School of Sustainable Development of Society and Technology

International Business and Entrepreneurship

Master Thesis — EFO705

The Internationalization Process of Telenor:

A Case Study of Telenor in Thailand

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Tutor: Jean-Charles Languilaire
Date: August 20, 2009
# Abstract

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<td>Conclusion</td>
<td>After the analysis of the process which Telenor developed in Thai market, we find that Telenor prefers to develop the new market that firm feels confident, like an Asian market. Then, with the increase of their experience in the foreign market, Telenor started joint venture. Due to the evolution process, in order to provide an effective way of interaction between headquarters and subsidiaries, Telenor decides to take three control modes which are hierarchy, socialization and price control.</td>
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Sincerely,
Kittiya Chanmongkolpanich
Supasana Panthong
Working Group: 2249
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<tr>
<td>Asymmetric Digital Subscriber Line</td>
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<td>Build-Transfer-Operate</td>
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<td>Communications Authority of Thailand</td>
<td>CAT</td>
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<td>General Packet Radio Service</td>
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<td>Global System for Mobile communication</td>
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<td>Machine-To-Machine</td>
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<td>Multimedia Messaging System</td>
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<td>Nokia Multimedia Messaging Center</td>
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<td>Public Company Limited</td>
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<td>United Communication Industry Plc</td>
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<td>Universal Mobile Telecommunications Service</td>
<td>UMTS</td>
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Chapter 1: Introduction

In this chapter, the background including the problem statement and the purpose of thesis will be presented. Later, this chapter presents the delimitation and target group who will benefit from reading this thesis.

1.1 Background and Problem Statement

Nowadays, the world is moving at a faster pace than ever before which affects many industries directly. To be survival in this business world, firms should prepare for good strategies, and seeks for possibility in the new markets.

One of the popular strategies that firms are familiar with is international expansion. It has become a prominent strategy that is useful to global economy for a large number of companies (Luo, 1999). Worthington (2003) agreed that “In this highly competitive market the companies are considering to enter new countries to gain advantages from their rivals either to reduce cost or as a strategy for boosting demand” (p. 466). Therefore, in order to ensure their survival, firms are urged to get into the international new markets.

However, those companies who are concerning internationalization need to understand that it is a complex process and must be cautious in each step, because some minor mistakes may lead to fatal. To gain an understanding of internationalization process, we identify two major problems or areas of concern that can be central to consider.

First, during the process of internationalization, company has to be careful in the way of choosing a suitable entry mode because it is one of the most important tasks that firm must accomplish. Indeed, one problem that comes to every company’s mind when they are expanding to a new market is about which foreign market to enter, when to enter, scale of entry, and of course the choice of entry mode (Hill, 2007). Moreover, Hill (2007) highlighted that “firms must first struggle with the issue of which foreign markets to enter and the timing and the scale of entry” (p.480). For consideration of which market to enter, company should drive from “the assessment of relative long-run growth and profit potential” (Hill, 2007, p.480). Besides, Root (1998) claimed that “it is common that managers make a mistake of using the same entry mode for each market” (p.160). This problem occurs because they had no experiences in those markets, yet much of confidence. However, using the same entry mode for all new markets will make mistake for firms. Second, firms should concern about the control of management. Since the global competition continues to increase, it becomes important for firms to sustain control over their international operations. The proper control will ensure that the firm’s strategic goals are met and contribute the standards to subsidiaries with the headquarters’ policies (Yongsun and Derick, 2004). Thus, in order to give a clear explanation for these problems mentioned above, we select Telenor to be our case study for discussing about its internationalization developing process when they started to expand in the Asian market, especially Thailand, in order to gain deep understanding and see the picture clearly about Telenor’s internationalization process. Our research problem is thus summarized as the question:

❖ How did Telenor enter Thailand?

Telenor is a leading provider of worldwide telecommunications services; the company has a strong position in Central Eastern Europe and Asian. Telenor plays the major role in Europe, and increasingly famous in Asian market. The internationalization process is started in the mid 90s; expanded to the neighboring regions and moved to Asian countries which included Malaysia, Pakistan, Bangladesh, Thailand and India. The outstanding points of Telenor were
in term of technology and in the view of transferring knowledge to new partners and markets abroad (Telenor Group, 2009). Thailand is one of the countries in Telenor’s international expansion plan. Telenor entered to Thailand by using the strategic partner in the year 2000. It agreed to purchase a 33.96% stake in a Thai company Total Access Communication Public Company Ltd. (TAC), and a 30.50% interest in its parent company United Communication Industry Public Company Limited (UCOM). This gave Telenor, directly and indirectly, the share of approximately 64.46%. Later Telenor rebranded to DTAC (Mobile News, 2009). In the early stage, DTAC could reach market share only 5% but after the time passed, it earned up to 43% and has become the second largest service providers in Thai market (Wireless Technology, 2009).

