Global Reward Strategy.
How is that done in a Swedish multinational corporation?

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Abstract

The practice perspective in HR strategy making is underdeveloped in the literature. This master thesis explores how a growing Swedish multinational corporation does its reward strategy in relation to the corporate HR strategy and business strategy in a global context from the practice perspective. Consequently, the focus of this study has been on actions and interactions of different strategists as well as on what they bring in the strategy process in the situation of change from a local to a more global approach in the HR strategy and practice. The focus of this paper is limited to one part of reward strategy – the benefits strategy. An explorative study was conducted in the organisation using a mix of participant observation and interviews methods for data collection. The empirical material was analysed from the Strategy as Practice perspective using the concepts of practice, praxis and practitioners. This approach enabled a broad angle of analysis of multiple actors and their roles in the strategy process. Findings of this thesis outline how the ‘global’ is being constructed in an organisation by a mix of top-down and bottom-up strategic processes. It is explained how the actions of the headquarters and local country HR are blended together in building a global reward strategy. I also emphasise the importance of consultancies in the reward practice.

Key words:

Strategy as Practice (SAP), strategizing, reward strategy, benefits, multinational corporation (MNC), global.
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1. Introduction

The way in which human resource management (HRM) relates to strategy is a question that has been repeatedly addressed in HRM literature (see Boxall & Purcell, 2011; Batt & Banerjee, 2012). The dominant approach to this issue has been to take the contingency route, i.e. for example, to examine the relationship between HRM and organisational performance. While contingency studies conceptualize HRM and strategy as static concepts, a process oriented study approach offers the possibility to address the dynamic interactions between HRM and strategy over time (Batt & Banerjee, 2012).

Recent developments in the strategy literature describe an increased concern for the micro-dynamics of strategy-making (Jarzabkowski et al., 2007; Whittington, 2006). Instead of examining 'strategy', these authors have adopted the concept of strategizing as a shortcut for the range of activities through which quite abstract strategic ideas and objectives are interpreted and performed by different actors. The actors, in turn, shape and develop these ideas. This approach is recognized in the literature as Strategy as Practice (SAP) perspective. Even though, SAP is often described as an attempt to 'humanize' management (e.g. Vaara & Whittington, 2012), which links it conceptually to HRM, little or no research has been done yet analysing HR strategy from the standpoint of SAP (see Vaara & Whittington, 2012). Combining this recent concern of strategizing with a need for more dynamic approach to strategic HRM (e.g. Boxall & Purcell, 2011) I want to explore HR strategy through the lenses of SAP framework.

Organisations’ reward strategy recognized in the literature as one of the crucial elements of HR strategy (Armstrong, 2012; Meyer et al., 2001; Wah, 2000). This is based on the understanding of needs of an organisation and its employees and how they can best be satisfied. Armstrong (2012) claims that reward strategy delivers performance, it helps to create high-performance culture, that recognize and reward critical skills, capabilities, experience and performance, as well as make certain that reward systems are market based, fair and cost effective. In other words, reward plays a strategic role in developing performance and profitability of an organisation (Meyer et al., 2001; Wah, 2000). Benefits are the important part of reward. On the one hand it is a costly item of expenses for an employer. On the other hand it is a useful tool for enhancing employee wellbeing, motivation and engagement or, to put it differently, a strategic tool supporting employee value proposition and contributing to the image of an attractive employer (Armstrong, 2012). For those reasons, this master thesis is focused on this particularly important element of HR strategy.

Modern organisations face numerous complex challenges and exploit opportunities. Globalization, changing demographics and fast-paced working environment are the matters of great attention in the literature (e.g. Pucik, 1996; Friedman, 2005; Kapoor & Sherif, 2012). These phenomena are among the forces that recently shape change in strategic HRM. Global HR practices, in turn, are seen as the greatest potential for powerful leverage for global organisations (Pucik, 1996). The way multinational corporations (MNC) adapt their HR practices to the changing global labour market’s conditions is crucial for their survival and prosperity in the global competition (Kapoor & Sherif, 2012). Besides, MNCs propose a good site for the investigation of how practice across diverse subsidiaries is getting integrated, especially at times of change from a local to a more global approach, as this will involve negotiation between previously autonomous and differentiated units (Ghoshal & Bartlett, 1998). Therefore, at the
present time a rapidly growing MNC is a valuable research field for investigating the practice of reward strategy.

1.1. Objectives and research questions

The purpose of this study is to examine how the Sweden-based MNC does its reward strategy as a part of its corporate HR strategy. Consequently, this study focuses on the actions and interactions of different actors involved in the strategy process across two primary levels within the MNC: the headquarters and the international units – geographically spread subsidiaries. Moreover, this study has been focusing on the actors involved as well as on their activities over time and the tools they use. Overall, this study contributes to the understanding of how a part of the corporate HR strategy is done (Whittington, 2006) in the complex organisational setting: the MNC in a phase of active growth and development.

In order to achieve research objectives, this study aims to answer the following research question:

_How is the reward strategy done in a growing MNC?_

To help answering the question from the SAP perspective additional sub-questions have been developed:

- Who are the strategists?
- What actions do they take in the strategy process?
- What ideas shape their actions in strategizing?

Attention to this subject during the last decade has been revived through studies in the emerging SAP perspective (Jarzabkowski, 2005; Jonsson et al., 2003, Whittington, 2003, 2006). The SAP approach has been chosen as relevant for this study since it perceives strategizing as ‘a socially accomplished, situated activity arising from the actions and interactions of the multiple level actors’ (Jarzabkowski, 2005:6).

As stated above, there is, in my understanding, a lack of research in Sweden based on empirical investigation of HR strategy from the standpoint of SAP. This master thesis therefore is an attempt to analyse strategizing in reward – a part of organisational HR strategy. Hence, this study will contribute to understanding of how reward strategy is done in the fast growing Swedish MNC. Due to the nature of access to empirical data and the time framework of a master thesis research, the focus of this study has been limited to investigating benefits strategy as part of reward strategy. I use detailed analysis of a part to get an understanding about the whole phenomenon.

This report is organized as follows. After the introduction presented previous research related to strategizing in MNC and its relation to HR strategy, and the SAP research overview. Thereafter, the theoretical concepts are introduced, following by the presentation of method. The method section introduces the case company and presents background information about the practical concepts relevant for this study. Moreover, it describes research design, data collection and data analysis. Furthermore, validity and reliability of this study, as well as limitations and ethical considerations are discussed. The paper then presents findings of the study and proposes its’ interpretative analysis.
through the lenses of theoretical framework and earlier research in the discussion section. Finally, conclusions are drawn reflecting research purpose and outlining a micro-level practice perspective of strategizing in reward in a fast growing Swedish MNC and recommendations for the company provided.

2. Previous research

In this part research that have been made earlier and that is relevant for the purpose of this study will be presented. Research about strategizing in MNCs and its relation to HR strategy is followed by the summary on previous research using SAP perspective.

2.1. Strategizing in MNCs, the relation to HR strategy

There is significant body of research available about multinational corporations. It’s acknowledged that last decades are characterised by widespread and the inexorable rise of MNC on the global market (e.g. Kersley et al., 2006; UNCTAD, 2008). This dynamic is also having a major impact on strategy and modern HR practice. This is not only in MNCs themselves, there is also an indirect effect on suppliers for example through the use of procurement requirements, which has implications for HRM and thus, the escalating effect on market best practice (Boxall & Purcell, 2011). It is generally accepted in publications that globalization is opening up enormous prospects for MNCs to hire competent workforce at much lower expenses (Boxall & Purcell, 2011). It is possible for these organisations to make efficiency improvements using resources worldwide. Therefore, comparison of production and service performance – benchmarking – is an important issue in MNCs’ strategizing. Analysis of comparative statistics leads to strategies focusing on improvements (Farndale & Pauuwe, 2007).

It has been recognized in the resource-based view oriented literature that the major problem for MNCs is to find an efficient way to manage the relations between different parts of the organisation and in doing so create value. There is a challenge of managing vertically in the relations between the corporate centre and its subsidiaries, and the challenge of managing horizontally, in the way in which the parts of the business work in partnership or compete with each other (Goold et al., 1994). There are different practices of strategizing in MNCs that can be broadly divided into two models. The first one tends to favour decentralisation and separation of the organisation into discrete business units, giving the centre the power of "managing by numbers" in search for financial outcome. This philosophy prevails among large Anglo-American organisations (Kidruff, 2001; Whittington & Mayer, 2000). Another model is focused on synergistic economy. This includes organisations aiming to develop core competences and their distribution across business units, which can be used to encourage innovation in products and processes (Whittington & Mayer, 2000). Under this model, people become the crucial organisational asset, since the knowledge sharing is critical. Thus, people issues are central for the organisational strategy and the organisation is interested in more developed HRM (Volberda, 1998).

It has also been noticed that there is a tendency for MNCs to move more towards the second model still keeping elements of the first one, in doing so creating a mixed model that is organized around networks (Hedlund, 1994). Through organisational processes that encourage networks and create trust across borders MNCs build their social capital. Social capital here means ‘relationships and networks among individuals and groups
that create value for the organisation’ (Boxall & Purcell, 2011: 7). Social capital is to help MNCs to handle the tension between strain for integration on a global scale and strain for local adaptation: to deal with the difficulties that occur from diverse economic systems, national value systems, and workplace conditions (Sparrow & Braun, 2007).

There has been a massive amount of attention in publications to the HRM strategies in MNCs, more specifically to the problem of whether MNCs can, and should, export their home-country HR practices overseas (e.g. Edwards & Kuruvilla, 2005; Gamble, 2010; Marginson & Meardi, 2010). In general, the research suggests that despite the fact that MNCs frequently transfer the key technologies and know-how that guarantees them a market advantage, they found out that it is neither possible, nor desirable, to enforce same system of managing HRM worldwide. A considerable level of adaptation to local markets, cultural norms and employment laws is normally necessary in order to run a successful company (Edwards & Kuruvilla, 2005). Apparently, some MNCs aim to make certain that some of their key practices are applied extensively worldwide. Nevertheless, a common approach is to allow main polices in HRM to ‘take the form of frameworks or “global footprints” which lay down the main principles and parameters, but leave detailed implementation to the individual businesses and countries in the light of local regulation, conventions and practice’ (Marginson & Meardi, 2010: 217). Therefore, the framework principles are compulsory but implementation is allowed to vary under local setting.

According to Boxall & Purcell (2011), where a MNC has a dedication to developing synergies, corporate and regional HR employees also play an essential role in management development. This includes the recruitment and management of employees on expatriate job roles, the development and career management of local managers in host countries and the provision of training and development programmes. Since MNCs more and more organize their structures across national borders, the labour market for managerial and expert professionals has progressively become more global and the search for outstanding talents become more intense (Wooldridge, 2006). Under these circumstances, HR specialists can move forward the use of strategic performance management processes, create and implement global capability- or competency-based management systems, practise global talent management strategies, and take part in developing corporate employer brands (Sparrow et al., 2004).

Moreover, as a part of common MNC strategy local HR professionals are highly valued in such organisations. They seen important for their understanding of national and regional cultures, labour market, legislation, which is fundamental for successful integration of the MNC into the local economies and societies (Boxall & Purcell, 2011). HR departments are vital for dealing with regional organisations such as European Works Councils and for negotiating with trade unions looking for establishing standards of employee treatment. MNCs are often only too eager to take advantage of lower labour costs and less demanding employment regulations, which creates the ethical problems for some governments, community groups and trade unions. These kinds of strategies are often a cause of ethical concerns, that are stimulating the development of regional and global employment standards by which multinational actions can be judged (Croucher & Cotton, 2009; Seifert, 2008).
2.2. Strategy as Practice

The approach to analysis of organisations focused on practice is becoming more and more common in the management literature because of its capacity to explain how organisational actions are facilitated and constrained by predominant organisational and societal practices (Feldman & Orlikowski, 2011). Particularly, within the last decade there has been a large amount of publications focusing on practices and activities in and around strategic management, frequently, but not always, under the label of SAP (Golsorkhi et al., 2010; Jarzabkowski et al., 2007; Johnson et al., 2003; Whittington & Cailluet, 2008). Central themes in this stream of research have been formal strategic practices, strategizing methods in different settings, sensemaking in strategizing, roles and identities in strategizing, tools and techniques of strategy, discursive practices of strategy, and power in strategy (Golsorkhi et al., 2010).

