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Challenges in Establishing Global Collaboration: Temporal, Strategic and Operational Decoupling

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Collaboration among the subsidiaries of multinational enterprises (MNEs) can lead to major synergies and efficiency gains. Despite these benefits, global collaboration is still only partly corporate reality. Research indicates that major obstacles still lie in establishing subsidiary collaboration. Initiating global collaboration requires strategic renewal with profound implications for MNEs' local operations. In this article we investigate the process of strategic renewal leading to global collaboration and the challenges involved. We present a longitudinal case of an international IT company and its effort to establish global collaboration among its subsidiaries. The case analysis reveals that the establishment of global collaboration was affected by a decoupling of headquarters and subsidiaries along three dimensions: temporal, strategic and operational. Our findings have implications for research on global collaboration as well as strategic renewal. Practitioners can benefit from a discussion of challenges in the establishment of a collaborative strategy in MNEs and suggestions for how these challenges can be overcome.

Introduction

Research on multinational enterprises (MNEs) shows that subsidiary collaboration presents significant potential for synergies as well as product and service innovation. Customers of MNEs benefit from a global network of specialised capabilities spread across country subsidiaries (Ghoshal and Bartlett, 1989; Rugman et al., 2011). However, global collaboration has proven difficult to achieve as it requires fundamental strategic renewal, deeply affecting the capabilities, routines and practices that drive everyday business (Czikonta and Ronkainen, 2008; Doz et al., 2003; Hansen and Nohria,

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2004). Despite the increasing interest of practitioners and academics towards globalised value creation, we do not know very much about the process of strategic renewal and the challenges involved in establishing global collaboration (Birkinshaw and Pedersen, 2009; Caves, 2007; Martin and Eisenhardt, 2010).

In this paper, we contribute to filling this research gap by exploring a case study in which global collaboration is introduced as a means to comply with industry standards and increasing pressures for cost efficiency. Our analysis draws on longitudinal data of Global Service Solutions (GSS), a business unit of a large, international IT conglomerate that specialises in the maintenance and enhancement of installed software. We trace the steps that management takes to foster subsidiary collaboration and analyse the challenges and caveats in this process. While the data shows slightly increasing levels of subsidiary collaboration over time, it also provides evidence of three major challenges in establishing global collaboration: temporal, strategic and operational decoupling.

The literature on strategic renewal provides the overall theoretical framework for our analysis. More precisely, we draw on Crossan et al's (1999) 4I model of strategic renewal and organisational learning in order to analyse and capture the process of strategic renewal by which global collaboration unfolded over time (Agarwal and Helfat, 2009; Stopford and Baden-Fuller, 1990). The notions of temporal, strategic and operational decoupling contribute to our understanding of the process of strategic renewal as well as the emerging research on global collaboration in MNEs. We enhance Crossan et al's framework by pointing out its inherent temporal dimension. Our analysis indicates that temporal decoupling between HQ's initiatives (feed forward) and subsidiary involvement (feed back) constituted a major challenge in strategic renewal. Further, we contribute to Zietsma et al's (2002) work on inhibiting factors of feed back. We introduce the concept of operational decoupling to describe situations in which strategic renewal is at risk because actors in organisations fail to build solutions upon existing practices. Strategic renewal was found often to go hand in hand with inconsistencies and rifts in the organisation. The concepts of temporal, strategic and operational decoupling further our understanding of the underlying reasons (Gulati and Puranam, 2009). Finally, we contribute to the literature on global collaboration in MNEs (Martin and Eisenhardt, 2010). Specifically, strategic decoupling emphasises the role of global governance. Governance of strategic renewal should not only ensure aligned targets but also short-term benefits of subsidiary collaboration. The data shows that strategic renewal suffers from a fragmentation of strategic foci. HQ's focus on cost reduction and global governance stands in stark contrast to subsidiaries' predominant attention on serving local customers. Practitioners benefit from suggestions on how to overcome temporal, strategic and operational decoupling in the process of strategic renewal.

This paper is structured as follows: first, we present the current state of research on global collaboration by using the process dimensions of strategic renewal as a conceptual frame. In the next step, we analyse the GSS case study, provide insights into the strategic rationale of global collaboration and carve out the three major challenges for global collaboration. In the discussion, we elaborate on the contributions for research and practice. The paper concludes with a discussion of the limitations and a summary of major findings.

Global collaboration and strategic renewal in MNEs

Research on MNEs highlights two environmental trends that stimulate companies to implement global strategies: cost pressures and varying customer demand across countries. Companies try to respond to these pressures by accessing comparative advantages (local specifics, labour costs, etc) and by linking dispersed subsidiary level capabilities (Westney and Zaheer, 2009). Establishing collaboration among country subsidiaries requires fundamental strategic renewal involving changes to the core of an organisation's operation and the distribution of resources and capabilities (Floyd and Lane, 2000). To enhance global collaboration among subsidiaries, MNEs need to translate their collaborative strategy into everyday activities and projects (Baden-Fuller and Volberda, 1997; Morgan et al., 2007). While existing literature on MNEs provides insights into factors that appear to foster subsidiary collaboration, we still have little insight into the actual process of strategic renewal through which subsidiary collaboration is achieved. Martin and Eisenhardt (2010) make a similar observation when they maintain that "despite the critical relevance of cross-BU [business unit] collaboration for significant strategic actions such as diversification, acquisition and overall value creation in large firms, the question of *how* executives create cross-BU collaborations that perform well […] is unexplored" (Martin and Eisenhardt, 2010, 268). Studies that explore this process typically rest on high level descriptions of collaborative strategies.

In their seminal work, Ghoshal and Bartlett (1989) argue that in order to enhance global collaboration, biases to change inherent in the organisation need to be addressed on a strategic, organisational and cultural level. These changes require a global governance structure that allows manoeuvring between the extremes of centralisation at the corporate centre, formalisation through management systems and local autonomy. The challenge thereby is to establish a global management team that shares a vision of the company's future (Li, 2005), is convinced of the potentials of collaboration and aware of the interdependency of global decisions and local actions. Team members' shared objectives increase the legitimacy and influence necessary to instigate profound organisational changes (Williams, 2009; Gupta and Govindarajan, 2000).

Existing literature also stresses the role of organisational structure, whereby structural differences between subsidiaries influence collaboration. A study of collaboration among offshore locations shows that the different country contexts in terms of structures, roles and responsibilities created boundaries resulting in status differences among organisational members and inhibited global collaboration. Onshore middle managers were found to play a crucial role in renegotiating these boundaries and in facilitating collaboration. Generally, employees with overseas experience as well as internationally staffed teams are also reported to help in overcoming cultural and geographic distance and in fostering collaborative work (Levina and Vaast, 2008).