Connecting this information background with the problem raised above leads us to two main research questions to describe the internationalization process of Telenor in Thailand:

- In which way of entry mode did Telenor select for entering Asian market especially Thailand?
- How did Telenor control its international operations while entering to Thailand?

1.2 Purpose

The purpose of this thesis is to describe the internationalization process of Telenor in terms of entry modes and management of control. While reading this thesis, readers will be acknowledged more about the appropriate process that Telenor applied to Thailand. Moreover, the suitable control to manage Telenor’s international operation in Thailand is also shown herewith.

1.3 Target Group

This research provides in-depth information of internationalization process by showing the case of Telenor when the company was expanding to Thailand. Thus, this research is profitable for companies who require relevant knowledge. It is also beneficial for researchers and students who are interested in internationalization process strategy in telecommunications industry. Additionally we intend to provide some useful information to any corporations who need more of knowledge before entering to the Asian market, especially Thailand.

1.4 Delimitation

According to our method of data collection, the limitation is mostly of data collection from Telenor’s website. Because Telenor is the large international company, it has to take more time to collect all of the data about its international expansion. Thus, we have to select only its expansion data in Asian market, especially Thailand, to generate understanding about its process.
Chapter 2: Theoretical Framework

In this chapter, we will introduce the reader to the literature that is used to answer the purpose. Our goal is to carry out the understanding for what entry modes are, followed by a presentation of organization structure process. Finally, we will present how these processes assist the company to increase market share.

2.1 Theoretical Framework

The way to choosing appropriate literature will be useful for answering and analyzing the empirical case (Fisher, 2007). The conceptual framework shows the theories we have used: the international model which is Uppsala Model, entry model and the mode of control. Since we are trying to find the internationalization process of Telenor, we focus on relation among the concepts that will be used throughout the paper. As a result, in this part, we can have a clear picture of the process and strategy that Telenor has used including the relation among them.

Firstly this framework shows the concept of Uppsala model which Telenor had applied before entering to foreign markets. Since Telenor gained more experiences in those countries; it had time for choosing the right entry mode. Thus, this framework is following with the concept of entry mode that Telenor applied. Within the concept of entry mode which combines with the advantages and disadvantages of each mode. Moreover, the importance of international operation control also includes the part of mode of control. The mode of control gives us an explanation of transferring organization structure from Telenor to Thailand, which is one of the firm’s internationalization processes. Lastly, we connect all three elements together in order to answer the internationalization process of Telenor when it was expanding to Thailand. The figures represent the overall view of theoretical framework where looking upon internationalization via three lenses; Uppsala model, entry modes and the mode of controls. The relationship of all theories is shown in Figure 1 below:

Figure 1: Conceptual framework
Source: The authors
2.2 Internationalization Model

Some researches indicated that the internationalization process is a process which firm gradually increases their international involvement. It is assumed that the process is to influence the pattern and pace of internationalization of firms (Johanson and Vahlne, 1977). There are several models that try to explain the internationalization process, and Uppsala model is one of the most-referred theories. The Uppsala model’s theory was first developed by Johanson and Wiedersheim-Paul (1975) in their study of four Swedish firms. This model focuses on the development of the individual firm by using gradual acquisition, integration and knowledge in operations to make a success in increasing commitment in the foreign market (Johanson and Vahlne, 1977). The Uppsala model can be shown as Figure 2 below:

Figure 2: Uppsala Model
Source: Johanson and Vahlne, 1977, p.32

According to the Uppsala model, its structure includes two aspects. The first one is the state aspect which is market knowledge and market commitment, and the second is the change aspect which is commitment decisions and current activities. It assumes that the state aspect is the resource commitment to the foreign markets and the market knowledge is about the knowledge of foreign market and operation. The change aspect is of the degree of decision about commitment of current business’s resources and production. To sum up this model, market knowledge and market commitment are presumed to affect the commitment decisions and current activities. On the other hand, it has influence on the market knowledge and commitment as well (Johanson and Vahlne, 1977).