As explained by Vaara & Whittington (2012), SAP approach includes a double meaning since the term practice indicates on the one hand an attempt to be close to the world of practitioners as on the other hand a dedication to sociological theories of practice. The central finding of these works has been that strategizing depends on both internal organisational and external societal practices that notably affect both the process and the outcome of consequential strategies. Hence, SAP research suggests an alternative to the individualistic decision-making models that has been dominating the area of strategic management up till now (Vaara & Whittington, 2012). Whereas SAP has commonness with other approaches such as classical Strategy Process or strategic planning (Burgelman, 1983; Mintzberg & Waters, 1985; Pettigrew, 1985) and the fresh Micro-Foundations approaches to strategy (Eisenhardt et al., 2010; Foss, 2011), it has been acknowledged that it provides a unique contribution to strategic management publications due to its focus on how the actors are affected in their decisions and actions by organisational and social practices.

It has been argued in the literature that despite the SAP’s approach achievements, it can go further in the analysis of social practices (Vaara & Whittington, 2012). In this case the phenomenon of practices carries a broad definition. Practices are described as customary ways of doing things, that are embodied and significantly mediated, and are also shared between actors and institutionalized over time (Reckwitz, 2002; Schatzki et al., 2001). Following Vaara & Whittington (2012) standpoint, in this thesis strategizing is used as an umbrella term that covers numerous activities leading to the creation of strategies in organisations. This embraces strategy making in the sense of purposeful strategy formulation, the work concerning the implementation of strategies, along with any other activities that lead, conscious or not, to the appearance of strategies in organisations.

There is still no consistency in terminology in the SAP literature. For example, the strong advocates of SAP approach Jarzabkowski & Balogun (2009) use strategic planning as a synonym for strategizing. They state in their paper, that despite the fact that strategic planning has been heavily criticized within the last decades, it still remains one of the most popular techniques used by leading organisations around the globe. Building on Grant (2003); Ketokivi & Castañer (2004); Andersen (2000) and some others they argue that strategic planning is very valuable for organisations due to its communicative and integrative functions. It has been suggested that these functions help organisations in a modern environment, where they have to handle uncertainties and coordinate goals.
across numerous product, functional and geographic units. There are multiple definitions of strategic planning process available, the one emphasising its integrative potential is given by Andersen (2004). There strategic planning is defined ‘as organisational activities that systematically discuss mission and goals, explore the competitive environment, analyse strategic alternatives, and coordinate actions of implementation across the entire organisation’ (Andersen, 2004: 1275).

3. Theoretical framework

Before describing the method used for this study, I would like to define and explain the theoretical concepts that have been examined. The Strategy as Practice approach has been adapted as the analytical framework in this thesis. Therefore, SAP and its components are described further.

The SAP approach emerged from a break with the previously dominating traditional concept of strategy as a property of organisations. As an alternative, strategy was to be explained as an activity or practice, thus strategy is not something that organisations have, but something that people in organisations do (Johnson et al., 2003; Jarzabkowski et al., 2007). SAP framework identifies three central concepts: praxis, practices, and practitioners (Jarzabkowski, 2005; Jarzabkowski et al., 2007; Whittington, 2006).

The concept of praxis refers to the actual work of strategizing. This concept covers communicating, consulting, presenting, writing, meeting, and so forth that is necessary in order to build and apply strategy. Put it differently, ‘all the various activities involved in the deliberate formulation and implementation of strategy’ (Whittington, 2006: 619).

The concept of practices refers to ‘the shared routines of behaviour, including traditions, norms and procedures for thinking, acting and using “things”, this last in the broadest sense’ (Whittington, 2006: 619). Jarzabkowski et al. (2007) argue, that materially represented practices – the ‘things’ – such as charts, whiteboards, and post-it notes, may have somewhat routine qualities in the way they are used but add to different forms of strategic activity according to their situations of use. Therefore, practices can be used as units of analysis for studying how strategy as practice is constructed; examining what practices are drawn upon, how they are drawn upon, how use changes over time, and the consequences of these patterns of use for shaping praxis at different levels.

Practitioners are the actors, those individuals who draw upon practices to act. This includes managers, consultants and other internal and external organisational actors. Practitioners are interrelated with practices and praxis. According to Jarzabkowski et al. (2007), practitioners are an obvious unit of analysis for study, as they actively participate in the construction of a phenomenon that is significant for the organisation and its survival. Practitioners shape strategic activity through who they are, how they act and what practices they draw upon in that action.

Jarzabkowski et al. (2007) develop a conceptual framework for analyzing strategy as practice (see Fig.1). The concepts of praxis, practice, and practitioners are separate but interrelated; therefore it is impossible to study one without simultaneously touching upon aspects of the others. Strategizing appears at the bond between all three concepts. Research questions within strategy as practice perspective necessarily link all three concepts. Whereas, empirically there might be different dominant areas of focus, as
indicated by categories A, B and C.

Figure 1. A conceptual framework for analyzing strategy as practice (Jarzabkowski et al., 2007: 11).

Building upon above presented framework this study aims to identify: who the strategists are in a growing MNC; what do they do; what shapes their doings. The practitioners studied are the employees and consultants involved in strategy practice across the MNC. The approach to what these actors actually do is informed by the concepts of praxis and practice.

4. Method

4.1. Case company and context

My research site was a Swedish MNC, one of the world’s leading manufacturers in its business field. Due to the sensitivity of the topic of this study (Pettigrew, 1992) the company remains anonymous, further in this text I will referred to it as to SweMNC (pseudonym). SweMNC is a large company with a long history. It was established in the middle of 19th century in Sweden, at the present time has operations all over the world with manufacturing and distribution sites in a handful of countries, it employs around 7,000 people. Headquarters are located in Sweden. The organisation is privately owned: the majority of share belongs to a large Swedish industrial holding company, remaining share is owned by the management of SweMNC.

SweMNC’s business is characterized as innovative, fast developing and high growth. The organisation possesses a strong base in Europe where largest part of the sales in generated. However, it grows strongly in North America and Asia Pacific. Despite global economical downturn, years 2008 – 2012 for SweMNC has been a time of a rapid
development and global growth. Therefore, a number of processes within SweNMC needed to be amended to the change to assure the efficient work and alliance with strategic targets set. Incorporated in this change, the process of setting an updated reward strategy, and a new corporate benefits strategy as a part of it, has began in 2012. The course of updated reward strategy development and implementation is ongoing, therefore a number of strategic events take place in the organisation, and executives have found themselves in need to conduct new strategy and seeking ways of doing it. For those reasons, at this point of time SweMNC and its changing environment is particularly suited for my study aiming to investigate strategy as practice phenomenon. As I entered SweMNC in the middle of its strategic planning cycle, I was able to follow the strategic planning activities in real time. Owing to the quality of access, sometimes I was also able to stay at the research site for lunches and was involved in conversations during the informal parts of meetings. This provided me with contextual nuances which proved useful when analyzing the data.

Organisational structure of SweMNC is complex: multi-product, two divisional with matrix elements. There is a small central HR team, based at the headquarters (HQ) in Sweden. The Director C&B is located in HQ and is responsible for the C&B process worldwide. The work is done through the local HR managers, there is no direct functional reporting lines. Decision making regarding benefits in the organisation has been highly decentralized. New benefits strategy aims to increase centralization of the function to some extent and to align local benefit practices with the corporate and HR strategy.

*Figure 2. The org. chart Executive team SweMNC*
While doing my research at SweMNC I had been also a part of the project team working on the updated reward strategy implementation. More specifically, this project concerned the corporate benefits strategy as a part of reward strategy. The project objectives are the following: (a) contribute to designing a global benefits structure – supporting Employee Value Proposition (EVP), centralized, most effective locally; (b) provide clear guidelines on benefit policy for local HR; (c) create a self-assessment 'benefits gap analysis' tool for local HR. The tool aims to identify potential gaps in local benefits praxis as opposed to centrally provided global guideline. All in all, the benefits gap analysis tool has been developed to help international subsidiaries clarify their benefits strategies, to make them more efficient and aligned with the corporate HR strategy. The project took place at SweMNC headquarter. Initially, project team consisted of the Director C&B and myself as an independent consultant, few of local country HRs were involved indirectly, providing local market data as market experts. This included emailing and/or brief telephone talks and sharing available reports/knowledge on their local benefits market practice. On the later stage of the project local HR representatives from selected countries are planned to be actively involved in the process in order to pilot and amend the benefits gap analysis tool before its final implementation worldwide. This part will include sending the draft tool to the local HR for the first try and opinion sharing on the use of it and their thoughts about improvement. Overall project is linked with the updated reward strategy implementation and communication plan.

Benefits project plan included the following stages:

- Map and analyse “good benefits practice” in all locations (30 countries). Based on consultancy reports and local HR managers expertise.  
- Update Global Benefits Policy to align with the EVP and findings from the previous stage.  
- Develop draft benefits gap analysis tool for subsidiaries to carry out test of existing practice themselves.  
- Get input from HR Managers in pilot countries (factory, sales market, different size markets). Amend the tool accordingly.  
- Pilot benefits gap analysis tool in a few countries (same as above).  
- Amend the tool based on findings.  
- Recommendation going forward, the tool implemented.

The benefits practice is seen as a very important within the corporate reward strategy as it serves directly supporting corporate values that make SweMNC a desirable employer, capable to attract and retain the best employees. By means of accurate handling of its benefits SweMNC aims to be able to create what the corporate strategists call a good working environment: family atmosphere, caring and human, supportive, busy, and where the core values are strong. These principles are the key elements of the corporate employer branding, employee value proposition and corporate identity.

In order for the reader to understand this paper easily I will introduce in the following sections the practical concepts significant for this research. First, EVP is explained, then the reward strategy presented with sub-sections exploring reward related concepts relevant for this study: total reward, benefits and recognition.
4.1.1. Employee Value Proposition

One the topics that is important for HRM in MNCs is the concepts of employee value proposition and employer branding. Because of the strong relationship between the brand and EVP they are often addressed together in the literature. These subjects are related to a debate about the degree to which there is a convergence in cultures and thoughts that could possibly lead to a universal or global mindset. According to Reilly & Williams (2012), this topic is highly appealing from the corporate HR function's point of view as it has an effect on the matter whether it is possible to develop a single (global) organisational culture. It has been stated that the more MNC's employees are the same all over the world, the easier it is to build the global culture, employer brand or EVP.

In order to understand the concept of EVP it is important to touch upon the closely linked concepts of employer and corporate brand. As defined by Martin & Hetrick (2006), corporate brand is directed outwards to present to customers a promise that creates expectations about the organisation. The employer brand carries the same general idea but directed both outward and inward. The EVP, in turn, is explained as the more precise expression or reflection of what the brand stands for in terms of what exactly it is offering to the employees. The concept of EVP is seen to be similar to the organisation’s psychological contract but it is more explicit. It can be stated in terms of extrinsic reward (pay, benefits, training, etc.) and intrinsic reward (job satisfaction and rewarding activity) (Reilly & Williams, 2012).

Although the EVP is employee centred, it is typically expressed in terms of interaction or cooperation between employer and employee, i.e. in return for the rewards what the employee is expected to contribute (e.g. commitment, effort, alignment with goals) (Reilly & Williams, 2012). The purpose of the EVP is mainly recruitment and retention of the required skills and talented people. Additionally, the EVP has a strong employee engagement factor since it maximizes the contribution of personnel (Michaels et al., 2001). Considering all this, it becomes clear why the concepts of brand and EVP have become widely known and applied by many MNCs in the active period of the ‘war for talent’ (Reilly & Williams, 2012).

4.1.2. Reward Strategy

Reward strategy is often addressed in the literature in relation to the concept of strategic reward. As defined by Armstrong (2012), ‘strategic reward is the process of developing policies and practices which make an impact on organisational performance by helping to attract and retain talented people, provide for their motivation and engagement and ensure that they feel valued’ (p.149). In accordance with this view, strategic reward is often described as an approach to the creation and implementation of organisational reward strategies which make sure that they are aligned with the corporate business strategy and corporate HR strategy and support them. It considers both needs of individuals and the business (Brown, 2001).

Moreover, reward strategy underlines what the organisation plans to do in order to create and implement reward policies, practices and processes, in other words, the design and implementation of the reward system. It is recommended that reward strategy is supported by a reward philosophy which represents organisation’s approach to how employees should be valued (Brown, 2001). This can be expressed as a set of
guiding principles that plays a role of a framework for reward system design and management. The principles can also be communicated to employees to make them aware of the background of the reward policies and practices that affect them and therefore make the process transparent and enhance employee loyalty (Armstrong, 2012).