Another group of studies highlights the importance of standardised operations and practices to support distributing work across boundaries. In this respect, several authors indicate that HR-related processes such as global career paths, international project staffing and training in intercultural aspects are conducive to collaboration among subsidiaries (Holtbrügge and Mohr, 2011). Research also suggests that companies need to find a balance between the implementation of corporate-wide, unified processes that enable cross-border shifting of work packages and necessary local adaption in terms of specialised roles and responsibilities (Campbell and Goold, 2000; Holtbrügge and Mohr, 2011; Malnight, 1996). In this respect, collaborative work of country subsidiaries also requires shared knowledge on processes, products and services. Thus, ensuring subsidiary managements' broad access to information and data of strategic significance is crucial to generate common ground and enable subsidiary collaboration (Snell et al., 1998; Subramaniam and Venkatraman, 2001).

A process perspective of strategic renewal promises to provide further detail on how global collaboration unfolds. It emphasises the timely pattern of activities and initiatives by which structures and processes on the organisational level as well as activities on the individual level affect subsidiary collaboration over time (Agarwal and Helfat, 2009; Floyd and Lane, 2000; Volberda et al., 2001). Crossan et al. (1999) argue that strategic renewal emerges through interrelated flows of feed forward and feed back linking the individual, group and organisational level. Through actions of feed forward, actors' intuition and initiatives are institutionalised on the organisational level. At the same time, actors are influenced by and make sense of changes of organisational-level factors such as changes to structures and processes (feed back). As actors respond, this starts a new cycle of feed forward (Crossan et al., 1999). We argue that the implementation of global collaboration among country subsidiaries unfolds through multiple iterations of these intertwined, cyclical patterns of feed forward and feed back.

Research on strategic renewal already reveals several aspects that may facilitate or hinder the interplay of feed forward and feed back. Feed forward is positively influenced when actors hold relational ties to others with alternative or diverging views, when actors have autonomy and engage in joint sensemaking with others. It also benefits from actors' resource endowment and ability to exercise power. By the same token, isolation from pressures and divergent views (for instance, through the perceived illegitimacy of these pressures) may constitute impediments to processes of feed back (Crossan et al., 1999; Zietsma et al., 2002). This implies that strategic renewal is challenged both by existing structures and capabilities but also, as Gulati and Puranam argue, by the process of strategic renewal itself that may affect whether and to which degree global collaboration becomes organisational practice (Gulati and Puranam, 2009; Leonard-Barton, 1992).

In this paper, we explore these challenges in greater detail. Specifically, we identify three forms of decoupling (temporal, strategic and operational) that inhibit strategic renewal and the establishment of subsidiary collaboration. Several reasons have led us to use Crossan et al's (1999) distinction of feed forward and feed back as an epistemic lens to make sense of the implementation of global collaboration. Soon in the data gathering process it became apparent that establishing global collaboration takes place on multiple levels of the organisation (individual, management team and organisation) and that these levels are interlinked. We therefore required a model that was capable of spanning these levels of analysis. Also, the framework has already been used in similar contexts of top-down initiated transformation processes. Finally, the framework is well established and has been used in recent empirical studies on strategic renewal (Crossan and Berdrow, 2003; Jones and Macpherson, 2006; Zietsma et al., 2002). In the following sections we provide a chronological overview of strategic renewal at GSS and then discuss the three challenges in greater detail.

Global collaboration as strategic renewal at GSS

We draw on longitudinal data from Global Service Solutions (GSS), a business unit of a large IT conglomerate, ITSC. GSS offers maintenance and enhancement of business software applications (especially SAP and Oracle) to internal and external customers. GSS was formed in 2005 with the aim of becoming a unified and integrated global unit. Before the transformation effort described in this paper, application maintenance had been handled as purely local business, run autonomously by country subsidiaries. Country units operated in a global matrix structure reporting to local ITSC management as well as GSS global headquarters. Following rapid developments in the IT market and the increased feasibility of service offshoring, the parent company decided to unite its worldwide application maintenance business under one roof: GSS. Table 1 provides an overview of GSS's approach to establish global collaboration among its country subsidiaries, key strategic initiatives launched as well as the progress of strategic renewal and global collaboration over time.

Our analysis focuses on the period from June 2007 (T0) to November 2008 (T4) during which GSS underwent significant strategic renewal to foster collaboration among the various country units. In June 2007, the CEO of GSS launched a global transformation project in order to redesign subsidiary roles. The vision presented centred around GSS as a global business unit in which customer acquisition and service provision was interconnected across subsidiaries. At this point, only the UK and Indian unit formally interacted and managed their collaboration through bilateral agreements that were similar to those used with external partners. In T1, the management team agreed that subsidiary roles should be harmonised worldwide and that it should act as either a global service centre or consulting unit. This mandate triggered strategic initiatives such as the standardisation of organisational structures and processes as well as support systems for knowledge sharing across subsidiaries. Strategic renewal was facilitated by managers' common understanding of GSS's operating structure and of the role each unit played in GSS's vision of a global business unit. Consequently, the German and US subsidiaries shifted their service provision for some clients to the Indian and Russian subsidiaries.

However, in April 2008 (T2) it became apparent that subsidiaries' transformations lagged behind plans. When subsidiary managers presented their local organisational structure, it became apparent that, apart from labels, their organisations had largely been unchanged. Subsidiary managers complained that structural changes to their local organisation required significant investment with little immediate benefit. In the meantime, headquarters had already begun to launch additional initiatives to take advantage of the new strategy, increasing the number of ongoing change projects to

Table 1. Overview of change initiative

	Critical events	Key initiatives	Strategic renewal	Global collaboration
T0 Integration *June 2007*	– CEO presents need for change and vision of global collaboration to subsidiary heads	– Global management meetings initiated – Global project to re-design subsidiary roles	– Units differ in strategic focus, structure and operations	– Low level of collaboration – UK partly sources services from IN
T1 Harmonisation *Oct. 2007*	– Subsidiaries mandated to change into global service centre or consulting unit	– Standardisation of structure and operations across subsidiaries – Support of knowledge-sharing among subsidiaries	– Units develop common understanding of roles – Expansion of global service centre IN	– Services partially shifted from DE and US to IN and RU
T2 Local resistance *Apr. 2008*	– Management meeting reveals local unit structures are mainly unchanged – Subsidiaries view investments in change as detrimental to local profits	– Stark increase in number of change projects to total of 13	– Customers unwilling to adapt unit's global standards – Harmonised org. design unfit for small units	– Quality issues in IN – Existing customers reluctant to shift services to IN and RU
T3 Re-focusing *June 2008*	– Stop of all change projects not focused on efficiency or sales	– Benchmarking with outside competitors	– Standardisation of service procedure across units	– Units collaborate to jointly win new clients
T4 Selective collaboration *Nov. 2008*	– Global harmonisation of targets to increase incentives for collaboration	– Globally-orientated targets assigned to all unit heads	– Small units NL and AU withdraw from global effort	– Large units GB, US, DE source from IN and RU for some clients – Global sourcing offered for all new clients

13. Without adequate structures in place, however, these projects lacked the necessary foundations and thus strategic renewal seemed to falter. Smaller units in particular struggled to adapt their organisation to blueprints that made sense only for larger subsidiaries. Customers were reluctant to allow services to be delivered from abroad and issues with service quality in the Indian unit challenged relationships with those customers who had agreed.