The concept of Uppsala model is the development of international operation by small steps rather than creating the large foreign production investment at the beginning. Commonly, firms start exporting via agent, follow by establish a sales subsidiary and lastly begin production in the host country (Johanson and Vahlne, 1977). The model is assumed that the lack of relevant knowledge about a foreign market may be a major obstacle when developing business in foreign country.

The Uppsala model guides the firm to develop step by step to increase its international involvement, and at last become a multinational corporation. However, in the following years, other critical views normally stated that the Uppsala model is appropriate only for the early stage of internationalization. Lack of knowledge or some other factors, for example technology, can impact the internationalization and result the change of model (Johanson and Vahlne, 1977).
2.2.1 State Aspects

Market Knowledge

This kind of state aspect is considered an interesting issue because each commitment decision is based on various kinds of knowledge. It can be seen as the primary step to run business in foreign country because the knowledge of both opportunity and the problem are an initial factor for firms’ decision. The next step is alternative evaluation based on the relevant knowledge of foreign market environment and the performance of various activities. The market knowledge is the core value of Uppsala model because it “relates to present and future demand and supply, to competition and to channels for distribution, to payment conditions and the transferability of money, and those things vary from country to country and from time to time” (Carlson 1974, in Johanson and Vahlne 1977, p.38). It is assumed that knowledge plays the important role in the international business (Johanson and Vahlne, 1977).

Market knowledge can be classified into two types, first one is objective knowledge and the second is experiential knowledge. However, “knowledge will be useful for international firms are base on the way in which knowledge is acquired” (Penrose 1995, in Johanson and Vahlne 1977, p.53). The objective knowledge can be taught by others, and the other is experience, which can only be learned though personal experience (Johanson and Vahlne, 1977). Experiential knowledge is different from objective knowledge because it is not easily acquired as objective knowledge. At the beginning, firms have basic experiential knowledge but later they may gain more experiential knowledge and become successful in the operation in the foreign country (Johanson and Vahlne, 1977). It assumes that experiential knowledge cannot replace by objective knowledge. It supports firms to reveal both of opportunity and problem, and provide or evaluate some alternative resources of a firm in the relevant parts of market environment (Johanson and Vahlne 1977). To sum up, objective knowledge can formulate only theoretical opportunity, and experiential knowledge emphasizes on the concrete opportunities which keep firms consistent with the present and future activities (Johanson and Vahlne, 1977).

Moreover, there are more kinds of knowledge, which are general knowledge and market-specific knowledge. General knowledge includes the present contexts, marketing methods and the common characteristic of foreign customers. Whereas, the market-specific knowledge knows about the specific national market in terms of business climate, cultural patterns, marketing structure of foreign country and characteristic of individual customer firm and their personal (Johanson and Vahlne, 1977). The market-specific knowledge can be acquired through experience in the market. It assumes this kind of knowledge can affect the establishment and operation or activity in foreign country as well.

At last it seems that there is a direct relationship between market knowledge and market commitment. Knowledge should be considered as a unique resource of a firm; the better knowledge in the foreign market is the more valuable resources and become stronger commitment to the foreign market (Johanson and Vahlne, 1977). It is also assumed that knowledge can decrease the market problem and risk, as well as the market uncertainty (Johanson and Vahlne, 1977).

Market Commitment

Market commitment concept is composed with the two factors which is the amount of resources committed and the degree of commitment (Johanson and Vahlne, 1977). It assumes that the more specialized resources in the specific market are the greater degree in the
commitment (Johanson and Vahlne, 1977). Thus, firm in a special business area needs a higher degree of commitment and more specialized resources.

2.2.2 Change Aspects

Current Business Activities

The current activities are prime source of the experience which relates to the market knowledge. It is assumed that both of firm experience and market experience are essential for firm. The way to gain market knowledge is to hire experienced personnel to handle the marketing activities. Thus, to accumulate the knowledge from current activities step by step spends a long time. This is why the internationalization process takes a long period. It can conclude that the performance of marketing activities requires both kinds of experience. Thus, the reasonable way to quickly obtain and use market experience is to hire person who knows well about the foreign firm such as sale manager or salesman, or to buy the whole or a part of the firm in the host country (Johanson and Vahlne, 1977).

