MNCs coincided with the changes in Egypt leaving managers in the subsidiaries to deal with the complexities in dealing with employees and HQ. While the aim was not to generalise, the research shows that managers in the two case MNCs in Egypt are readily accepting of both reward and performance practices but newer practices diversity and ER as Kostova (1999) points may need more time or may not be accepted as they would in other contexts. Previous HRM research in Egypt
considered HPWP with their implicit support of contingency approach where culture acts as a constraint or an explanation for the differences between outcomes. The current research shows that an understanding of institutions is important where the education system and large number of youth for example, lead to hiring large numbers of university graduates and the lack of unions for white collar workers. MNCs may choose different employee configurations to exploit both constraints and opportunities. As the current research follows a critical realist paradigm the themes of implementation and integration were studied prior to the research conducted but internalisation and socialisation emerged as themes early on.

Both MNCs hire only university graduates with strong English language skills and as such these managers and employees have studied at private schools and or universities making them more accepting of HR practices developed in other countries. Most of the managers were quite negative in their analysis of Egyptian companies feeling that having experience at an MNC gives them an edge in the job market. As Grimshaw and Rubery (2003) point out it is common for MNCs to hire locals who have attitudes and expectations that fit with the parent company. Kostova (1999) model was not tested in the current research but served as a useful framework as many of the variables in her model of Success of the Transnational Transfer of Organizational Practices emerged as themes as well as her research being one of the few to look to both internalisation and implementation within MNCs.

It would have been enlightening to compare the four HR practices in Egypt and HQ. Dalton and Drucker (2012) mention in their research on Romania, ‘where American values and practices were applied uncritically they could be resented as ‘cultural imperialism’ and quietly resisted or ignored’. It may be that by hiring well educated Egyptians who have studied in private international schools that for the most part HR transfer is easier. There remain some core values that MNCs need to be aware of such as religion and while the institutionalisation of religion is
not studied in detail, both MNCs for the most part are sensitive and inclusive with regards to religious affiliation. The current research shows support for integrated approaches to MNC transfer of HR practices. Ferner et. al. (2011, 164) remind researchers that critical engagement is important as the concepts of ‘institutional duality’ and ‘institutional distance’ ‘overlook the ability of actors in MNCs to shape institutions to their needs and thus influence the transfer process’. As such the current research acknowledges the limitations of the questions, method, and number of cases used where future research needs to include employees and agency.

**Questions asked of HR manager** (based on Edwards et al. 2007b full report chapter 2):
1. What are the means used to integrate the HR function?

Prompts if not in the answer Human Resource Information Systems; An international HR policy committee or meetings are they on a systematic basis; Collection of HR data; worldwide philosophy on the management of employees;

HPWP (Chapter 6 Edwards et al. 2007b, p.72)
As both MNCs have HPWP the managers were asked about the measures of performance

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<thead>
<tr>
<th>Measure</th>
<th>Rationale</th>
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<tr>
<td>Use of teams or problem-solving groups</td>
<td>A core performance-oriented practice which allows discretionary effort to be put in</td>
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<tr>
<td>Emphasis given to training</td>
<td>If employee engagement is important, then training has value directly in empowering workers to deploy skills, and indirectly in terms of the message that is given about a firm’s commitment to its staff</td>
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<tr>
<td>Use of variable pay</td>
<td>If such pay is available, workers may be more likely to offer discretionary effort</td>
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<tr>
<td>Use of any financial participation, e.g. profit-sharing</td>
<td>(as above)</td>
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<tr>
<td>Use of performance appraisal</td>
<td>Indicates attention to the measurement of performance</td>
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<tr>
<td>Use of 360-degree systems</td>
<td>(as above)</td>
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<tr>
<td>Performance appraisal a formal input to decisions on redeployment etc</td>
<td>(as above)</td>
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<tr>
<td>At least 1 performance criterion (individual, group or organisational) rated as 'very important' in relation to variable pay</td>
<td>Indicates organisational emphasis on relating performance to rewards</td>
</tr>
<tr>
<td>Project groups exist</td>
<td>Measure of work organisation promoting discretionary effort</td>
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Questions to be answered by Reward and benefits manager at MNC