The multitude of ongoing change projects in T2, their lack of impact and the financial consequences of a worldwide recession led GSS management to rethink strategic renewal. June 2008 (T3) saw a refocusing of the transformation effort in which all initiatives not directly linked to increasing operational efficiency or increasing sales were stopped. Additionally, a benchmarking exercise with major competitors aimed to help identify opportunities for savings. Structural changes at subsidiaries started to take effect and standard processes were successfully introduced across country subsidiaries providing new momentum to strategic renewal. Subsidiary managers' focus shifted from collaborating on existing service provision towards engaging in joint bidding processes to win new clients. However, country unit heads faced conflicting interests based on differences in targets given by their local bosses and GSS headquarters. By November 2008, targets were harmonised in order to enhance incentives for subsidiaries to collaborate. The CEO arranged meetings with all unit heads to agree individual targets. While larger units merged to the new modus operandi, two small subsidiaries, the Netherlands and Austria, withdrew from the global model. By the end of 2008, global service delivery was proposed to all new clients. For a large part of the existing client base in the UK, US and Germany, services were sourced from India and Russia.

Case Vignette 1 gives an impression how the CEO and a team of country unit heads initiated the new collaborative strategy by defining the future role for different country units. In the following sections, we analyse in greater detail the challenges that occurred in the process of strategic renewal by differentiating three types of decoupling (temporal, strategic and operational).

Case Vignette 1: Global collaboration as a strategy at GSS

When the CEO took office in 2005, he noticed that GSS had not followed industry trends such as standardisation and offshoring that had become the operating models of major competitors. In essence, GSS's core business, the maintenance of IT applications, was still a local full-service business with employees working for particular local clients, fixing all issues regardless of difficulty. The CEO realised that strategic deployment of simple tasks to low-cost locations could free up resources in high-cost countries, which could be used to sell high-priced consulting services. He invited representatives of all country units to discuss the integration of their units' operations into a global business unit. The heads of large country units like Italy and France declined the invitation with reference to their preferred autonomy. The CEO was not unhappy about some countries' exclusion as power struggles between few large countries could be avoided. In total, 10 country units together formed the global business unit GSS. Among those, the UK and Germany were by far the largest, together accounting for more than 80 per cent of the global units' revenues. Other country units included Russia, India and Argentina, where wages for IT professionals were lower, providing potential for efficiency gains through offshore delivery. The management team further consisted of managers heading the newly-formed HQ departments for financial management, global human resources and global operations management. At the first two meetings, the team discussed the outline of the new globally-integrated operating structure. The plan was made to divide country units into two categories of subsidiaries: "international production centres" (IPCs), centralised locations for standardised work for all units, and on the other hand customer-centred "consulting organizations" (COs) focused on customised local services. The global CEO laid out his vision to industrialise operations, an initiative that would dominate the business units' agenda for years to come.

The strategic rationale for the new structure was to create interdependency and collaboration between subsidiaries. IPCs would benefit from economies of scale in low-cost operations, while COs would have high-skilled resources available to fulfil client-specific requests at premium prices. It was further expected that the strategic links between COs across countries would increase the significance of knowledge located in other units, which would lead to exchanges and collaboration on customer acquisition. The international management team consisting of roughly 30 managers continued to meet every three months in a different country organisation to discuss strategy implementation and decide on new actions.

Challenges in establishing a collaborative strategy at GSS

In 2009, GSS's management intended to assess to what degree the objective of becoming a global business unit had been reached. While it was not expected that all country subsidiaries interacted internationally in all operational areas, the degree to which subsidiary managers were connected globally was believed to be an indicator for the global perspective within the business unit. In a global survey, managers indicated their frequency of interaction (Appendix 1). While the data shows a slight average increase in collaboration, a closer look reveals that interactions increased only in a few countries. The data indicates that five subsidiaries engaged in collaboration while the remaining units stayed at the initial base line level. The analysis reveals that the initiative aimed at establishing linkages between subsidiaries and at fostering global collaboration was hindered by three main challenges: temporal, strategic and operational decoupling. These challenges had their roots partly in the process of strategic renewal but also in the existing organisational context. For each form of decoupling, we describe the implication for strategic renewal as well as subsidiary collaboration.

Temporal decoupling

The transformation of GSS was enacted primarily top down by headquarters, leaving the actual implementation to subsidiary managers and employees. We define temporal decoupling as the time lag between the actions of actors in an organisation and the reception of feed back from these actions. In the context of global collaboration at GSS, data suggests temporal decoupling between HQ's actions in affecting strategic renewal and the reactions received from subsidiaries about the local consequences of these actions. In the course of the transformation project, HQ's actions seemed to be decoupled in time from subsidiaries' contributions and reactions to the change effort. For example, HQ launched the first projects in T0 in an attempt to harmonise GSS's business model. However, while HQ had already considered these projects to be a success in T1 it was only in T2 that subsidiary managers raised the issue of misalignment and it became apparent that the global structure was less harmonised than assumed. We identified several drivers for the emergence of temporal decoupling between HQ and subsidiaries in the process of strategic renewal: HQ vs subsidiary roles, the heterogeneity of subsidiary contexts and impeded communication between HQ and subsidiaries (Table 2).

HQ and subsidiaries assumed separate roles during the transformation process. HQ attempted to involve subsidiary staff already in the project design phase. However, after projects were "rolled-out" to country units, these were left largely on their own with the local implementation of changes. Roll-out thereby meant a simple handover of documentation to subsidiaries (e.g. project blueprints). For country units, this meant they had to simultaneously handle the co-design of new projects and the implementation of current ones. The case shows that while subsidiaries were still struggling with the implementation of the first tranche of projects, HQ had already begun the design of further initiatives and was pushing for collaboration on these.

However, subsidiaries significantly differed in their ability to cope with these two tasks. This can partly be explained by existing organisational differences between country units. On the one hand, these differences were related to factors such as size, existing roles and structures and customers affecting the effort required to implement projects. On the other, differences in the degree to which prior projects had been completed either enabled or inhibited the adaptation of subsequent projects. An additional factor marking differences among country units is based on

Table 2. Drivers of temporal decoupling

Driver	Description	Implication
– HQ and subsidiary roles	– HQ manages the launch of initiatives over time – Subsidiaries are involved in the design and implementation of these initiatives	– HQ is ahead of the game – Subsidiaries struggle to keep pace – HQ and subsidiary activities in strategic renewal are offset in time
– Heterogeneity of subsidiaries organisational context	– Subsidiaries differ in structure, size as well as customers – Degree of implementation of new 'global structure' differs across subsidiaries	– Country context influences subsidiaries ability to cope with project design and implementation at the same time – Non-compliance with 'global structure' delays implementation of subsequent initiatives
– Impeded communication between headquarters and subsidiaries	– Feed back from countries to headquarters is inhibited – CEO did not accept delays in the implementation of initiatives	– Open subsidiary feed back is discouraged in management meetings

units' contribution on projects in the design phase. Country units that were strongly involved in co-designing projects had the opportunity to consider their own status quo and requirements. This positively influenced subsidiaries' ability to implement these changes. These factors made the situation easier for large country units, with potentially more available resources for global projects.