Commitment Decisions

This second change aspect is about the decisions to commit resource in the foreign operation. The commitment decision is made to perceive problem or opportunity on the market (Johanson and Vahlne 1977). Normally, problem will lead some complement to the operation, while the opportunity will allow the operation to extend to the market which it interacts with. Thus, no matter decision alternatives are increased in response to problems or opportunity; it will be related to the operations performed in the market (Johanson and Vahlne 1977).

2.3 Foreign Entry Mode

The two main concerned topics before expanding to foreign countries are “1) The decision of which for foreign market to enter, when to enter them, and on what scale. 2) The choice of entry mode” (Hill, 2007, p.480). Hill assumed that firms on foreign expansion have to first struggle with the various questions as which foreign market to enter, as well as the timing and scale of entry to those countries. When talking about which foreign market that firm to enter, the necessary thing that firms must concern is the relative long-run growth and the profit potential in such foreign country (Hill, 2007). Not only has the long-run profit that is one of the attractive factors to influence firms to expand to, but foreign market must have potential in terms of economic and the political as well. Besides, Hill agreed that the attractiveness of foreign markets depends on the balancing between the benefits, costs and risks. More factors that firms should focus on are the market size, the purchasing power of customers in the market and the future incomes of the customers, which depend on the economic growth rate at that time (Hill, 2007). Another vital factor for choosing foreign market to run business is the creation of international business’s value to such foreign markets. The international business’s value is increased when the product is not widely available in that market. It is assumed that the greater value can charge the higher price or may increase the sale volume so quick (Hill, 2007).

Another important concerned topic for expanding to foreign country is the timing of entry. Hill mentioned the timing of entry as “the entry is early when an international business enters foreign market before other foreign firms and late when it enters after other international business have already established themselves” (Hill, 2007, p.481). When firm becomes the first entry to foreign market, which we call the first mover, it has both of advantages and disadvantages. The first advantage is an ability to struggle competitors and capture demand
by creating the strong brand name in those countries. The second advantage is the sales volumes made in that country by using the experience curve ahead of competitors, and also posting the cost advantage as the early entrant over the later. This cost advantage may help the early entrant to cut prices and force the later out of the market. Third advantage is the ability to apply the switching costs to limit customers getting into the first mover’s products or services, and it is difficult for the later entrants to gain success in the same business when the first mover is doing the switching cost (Hill, 2007). However, the first mover has a disadvantage which is the pioneer cost, the cost for the first mover only when the later entrants can avoid. The pioneer cost will be increasing when the business system in the foreign market is different from firm’s home market. This pioneer cost includes the promotional cost, cost of customer education, and cost of product offering. Some researches agreed that the probability to survive in the foreign market, firms should enter after several foreign firms have already tapped in that market. It is because the later entrants can observe and learn from the mistakes of the earlier movers, moreover, can avoid the costs of mistake. That is why firm should enter in the foreign market after some firms have done it (Hill, 2007).

One more thing that international firms should consider when going to the foreign market is the scale of entry. When entering to foreign market, intentional firms will face two choices of scale; large and small. The large scale is including the commitment of significant resources and firm has to be very quick when they enter to foreign market. When firm enters on the large scale, it may have to create the strategic commitment which has a long-term effect and is hard to reverse. The strategic commitment includes the rapid large-scale market entry as well. On the other hand, the small scale allows firm to learn about foreign market while limits the firm’s exposure in that country. The benefit of small scale is allowing firms to keep an eye on such foreign market before decide to enter. It can thus reduce risk comparing to large-scale entry. Nevertheless, the international firms may lose the chance to capture the first mover advantage because the lack of commitment that deals with the small-scale entry (Hill, 2007).

After knowing about which foreign market to enter, when to enter, and what scale of entry, it is the time to discuss about the choice of entry mode, which is one of important factors for the process of internationalization (Hill, 2007). To decide which entry mode to be used, the company needs to pay more attention on analysis of each market because it has different commitment and conditions, and the way to become successful in that market requires high or many experiences from organization as well. Considering the entry mode, it is divided into six modes which are “Export, Turnkey project, Licensing, Franchising, Joint ventures, and Wholly owned subsidiaries” (Hill, 2007, p.486). The right entry mode does not only provide the good development opportunity for firm, but helps the company to gain the experience and confidence when going abroad.