Reward strategy in MNCs becomes international. It is then concerned with the creation of integrated approach to constructing reward policies and practices across international borders. As recommended by the literature, it should be integrated, meaning that it takes into consideration the business goals and drivers of the headquarters whereas simultaneously fitting the strategy to the varied contexts and cultures worldwide (White, 2005). This brings up the subject of the degree to which the reward strategy should be centralised or decentralised (convergence or divergence) which is addressed individually by each organisation. International reward strategy is expected to cover the following key areas: total rewards, job evaluation, market pricing pay and grade structures, benefits, and remuneration for expatriates and third-country nationals (Armstrong, 2012).

4.1.2.1. Total rewards

As explained by Armstrong (2012), the idea of total rewards is an approach to reward management that links the financial (tangible) and non-financial (intangible) elements of reward together and treats them as an integrated whole. Ideally, it covers all aspects of the work experience that are valued by employees. The financial part in this scheme is pay and benefits. Whilst the non-financial reward arises from the work employees do, the work environment, work-life balance, recognition, performance management as well as opportunities for staff’s personal and career development. Intangible reward contributes to the construction of EVP that is a clear illustration of why people choose to work in the organisation. The total rewards approach aims to maximize the join effect of a variety of reward initiatives on employees motivation, commitment and engagement. As Giancola (2009) suggested, the main purpose of total rewards is ‘to consider the standard list of human resource programmes from a reward perspective when developing strategy’ (p.30).

4.1.2.2. Benefits

Benefits package is a set of arrangements made by employers to enhance its employee’s well-being. Supporting employees’ personal needs benefits are often a means of increasing commitment to the organisation and demonstrating that employer cares. Whilst some organisations are forced to provide benefits simply for the reason of staying market competitive in their total remuneration package. Benefits is a costly part of a package, it can be more than one third of basic employee related pay costs. Besides, many benefits like interest-free loans, company cars, private medical insurance, as well as prizes and gifts can be taxed heavily. Therefore, they need to be managed carefully. Benefits strategy aims to set the range and scale of benefits the organisation wishes to provide and the costs it is ready to pay. Strategy makes a foundation for organisational benefits policies (Armstrong, 2012).

As categorised by Armstrong (2012), benefits can be deferred, such as pension schemes, or insurance, or they can be immediate, such as company car or a loan. Some benefits
are often dictated by country legislation, such as holidays or leave arrangements.

More and more popularity among organisations is gained by flexible benefits schemes (CIPD, 2012). That is the way for an organisation to let its employees choose within limits of the type or scale of benefits that are offered to them. It has been recognised that not all benefits are equally wanted or appreciated by every employee in an organisation. Therefore, from the organisation’s perspective some of the benefits do not provide value for their cost. Flexible benefits schemes aim to eliminate this loss. There are several types of flexible benefits designs. One of the most popular is called the ‘flex fund’. Under this scheme a fund of money is allocated to employees that they are free to spend on benefits from a menu. Therefore, this scheme is also called the cafeteria approach (Armstrong, 2012).

![Figure 3: Benefits strategy in relation to corporate strategy](image)

Talking about benefits it is good to keep in mind the broader context of a corporate strategic reality. In terms of strategic planning benefits strategy is a part of reward strategy, which in turn is a part of corporate HR strategy and in turn is built in the main corporate (business) strategy. The interrelation of these concepts is demonstrated in the Figure 3.

Moreover, the concept of benefits in this study includes the elements of intangible reward, contributing to the work environment and work-life balance.

4.1.2.3. Recognition

Recognition is a part of intangible reward in organisations. For the purposes of this study this concept is seen as a part of employee benefits. As defined by the previous researchers, recognition is the way for organisations to demonstrate appreciation to its employees for their achievements. According to Armstrong (2012), the grounding idea is that taking activities to ensure employee’s success and contribution is an effective way to motivate them. This can be done either through formal recognition actions or informally on a daily basis. Formal recognition can be shown, for example, by teats, gifts
or public applause. The rewards are usually non-financial but cash awards also may have place in market practice. Informal way to demonstrate recognition is when managers simply say words of appreciation face to face or in a brief written note. All in all, recognition is described as an important part of a total reward approach. Being an addition to direct financial rewards, it helps to improve the rewards system as a whole (Armstrong, 2012).

**4.2. Research design and data collection**

As appropriate to my research focus, I adopted an ethnographic, single case study approach (Langley, 1999; van Maanen, 1979; Yin, 1994). Hence, the analysis in this thesis is based upon a field study conducted in a single organisation. I take up the understanding of field study research according to which the main task of the researcher is to investigate a field of practices and to make sense of her or his observations by abductive reasoning, i.e. by alternating between data and theory (Hammersley & Atkinson, 1995). This, first of all, requires being close to the field (Garfinkel, 1967). Schatzki (2005) argues, that to recognize and understand practice as it happens ‘requires considerable participant observation: watching participants’ activities, interacting with them (e.g. asking questions), and – at least ideally – attempting to learn their practices’ (p.476).

My ethnographic approach is mainly based on the participant observations of actual strategy team meetings. However, the project I was part of was limited in its scope and time and therefore gives only partial overview of the process. In order to explore the phenomenon more closely I relied additionally on the interview data and collection of artefacts and texts. This approach also reflects SAP perspective. Thereafter, my understanding of strategizing is derived from the participant observation, informal interviews (Rubin & Rubin, 2004), formal interviews, and studying strategy related artefacts (Fetterman, 1998). Thus, in this thesis I draw upon the assumption that practitioners are able to express their activities in retrospect. Giddens & Pierson (1998) argue that people are reflexive and knowledgeable, and they are likely to provide a better description of what they actually do rather than what researchers expect them to do. This approach has been utilized in a number of studies. For instance, Paroutis & Pettigrew (2007) followed it for their study on practices of strategy making teams in a multiple business firm. They used only interviews and documentary evidence to analyse actions and interactions of corporate centre and business unit teams during the strategy making process. Inspired by their approach and have had the opportunity to add participant observation I came up with the research design as it presented in this chapter.

Although I cannot claim to have learnt the complicated set of practices involved in strategizing, I feel that I have gained to a certain extent close understanding of what the people in the case organisation do and why they do it. This was supported by the fact that the opportunity to carry out the research in the company was linked to my commitment to work as a member of a project team during the observation period. At the end of the project I was supposed to deliver results to meet project’s targets and also to provide feedback. This commitment was also a commitment for the company to support me in sourcing the information required.

The field study was conducted over a period of three months, from February to April
2013. During this period, I spent approximately one day per week every week at the company. All days had programmed activities as a project team member, but also enabled me to observe daily activities as they went on outside the artificial interview situations and workshops. A significant number of working days spent at the company allowed me to increase acquaintance with corporate culture, employees and managers and by this means increase access to potentially rich data. Formally, the research is based on a combination of four types of ethnographic methods: informal interviews, artefacts analysis, formal semi-structures interviews, and participant observations.

Firstly, the informal interviews were conducted meanwhile I had been working as a part of the project team. As has been argued in the literature (e.g. Rubin & Rubin, 2004; Gubrium & Holstein, 2001), informal interviews may be best used in the early stages of the development of an area of inquiry. The researcher engages in fieldwork – observation and informal interviewing – to develop an understanding of the setting and to build rapport. Interviews can be done informally, and ‘on the fly’. In fact, respondents may just see this as a conversation. Informal interviews may, therefore, foster ‘low pressure’ interactions and allow respondents to speak more freely and openly. Project team workshops were taking place regularly within February – April 2013. Number of informal interviews I carried out is equal to the number of workshops (n=8). This round was rather wide in its scope in terms of topics covered, thus can be characterized as aiming to obtain an overview of the topic and to provide the foundation for developing and conducting more structured interviews.

The archival data or artefacts (Silverman, 2001) studies were mainly concerned with the executive team’s communication of corporate strategy issues, corporate HR strategy and existing official documents on reward strategy. Moreover, documentation on employer branding and EVP was reviewed while working on the project (see Fig.4). Special attention was paid to the documents – mostly power point presentations – on the subject of updated reward strategy. This set of documents described in detail the concept and the components of the new strategy, its stakeholders, planning and stages of implementation, timeline and recognition. Documents were typically accessed through the company’s Intranet, handed out during informal conversations, or sent to me by e-mail.

The formal interviews were conducted in April 2013. This round was more focused than previous two types of the data collection, therefore it may be described as theoretical sampling (Strauss & Corbin, 1998) with the aim to look deeper into themes identified by
earlier activities during the time spent at the company.

**Figure 5. The four categories of informants**

<table>
<thead>
<tr>
<th></th>
<th>Strategy related roles</th>
<th>Non-strategy related roles</th>
<th>Total</th>
</tr>
</thead>
</table>
| **Headquarters** | Executive Vice President HR – 1  
  Director C&B – 1  
  HR Director Corp. Functions – 1 | HR Manager (Division 1) – 1  
  HR Administrator Corp Functions – 1 | 5 (50%) |
| **Subsidiaries** | Regional HR Director (Asia2) – 1 | HR Manager (Asia1) – 1  
  HR Manager (Europe1) – 1  
  HR Manager (Europe2) – 1  
  HR Manager (Europe3) – 1 | 5 (50%) |
| **Total**       | 4 (40%)                | 6 (60%)                    | 10 (100%) |

The informants were carefully chosen to include managers with strategy related roles (e.g. Executive Vice President HR, Director C&B) as well as specialists and managers with non-strategy related roles (e.g. HQ HR administrator, subsidiary HR manager). Subsidiaries’ representatives were also chosen to make a sample of both manufacturing units and sales/marketing offices. Overall, there were divided four categories of informants (see Fig.5). The purpose of including specialists who did not have typical strategy roles was to gain a holistic understanding of strategizing activities and to measure the influence of strategy practitioners across the organisation (Jarzabkowski, 2005). My interviews involved broad questions about the reward strategy practice in SweMNC and the nature of involvement of different strategy actors in this process. Consistent with my theoretical framework, I also used more focused questions about the influencing forces, tools as well as actions and interactions within benefits strategy process. Accordingly, interviewees were asked: who is doing what in the benefits strategy process, what are they guided by, what do they use, has there been any changes in the process over time. Each interview lasted on average 30 minutes, was audio-recorded and lately carefully transcribed. Altogether 56 pages of data resulted from these interviews.

Data from observations were retrieved in an informal manner. A number of project team meetings (n=8) and a whole day strategy communication workshop with an independent consultant were attended. Outside of meetings, observation took place during chats over the desk, coffee machine conversations, lunch breaks, and observing interactions and activities of daily operations.

Research diary was kept to collect field notes in this research project. According to Burgess (1991) and Sanjek (1990), when observing a culture, setting, or social situation, field notes are created by the researcher to remember and record the behaviours, activities, events and other features of the setting being observed. Field notes are meant to be read by the researcher to produce meaning and an understanding of the culture, social situation or phenomenon being studied. For that reason, continuously while being in the company and while working on my part of the project outside of office I was taking detailed notes of what was going on. Notes were taken regarding events I observed or was involved in: I described roles and behaviours of all actors in the process including myself as a participant observer (Yin, 1994). Interviews were recorded and transcribed carefully. Notes were taken during the interviews and more detailed notes were taken directly after an interview while listening to the recordings – not to code and interpret the data in a final sense, but to
make sense of what had been said and hence to continually amend the understanding of what was going on in the organisation.

Multiple data sources enabled me to triangulate data (Hartley, 2004; Yin, 1994), thus enhancing data trustworthiness (Lincoln & Guba, 1985). Data triangulation also allowed me to trail change in the phenomenon over time. Moreover, it enabled me to develop some chronological narratives of the strategizing at the organisation (Langley 1999). This in turn let me contextualize the role, impact and interactions of *practice*, *praxis* and *practitioners* within strategizing, in other words, the field study constituted an appropriate context for exploring how SweMNC does its reward/benefits strategy. The field data illustrates corporate practice of strategizing; reward strategy process with special focus on benefits. Moreover, the praxis of reward is presented together with 'tacit benefits strategy'.

4.3. Data analysis

For the purposes of this research I adopted standpoints of 'interpretivist' paradigm. Interpretivist positions are founded on the theoretical belief that reality is socially constructed and fluid. Thus, what we know is always negotiated within cultures, social settings, and relationship with other people. From this perspective, validity or truth cannot be grounded in an objective reality. What is taken to be valid or true is negotiated and there can be multiple (Guba & Lincoln, 1994).