Finally, temporal decoupling was increased by the governance of the change initiative, manifest in impeded communication, which caused distortions to the feedback loop from countries to HQ. Formally, managers could use status calls and face-to-face management meetings to increase alignment. However, the CEO consistently emphasised the importance of a positive atmosphere concerning the transformation. Being rather task-orientated, the CEO accepted no excuses for delays in implementing projects and country unit heads were held responsible. These in turn responded by covering up delays or by implementing projects only at the surface level in order to display timely implementation. At management meetings, moderation techniques were used to block negative feedback and isolate unit heads who raised issues regarding the transformation.

Temporal decoupling impeded strategic renewal directly and indirectly. As a direct effect, it influenced country units' involvement in the renewal process. Indirect effects on strategic renewal emerged through the measures used to cover up temporal decoupling. Subsidiaries' ability to jointly engage with HQ in strategic renewal depended on HQ and subsidiaries' involvement in each others' actions and issues. Management team meetings were used to launch projects and discuss progress. However, HQ's decisions were frequently made beforehand without involvement of subsidiaries. Some subsidiary heads had prior knowledge due to more frequent and more personal exchange with HQ managers. Other unit managers seemed disconnected. Furthermore, HQ's "zero tolerance" regarding delays hindered subsidiary heads from providing feedback from their experience in the implementation, which impeded a controlled refinement of the effort for strategic renewal. In effect, a false impression was created that strategic renewal was on its way when in fact it was not. Despite the fact that the transformation effort was intended to harmonise subsidiaries in their set-up and operations, profound differences remained among subsidiaries despite apparent harmonisation at the surface level.

Temporal decoupling likewise affected subsidiary collaboration. Because of their disconnectedness, subsidiaries were at different stages of the strategic renewal process. While some subsidiaries had already implemented projects, such as the global operating model, others lagged behind. At the top management level, subsidiaries' silence about lagging created a wrong sense of alignment. In organisational charts exchanged with management, common labels were used, which signalled adaptation to global standards. In reality, however, the local organisation and responsibilities had not changed. When subsidiaries intended to collaborate on an operational level, employees were faced with different structures, roles and responsibilities in other units. This variance inhibited operational collaboration. The following Vignette 2 gives an impression of temporal decoupling in the design and implementation of GSS's new operating model.

Case Vignette 2: Temporal decoupling – The future mode of operations

During the first months after the initiation of the new global business unit, the major focus of the CEO and his team at HQ was to lay out the foundations of global collaboration by defining the "future mode of operations". The descriptions of parts of the operations were to be authored by members of the international management team, while the project office and design authority was with the department of organisational development at headquarters. The CEO paid special attention to this project as it would define the very foundations on which the global organisation would operate. However, the appointed project manager was soon disappointed when he realised that contributions from country unit heads passed the deadlines or were of insufficient quality. The CEO pushed for prompt completion and once the raw version of the organisational set-up had been defined, he approved the structure for global roll-out. Countries then had to switch to the new model. While for managers at HQ, projects were considered "finished" when the blueprint was described in PowerPoint files, for unit heads this marked only the beginning of the adaptation of their business. Thus, while country units were embarking on the real effort of organisational change, the CEO and his HQ team were launching the next set of projects. These were based on the organisational set-up described in the "future mode of operations" and would define operational standards and tools to be used across countries. As in the first set of projects, unit heads were expected to contribute and provide input and feedback to the plans. However, for them contributing was difficult since it meant another task on top of managing their daily business, and changing the fundamentals of their organisational set-up. Hence, country unit heads found it difficult to keep track of new projects and some only learned about project outcomes when the final documentation was sent out for operational implementation.

Strategic decoupling

We refer to strategic decoupling as a misalignment between the strategy of HQ and that which was pursued by country units. In the case of GSS, differences existed between HQ's globally-orientated strategy of collaborative business and the strategy pursued by country units, which were mainly concerned with local performance. For HQ, global collaboration was seen as a strategy to reduce costs, increase customer responsiveness and also to become en par with major competitors in the industry. The implementation of a global structure in T0 was a first step to reduce heterogeneity and facilitate co-ordination across intra-organisational boundaries. Country units, on the other hand, focused on their local customers and the demands from their local markets. Nevertheless, collaboration constituted an opportunity for subsidiaries for additional business, as well as synergies in the acquisition of new clients. The common effort for strategic renewal towards global collaboration thus provided an umbrella under which both HQ and country units were united with a common strategy. However, we argue that this common strategy did not prevail in practice and that the strategies of country units and of HQ were decoupled from each other. This means that both parties pursued different interests and used different means to reach their objectives. The data indicates that strategic decoupling at GSS emerged due to process and organisational-level governance issues (Table 3).

An important reason for strategic decoupling was the initial difference in priorities of HQ and subsidiaries, resulting in diverging strategic objectives. At the beginning of the transformation, local subsidiaries were guided by locally-orientated targets, which included incentives for managers to increase revenues and ensure a high utilisation of employees. However, some of these objectives stood in contrast to actions in support of global collaboration. Shifting work from one country unit to a subsidiary in a low-cost country decreased utilisation. Also, as some subsidiaries were transformed into a dedicated service provider for other subsidiaries (IPCs) based on the new model, these subsidiaries had to stop providing services for the local market. Thus, while on the surface level subsidiaries seemed to support the strategy of global collaboration, in practice the objectives of HQ and subsidiaries diverged, resulting in strategic decoupling.

Another important driver of strategic decoupling was HQ's governance approach of the transformation process itself. By propagating the strategy for global collaboration, HQ exercised its global governance role as the new strategy focused on fostering overall performance rather than country unit performance. This meant that a negative result in one subsidiary was acceptable if that was what was required to achieve a higher profit in another. For country unit heads, however, local numbers and local success were regarded as indicators of their units' and their own performance. Thus, subsidiary managers' formal obligations based on HQ's global governance differed from their perceived responsibility for their local business. Therefore, a major element of HQ's strategy was for itself to become an active element in the co-ordination of cross-subsidiary activities. For HQ, establishing subsidiary collaboration already constituted an objective of its own. In contrast, country units' interests did not only lie in the possibility of collaborative business but in the benefits obtained from it.