- **Exporting**

Exporting is the first stage for every company to start their global expansion, which later they switch to another mode for serving in other markets. However this kind of entry mode has pros and cons. One of the good things is about the avoidance of high cost for establishing manufacturing plant or factory in the host country. Furthermore, this entry mode is the best way to learn the new experience of a new market. On the other hand, the high cost of transportation is the main thing to be concerned in selecting exporting. However, when firm finds that setting up manufacturing plant abroad takes lower cost than exporting but firm still prefers exporting, it can lead to disadvantage. The last one is firm has to delegate its marketing, sales and services to another company in host country (Hill, 2007).
• The Turnkey Project

The turnkey project is about exporting process of technology and knowledge to other countries. This mode is common for complex and expensive production technology industries such as chemical, petroleum, metal refining industries. The turnkey project is useful for country that has regulations to limit the foreign direct investment. Firms who choose turnkey project will take less risk than Foreign Direct Investment (FDI) but they will leave their competitive advantage to other company as well and it will not be their competitive advantage anymore (Hill, 2007).

• Licensing

Licensing is an agreement which licensor concedes the right over intangible property to another licensee for a specific period to get the return from loyalty fee paid by licensee. The intangible property includes patent, inventions, formulas, processes, design, copyright and trademarks. It has advantage as the licensor does not have to bear the development costs and risk for opening the new market. Another is firm will benefit when the investment in host country is limited. However, firm cannot realize the true experience in the host country because they cannot put tight control in manufacturing, marketing and strategy (Hill 2007, pp.489-490).

• Franchising

Franchising is quite similar to licensing, but the period of franchising is longer than licensing. It is about the agreement of franchisee to follow the strict rules while they run the business, and franchiser will get the loyalty payment by the percentage of franchisee’s revenues in return. Hill (2007) mentioned that “franchising is basically a specialized form of licensing in which the franchiser not only sells intangible property, but also assists the franchisee to run the business in an ongoing basis” (p.490). The advantage of franchising is similar to licensing; it can reduce many costs and risks of operating in the new market. Another is that it is suitable for service firm because it can build global awareness quickly and reduce cost and risk. On the other hand it is not easy to control the service’s quality because of the geographic distance between the foreign franchisee and franchisor which can make the poor quality and difficulty for checking (Hill, 2007).

• Joint Venture

Joint venture is the establishment of a firm that is jointly owned by two or more independent firms. Actually, establishing a joint venture with a foreign firm has been a long popular mode for entering a new market (Hill, 2007). For the most typical joint venture is a 50/50 venture, some firms, however, have sought joint ventures in which they have a majority share and thus tighter control. This mode is beneficial for firm to learn about local partner’s knowledge, culture, language, political systems and business systems; another thing is sharing cost and risk with their local partner and also with the limit of political regulations, thus this mode is quite suitable for the firms. However; when firms share their core competitive knowledge with local partner, it will not be core competitive knowledge anymore and one more problem is when the goal of the firm changes, it could become problem between local company and the firm (Hill, 2007).

• Wholly Own Subsidiaries

The last method is wholly own subsidiaries which firm owns 100 percent of stock. This can be done by two ways: firm sets up a new operation in that country, or uses a greenfield
venture which firm acquires an established firm in that host nation to promote its product. Firm will not lose its competitive advantage but get the tight control on the operation. Firm can also learn real experience in host country of investment. Nevertheless, it takes high cost and risk for acquisition, and maybe followed by the cross culture problem as well (Hill, 2007).

2.4 Mode of Controls

2.4.1 Method of Organization

The two alternatives that are suitable for organizing economic activities are the price system and the hierarchy method. The important of prices can be defined into two tasks. First, price informs individuals about opportunity for cooperation. Price can influence people to do much more things for their working at the social work environmental and we can call this as “Decentralization”. Second, price plays a major role for sharing benefit from cooperation and gives the reward to workers within the organization. In price system, employees collect information by themselves, have the right to make their own decisions and are awarded by their output measurement. A decentralized information structure can reduce cause of information transfer but it may create the problem of cheating when the price does not provide the right information (Hennart 2001, in Ghoshal and Westney, 2005).

Comparing with the Hierarchy system which is defined to be centralized information and within this system, it does not reward employee based on their output but give them a reward based on their obedience. Hierarchy system gives the final decision based on the supervisor, the communication channel of this system through central party which is supervisor. The benefit of this system is good when the environment rapidly changes because the decisions can be made by one person. However, within this system boss may loss information from employees because incentive of collect information was reduced as well (Hennart 2001, in Ghoshal and Westney, 2005).