1. What are the components of reward at MNC Egypt for the different Employee groups (health schemes, pension, welfare facilities, car allowance and pay)

2. Within management levels what are the different pay and reward schemes?

3. How is your relationship with headquarters in terms of pay determination?

4. How do you determine pay grades for different positions?

5. Do you use performance related pay (merit pay, performance related pay, performance related bonus, payment by results? Employee groups covered?

6. How do rewards and benefits in your opinion help MNC Egypt achieve its strategic HR objectives?

7. Do you use commissions, profit sharing schemes and team pay and if so for which employee group?

Diversity Manager

1. How was Diversity policy introduced to MNC Egypt?
2. What does diversity policy entail at MNC Egypt?
3. About how many female employees are employed in each of the different departments.
4. What are the programs developed and used at MNC Egypt to encourage workforce diversity?

Questions for Appraisal and Employee Relations Manager

1. Can you explain the current appraisal process in detail?

2. How was the current appraisal process developed?

3. How the appraisal process is conducted and are there differences between employee groups?

4. What does the hierarchy of jobs and grades look like at MNC Egypt?

5. How do KPIs differ between employee groups?

6. What is performance appraisal results used for? (Different employee groups/ development, bonus, pay increase percentage, promotions).

7. How do performance appraisals aid decision making among different employee groups?

8. Do you use any form of forced distribution in relation to performance appraisal?

9. In relation to managers what are the evaluation criteria used to assess their performance and their overall importance (e.g. individual
quantitative and qualitative output, group performance, competencies or personal skills, behaviour in relation to corporate values).

10. Do you use multi reviewer or 360 degree feedback? Which employee group/s participate? What is the weight given to reviews? How do they affect decision making?

11. How is performance related pay calculated in relation to individual performance and percentage related to organizational performance (Company performance in Egypt and whole company)

12. Do you face any problems in employee acceptance of appraisal results? What are Procedures used?

13. What are the issues that led MNC Egypt to introduce employee relations?

14. What were the employee demands and how has MNC Egypt dealt with new unions?

15. How do you stay abreast of changes to labour law?

16. What is the allowable percentage of non-Egyptians?

17. Have you seen or felt any changes since the revolution: employees, Government institutions, Non -governmental institutions and business partners (ministry of communication and Labour Office).

18. How do you deal with redundancies or dismissals and how do you deal with them from a company, legal and personal view?

19. Are you given specific direction on dealing with employee representation from headquarters?

20. What is the nature of these unions and do they have high membership? Which employee groups are more likely to join?

21. Is there a global directive in dealing with ER issues?
22. How has Egyptian Labour Office changed in its relation with companies in general?
23. What is the case in dealing with law suits? What do you try to do to head them off?
Interview protocol for Managers

Q.1 Can you describe your working experience and background (prompts to include if needed; working history, previous working experiences in similar or different industry and functional area).
Do you see a marked difference in management style and management philosophy between your current job and previous one?

Q.2 How, is the performance appraisal process currently conducted?
(Prompt used: Formal process including):
- Number of employees supervised
- KPIs
- Forced distribution
- Bell curve
- Time frame

Where you present when the changes were made? If yes; then what are the major changes?
How do you see the current changes and their effect on the process in your personal opinion?
Do you see any issues whether positive or negative from your experience when implementing performance appraisals?

Q.3 How is reward systems set in place currently? How do you personally feel about the new reward structure? (prompts; good or bad points)
Were you present when there were different compensation systems for different employee groups? If yes?
What were the advantages and disadvantages of the old practice from your personal view point?
Q.4 what are some of the challenges or difficulties faced or witnessed overtime arising from the time of the revolution until currently?