Potential synergies leading to short-term benefits were an important incentive for country units to engage in the collaborative effort. Initially, however, GSS did not succeed at creating significant short-term benefits for country units and thus decreased subsidiaries' motivation to invest in the transformation effort. These investments predominantly consisted of subsidiary employees being assigned to the initiatives launched throughout the process. Instead, country units tried to avoid commitments to resources, for several reasons. On the one hand, subsidiaries could not be sure whether their resource investments would be reimbursed with HQ funds and on the other, resource commitments to global projects distracted efforts from local pain points. Given this dilemma, free

Table 3. Drivers of strategic decoupling

Driver	Description	Implication
– Diverging objectives of headquarters and subsidiaries	– HQ focus is to drive down cost and establish a strong governance situation – Subsidiary focus is to deliver customer projects	– Initially, local targets did not provide incentive to engage in collaborative strategy
– HQ governance of transformation process	– HQ tried to achieve synergy between subsidiaries – Losses in one subsidiaries were accepted if they resulted in higher profits in another	– Global collaboration was only partly considered a strategic priority by subsidiary management
– Lack of short-term subsidiary benefits	– Resource commitments to change initiatives is considered trade-off with local business	– Subsidiaries willingness to assign resources to the transformation effort decreased – Subsidiary free-riding on project implementation

riding became an issue so that some country units avoided investments in global projects but aimed to join in the collaboration once the global structure had been established.

Harmonisation of strategic objectives among subsidiaries and headquarters was a major part of strategic renewal. However, the data indicates that until T4 the harmonisation of the strategies of HQ and country units was a major challenge; their strategies remained decoupled. This affected strategic renewal, as the intended standardisation and harmonisation of subsidiaries' operations only remained on the surface level. Also, strategic decoupling influenced collaboration in that it marked the absence of common objectives. While country units and HQ were in agreement about the potential benefits of collaboration, the absence of short-term benefits for subsidiaries and the immediate resources required to attain these benefits negatively influenced units' adherence to global strategy. Thus, in daily operational practice, strategies of HQ and country units differed. Case Vignette 3 illustrates these tensions with the example of the introduction of a standardised ticket tool as part of the transformation project.

Case Vignette 3: Strategic decoupling – The standard ticket tool

A core element of GSS's new operations was the use of a standard ticket tool across country units to track customer requests. In all countries, customer requests are entered into a software tool and forwarded to an expert. The software further tracks work progress and costs. While this procedure was largely followed by all country units, the various tools in use differed in functionality and were largely incompatible with each other. For GSS, shifting to one single ticket tool for all country units meant that tasks could more easily be transferred from one country to another. Hence the global CEO gave the directive that all new contracts would have to use "Ti2L", software that was developed and already used by the German unit. Additionally, existing customer contracts were to be switched to Ti2L. However, for many country units, the ticket tool functioned as operational interface to customers. Customers also used the monitoring features of the software to observe progress and be alerted about unresolved issues. Ti2L did not incorporate all features of currently used tools. Thus, for some existing customers, switching to Ti2L meant a reduction of the amount of transparency. Furthermore, country units of GSS had to bear the costs associated with the implementation of Ti2L. While unit heads recognised that Ti2L would facilitate access to capabilities of other units, local customer satisfaction and financial results would be negatively impacted. Consequently, the US country unit head informed the global CEO about customers' dissatisfaction with Ti2L and argued that its implementation threatened an important contract extension. The UK country unit head reported that Ti2L licensing costs would significantly reduce local profits. Current software used was in many aspects more advanced and long-term agreements with customers made an immediate switch difficult. The global CEO, however, did not accept any objection against the use of the global standard ticket tool and continued enforcing its global adaptation despite negative impacts on country units.

Operational decoupling

Operational decoupling refers to disconnects between the actual collaborative practice of country units and the way the transformation effort of GSS was set up. Due to operational decoupling, strategic renewal partly remained a theoretical exercise. At GSS, collaboration among subsidiaries occurs on two levels: strategy implementation and operational practice. Strategy is implemented through the joint work of employees from various country units on strategic projects. These projects were intended to facilitate collaboration on the operational level. Operational coupling refers to a tight integration of strategy implementation and subsidiaries' daily operations. For example, in a customer service environment, employees would introduce questions about customer satisfaction during their daily interactions, following a strategy for increased awareness for customers' needs. In contrast, operational decoupling refers to a disintegration of strategy implementation and daily operations. Only some of GSS's projects were finished and turned into organisational practice (see Appendix 2). Most projects remained in an intermediate state of completion and decoupled from daily operations and were rather theoretical exercises. We identified two drivers for the emergence of operational decoupling: deviation from existing practices in the process of strategic renewal and the heterogeneity of subsidiary contexts (Table 4).

The deviation from existing practices in the process of strategic renewal was an important antecedent of operational decoupling. Before the start of the transformation effort, subsidiaries had operating processes for customer interaction and service provision in place. The procedures and software used fit customer requirements and suited subsidiary preconditions such as subsidiary size and organisational structure. When GSS designed the new global service standards they did so by using standards largely based on the German country unit. While GSS intended to combine "best practices" of all countries, merging different processes was intellectually challenging and often, in the case of different proprietary software, not feasible. As a result, existing practices of subsidiaries were largely not part of the final standard operational blueprint. This meant that the standard model country units had to introduce significantly deviated from their existing organisational practices. In the implementation phase, unit heads were asked to assess differences between the current and the future operating model and implement the model by taking appropriate measures to overcome their particular deviations.

However, this was not a straightforward task due to differences in the existing organisational heterogeneity of subsidiaries in terms of size, organisational set-up (roles, responsibilities) and use of existing practices. During the transformation effort, GSS realised that because of these differences the intended degree of standardisation between country units could not be realised. HQ assumed that each subsidiary would find a way to align the new strategy with ongoing operations. For strategic renewal to be successful, daily operations eventually have to reflect strategic intentions. However, subsidiaries only partly succeeded due to the reasons explained above. In the GSS case, operational practices remained disconnected from efforts of strategy implementation.

Operational decoupling influenced strategic renewal significantly in that collaboration at GSS remained divided into two separated streams: project level collaboration as part of the transformation effort and the actual (intended) operational collaboration in customer projects. Employees from different subsidiaries collaborated in the design of strategic projects but this co-operation was distinct from employees' operational tasks, which largely remained focused around local subsidiaries. Particularly the larger subsidiaries such as Germany and UK engaged in operational collaboration with units in India or Russia. Smaller units opted out (see Table 1). The operational decoupling of strategy implementation and collaboration among subsidiaries hindered the emergence of sustained

Table 4. Drivers of operational decoupling

Driver	Description	Implication
– Deviation from existing practices	– Disintegration of strategy implementation and daily operations – Standard operating model widely deviates from existing practices in country units	– Strategy implementation widely ignores existing practice and experience
– Heterogeneity of subsidiaries organisational context	– Subsidiary context (customers, size, etc.) made adaptation to global model necessary – Subsidiaries were struggling to link current operations to new strategy	– Subsidiary operational practices remained disjointed from intended operating model

collaboration among a larger group of subsidiaries. Case Vignette 4 illustrates this disconnect on the example of a standardised procedure for fulfilling customer requests.