2.4.2 Control Processes within Firms

The control process is discussing about the relationship between employer and employee and also the relationship between headquarter and subsidiaries. The control process is divided into two processes: the first one is control of employees and the second one is control of subsidiaries. (Hennart 2001, in Ghoshal and Westney, 2005)

- Control of Employees

This control is divided into three controls of employ; hierarchy, socialization and price control. Each control is based on management knowledge and workers. These three types of control are different because hierarchy and socialization are based on behavior control but the price control is based on output.

Hierarchy is emphasized on telling employee what they have to do and every actions of employee directly based on boss, so we can call this control as “centralization” or “bureaucracy”. This control will be used when employers know well about employee’s production function. For most common firm who uses this control are assembly lines and it is easier to monitor the productivity of employees by looking at their behavior. This system does measure or reward people by the obedience not by outcome, people will get paid in the fix amount. Therefore in this system, there might be some cheating cost happens because people feel that they do not have to work harder, they will get fix amount anyway. Yet, this method seems to have high cost in monitoring when it has different in geographical (Hennart 2001, in Ghoshal and Westney, 2005).
The second one is socialization which workers have more information advantage over manager and output is difficult to measure and price in its entire dimension, within this stage we can call “professional work”. This type will be little bit different from hierarchy control in the way that employees are free to make production decisions and firms will select employee who have the same goal with the management team, even though they have different goal with management team, they will force employees to have the same goal anyway. Employees do not need to be monitored but just need to be inspired by the goal and philosophy of the firm. (Hennart 2001, in Ghoshal and Westney, 2005).

And the last one is output-based in the sense that rewards of employee is related to their individual output but not the way they can achieve it which we call “price control”. This control is a form of piecework, bonuses and commission and mostly, it applies in sale department (Hennart 2001, in Ghoshal and Westney, 2005). The information is shown as Table 1 below:

<table>
<thead>
<tr>
<th>Management knowledge of the worker’s production function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheating costs/ Shirking costs</td>
</tr>
<tr>
<td>High Cheating, Low Shirking</td>
</tr>
<tr>
<td>Low Cheating, High Shirking</td>
</tr>
</tbody>
</table>

Table 1: Employee control modes used in firm

- Control of Subsidiaries

This control is about the knowledge based on headquarter and local manager in subsidiaries country. In this mode, it is divided into three types which are hierarchy control, socialization control and price control.

Hierarchy control does control subsidiaries directly by giving them order and telling them what to do. We can call this model as “centralization” which headquarter has more power and the subsidiary must do the exactly that headquarter orders. Nevertheless: it causes high cost in the case of geographical distance and communication (Hennart 2001, in Ghoshal and Westney, 2005).

The Second one is socialization control. This type of control can be achieved when headquarter goal can be internalized by the management of subsidiaries. Headquarter will send expatriate manager to manage all subsidiaries to have same standard as in headquarter. According to the work of Martinez and Jarillo, The cultural control includes the use of expatriate manager, frequency of visits, policy of transfer of managers, and a strong socialization process, which facilitates the more decentralization of decision-making (1989, p.498). The transferring of expatriate manager is a powerful tool for socializing people and designing information system for the large MNCs and also verbal communication among expatriate managers is created which in turn develop the effective information system. Then the transferring of expatriate managers is representing as the coordination mechanism added
to the development of centralized-decision making. Though, this control can cause cross-cultural problem because using expatriate manager trends to damage relationship between local suppliers, customers and host country government and one more thing is high cost in operation (Hennart 2001, in Ghoshal and Westney, 2005).

The last one is profit center (price control). Since headquarter has less knowledge than local manager, therefore when profit center is being applied, local manager will have more freedom and independence in managing and making decision within that local area. In this type of system, headquarter cannot control local manager as strictly as hierarchy control and headquarter does measure local manager by seeing from their output or outcome. However; this control seems to be less affected by distance and the cost of communication price is not greater across countries than within the country. And also with the cross-cultural problem will be decreased because they can control their subsidiaries by local manager (Hennart 2001, in Ghoshal and Westney, 2005). The information is shown as Table 2 below:

<table>
<thead>
<tr>
<th>Headquarters’ knowledge of the unit production function</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cheating costs/Shirking costs</td>
</tr>
<tr>
<td>High Cheating, Low Shirking</td>
</tr>
<tr>
<td>Low Cheating, High Shirking</td>
</tr>
</tbody>
</table>

Table 2: Subunit control modes used in firms

Even though profit center is the lowest cost method, but to be more successful in the control of subsidiaries, firms should combine the three technique controls (Hennart 2001, in Ghoshal and Westney, 2005).