The analysis in this paper followed an inductive research design, as I continuously reviewed and focused my research interest, moving upwards to the level of theoretical generalization (Langley, 1999). The scientific inference that was used can be best described as abductive reasoning, which involves a constant alternating between theoretical framework and empirical data (Hammersley & Atkinson, 1995). Analysis progressed over several stages in order to interpret the findings and develop labels for particular themes that arouse and in the end to develop understanding of the strategizing in SweMNC.

First, rich narratives of the strategising practice in SweMNC were constructed (Langley, 1999). These narratives provided description of different actors’ perception of strategic process. Later, the stories were analysed through the lenses of SAP approach with the aim to identify in the text and interpret the main concepts of *practice*, *praxis* and *practitioners* and interrelations between them (Jarzabkowski et al., 2007).

As a part of the narratives construction textual artefacts, field notes from the observation and interviews transcripts were analyzed. Meaning condensation was chosen as an analytical technique for the interviews analysis. Meaning condensation is conducted by compressing interviewee’s sentences into shorter formulations and afterwards the main sense is rephrased into few words. Next step is to question the meaning units in relation to the purpose of the study, and the concluding step is to tie the very essential themes together into descriptive statements (Kvale & Brinkmann, 2009). By means of use of this step-by-step method the interviews transcripts were analysed and statements were used to construct the findings stories.
4.4. Validity, reliability, limitations

Given the time and scope of this research there is a frame that sets limitations for this kind of study. There is a large amount of relevant points of view that must have been left out. It is impossible to say to what extent the choices made are appropriate. One limitation of this study is the chosen setting; the empirical data was collected in a Swedish context. If the research would have been made in a different country or at another company, the findings might have varied due to culture differences and/or organisational culture. It could be argued that additional studies need to be done in other countries as well. Due to the limited recourses available it was impossible to conduct more observations and interviews, however I believe that additional interviews would have been valuable to make more generalizations within the case organisation.

The research questions of this study could well have been formed in a different way. They could have been more affluent, innovative and perhaps more ambitious. Also the framework could have been more ambiguous and cover more than one disciplines. The strategy concept could have been discussed more in depth.

Academic inexperience of the author weakens the study as well as non-native use of English. The use of English adds a risk of misunderstandings in relation to the literature as well as to the observation and interviews. Regarding the interviews it must also be taken into consideration that in most cases neither interviewee nor interviewer were the native English speakers, therefore their expressions may have been limited compared to the use of mother tongue. These aspects could have an impact on the interviews’ reliability.

Finally, it comes always to the subjectivity: the statements, assumptions, and conclusions made and presented in this study are the point of view of just one person, despite the fact that a researcher has tried to be as objective as possible to find valid interpretations. It is also acknowledged that the author of this study does not possess the skills and knowledge that can be gained only by doing research on a regular basis.

In order to increase the reliability of the study, several actions have been made during the process. The theoretical framework was used as basis for the interview guide and focus of participant observation, which according to Yin (1994) increase the validity of a case study. On the subject of the interview guide, a selection of relevant questions was chosen after discussions with the supervisors. All interviews were recorded and transcribed, which is also affects reliability positively. The field note dairy was used during the collection of empirical data within participant observation where acts and thoughts were written down, and this was important to have throughout the data analysis phase.

Taking into consideration both the function of this research and the limitations described above this study can be taken as a small address to the current discussion on strategy. However, the results are interesting and contribute to our understanding about the subject. In order to increase the knowledge further the future studies could take place, the recommendation for which is provided in the conclusion of this study.
4.5. Ethical considerations

Strategy making in general and strategizing in terms of reward in particular can be interpreted as a sensitive and private matter for an organisation (Pettigrew, 1992). Reward as an individual or private matter can be also sensitive for people. Hence, the most evident ethical consideration that has been made concerns the information and the people working in the organisation that has been an object for the research activities and thus potentially affected by the study. The general guiding principle of the research process was to entirely respect and protect the company sensitive information that researcher got access to as well as the integrity of the people involved in the study. In order to support this principle, I applied the following action policy for the project:

- The case company remains anonymous as well as the names of participants.
- All actors who were involved in the study had been informed of the project’s purpose, aims and processes, their contribution and also about the confidentiality of the research and how the retrieved information will be used.
- All actors who were involved in the study got access to the information about the researcher and the study program.

5. Findings

Findings from the participant observation, archival data analysis and interviews will now be presented. The results from participant observation and documents analysis aim to describe strategizing based on practices and activities taking place at the headquarters, with formal interviews serving to supplement it. Whilst activities, beliefs and roles of international branches’ actors are presented based on the formal telephone interviews entirely. Due to the limitations of this project in terms of travelling participant observation in international subsidiaries was not possible. I analyse interviews looking into the language and how they describe what happens locally. In order to follow the results, we need a reminder on the research questions of this study.

Main question: How is the reward strategy done in a growing MNC?

Additional questions: Who are the strategists? What actions do they take in the strategy process? What ideas shape their actions in strategizing?

The main themes discussed in this section are the corporate actions and approach to strategy making, corporate practice of reward strategy with a special focus on the new benefits strategy. Further, the praxis of reward strategy is presented with the subsection on tacit benefits strategy discovered in the organisation.

5.1. Corporate practice of strategizing

The purpose of this section is to illustrate how the business strategy is done at SweMNC from the corporate point of view. In other words, to explain how the actors holding strategy related roles describe the existing organisational strategizing practice at the HQ and international subsidiaries. I identify strategists here and explain their actions in the strategy process. The section is based on findings from the document analysis and interviews.
According to one of the members of the corporate executive team, the way corporate strategizing at SweMNC looks like today is the following: it has been described as a routine sequence of divisional/functional meeting involving divisional boards and functional leadership teams. This is followed by the global strategy meeting where the key topics for the upcoming years are being discussed. The process results in the written down document describing strategic goals for the period (market share, financial result, employer brand, etc). Typically, it’s a Power Point presentation uploaded on the Intranet.

“We have strategy meetings once a year. But overall it starts with the Divisions updating their strategies … When that’s ready we have the Functions [e.g. HR, Finance, IT, etc] looking if they need to update their own strategies. Now come to the global strategy meeting and we normally pick one or two topics we want to focus on. Of course, we don't change strategy every year. It is really evolving process. Who is involved? Executives in the end; Divisional Boards and Functional Leadership Teams. That is the key players." (VP HR)

According to the headquarters practice, a new strategy has not to be created from the scratch every time but being amended every year based on the business needs and external market changes. As described by the actors, the process is mainly driven by the strategists at the headquarters but also engages key stakeholders from international subsidiaries. Nevertheless, most powerful actors within the process are located in the HQ.

“… geographically important business leaders to get their view and input on the business going forward” (HR Director Corporate Functions)

“… overall the strategy process is a centrally driven process. When of course on the product side … that’s input from the countries. So, it’s input from the countries and then cascade back to the countries after the process. That is a highly central driven, but with the engagement of.” (VP HR)

Large and/or historically more developed subsidiaries in turn possess their own clear and routine practice or strategic planning process. The form in which the process organized is very much the same as previously described for the HQ. By means of series of strategic planning events (strategy days, strategy meetings, workshops, etc) strategy practitioners aim to support corporate way of talking about strategic targets. They continue the strategizing process that had begun in the HQ. Corporate goals received from the HQ are being translated in the strategy workshops to smaller local business targets for the subsidiary as a whole and for each of its business functions in particular. The role of HR here is to support the business strategy. The role of HQ is to provide high level guidelines.

“If it's a business strategy we usually have quite a structured process … Because [the region] is in a very high growth period, our strategic plan is a lot on how we can grow faster or … better. Once we have the business strategy in place, then we can have all the other strategies for the different functions. As for HR strategy, we speak about how can HR put in solutions to support this growth. How can we put for example services to make sure that the organisation and the business strategic goals are achieved. In terms of manpower planning, in terms of organisational
development and we have also very strong participation in terms of how can we design the organisation itself. The people involved are generally the country managers and [the regional] leadership teams: general manager, finance, logistics, regulatory affairs, marketing and HR.

... HQ normally provides the kind of helicopter guidelines or vision. ... This ... vision we need to put in our strategic plan. What we get from HQ, they do their own plan, but the important thing for us at the regional level is to get the vision. How we can achieve those visions through our strategic planning.” (Regional HR Director, Asia 2).

Based on the strategic goals of the two divisions the executive team develops corporate strategy, which is being translated further to the central functions and international subsidiaries. They see corporate strategy as a tool driving organisational performance in the right direction in praxis. The role of each function (e.g. HR) in the process is seen as a support to the organisation as a whole on its way to reaching the main business targets. By means of varied techniques and activities (e.g. such as corporate conferences) global business goals are being further cascaded and broken down to individual objectives for each and every employee in the organisation. In other words, general statements of business strategy are being translated into ‘action plans’ for employees to further corporate goals through their work.

“... [Divisional] strategies are normally decided by the ... board and that is then determinate to the next level. It can go to sales, it can go to factory ... When we get the strategy ... we then would take the inputs ... , the focus areas. Then we translate it into our local strategies ... We normally would call that our major priorities ... Then there is the local factory strategy and then moving on from there we need to cascade it into departmental strategies ... Before we do that we will have our performance appraisals ... That’s where we come up with the individual objectives ... we can see that these departmental strategies will be translated ... into individual objectives.” (HR Manager Asia 1)

In the meetings, workshops, etc. divisional strategies are being translated further and broken down to the local/operational needs in order to drive organisational performance in the right direction. Strategy documents/strategic goals are used as the base for setting concrete targets for employees in the annual performance appraisal process. Main actors here are line managers, directly communicating organisational goals to the employees and explaining what that means for their everyday work. As described by the practitioners, locally strategy is being visualized, made more ‘alive’ and clearly understandable for employees. This is done, for example, by using colourful images in presentations held at the conferences. Country HR managers and Executive Teams strive for making strategy an actual part of daily working life, making employees understand what the strategy means exactly for each and every one of them, how it effects/drives (or should do so) their work. In this process they refer to the statements from strategic documents and meetings, typically using the same phrases as centrally provided.

In interviews, strategy practitioners state that in each corporate function their own strategies are being developed directly linked to the corporate strategy. In case of HR formal strategy (the one that is written down in the form of official presentation and further communicated to the stakeholders) is developed by the Vice President HR in
collaboration with the HR Leadership Team (HRLT) – the HR directors responsible for different parts of the function, direct reports to the VP HR. As one of the HRLT members describes the current process, at the function strategic meetings, they seek to develop functional strategy as an integrated part of a corporate one. The point of special importance is a clear link between corporate and functional strategies.

“... Strategic process as I see it, is in the HR strategy. Because I am in such a specialist role, I am not ... hands on involved in the divisional or company strategies. This something that I hear about and translate them into HR ... We try to incorporate that based on what are the goals, like global expansion for example, is a key element. How does our HR philosophy and HR strategy practices ... fit in or support the strategic aims for the company ... This time we’ve got much clearer strategy, it’s much more visible how it’s linked to the company strategy. ... We can see ... when we work with talent management – we work with talent management because we develop our succession pipeline, that’s linked to our expansion, to our business development and so forth.” (Director C&B)

Based on this, we can understand that one of the aims of the HRLT’s work in strategizing is linking the corporate strategy to functional strategies.

On the way to the global organisation, things change within SweMNC, one of the changes is about the range of activities and actors involved in strategizing. Lately not only the members of HRLT but operational HR roles also feel involved in the process. For example, on multiple occasions the topic of taking part in the international projects on identifying and describing key capabilities, which are curial for the business success in each branch. The role and praxis is new for participants and perceived as a useful and interesting.

“... We are currently involved in developing capabilities for manufacturing units. I am in a project together with ... some other people and the aim is to describe which capabilities will help us to reach strategic objectives. This is quite new practice ... I am in this position for 5 years now – the HR manager – and before we were not so much involved in strategic thinking or strategy making, I would say. Now it’s changing, it’s good because it opens your mind and give you more reflection about what you should do, [how you] can contribute and also to improve at the end of the day.” (HR Manager, Europe 2)

“I would say that the HR capability framework I have been involved in ... I wouldn’t say that I have been involved into designing the strategy, but breaking it down to our reality, what it means for us and how it effects us. I think I am having the opportunity to be involved in that” (HR Manager, Division 1)

This is what helps us to see, how SweMNC changes its strategic practice on the way to a more global organisation as opposed to isolated local units. This approach also inspires strategic thinking and ability to see broader picture in local HR actors, which perceived by them as a positive change/development.