Case Vignette 4: Operational decoupling – Standardisation of incident handling

GSS aimed to create global standards as a means to facilitate global collaboration. One of these standards was concerned with the process of how incidents in the customers' IT systems were resolved, a core element of GSS's services. A team was formed in the Indian unit to design a "best practice" approach for incident resolution. While the team received documentation from country units describing their current processes, it faced the challenge of identifying advantages of the different approaches. Since the solution should not be tailored to a particular country unit, the team decided to base its standard model on the "target mode of operations", which described the global standard for operations. Additionally, the standard process was to be based on the ticket tool Ti2L, the designated standard software for the resolution of customer requests. For the project team, gathering further information was difficult. Business trips to different countries to gather more profound information were complicated due to visa and cost constraints. Country units had only hesitatingly adapted the standard operating set-up. Furthermore, as described in Vignette 3, country units were slow to adapt the global standard ticket tool. While a global standard for the resolution of customers' incidents would mark a step towards global standardisation, its success depended on the adaptation of other global standards. The project, led by an expatriate manager, lasted over a period of nine months and resulted in significant cost. The result, however, was a set of conceptual charts, which described a process deemed "global standard", but which were decoupled from the operational reality of the country units.

GSS response to challenges of global collaboration

One year into the process of strategic renewal, the global CEO realised that the transformation effort, the harmonisation of subsidiaries' structures and processes as well as the degree of collaboration, had not progressed satisfactory. However, HQ did not try to resolve the three types of decoupling directly. Rather, HQ took several measures which indirectly reduced decoupling but resulted in some subsidiaries becoming isolated. These measures included the foundation of a core group reducing temporal decoupling, global targets reducing strategic decoupling and budget cuts for projects reducing operational decoupling. In the eyes of the CEO, the costly international management meetings of all subsidiary heads had done little to drive the change process. For the CEO, these meetings had become a platform for communicating changes rather than for shaping the future organisation. As a consequence, international management meetings were replaced by regular meetings of a "core group" consisting of six managers from HQ and selected unit heads regarded by the global CEO as "core countries". This practice reduced temporal decoupling among core countries by providing a forum where the CEO and headquarters openly discussed intentions for future actions. Furthermore, the reduced number of core subsidiary heads included facilitated timely exchange of information. On the other hand, the new meeting structure increased temporal decoupling of non-core subsidiaries. Unit heads had to rely on formal communication from HQ rather than informal exchanges at the management meetings. Furthermore, the change of management meetings to meetings of a core group led to a decrease in collaboration among country units as non-core country units became largely excluded from project work. The isolation of some unit heads at management level sent out negative signals to the local organisation regarding the units' international integration.

Managers at HQ noticed that subsidiary heads' incentives created conflict between local and global interests and that their units did not follow a globally harmonised strategy. As a consequence, in T4 HQ introduced a balanced scorecard, in which global targets were broken down to subsidiary level. Based on a set of key performance indicators, country unit heads were given targets, to be reviewed quarterly. This practice reduced strategic decoupling in that local objectives were tied to global objectives. However, subsidiaries used a number of different criteria to calculate indicators, leaving some leeway for country units to continue to pursue their own interests. In addition to global targets, country unit heads received targets from their local divisional CEO, which in structure and content differed from the given global objectives. Two smaller country units rejected the tight governance of the global organisation and opted out of subsidiary collaboration. For the remaining, the targets provided incentives for increased collaboration with other subsidiaries. Some HQ projects operated in isolation from existing practices and the operational reality of subsidiaries. These projects were completed but were too abstract to be useful for the organisation. As a consequence, the CEO initiated budget cuts for projects. This meant that projects were not given a separate budget but had to be financed by subsidiaries or by employees working on projects in addition to full-time operational responsibilities. The assignment of project work to employees with operational responsibilities reduced operational decoupling in that projects became integrated into daily activities of the organisation. However, few unit heads were interested in sparing resources for global projects, because in the absence of global budgets, country units had to cover the costs themselves. As outlined above, these investments were easier to bear for larger country units than for smaller ones. Thus, decoupling was reduced for larger units while smaller ones became increasingly isolated from project work. The budget cuts for projects thus indirectly reduced the influence that smaller subsidiaries had on defining the structure of collaboration. As a consequence, the set-up for collaboration became centred on the needs of larger subsidiaries, a process which decreased the suitability of the design for smaller country units.

Discussion

The case of GSS provides a longitudinal account of strategic renewal with the objective to establish global collaboration among country units in a multi-national enterprise. The case shows that establishing global collaboration among country subsidiaries is not only a question of harmonised processes and structures alone. Significant challenges arose in the form of temporal, strategic and operational decoupling that had its roots in the process of strategic renewal itself as well as in pre-existing organisational characteristics. The deliberate attempt to create strong bonds between country units and to establish a global headquarters had significant side effects that decoupled HQ from subsidiaries leading to diverging strategic foci. This made the new strategy a rather theoretical exercise void of operational realities. Country unit heads were torn between local business and global goals. With the transformation effort eventually steered by a small group, many country unit heads found themselves excluded from the flow of information. The lack of short-term benefits and the conflicts between local customer wishes and new global standards further impeded the adaptation of project outcomes. A remarkable example is the superficial adaptation of the global business model. As all projects were built on the premise of these common standards, which de facto were not organisational reality, this decreased the usefulness of subsequent projects. The three forms of decoupling identified in this paper make several insightful contributions to research and practice. Table 5 provides an overview of the definition of the three forms of decoupling along with their description and their implications for strategic renewal as well as for global collaboration.

Implications for research

This paper provides insights into the process of strategic renewal by showing how global collaboration of country units unfolds over time through the interplay of processes of feed forward (HQ initiatives and projects regarding structure and standardised operations) and feed back (country units' and HQ's reactions). The notions of temporal, strategic and operational decoupling have several implications for research on the process of strategic renewal as well as the growing literature on global collaboration.

Table 5. Summary: decoupling in the process of strategic renewal

	Temporal decoupling	Strategic decoupling	Operational decoupling
Definition	– Time lag between a unit's actions and the reception of feedback from these actions.	– Misalignment between the strategies pursued by headquarters and local country subsidiaries	– Disconnect between the actual collaborative practice and the way the transformation was set up
Origin	– Strategic renewal process	– Strategic renewal process – Initial organisational context	– Strategic renewal process – Initial organisational context
Effect on process of strategic renewal	– Decreased subsidiaries involvement in strategic renewal – False HQ impression of status of transformation	– Standardisation only on surface level – Harmonisation of subsidiary and headquarter strategic orientation is not achieved	– Daily operations do not reflect strategic intentions – Existing business did not allow immediate testing in practice (remains potential)
Effect on subsidiary collaboration	– Increasing organisational differences between subsidiaries inhibit collaboration	– Subsidiaries do not buy into global model – Absence of short-term benefits inhibits collaboration	– Subsidiaries collaborated in change initiatives but not in customer projects
Managerial implications	– HQ as moderator of subsidiary feed back – Institutionalised meetings – Mindful patterning of strategic renewal required	– Target agreements of subsidiaries need to reflect non-collaborative business – Ensure business case of global collaboration	– Strategy implementation needs to build on existing collaborative practice – Alignment of process with local situation