Moreover, in many situations due to the long geographical distance and great cultural difference, it is hard for a company’s headquarter to have a tight control in all its subsidiaries which have already spread all over the world. The transform of knowledge or resource will be more efficient than from headquarters to each subsidiary. All the useful information will become a local-for-local basis. Therefore, distribution of power within the network is necessary.

Most networks have modified levels of co-operation and competition between actors within the network. Network can be classified into three types which are social network, bureaucratic network and proprietary network (Grandori and Soda 1995 in Donaldson and O’Toole, 2002). First, the social network relies on human interactions as the main mode of coordinating and formalization. One form of social network is subcontracting which has a central firm playing a major coordinating role in case of building a project. Social network success depends on informal person-to-person networks, word of mouth recommendations. Second, the bureaucratic networks are more formal and depending on the power of parties in the network. Third, the proprietary networks which ownership of specific assets is pre specified including joint ventures and capital ventures, within this proprietary network will combine with alliances and innovation strategy. For the strategic alliance is common among independent organization and much used in industries such as telecommunication and airline.
Joint venture is widely used for developing new markets and products which creates innovation. Managing innovation within a network can bring innovations to the market more quickly. Thus, without network, firm would not be able to utilize its technology or grow as fast as it has (Donaldson and O’Toole, 2002).
Chapter 3: Method

This chapter provides the research method which has been applied in the thesis and explains why we have chosen this specific research approach to answer the research questions. We also describe the qualitative research method as the main approach, the method of collecting data, the source of data and finally evaluate the validity and reliability of the data.

3.1 Research Approach

There are two kinds of research approaches: quantitative and qualitative. However, for some researches, it can be combination of both qualitative and quantitative methods. The difference between quantitative and qualitative approaches will be discussed in this section below.

The quantitative research approach mostly emphasizes on transferring the data to numbers, quantities and statistical models to measurement and analysis. Researchers with this approach have a clear idea of what they are looking for and they often use tools such as questionnaire to collect the data. This approach focuses on preciseness in terms of analyzing and measuring the data. Since quantitative research is based on the measurement of quantity or amount, it involves studies that use statistical analyses to obtain information (Quinn, 2002).

The qualitative research approach will be used to earn better understanding or in-depth of interviewees (Fisher, 2007). Qualitative research often involves interviews and observations. The main purpose of qualitative research is to understand the phenomenon studied and describe the situation. Qualitative data consists of descriptions, quotations, observations, and excerpts from documents (Quinn, 2002). The information of quantitative and qualitative approaches is shown as Table 3 below:

<table>
<thead>
<tr>
<th>Qualitative Approach</th>
<th>Quantitative Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>Emphasis on understanding</td>
<td>Emphasis on testing and verification</td>
</tr>
<tr>
<td>Focus on understanding form interviewee’s/information’s point of view</td>
<td>Focus on facts and/or reasons for social Events</td>
</tr>
<tr>
<td>Observations and measurements in natural settings</td>
<td>Controlled measurement</td>
</tr>
<tr>
<td>Subjective ‘insider view’ and closeness to data</td>
<td>Objective ‘outsider view’ distant form Data</td>
</tr>
<tr>
<td>Process oriented</td>
<td>Result oriented</td>
</tr>
<tr>
<td>Explorative orientation</td>
<td>Hypothetical-deductive; focus on hypothesis testing</td>
</tr>
<tr>
<td>Holistic perspective</td>
<td>Particularistic and analytical</td>
</tr>
<tr>
<td>Generalization by comparison of properties and contexts of individual</td>
<td>Generalization by population Membership</td>
</tr>
</tbody>
</table>

Table 3: Differences between qualitative and quantitative approaches

Source: Ghauri and Gronhaug 2005, p. 110

According to our research purpose of learning about the internationalization process of Telenor and the way to control their subsidiaries, thus we applies the qualitative research approach to gather information and describe situations involving the process. Since our thesis is mentioning about the internationalization process of Telenor, it is important to have more understanding of the company process. To gain a better knowledge, we emphasizes on the company’s core business, process and profile. Consistently, the qualitative approach also supports us to understand more about the information and the interviewee’s point of view. It helps us to see more of insider’s view with the depth information and knowledge rather than the quantitative approach. Thus, we assume that qualitative approach is suitable to make the deep understanding for our thesis and also useful in a stage of analysis.
3.2 Data Collection

According to Fisher (2007) there are five kinds of research method to collect data which are interviews, panels, questionnaire, observation, and documentary. Interview can be done by three types which are open interview, pre-coded interview, and semi-structured interview. The open interview is usually conducted in an informal conversation. Contrarily, pre-coded interview is controlled by the prepared script forwarding to the points of study. Last, semi-structured interview is a method between open and pre-coded interview (Fisher 2007).