To sum up, corporate practice of strategizing is described in SweMNC as a top-down process with clear links between corporate/business and functional strategies. The role of HR is important in ensuring this link and also connecting business strategy with daily
work of employees by bringing it into action. Moreover, from the example of HR functional strategy we can see that there is a tendency in the recent organisational practice to extend the scope of strategy related roles by involving operational employees in strategizing to make the strategy practice global and alive.

This section has given us an overview of the overall strategic process in the organisation. In my opinion, it is useful first to see the broad picture of the process to be able to understand better how a part of it functions. Since the reward strategy is a component of the corporate strategy (see Fig. 3) the general rules also apply to it. With the next section I go deeper exploring the process of reward strategy.

5.2. Reward strategy process

The purpose of this section is to show how the reward strategy is done in SweMNC in the context of change from local into global organization. The sub-section on benefits explains how the formal corporate benefits strategy is created in the organisation from scratch. Same as the previous section, this part reflects corporate or HQ strategists' view on the process, explaining their actions and causes of these actions within the process. The section is based on findings from the participant observation and document analysis.

As mentioned earlier in the text, during the last few years SweMNC has been undergoing a rapid international growth and development, in other words global expansion. Therefore, from the corporate HR strategists’ point of view, along with some other processes in the organisation its corporate reward strategy requires a revision and amendment to fit the recent global needs. As mentioned by multiple actors in interviews and meetings, SweMNC is in the process of change into a more global organisation as opposed to highly decentralized international units. There are more links between localities and the HQ, praxis is being harmonised worldwide.

“We become more and more global company. Before it was different local units, now it's more global company in terms of processes etc. It's in process of transformation actually and we will continue like that.” (HR manager, Europe 2)

As examples of this change, the unified job evaluation system, as well as the global performance management and annual salary review processes were implemented in all locations of SweMNC.

As has been observed, the reward strategy of SweMNC is currently in the active phase of renewal. Previous reward strategy was introduced in 2008 and provided guiding principles and a very basic framework. Common theme in discussions has been that in today's reality of SweMNC, fast growing economies and emerging markets will play a key part in its growth strategy. Hence, the driving force behind the change in strategy practice is needed to ensure that corporate reward program properly reflects diverse counties' requirements. That is important in order to be efficient and effective in terms of reward both globally and locally. In some counties there was also a need to review the relative weight of reward components, as they no longer supported effectively the performance driven corporate culture. As seen by the key actors, the main objective of this review of the reward strategy and reward components is to ensure global competitive reward practice and policy reflecting SweMNC's strategic agenda going
forward. Updating the reward strategy process began in 2012. The new process has recently been signed off by the management and is in the process of implementation now. The process is expected to be finalized in 2014 (see Fig.6).

Figure 6. Reward strategy high level implementation plan

The graph presented in the Figure 6 is a result of a strategic planning process, conducted in the HQ. The timeframes were maintained and the words have begun to be filled with content now, as the process goes exactly as it was planned. The main actor here is the Director C&B in collaboration with the corporate executives, local HR and consultants. As a result of analysis of different components and market practices, reward strategy is finalized consisting of several elements: total reward (the umbrella concept, including salary and all bonus schemes, as well as tangible and intangible benefits, and recognition); benefits; salary; short term incentives (STI); and long term incentives (MPP 2.0). Each part is seen as important for effective corporate reward programme and supports business needs, whereas the updated reward strategy all in all is characterised by the strategists as follows. It is aligned with the corporate business strategy and targets reward practices and initiatives to ensure return on investment. Segmentation of short-term incentives and benefits ensures reward packages are in line with local market and guarantees talent retention. It helps SweMNC attract and retain talent in emerging markets to support global expansion. Moreover, it aims to support filling the
succession pipeline with talented people; differentiates on performance; and last but not least, provides a clear governance structure for the actors.

The main workload on developing new reward strategy is on the Director C&B, involving country HR managers at certain stages. The proposal on a new strategy has been developed and presented for approval to SweMNC executive team and further to the remuneration committee (RemCo), final version is signed off by the VP HR. Preparation phase for coming up with the proposal included analysis of the following three areas: (1) business strategy, including the corporate and two division strategies; corporate HR strategy, interviews with the executive team and HRLT, and input from the key markets; (2) external practice analysis/ benchmarking, including external market reward reports from the consultancies and consultancy report on internal project focused on the next generation of leaders and employees; (3) employee perceptions as reflected in EVP. The outcome of the analysis resulted in (a) reward principles, meaning actual SweMNC high level guiding principles for rewarding its employees; (b) reward strategy, meaning the practice of SweMNC in reward offer including salary, variable pay and benefits; (c) SweMNC employer brand statements, what makes the organisation unique is the guiding principle, which should be underpinned by reward principles and strategy.

Thereafter, the Director C&B comes up with the new version of the reward strategy, which is documented in the official presentation to be further shared with the global HR community. Focus elements of change in the SweMNC’s updated reward strategy process compare to the previous version can be summarized as follows:

- Updated reward principles recommend focusing on total reward component when communicating strategy.
- Recommendations to focus on differentiation for performance, meaning employees with a high performance receive higher than average reward.
- Changes in the STI scheme, meaning better segmentation to meet local markets common practice.
- Planning to implement new corporate practice – global benefit guidance driven by the HQ. This drawn upon and supports the corporate EVP, which focuses on the image of “responsible and caring employer”; inspiring introduction of flexible working practices.
- Planning to implement new praxis – flexible benefits model for “mature” markets in the form of “Cafeteria approach”. Meaning that same fund of money is spent by the company on benefit packages, but freedom given for employees to allocate it.

The red thread in the practice of a new strategy is more focus on the concept of total reward. In particular, more attention is now paid to the benefits part and intangible benefits (e.g. career development), they are seen as a part of total reward and as an important component of what drives engagement and commitment. This is because the corporate EVP and employer brand are strongly focused on intangible benefits. This is what makes SweMNC unique from the point of view of corporate strategists and therefore should be supported by its reward strategy. Moreover, the reward strategy aims to provide underlying support frameworks for reward practices worldwide (e.g. ‘right’ benefits, flexible working practices), and ensure these fit the changing company demographics (globalization, generation Y etc.). The strategy contains also a formal governance part, where roles and responsibilities defined. The main actors here are the
Board RemCo, the Executive Team, the CEO, the VP HR, the Director C&B, and all HR directors.

To sum up, by implementing the updated reward strategy SweMNC aims to assure competitive reward for attracting and retaining talent in the context of global expansion. It inspires global communication in the form of explaining the reward praxis from the HQ to functional leaders and local HR, and further to employees. This is in order to help every employee understand “my reward” and for functional managers, to understand also how reward impacts employee recruitment, retention and performance. Moreover, new strategy is tailored to drive performance culture through the focus on differentiation. It also creates a unique SweMNC approach to benefits consistent with its desirable image of caring and responsible employer. Besides, new practices (e.g. grading system, job evaluation, conversations with employees about reward) are to help equipping managers with necessary skills to make and communicate reward decisions in praxis.

5.2.1. Benefits strategy process

This sub-section is to go further deep exploring the strategy as practice at SweMNC. It illustrates in more details how the benefits strategy is done as a part of the global reward strategy (see Fig.3). Findings in this part are largely based on the participant observation of the benefits project (see Fig.7, the benefit project is marked with yellow circle). Therefore, strategists’ ideas and actions are explored as closely as possible, in the immediate proximity to practice. Due to the phase of the strategy process at SweMNC when this study was taking place, it focuses mainly on the actions of the HQ strategists in preparation for implementing change in subsidiaries.

Similarly to the explained earlier scheme for planning overall reward strategy, Figure 7 presents detailed planning for implementation of benefits strategy. The process includes different activities (e.g. benefits project workshops, presentations, local praxis self-assessments) and actors (e.g. Director C&B, independent consultant, local HR managers). By the time when this study was conducted the actual process was going in line with the initial time and issues framework, the actions held were being reconnected to the plan during the process.

Benefits part of the reward strategy is seen by the strategists as very important not only because it directly supports corporate values based of the EVP and employer brand, that
makes SweMNC a desirable employer, capable to attract and retain the best employees, but also because there has been no formal corporate strategy on this element or reward in the history of the organisation.

“... we don’t have a corporate benefit strategy, it’s local and within local we have different elements in benefits: lease car, pensions, etc. ... It’s more loose buckets.” (VP HR)

It has been notices that recent stage of organisational development and transformation into a global organisation requires formalisation of this practice (at least to some extent). The new reward strategy aims to inspire international subsidiaries to apply corporate benefits in the most efficient way compliant with the corporate strategy through its HR strategy.

As a part of the reward strategy corporate benefits philosophy can be formulated as: competitive benefits should reflect market conditions in the region where the employee is present. Moreover, SweMNC aims to provide benefits that support its image of a caring and responsible employer and a stable company whose benefits are consistent over time. According to the strategists’ views, benefits should vary depending on location to fit in with local market conditions, tax and social security regulations. The process of implementing new benefits strategy should also vary depending on subsidiary development stage. Some markets possess richer practice than others in terms of current benefits awareness and praxis. Corporate HR through its benefits strategy aims first of all on “getting the basics right” in all locations and later on implementing more complex flexible benefits schemes including flexible working arrangements and “cafeteria approach” where possible (see Fig. 8). The design of the latter should fit the local market, tax regulations etc.

**Figure 8. The three levels of benefits implementation.**

Benefits at SweMNC are tailored to support the EVP in the creation of a good working environment: family atmosphere, caring and human, supportive and where the core values are strong. As a part of the updated reward strategy, in particular the part of “getting the basics right”, the organisation provides guidelines on local benefits that should be followed in each geographical location. Within the benefit project the benefit gap analysis tool has been developed to help subsidiaries clarify their benefits practices, to make them more efficient and aligned with the corporate reward strategy. It has been developed during project workshops by the Director C&B and the researcher acting as
an independent consultant by means of accurate analysis of the best local market practices cross-referenced to the corporate HR strategy, business strategy and EVP.

The tool consists of a form providing corporate guidelines and description of benefits desirable for all SweMNC locations (see examples in the Fig.9) and a spreadsheet on high level market practice analysis based on consultancy reports and inputs from certain local country HR managers. This form is to help local HR to perform a self-assessment on their own benefit practice against the local market best practice as well as the centrally provided guideline. When actors had been working on developing it, they had in mind that there are major differences in benefits between countries due to e.g. laws and regulations, tax and social security systems as well as cultural aspects. The benefit gap analysis tool has been meant to be a support tool and if the global guideline contradicts local best practice, this should be discussed with the Director C&B in order to find the right solution. Meaning the solution that reflects corporate guideline in the best possible way and in the same time assures location market competitiveness. Where gaps are identified local action is expected be taken to fill those, where/if this requires investments to be made the changes should be identified and approved through the formal corporate budget process.