First, our findings enhance theory on the process of strategic renewal by pointing out the temporal dimension in Crossan et al's model. Temporal decoupling describes the time lag between initiatives and activities (feed forward) and organisational-level feed back processes. The cycle of feed forward and feed back learning is the cornerstone of Crossan et al's (1999) framework. Implicit in this model is an inherent temporal gap between feed forward and feed back. However, so far this has not been the subject of explicit research attention. The findings presented in this paper indicate that feed back is not (only) a "property" of institutionalised elements on the organisation level, but more a capacity on the individual and group level to make sense of the new situation and anticipate how it affects ongoing strategy implementation. Our findings suggest that temporal decoupling predominantly originates in the characteristics of strategic renewal itself. Actors in organisations differ in their propensity to construct feed back and take responsive actions as a result of their individual position, access to information or political interests. This suggests that the processes of feed forward and feed back are not only sequential; they take the form of cascades, which are offset in time but still influence subsequent cycles of feed forward and feed back. The GSS case reveals that these temporal dynamics (Gersick, 1994; Pettigrew et al., 2001) have consequences on strategic renewal in their own right. In the course of the transformation effort, the feed forward and feed back loops of headquarters and country units became decoupled from one another, making it difficult for country units to influence the course of strategy implementation.

Second, our findings also contribute to Zietsma et al's (2002) work on influencing factors of strategic renewal. They use the metaphor of a "legitimacy trap" to describe situations in which processes of feed back are inhibited because actors do not consider existing practices or initiatives to be legitimate. The notion of operational decoupling further contributes to this argument. Operational decoupling is the result of HQ's failure to draw on and engage with existing collaborative practices that had emerged along the existing heterogeneity of customer demands, structures and processes on subsidiary level. Thus, operational decoupling is influenced both by the initial organisational context and the process of strategic renewal itself. This quasi "ignorance" with regards to existing practice puts the applicability of strategic initiatives for subsidiaries at risk and eventually decouples actual and intended practice. In other words, similar to Zietsma et al's argument, operational decoupling inhibits processes of feed back which would give rise to learning processes on subsidiary and HQ level necessary to support strategic renewal.

Third, we contribute to prior research which shows that the process of strategic renewal in organisations inevitably creates inconsistencies and rifts in the organisation that might (temporarily) negatively influence the effects of organisational change (Gulati and Puranam, 2009). Temporal, strategic and operational decoupling describe the centrifugal forces that are inherent in change processes in large multinational organisations and which make it difficult to harmonise governance, operations and structures across national and intra-organisational boundaries. In this respect, decoupling of headquarters and country units in its various forms provides new explanatory means to understand strategic renewal in multinational enterprises. The three forms of decoupling help to better understand the inconsistencies in the "lived practice" of organisations as a result of large change initiatives and the tensions with pre-existing organisational characteristics such as local targets (Agarwal and Helfat, 2009).

Fourth, the notion of strategic decoupling has implications for research on the role of governance in enabling subsidiary collaboration. Similar to operational decoupling, strategic decoupling originates both in initial organisational characteristics (for instance, subsidiary targets) and the process of strategic renewal itself such as the lack of short-term benefits for subsidiaries to engage in collaboration. Extant literature primarily highlights the importance of an international management team with a shared vision, aligned strategic objectives for collaborative business and clear incentives in order to realise collaborative strategies (Ghoshal and Bartlett, 1989). On a more detailed level, research shows that high-performing intra-organisational collaborations are often initiated by local units rather than headquarters. This implies that a governance approach that allows collaboration to be driven bottom-up by subsidiary or business unit heads seems to result in a higher motivation to collaborate and in more extensive learning efforts of actors involved which foster successful collaboration (Martin and Eisenhardt, 2010). Our findings provide further detail to this line of argument. We argue that an MNE's governance approach needs to be responsive to two factors in order to avoid strategic decoupling: the process-level challenges in establishing subsidiary collaboration and the actual collaborative practice of subsidiaries. Our analysis reveals that HQ's top-down approach negatively affected subsidiaries' motivation to collaborate. In GSS, HQ governance stretched to the very details of subsidiary operations by making intra-organisational collaboration mandatory, irrespective of local conditions (such as customer expectations and business needs). Considering the significant resource commitment demanded from country subsidiaries, this suggests that governance of strategic renewal needs to ensure both short-term benefits of collaboration as well as the long-term alignment of organisation-level and subsidiary-level objectives. This is in line with recent research that highlights the importance of short-term subsidiary performance for the adoption of new practices (Lee et al., 2010). The challenge for subsidiaries and headquarters alike is to clarify and orchestrate the relationship of local responsibility on the one hand and the potential "global" or organisation-level impact of local activities on the other.

Implications for practice

Our case analysis reveals three fundamental challenges in GSS's attempt to establish a collaborative strategy: temporal, strategic and operational decoupling of headquarters and country subsidiaries. Based on the case study presented above, we take the perspective of headquarters and provide suggestions for practitioners on how to mitigate the adverse effects of decoupling in strategic renewal (for a summary see Table 5).

Temporal decoupling refers to time lags between activities and the respective feed back for different parties in the organisation. These time lags prevent units from contributing local requirements to the transformation process; with severe consequences, as our case analysis illustrates. To avoid temporal decoupling, it is essential for headquarters to not only steer strategic renewal in terms of launching projects and monitoring progress but, in addition, assume the role of a moderator of country units' feed back. This insight has several implications for how the process of strategic renewal is managed. On the one hand, it refers to institutionalising meeting structures that provide subsidiaries with the opportunity to bring local requirements to the table. On the other, moderation can be considered a guiding principle for strategic renewal. For HQ, it provides the possibility to mediate the interplay of centrally-initialised projects, local requirements and the time needed to implement changes.

Strategic decoupling leads to a misalignment between the strategies pursued by headquarters and the various country subsidiaries. Our findings confirm the importance of a clearly aligned and communicated approach to strategic renewal. However, strategic renewal of MNEs is essentially decentralised and happens in local subsidiaries. Country units make sense of a new strategy in the light of their specific business requirements. Thus, the implementation of global strategies is in essence a local effort that provides a nourishing ground for strategic decoupling. This has significant implications for the role of headquarters. A strategy of inter-unit collaboration is not an end in itself. For subsidiaries, it is rather a forum, which potentially facilitates access to globally-dispersed capabilities, unutilised capacity or to leverage comparative advantages such as production and labour cost. It is the contribution to company performance that finally provides legitimacy for a strategy of intra-organisational collaboration across country units. For country units, collaborative solutions are not per se superior to non-collaborative business, regardless of whether it is done with intra-organisational or with external partners. Target agreements between subsidiaries and headquarters need to take these potentially conflicting interests seriously in order to avoid strategic decoupling.