Can you please tell me from your point of view how each changes has affected your work, team and organization.

Are you aware of the role of Employee relations at (TU or SD)?

Q.5 Are you aware of any special accommodations or programmes for female employees?
What diversity initiatives are you personally aware of?
As a manager have you felt that TU or SD Egypt support these diversity initiatives? Was this always the case since you joined SD or TU?

Only HR managers were each asked:
Q.6 In terms of HR, how do you see the relationship between TU or SD Egypt and headquarters?
Has the role of HR department changed?
DATA PROTECTION/ INFORMED CONSENT LETTER  Date:…………

Dear ………………………………

Thank you very much for agreeing to take part in this research on HR systems. I greatly appreciate you giving up your time in order to help me. I am undertaking this project as a part of a Doctorate degree which I am studying with the University of Leicester in UK. The project I am working on is on how HR systems are developed and experienced. You were selected to be interviewed for this research because you expressed an interest in the current research.

You can withdraw from the study at any time if you feel that is necessary. If you are happy to take part in the research, however, I will ask you to sign a consent form giving your agreement. You will receive a copy signed by me to keep with you and you can still withdraw from the research after signing the form.

The interview will last for approximately one hour. I will ask you a series of questions and will give you the opportunity to ask me any questions you may have. I would like to reassure you that the information which you provide in the course of the interview will be treated in the strictest of confidence. All data collected will be treated in accordance with ethical Codes set out in the British Sociological Guidelines.

The data gathered during the interview will only be used for my Doctorate thesis. Your own data will be completely anonymous and you will not be identifiable. Once again, thank you very much for your participation. If you have any questions at any stage of the project please do not hesitate to contact me.

Yours sincerely,
Nermin Minessy
حماية البيانات / خطاب الموافقة

سعادة

حذار الشكر والتقدير لموافقة سعادتكم على المشاركة في هذا البحث الخاص بمجال الموارد البشرية حيث يعتبر هذا البحث جزء من المتطلبات اللازمة لحصولي على درجة الدكتوراه من جامعة ليستر في المملكة المتحدة.

ولقد وقع الاختيار على سعادتكم للمشاركة في هذا البحث حيث أعربتم سعادتكم عن اهتمامكم بموضوع الدراسة وهو كيفية تطوير الموارد البشرية.

في حالة موافقتكم على استمرار المشاركة والتعاون فإنه يتطلب من سعادتكم التوقيع على نموذج يفيد الموافقة مع العلم أنه يمكنك الانسحاب في أي وقت سواء قبل التوقيع على الموافقة أو بعد ذلك. سوف تلتقي نسخة موافقة من قبلي للحفاظ معاك ويمكنك الاستمرار في الانسحاب من الأبحاث بعد التوقيع على النموذج. في حالة التعاون المشترك سيتم تحديد مقابلة لمدة ساعة واحدة على الأذك أريد إنشاء الأسئلة التوضيحية التي تساعد على استكمال متطلبات البحث الخاص بأطروحة الدكتوراه.

جدير بالذكر أن المعلومات التي سوف يتم تداولها خلال المقابلة سيتم التعامل معها بسرية تمامًا، كذلك سوف يتم التعامل مع كافة البيانات التي تم جمعها وفقًا لقوانين حماية البيانات في بريطانيا بالإضافة إلى ذلك فإنه لن يتم نسب أي من المعلومات لسماكتكم أو لأي جهة عمل تتمون ألذها حيث أن استخدام البيانات المتداولة خلال المقابلة سيكون في إطار المتطلبات اللازمة لاستكمال البحث الخاص بأطروحة الدكتوراه فقط لا غير.

وسوف أشرف بالرد على تساؤلتك واستفسارتكم في أي مرحلة من مراحل البحث.

وتفصوا بقبول فائق

الشكر والاحترام

نيرمين منيسي،

الباحث في كلية..... جامعة ليستر
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