**Figure 9. Examples of corporate recommended benefits**

<table>
<thead>
<tr>
<th>BENEFIT</th>
<th>DEFINITION</th>
<th>SweMNC GUIDELINE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement benefits</td>
<td>Various retirement savings and planning benefits, such as defined benefit pension plan; defined contribution plan; other saving plans</td>
<td>All locations should offer retirement/pension plans in line with good practice in the local market. As a minimum the statutory/legal requirement should be met. In locations where ‘top up plans’ or ‘private pensions’ are common these should be considered and implemented if appropriate in the local environment.</td>
</tr>
<tr>
<td>Welfare</td>
<td>Company provided preventive health initiatives and resources such as wellness programs, on-site gym, fitness centre membership, weight loss programs, anti nicotine campaigns, etc.</td>
<td>Our employees’ health is important and preventative initiatives are key to a healthy environment, leading to high performance. Initiatives such as access to fitness facilities, ergonomic support, availability of health care providers including occupational health, massage etc. Each location should reflect SweMNC’s position as a caring and responsible employer. Locations are encouraged to find innovative as well as traditional ways to support employee’s wellbeing.</td>
</tr>
<tr>
<td>‘Social’ Benefits</td>
<td>Company initiates social events such as family days; company BBQs, or provides children allowances; day care facilities, etc.</td>
<td>SweMNC is a global ‘family’ and locations are encouraged to actively promote and strengthen this in ways that suit the local set up. Examples could be supporting local employee groups that organise events and outings (sports, theatre, family BBQ etc) as well as organising Encourage an environment that is open to bringing family and working life together, eg. children welcome to the office, flexible arrangements</td>
</tr>
</tbody>
</table>
| Flexible Working Conditions | Company providing for its employees flexible working hours; flexible working week; possibility to work from home-office, etc. | Changing demographics and expectations on working life is changing. Our culture embraces trust, diversity and innovation and flexible working conditions is a key aspect for us to attract and retain a diverse workforce and remain a desirable employer.
We are empowered to perform in a flexible working environment. Globalisation and an increase in international jobs requires a flexible approach to working arrangements. Locations should provide flexible working environment that fit the local environment. This is likely to be different for a factory compared to a sales market or traditional office environments. A global guideline on Flexible Working Conditions is provided but may need to be adapted to suit the local environment. |

Consistent with the EVP and employer brand SweMNC inspires flexible working environment thus aiming to sustain the right work-life balance for its employees. This is reflected in the corporate benefits strategy. HQ guidelines have been provided with remark to the local HR and management team to adapt these to fit local environments. Flexible working arrangements are seen also as a tool for line managers to use discretion and to recognition of employees individually or as a team. It also reminds line managers about being aware of work patterns, workloads and demands which are reasonable and required by the business balanced with the impact on the individual and knowing when and how to recognise this.

Recognition is another component embraced by the global strategy which significance is emphasised in the corporate benefits strategy. Recognition is seen by the company strategists as a key element of a performance driven culture that is inspired in SweMNC. According to the HQ actors, this is something HR strategy is closely linked to. It is about:

- Catching people doing the right thing and drawing attention to it.
- Making people feel appreciated and special.
- Making the time and effort to say thank you to the people around you, your team and work colleagues.

Praxis of informal recognition already takes place at SweMNC. The new reward strategy recommends further encouraging this tradition and spreading this good, from the strategists’ point of view, practice through provision of global information. All recognition should follow local legislation (e.g. taxation). Recognition is typically non-monetary awards (e.g. flowers, dinner, small gift). As has been described in the interviews, HR provides guidance and local benchmark on this for local management teams.

In summary, the benefits strategy at SweMNC can be characterised as a practical tool supporting corporate image of a caring and responsible and therefore desirable employer. It aims to help the organisation to remain market competitive and
economically and culturally efficient in the context of rapid global development. The HQ strategists develop tools and provide central guidelines on benefits for the subsidiaries to ensure their awareness on the importance of this practice. Moreover, they aim to help improving local practices in the subsidiaries where necessary and to guaranty a certain degree of corporate alignment in benefits practice in all company locations.

5.3. Praxis of reward

The purpose of this section is to show the operational HR view on reward strategy at SweMNC at present. In other words, I explore how the local/operational HR understands reward strategy and acts in the process, and also by what their actions are being shaped at the time when this study has been taking place. The focus is on actual work that people do. I largely build on the data from formal interviews here, aiming to show what is actually happening in the organisation at present in the context of strategizing in reward.

When talking about reward interviewees from both HQ and international subsidiaries tend to talk about the monetary compensation in the first place, meaning the processes related to annual salary review and bonus schemes closely linked to the performance management process. It has been noted by several interviewees on multiple cases that SweMNC has moved to the international consistency in terms of reward, or at least in its monetary part to be more specific, after the introduction of the job evaluation system in the organisation in all locations. Job evaluation system is the tool created by a global management consultancy (further in the text referred to as “The Consultancy”), providing reward services and producing regular analytical reports on reward market data and practice. This comes along with the introduction of internal practices assessment against market practice. This change is perceived by the local country HR as an improvement in the current reward strategy in SweMNC helping locations to make better balanced decisions about reward. The balanced decision means here a decision consistent in the best way with the internal corporate and external market reward practices.

“I think the introduction of [the Consultancy] pay data has been very much support for the process. We can make a more balanced decision. I think anything that business can provide us to help us make better decisions about benefits and reward in general." (HR Manager, Europe3).

Corporate guidance concerning the annual salary review is perceived to be clear and helpful. It’s limiting international subsidiaries autonomy in terms of reward decision making, but brings more structure to the process. This is seen as a positive change by the local HR.

“First of all I would say that we are applying global principles. This means we have some autonomy locally to distribute rewards and benefits but this is really steered by global HR and by [the Director C&B] … There is an autonomy but within the framework. ” (HR Manager, Europe2)

Increasing centralization of HR practice guidance and bringing more structure to the process perceived locally as an improvement. Generally, belonging to the global organisation in terms of processes is recognized by local HR positively, especially under
the circumstances of living in a more and more globalized world. The role of the HQ is described as bringing innovation and clearer practice in the same time as being a driving force behind reviewing recent local reward praxis.

“... when I see bringing more structure I see bringing new things as well ... It’s good, because it’s bringing something new, making HR stronger locally. But it’s also personally actually. It’s one of the things I enjoy: working with different people, not being too local in my thinking, feeling global and also continue to act local...” (HR Manager, Europe2)

“Honestly, I do think that sometimes it’s good that we get a kind of the push from HR centrally to look at certain things and, you know, the reward practices and the benefit practices.” (HR Manager, Europe3)

“I am also interested in understanding more of a global perspective ... it’s always interesting, because we are becoming more globalized world in which rewarding people could be something that we could have in common in the future.” (HR Manager, Europe1)

The role of HR within reward process is seen as collaborative with line managers and local executive teams in terms of supporting them, steering the process and sometimes driving it in compliance with formal corporate guidelines. HR people are translating reward strategy statements to line managers e.g. during meetings, via email communications or within discussions on situations requiring reward decision that doesn’t fit into everyday routine practice. Line managers are the ones to make final decision on reward issues but HR specialists are to guide them and check if the decision is compliant with corporate guideline from the HQ strategists. Any change in reward requires new budget approval, therefore executive management is also involved in the process at least in terms of signing off a new decision.

“... my activity in this situation is to be in the middle, try to support and suggest and sometimes drive a decision regarding the salary review.” (HR Manager, Europe1)

“We steer the process determining what can be spent ... then discussion in different units and then they come back to us ... and we apply what has been decided. We check if it’s compliant with the global guidelines and then we apply it. We are playing the role of gate keeper.” (HR Manager, Europe2)

“The whole thing about salaries, compensation, succession it’s not solemnly an HR role. What I do here I do in liaison with department, in liaison with my superior.” (HR Manager, Asia 1)

“[My role] is to coach and guide the managers in making a reward decision. Always considering market data; internal benchmark; external benchmark...” (HR Manager, Division 1)

As shown above, the global reward strategy is seen by operational HR as a good support from the HQ in their local practice of reward, first of all, in its monetary part. Harmonization of the global reward practice is seen as having a positive impact on the local praxis as it makes reward practice in SweMNC more fair and transparent internally.
as well as market competitive without extra expenses for the organisation. The role of HR people in the process is to make strategy statements work in company praxis.

5.3.1. Tacit benefits strategy

As mentioned earlier in the text, there has been no formal benefits strategy in SweMNC up till now. Nonetheless, as has been discovered within this study, benefits practice exists in each and every subsidiary, regardless to its size and stage of development. As a matter of fact, in the process of conducting and analysing interviews researcher observed something in practice that can be called, ‘tacit benefits strategy’. It is not officially formulated but still exists, often being so obvious to all actors that it does not need to be declared. This strategy is not officially written down and communicated but nevertheless it shapes local praxis. This part is an attempt to summarize what the tacit benefits strategy in SweMNC is.

Under those circumstances it’s interesting to see the present practice and what has been guiding the organisation in its decisions about benefits packages up till now. Based on the reflections of the interviewees, actual benefits practice is described in the first place, as something that is, guided by the “common sense” or the “feeling” of what has been right for the company to have; “was always there since the first day we exist”. Secondly, it has to be compliant with the local country legislation, and unions’ proposals, the statutory minimum of benefits; and also shaped by formal and informal benchmarking, thus formed by the market practice, consultancy reports and media publications. It’s about having “general benefits, like any other company/factory has” that is as well competitive among peers. Thirdly, in some locations employee perspective is taken into consideration through survey studies, this reflects also cultural and institutional differences among countries. Fourthly, overall benefits in SweMNC are broadly determined by reflecting differences in the job role; differences in the position level; or by the expatriate role.

The main driving force behind benefit packages implementation, the source of ideas of “what could be good to have” is seen in those who has been responsible for HR issues in the company at that point of time. Among documents that are brought into the process and affect it have been mentioned country legislations, collective agreements, work environment policy, consultancy reports, policy on international assignments, car policy, company environmental policy, local policies on how to use mobile phones. Also informal exchange of information on benefits praxis issues (e.g. such as health and wellbeing initiatives) between different subsidiaries has an impact on how locations establish their benefit practices. HR people locally do not think that detailed guidance on benefits from the HQ is possible, due to significant differences in local market context and practice. Whilst general global framework is seen by them as a positive component of local practice.

“... benefits per se they are mostly localized. There is no way that there can be global detailed guidelines on benefits. But there are certainly general guidelines in terms of finance in employment, equity in employment, no discrimination. These forms are broad framework. And the broad framework is used to design and implement our local benefits.” (Regional HR Director, Asia 2)
At times, it remains unconscious for participants what role they play in the benefits process. For example, there is a large wellbeing initiative taking place in the HQ concerning corporate health care and fitness programmes. The process is actually a part of the benefits strategy as it deals with nonmonetary part of compensation in the total reward concept. In the same time it directly supports SweMNC’s ambition to be perceived as a caring employer and thus linked directly to the corporate strategy. This initiative is driven by the HR Administrator, who is very enthusiastic about the project, finds the work very stimulating and of a high importance for the organisation, but never linked it formally in her own perception with corporate benefits.

“I was just thinking, because sometimes you label, categorize very strictly, I was thinking: ‘Comp & ben – that's a lot of boring monetary things ... but then [it's] everything that you ... give to the employees, of course it covers my areas as well. I have to think the second time sometimes really in order to see that connection.”
(HR Administrator, Corporate Functions)

On a special note, working environment, work-life balance, well-being and health initiatives are very commonly addressed by HR practitioners in SweMNC praxis. There is a variety of practices in place in different locations (e.g., recognition schemes, wellness teams’ activities, health projects, family days). This, from the standpoint of the HQ strategists, once again supports, consciously or not, the official corporate employer brand.

Furthermore, there is a difficulty in praxis which has been indicated during interviews. It has been mentioned that benefits in the organisation are often taken for granted by employees and sometimes even by HR, they perceived as a norm, as something that has always been there. Especially, this is relevant for intangible benefits, like organisation’s investment in people development within its talent management scheme. Therefore, at this stage of company development there is a perceived need for better formalization and communication of this part in order to use it more effectively as a strategic tool. Meaning that as an established practice this will do better work helping organisation to achieve its strategic targets. Therefore, from the standpoint of HQ strategists, a key aspect of the reward strategy is the communication of reward.

“I think ... for a lot of people it’s quite unclear what we as a company offer. Because we offer ... flexible working, we have the gym ... I’m not sure everybody understands how things add up.”(VP HR)

“...One this is ... how can we really well communicate all the benefits. Because many people, I do that myself sometimes, we take every benefit for granted.” (HR Director, Global Corporate Functions)

“... We have some insurance packages, we have the pension plans, but we don’t talk about it, we don’t promote it in any way. Otherwise we could do a lot more there.” (Director C&B)

What also characterize the existing benefit practice is the differences in subsidiaries’ historical development. There are geographical locations that underwent merges, changes in ownership. In this case benefit practice is “inherited” and requires or already
went through the process of harmonization under SweMNC standards. This is another argument supporting the call for formalized and official global guidelines on benefits.