Finally, strategic renewal does not happen on a clean slate. It needs to build on and connect with existing practice. The GSS case shows that the selection of processes and standards predominantly used by the large German unit made global applicability difficult. Among country units, this created the impression of a theoretical exercise (resulting in the excessive production of slide ware) without direct business impact. To avoid operational decoupling, efforts of strategic renewal need to consider existing practice, solutions, know-how and capabilities, in order to develop initiatives that can be absorbed by country units. Collaboration is supported by standardised processes. Yet, the GSS case indicates that a "one size fits all" solution may not exist and subsidiary heterogeneity in terms of size and business mix affects the ability to collaborate and to adopt global standards.

Conclusion

Global collaboration among country subsidiaries has long been stressed as an imperative for MNEs to attain competitive advantage. However, research has so far neglected the paths taken by multinational companies to foster intra-organisational collaboration. By drawing on theory of strategic renewal as a conceptual lens, this paper seeks to contribute to this research by analysing the challenges involved in establishing a collaborative strategy. From an empirical perspective, the paper shows that the establishment of a collaborative strategy at GSS only partly succeeded. The GSS case indicates that despite HQ's efforts to globally harmonise the organisation, strategic renewal resulted in a decoupling of headquarters and subsidiaries along three dimensions: First, temporal decoupling of HQ initiatives and subsidiary feedback; second, strategic decoupling concerning the strategic foci of HQ and subsidiaries; and third, operational decoupling rendering strategic renewal partly a theoretical exercise. We argue that these factors have significantly influenced strategic renewal and eventually global collaboration among country units.

We acknowledge that the ability to generalise the findings is restricted by the fact that we rely on the in-depth analysis of a single case study. Nevertheless, such research designs can provide rich data to understand the intra-organisational dynamics involved in forming a global organisation. Research has only started to understand the strategic renewal side of collaborative strategies. More work is needed to shed light on the orchestration of strategic renewal and how units, heterogeneous in size and organisational heritage, organise to engage in collaborative value creation.

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Appendix

Appendix 1. Methodology and Data Analysis

This study uses a case study approach to illustrate and analyse the dynamics involved in implementing a collaborative strategy that eventually resulted in mediocre outcomes despite a comprehensive approach. We chose a case-based approach as in-depth case studies are most appropriate to explore phenomena that are not very well understood (Eisenhardt, 1989; Yin, 2009). GSS provides a good venue to investigate challenges of strategic renewal in respect to global collaboration, as subsidiary collaboration was at the heart of a new business model that should enable GSS to catch up with its competitors. This new business model stood in stark contrast to GSS's traditional way of operating. Exhibit 1 provides an overview of key information about the company. Our analysis of multiple sources of data, both quantitative and qualitative, included meeting minutes, project documentations, monthly project status reports, informal discussions, personal observations of the second author and a survey conducted among subsidiary heads on the initiative of the CEO to assess the degree of global collaboration (see survey results below).

Exhibit 1: The case company

GSS	Details
Industry	IT Services
Key services	Application Maintenance and Enhancement
Unit size	2,200 Employees
Time span of transformation project	2006—2009
Number of country units	10

Data access was ensured by the second author who had a non-active role in the implementation team for the period of 1.5 years (T1-T4). He took part in all management meetings during this period. The interplay of an internal and external perspective during data gathering and interpretation helped to focus the research process and critically evaluate the data (Van Maanen, 1979).

The 4I framework is used to interpret the data and make sense of the dynamics involved in organising global collaboration among the country subsidiaries of GSS and bringing about strategic renewal. We follow Crossan and Berdrow's (2003) suggestion to use Miles and Huberman's (1994) concept of data bins to analyse data. More specifically, we drew on the distinction of feed forward and feed back as the primary bins and then further analysed whether an activity or phenomenon is related to the individual, group or organisational level. For example, feed forward refers to initiatives launched by headquarters in order to establish and institutionalise global collaboration. Consequently, feed back includes reactions to these initiatives. We analysed these processes both in terms of timing and on the background of the overall transformation effort. On this basis, we identified the three challenges that influenced the establishment of global collaboration at GSS.

Assessment of global collaboration

Focusing on T0-T4, managers were asked in hindsight with how many country-units (subsidiary or headquarters) they were frequently collaborating with at each point in time. Global collaboration was assessed using a five-point Likert scale with values ranging from "local" (1) to frequent collaboration with 7-10 countries (5). Some 15 out of 23 managers (65 per cent) responded to the question. Out of these 15, 10 (67 per cent) had been present throughout T0-T4 (see Exhibit 2).

Please indicate which of the statements below best describes your organization currently:

1 = My sub-unit is entirely using local expertise to cope with our business requirements.

2 = My sub-unit frequently collaborates with one specific country to cope with our business requirements.

3 = My sub-unit frequently collaborates with two-three countries to cope with our business requirements.

4 = My sub-unit frequently collaborates with 4-6 other countries to cope with our business requirements.

5 = My sub-unit frequently collaborates with 7-10 other countries to cope with our business requirements.

Exhibit 2: Assessment of global collaboration

	T0	T1	T2	T3	T4	At time of survey
Manager 1	n/a	n/a	n/a	n/a	n/a	2
Manager 2	n/a	4	4	4	4	4
Manager 3	4	5	5	5	5	5
Manager 4	0	3	0	4	4	5
Manager 5	n/a	n/a	n/a	n/a	5	5

(*continued on next page*)

(*continued*)

	T0	T1	T2	T3	T4	At time of survey
Manager 6	n/a	n/a	n/a	n/a	4	5
Manager 7	n/a	4	4	4	4	4
Manager 8	4	3	3	4	3	4
Manager 9	2	3	3	4	4	4
Manager 10	1	1	1	2	2	2
Manager 11	5	5	5	5	5	5
Manager 12	5	5	5	5	5	n/a
Manager 13	1	2	3	3	4	4
Manager 14	3	3	3	3	3	3
Global CEO	3	3	3	3	3	3
Average	*2,80*	*3,42*	*3,25*	*3,83*	*3,93*	*3,93*

Appendix 2. Global implementation status

Projects and Initiatives	Global Implementation Status				
	T0	T1	T2	T3	T4
P1: Global Structure	0%	30%	80%	100%	100%
P2: Standard Transfer Prices		100%	100%	100%	100%
P3: Standardized Operation Processes		0%	0%	0%	0%
P4: Knowledge Management		0%	0%	0%	20%
P5: Key Performance Indicators		0%	0%	40%	40%
P6: Standardized ticket tool			50%	60%	60%
P7: Common service pool		0%	0%	0%	0%
P8: Skill Profile Framework			0%	0%	10%
P9: Six Sigma			0%	0%	0%
P10: Global Portfolio			0%	10%	30%
P11: Service Rate Catalogue		0%	0%	20%	20%
P12: Change Management and Communication		0%	30%	30%	30%
P13: Headquarters Fee			100%	100%	100%
P14: Benchmarking				100%	100%
P15: Target Setting and Appraisal					100%

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