“... What we lack on a global basis is how do we do a non-monetary reward ... how we can get better at that. We know money is the hygiene factor and there is other stuff as recognition and praise, incentives, wellbeing. If we could broaden that a little bit more, to look at the non-monetary aspects of that, that would be good ... I think, there is some stuff to be done on benefits in terms of some guidance.” (HR Manager, Europe3)

“The problem that we have right now is that different parts of the company have been evolving in a different way. ... Internationally, when you are looking from the centre there is no consistency.” (HR Manager, Europe2)

“I think as we are growing on more markets and investing in more geographical expansion etc. we need to have this in place, since it’s expected. We need to be able to give support to the local markets ... To be able to handle that situation we need to be sure that we have all this in place from a global perspective. And also it’s a big part of the EVP, of course. To stay or become – depending on where you are – an attractive employer. I think we have a quite good situation in Sweden, which we should keep and improve. But in some areas we need to further strengthen our position since we are not very known and seen as a big employer. And this reward strategy, benefit policies, etc is of course a part of that package. So, I think this is great.” (HR Manager, Division 1)

Since benefits are being an integral of any organisation’s practice in recent market situation, apparently benefit strategy exists in one form or another in every location of SweMNC. Some dimensions of the praxis are not yet institutionalized in the organisation, are not seen as a part of an official strategy. Nevertheless, HR practitioners driven by their best practice knowledge about effective HR processes in an organisation, recognize the value of internal consistency in terms of benefits. Therefore, an attempt of the HQ to construct, implement and drive the official benefits strategy process in SweMNC is seen as an improvement in its global practice.

6. Discussion

In the discussion chapter theory and earlier research are integrated with the empirical findings in order to analyze the latter, aiming to answer the research questions of this study. I will review how the reward/benefits strategy is actually being done in the case organisation. In order to do so I will use the conceptual framework presented in the theory section of this thesis. Therefore, I will explain empirical findings identifying linkages with the framework’s features: practitioners, praxis and practices. According to Jarzabkowski et al. (2007) strategizing appears at the bond between all three concepts, hence it is hard to analyze them in complete separation and they intertwine in the following text.

6.1. Practices

Following Vaara & Whittington’s (2012) definition practices ‘refer to the various tools, norms, and procedures of strategy work, from analytical frameworks such as Porter’s
Five Forces to strategic planning routines such as strategy workshops’ (Vaara & Whittington, 2012: 290).

As have been observed in SweMNC and demonstrated in the previous parts, reward strategy and benefits strategy in particular is integrated to the overall corporate strategy process. In order to understand this process it is important to accept broader view on how the corporate strategy is done. It has been seen in the observation that corporate strategizing is playing a role of one of the practices, a kind of a norm, which shapes how strategizing on benefits is done. First of all, there is a corporate routine strategic planning process in SweMNC (in the HQ) that shapes behaviour of strategy actors. This topic referred to in the SAP literature as formal strategic practices (Golsorkhi et al., 2010). In the case of SweMNC that is a sequence of divisional and functional strategy meetings or workshops at a corporate level. Main actors, or in terms of SAP – practitioners – involved are functional and divisional boards. After series of meetings where actors “discuss and challenge” strategy documents, they come up with a written down document identifying strategic goals for the period of time. This document itself further serves as a practice, as it guides behaviours of other people in the organisation in relation to strategy making process. This is the document that is later used by local strategy teams to create their local strategies and also this document is one of the pillars for analytical work in benefits strategy making.

Strategic planning as defined by Andersen (2004) in the form of systematic discussion of goals, analysis of strategic alternatives and coordinating actions of implementation across the organisation is demonstrated to be an implicit practice in SweMNC – a common way to do things – for the representatives of executive team. This is not being questioned by the practitioners; they just know that this is “how it is done”. One important aspect of practice in SweMNC is that there are very few written strategic documents in there. Nevertheless, people seem to be “living” the strategy in the organisation. They understand, share and are guided in their work by the statements of corporate strategy, which can be interpreted as an effective strategy implementation.

As for the practice of reward/benefits strategy, it shaped to a large extend by the external factors together with internal. One of the topics here is a market best practice of reward. This is to the highest degree shaped by the practices set on the market by consultancies. There are reward tools (such as grading system, best practice on pay for performance schemes, etc.) that are created by the reward and business consultancies, and are nowadays implemented in the majority of organisations, including SweMNC. Consistency in this practice enables organisations to benchmark – compare themselves with peers. Which is very important for MNCs in the present market environment (Boxall & Purcell, 2011; Farndale & Paauwe, 2007). Moreover, local legislation requirements and trade unions proposals set the minimum bar for reward/benefits.

Common topic in the strategy related documents and in conversations is an ambition to do things in the organisation “right” by means of strategy. When talking about it, strategy actors mean existing market best practice – the common or proven to be effective way of doing things on the external market – on the one hand. Whilst on the other hand, talking about benefits, this is the internal practice in the form of the EVP and the employer brand. Since, as has been described earlier in the text, benefits are seen as one of the important tools of the organisation to support these elements of strategy by concrete actions. For example, flexible working arrangements and social events, like
family days, are meant to create family atmosphere and better work-life balance, which are the important elements of the EVP.

SweMNC, as many other organisations, choose to provide clear corporate guidelines on benefits, whilst the implementation is left to the local HR and local executive teams (Marginson & Meardi, 2010). Therefore, corporate guidelines play a role of practice, shaping behaviour of local strategists. On multiple occasions local HR mentioned the positive effect of global guidelines in the organisation. This is recognized as a help to make HR function more effective locally and support global consistency in practice.

6.2. Praxis

‘Praxis refers to the activity involved in strategy-making, for example, in strategic planning processes or meetings’ (Vaara & Whittington, 2012: 290).

When talking about the activities which are part of the corporate benefits strategy, the communication was emphasised as a key component. As long as on the corporate level the general framework is provided, leaving a lot of freedom to local implementation, hence actions. The communication can be seen as a central component of the corporate benefits praxis. This is actually done in line with a broader reward strategy communication. Looking into the example of the benefits project, we can see that communication began on the early stage of the project. The international HR community of SweMNC was informed by the Director C&B via email about the project and its purpose. Later, there was a call for local market expertise via email again from the HQ to local HR. Finally, the presentation of the recent stage of the project was done during the Webex session. As for reward in a broader term, the Director C&B first of all, put the strategy statements into Power Point presentation which is being used to communicate them during Webexs, HR conferences or personal meetings with local HR. The communication link is corporate HR – local HR – line managers – employees. The main objective is to explain managers and through them further to employees how their reward packages are being constructed and what cost it creates for the organisation. They believe that this understanding creates an atmosphere of transparency and trust in the organisation and leads to the better job satisfaction and retention of employees.

Consulting is another important part of the corporate reward praxis. As has been mentioned by the local HR, they often see the Director C&B as an in-house consultant, bringing market best practice knowledge into the organisation. Consultancy issues appear both with local HR and corporate executive team. Activity in this regard is talking over the phone, personal meetings or emailing. Presentations and graphs based on statistic data can be also widely used in this activity.

As an example of creating a part of the strategy, I address to the benefit project again. When the benefit gap analysis tool was constructed the activity involved analysis of market data from the consultancies and local HR, reading and rereading statements from EVP, employer brand presentation, corporate strategy statements, discussing ideas within the project team, planning for implementation, putting statements into writing. Furthermore, the desirable process with clearly defined roles and responsibilities was described. The plans are made in order to align local market benefits praxis with corporate strategy in a better way; the strategists believe that this is the way to improve organisational efficiency and profitability in a long run.
As for local praxis in different geographical units, there are various activities that take place in what has been described earlier as 'tacit benefits strategy'. Those include multiple recognition practice events (e.g. different kinds of awards in the production areas), wellbeing initiatives (like wellness teams organizing events, health projects, health promoting sessions, etc). Local HR also consults managers, taking part in salary conversations with employees, therefore helping to translate corporate strategy to the next level.

Another point of interest in terms of praxis is a strategy translation into individual goals for employees. This means, bringing theoretical corporate/divisional strategy statements to real working life. This is done in the series of meetings between top management – HR – line management. Line managers with the assistance of HR do actual work in breaking down or translating strategic goals to everyday working reality. This is done in the process of setting annual targets to the employees in the performance management process.

The problem, described in the tacit benefits strategy section about employees taking benefits for granted testifies a lack of communication on this topic in the corporate and local praxis. This is aimed to be solved by means of the formal benefits strategy implementation with a proper communication process component. Meaning the detailed communication action plan for reward strategy indicating goals, actions, timeline, stakeholders and aligned with other organisational communication processes.

6.3. Practitioners

'Practitioners are all those involved in, or seeking to influence, strategy-making' (Vaara & Whittington, 2012: 290). Practitioners are an obvious unit of analysis as they are actually the ones who do the strategizing work. Therefore, topics of who they are, how they act and what practices they draw upon have been already touched upon in the previous two sections. Consequently, the following is to sum up and clarify.

Apparently, there are not many practitioners involved in the corporate benefits strategy at SweMNC. Most of the work is done by the Director C&B. As has been mentioned earlier, this position is crucial for the company in terms of bringing in the market best practice knowledge on reward from the outside and developing high standard practices inside of the organisation. This actor also educates local HR in terms of reward and about benefits in particular. The largest part of strategizing workload on corporate reward is on this actor, it also includes discussions with the superior – the VP HR. Collaboration with the rest of the executive team and the RemCo occurs mostly at the stage of approval of a draft strategy.

The Consultancy role appeared to be very important in the reward strategizing of SweMNC. This has been seen in the interviews and observation. As already mentioned in the text, the Consultancy constructs market reward practices, which are implemented in the organisation as well as in many other companies. This practice helps the organisation to compare against peers’ practice, to acquire certain niche on the market, to be able to attract and retain good employees, to be market competitive in financial terms. The highly important role of consultancies in the moderns reward practice construction has also been noticed in the literature (Giancola, 2012).
Consultants is another party in the benefits strategy process. As has been observed, two consultants were an active part of the strategic process in SweMNC. One is the communication market expert, assisting and guiding the Director C&B in planning communication strategy for reward strategy implementation. This includes creation of a concrete action plan, describing timeline, events and the parties involved. The role of the second consultant was played by the researcher being a part of the benefits project. Under this project the work on developing a strategic tool and planning for implementing it has been done.

Moreover, as have been noticed in the interviews, trade unions have an impact on reward strategy process of SweMNC, which is also typical in many other organisations, especially in Western Europe. Proposals from unions and their opinions are always considered when planning any change in regard of reward. Therefore, this becomes a legitimate part of praxis involving practitioners from another organisation.

Last but not least, the local HR and local executive management teams should be mentioned. As was explained earlier in the text, there is a tacit benefits strategy in the organisation, and these practitioners are the ones standing behind it. It has been created by the local teams, applying local norms and standards. Corporate strategy practitioners do not seek to change this existing local practice radically. The aim with the corporate benefits strategy is to get to know the local strategy praxis and to extend and amend it if necessary to align better with corporate goals and vision. And once again, local practitioners are seen as responsible for the implementation of strategy, guided by the corporate framework.

7. Conclusion

This study has explored how the reward strategy is done in the actively growing Swedish MNC. I have told you the story about strategizing with the help of Strategy as Practice perspective. This story helps us to understand how ‘global’ is being created inside of an organisation. SAP helps me pointing out multiple aspects of strategizing by applying the dimensions of practice, praxis and practitioners. As opposed to the contingency approaches, the benefit of using SAP is that it allows me saying things about strategizing using a broader view. It helps to show how different actors come into the process, how they add things to it.

There is a slight change happening in the strategizing process in SweMNC. Traditional, or widespread, approach to strategy – which coincides with the strategic planning school, is widely accepted as a norm among strategy actors, and therefore being a common practice in modern organisations – is that strategy is created in the HQ and translated further to subsidiaries (top-down process). This is very much a contingency view on strategy. As opposed to it, the new approach is to involve wider range of actors and practices in the strategic process. SAP helps us to see the work of many actors, it is not only the HQ, there is also some work done in other places. The process is affected by actors in different localities, documents in different localities, and praxis in different localities that to some extent are connected to reward. SweMNC is deliberately creating global steer on benefits but in local practice there is already benefits in place that are in line with the EVP. There is a mix of new and old things in the new approach to strategy. New activities are added in the process by both the headquarters and different geographic locations (a mix of top-down and bottom-up processes) while old activities
are being amended slightly, both old and new parts are important. We can see how they create ‘global’, more or less actively, together. By explaining this I can show that the organisation actually becomes global in its reward strategy, how global approach to strategy can be understood.

The benefit of using SAP analytical framework for this study is that we can see that there are some new ideas imported in the process by the HQ, locations and consultancies. Locations accept those ideas to their practices, this acceptance also adds to creation of a ‘global’. As it is happening in SweMNC, local praxis does not change much, locations merely get broader context to it. SAP helps us to see that old local praxis is not threatened since no radical change is enforced by the HQ. Given that there is no threat of a dramatic change to their regular practice, there is no resistance to the process in localities, and this ensures the process to go smooth. There is a new practice created that connects different ‘local’, which is another way to create the ‘global’. Strategy is being accepted and actually ‘is lived’ by locations, by making use of it they also become a part of it. Thus, by including local praxis in the central, or corporate, strategy practice they create ‘global’ in the organisation.

As a contribution to the literature, the story told in this thesis shows us how a growing MNC handles a pressure of becoming global or a tension between a strain for integration on a global scale and a strain for local adaptation in reward strategy. Distinctive feature of the SweMNC's practice is that there are few actors in the strategy process. Besides, the role of consultancies is very important, because their ideas about how things should be done as well as tools and generic processes – the best practice – are brought into the organisational strategy practice. Moreover, it is demonstrated in this thesis how we can understand a part of HR strategy based on the SAP approach. This can be seen as a contribution to the previous SAP research, since the use of it for analysing HR strategy as such is yet underdeveloped. Besides, the results of this study indicate that how the HR strategy is done is very much influenced by the business strategy; this has been demonstrated in practice with SAP perspective.

This thesis shows interesting results, however the limitation of this study is that it has been conducted in just one organisation and in one specific context: a Swedish MNC in the phase of active growth. In order to explore the phenomenon further it would be good to conduct similar researches within different contexts, for example in an organisation from different industry or in a different stage of organisational development. It could be also argued that additional studies need to be conducted in other countries as well. A stronger focus on one of the SAP concepts could also be suggested, for example to see if this phenomenon of a few actors can be also seen in other organisations concerning strategizing in reward.

7.1 Final remarks – implications for the company

Based on the analysis, I would like to add some final remarks for the organisation. Since SweMNC aims to implement global approach to its reward strategy and by means of it to support the EVP and employer brand, it is important to continue clear and transparent communication on the process and purposes of strategizing to the local HR and local executive teams, because those are the key actors making the corporate strategy alive. Moreover, it could be recommended to formulate a clear reward/benefits philosophy or vision in the organisation. Short and clear motto that is easy to memorize for all actors
can be a good help in a process of alignment of practices worldwide. Furthermore, given that local HR in general positively perceives global practice arrangements, it could be recommended to continue involve local HR in global projects, use their market expertise extensively; inspire cross-subsidiary and subsidiary – HQ communication both top-down and bottom-up. Based on my results and in relation to previous study, these practical implications may perhaps go for other organisations at the similar stage of development too.
8. References


9. Appendix

Further presented the interview introduction, that was sent to the interviewees by email before formal interviews, and the interview guide. Additionally the two tables included that had been created when summarising and making the first step analysis of the empirical data.

**Interview introduction**

Hi, My name is Natalia. I am doing my master at Gothenburg University. My study programme is Strategic Human Resource Management and Labour Relations. Originally I am from Russia; my background is a degree in psychology from Moscow Regional State University and several years of applied HR work experience.

At the moment I am working on my master thesis in collaboration with XX, Director Compensation and Benefits in [SweMNC]. I am taking part in a project on benefits as a part of updated reward strategy implementation. The focus of my master thesis is to study “Strategy as practice” which in a sense means that strategy is not something that a company has; strategy is something that is being done. It is a processual approach to learning strategy, which I apply for finding out about benefits/reward practice in different locations. Therefore, as a phase in the data collection, I am conducting interviews with different actors involved in the process.

All questions I ask are only the for the purpose of collecting empirical data for my further academic analysis. No evaluations of any kind will be done based on the data I receive. This means, I will not judge you as an individual or assess your work. I guaranty anonymity of participants if any statements are to be quoted in the text of my paper.

I plan the interviews to be about 30 minutes long each. During this time I would like to talk a little about your job roles, what you do in [SweMNC], where you are located. My focus of study is benefits/reward. Therefore at the interview I would like to learn from you how is it done at [SweMNC] in your location; how it is a part of your work; what you do about it; whom you cooperate with; what documents, material, tools, etc. you use in the process. Another point of interest for me if there has been any change in the benefit/reward practice in [SweMNC] over time. For that reason, I would like to learn about the period of your work in the company and what has changed in what you do in relation to benefits/reward practice.

Please feel free to ask me if there is anything unclear about the purposes, aims and process of my project or if you have any other questions. If you wish, I will be happy to send you a copy of my final report. Thank you for agreeing to take part in the interviews and for your time and effort. It is very valuable for my study and I personally very much appreciate your help.

Have a nice day and looking forward to talking to you soon!

Best regards,
Natalia Ryzhova
**Interview guide**

**Background**
1. What is your position/job role in the company?
2. Which country you are permanently located in? Is it a production area or sales area? *(Question for HR roles outside of HQ)*
3. What are your main responsibilities? What do you do in your daily work?
4. How long have you been with SweMNC?

**Strategy process (Questions for strategy related roles)**
5. Can you tell me about strategy making or strategic planning process in SweMNC how you see it? How does it happen? Who is involved? Who is responsible for what? What is used in the process (documents, etc)?
6. Can you tell me about the responsibilities of locations in the decision making on benefits?
7. Who is reporting to whom in the process (direct/indirect subordinates)?

**Existing strategy (tacit)**
8. Can you tell me about benefits in your subsidiary/location of SweMNC? *(Association/what is their understanding of benefits/high level of what is relevant)*
9. *(Given that there has been very little central guidance on benefits), how did you come up with them? (Question for HR roles outside of HQ)*

**Existing practice**
10. Do you conduct any actions or make decisions about reward/benefits as a part of your job? Or as an individual? What kind of actions/decisions?
11. Do you cooperate with other people within or outside the company when you make those actions/decisions? Who are those people? Can you give me an example of the situation?
12. Are you aware of a reward/benefit strategy or policies in SweMNC? What are they? How did you get to know about them?
13. How do you use it in your work?
14. Are there any other documents/policies/procedures you use in relation to benefits? Is there anything else you use? Any other people you consult with?

**Change over time**
15. Has anything changed regarding reward/benefit practice during the time you are in the company? *(Global or local level)Tell me about those changes.*

**Open follow up question**
16. Do you have any more comments on the subject?
### The empirical data sources

<table>
<thead>
<tr>
<th>Data type</th>
<th>Examples / Description</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interviews</td>
<td>1. C&amp;B Director</td>
<td>1. 11.02.2013, 19.02.2013, 27.02.2013, 06.03.2013, 19.03.2013, 27.03.2013, 08.04.2012, 12.04.2013 (1 to 4 hours) non-structured, during the project workshops; formal - 12.04.2013</td>
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<tr>
<td></td>
<td>2. Executive VP HR and Corporate Communications</td>
<td>2. 17.04.2013.</td>
</tr>
<tr>
<td></td>
<td>3. HR Dir Global Corporate function; HR Dir Asia</td>
<td>3. 17.04.2013; 18.04.2013</td>
</tr>
<tr>
<td></td>
<td>5. HR admin global function</td>
<td>5. 16.04.2013</td>
</tr>
<tr>
<td>Observation</td>
<td>1. Workshop on reward strategy communication</td>
<td>1. Whole day 22.03.2013. Participants: independent consultant, C&amp;B Director, management assistant HR+CFO, researcher 2. 12.04.2013 one of three similar Webex sessions.</td>
</tr>
<tr>
<td></td>
<td>2. Reward strategy communication to HR</td>
<td></td>
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<tr>
<td></td>
<td>3. Strategy team meetings benefits project</td>
<td>3. 11.02.2013, 19.02.2013, 27.02.2013, 06.03.2013, 19.03.2013, 27.03.2013, 08.04.2012 (1 to 4 hours)</td>
</tr>
<tr>
<td>Archival</td>
<td>1. XXX (.doc)</td>
<td>1. Developed in 2012 for Sweden about salary conversations. (Available on Intranet) 2. The Executive Team; Human Resources; 3. “Extract from 2012’s salary seminars in Sweden; base for a workshop on salary conversation”</td>
</tr>
<tr>
<td>documents</td>
<td>2. Org charts</td>
<td>4. The proposal of updated reward strategy that was approved in January 2013 5. High level implementation plan of the new reward strategy 6. “Information on WHY we need to focus on benefits; as well as what the high level aims of the benefit review are”.</td>
</tr>
<tr>
<td></td>
<td>3. Salary conversation (.ppt)</td>
<td>7. The project ppt that C&amp;B director used for Reward Strategy review. “It gives a good summary of what we as a company need to think about. There are some links to benefits in here.”</td>
</tr>
<tr>
<td></td>
<td>4.XXX (.ppt)</td>
<td>8. Corporate HR strategy by VP HR.</td>
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<tr>
<td></td>
<td>5. XXX(.ppt)</td>
<td>9. ...</td>
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<td>6. XXX (.ppt)</td>
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<td></td>
<td>7. XXX (.pdf)</td>
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</tr>
<tr>
<td></td>
<td>8. HR Strategy Presentation (.ppt)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>9. Global Guidelines annual salary review (.pdf)</td>
<td></td>
</tr>
</tbody>
</table>
| Benefits project | 1. Consulting reports on benefits market practices in the countries of presence (30 locations)  
2. Project Presentation (.ppt)  
3. Current info about benefits in some countries  
4. Benefits Recommended (.doc)  
5. Benefits List by Country (.xlsx)  
6. Reward Policy (.doc) | 1. Consultancies X, Y, Z; market data from few country HRs  
2. The project’s presentation for the HR community: aims, targets, time line within the reward strategy implementation  
3. Data from country HR  
4. The benefit gap analysis tool  
5. Spread sheet on benefits market data in 30 locations (high level), support info for benchmarking.  
6. Global recommendations on reward. “linking HR Strategy and EVP in a good way to the Reward Policy and, more specifically, to the benefits guidelines” |
## Benefits Strategy in SweMNC. Strategizing and actors involved.

<table>
<thead>
<tr>
<th>Concept definition</th>
<th>Empirical data</th>
<th>Available</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Practices</strong></td>
<td></td>
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<tr>
<td>Refer to the various tools, norms, and procedures of strategy work, from analytical frameworks such as Porter’s Five Forces to strategic planning routines such as strategy workshops. Shared routines of behaviour, incl. traditions, norms and procedures for thinking, acting and using ‘things’. What practices are draw upon? How they are draw upon? How use changes over time? Consequences of these patterns of use for shaping praxis at different levels?</td>
<td>1. Formal strategic practices/artefacts/documents: Corporate/Divisional business strategy; Global HR strategy; EVP (as employee perception); interviews Exec/HRLT 2. Socio-material practices: workshops, meetings, away-days 3. Analytical and representation methods and tools (SWOT, Porter’s Five forces, decision making techniques, projects, Power Point) 4. Strategic change process 5. Discursive practices 6. ‘Socially expected/popular’ market practice on benefits provided by modern employers, shaped by countries welfare systems. (For Reward strategy - External Practice/ Benchmarking: Reward reports &amp; Data analysis; GLDP report: “Next Generation of Leaders &amp; Employees”)</td>
<td>1. All documents presented 2. Benefit project observ., formal int. 3. –</td>
</tr>
<tr>
<td>Refers to the activity involved in strategy-making, e.g., in strategic planning processes or meetings. The actual work of strategising: communicating, consulting, presenting, writing, meeting, etc</td>
<td>1. Making strategy (during meetings, discussions, etc) 2. Formal strategy top – bottom communication Executive Team - HR; HR HQ – HR locations; HR – middle managers; managers – employees. Strategic talks. 3. Consultants work on formal strategy development, communication: workshops, interviews, emailing, telephone talks, presentations, recommendations. 4. In-house strategists: workshops, presentations at the stage of formal strategy creation, documents writing, forms development</td>
<td>1. Benefits project observations, int. 2. Observations benefits project, communication workshop, int. 3. Communication workshop, int. 4. Benefits project observations</td>
</tr>
<tr>
<td><strong>Practitioner</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>All those involved in, or seeking to influence, strategy-making. Actors: internal and external. Who they are? How they act? What practices they draw upon in that action?</td>
<td>1. Board Remuneration Committee, CEO, Executive Team, VP HR, Dir C&amp;B, Heads of business units. (Top managers/strategic planners) 2. Local Executives, Local HR managers (Middle managers). 3. Operational personnel global/local 4. External consultants global/local</td>
<td>1. VP HR; Dir C&amp;B; HR Dir Global Copr funct; Strategy team benefits project 2. Local HR 3. Global HR Admin 4. Communic. workshop observation</td>
</tr>
</tbody>
</table>