Second method is panels which can be used as an open mode or a pre-code manner. The open mode is for the focus group. On the other hand, pre-code manner will have more options and scenarios (Fisher 2007). Next, questionnaire can be applied in two ways. First is pre-code questionnaire which has many tick boxes for interviewees to fill in. Whereas, open questionnaire will allow interviewees to give their comments (Fisher 2007).

Observation method has four forms which are unstructured observation, checklist, categories and activity sampling. Unstructured observation is a very open approach with a low degree of structure, the researcher sits, watches and listens. The semi-structured form of observation can be gathering by checklist. A category is a medium level of structure, the famous category for observation is the studying of people interaction in meeting. The last one is activity sampling. It is a very highly pre-coded form of observation (Fisher 2007).

The last method is documentary research, which can be taken in two forms which are open and pre-code. Open form approaches texts and documents for the researchers to make understanding. The pre-code study of documents, the researcher may use electronic document files or electronic textual databases (Fisher 2007).

In making a thesis, we select the semi-structured interview method by using the informal conversation between the authors and interviewee. A script of questions is prepared as well. We set up the seven questions which relate to the internationalization process of Telenor and ask the interviewee step by step in an easy way of conversation throughout the interview. Moreover, documentary research is applied for data collections, as it is appropriate way to find out and develop this kind of knowledge for the thesis. The interview results will make us know the more in-depth information about international process and internal management of the organization and the way that firm has increased its market share in Thailand.

It has two sources for collecting data which are primary and secondary sources. Primary data is collected for the particular project at hand (Ghauri and Gronhaug 2005). Though, this type of data may cause the high cost and take more time to collect. The primary data is collected via three methods which are observation, interview and questionnaires (Saunders, Lewis and Thornhill 2007).

Interviews can support researcher to gather valid and reliable data (Saunders, Lewis and Thornhill 2007). There are many types of interviews, which are outlined in the Figure 3 below:
Within this thesis, we use the primary data from our data collection. We choose the interview method in a way of one-to-one interview via the telephone. Based on the method mentioned above which is the semi-structured interview, it means we have to prepare both of informal conversation and questions for the interviewee. Then, we firstly send the e-mails from Sweden to the interviewee in Thailand to request for the telephone interview. This process takes time for three days since the e-mail are sent to the interviewee. The benefit for this kind of data collection is we can get the deep information about the internal of DTAC and it does not take so much time and of course safe cost. However, the time for interview is limited and may pressure us to make it in a rush. The detail of interviewee can be shown in the table below:

<table>
<thead>
<tr>
<th>Name of Interviewee</th>
<th>Position of Interviewee</th>
<th>Date of Interviewee</th>
<th>Type of Interviewee</th>
<th>Location of Interviewee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr. Pakorn Pannachet</td>
<td>Senior Vice President (Value Added Service Division)</td>
<td>May 14, 2009</td>
<td>Telephone interview</td>
<td>Total Access Communication PLC. (DTAC), Bangkok, Thailand</td>
</tr>
</tbody>
</table>

Mr. Pakorn is chosen to be our interviewee because he has experienced for many years of working at DTAC and gained more internal knowledge of the company in a long period of both before and after being a partner of Telenor. Moreover, he has the direct experience of working with the Telenor’s team since Telenor sent their international operation to Thailand; he can give us both of advantage and disadvantage of the operation.

After explanation of primary data, then we will give the detail of secondary data that is collected for a different purpose. The advantage of using secondary data is time and cost saving. Given these pros and cons, many scholars recommended that all research should start with secondary data sources. The secondary data is collected from two sources which are internal and external sources (Ghauri and Gronhaug 2005). The information can be shown as the Figure 4 below:
Figure 4: Types of secondary data
Source: Ghauri and Gronhaug 2005, p. 100

We also use the secondary data which is collected by using both internal and external sources. For internal source, we use the internal campaign of DTAC to be one of our data collections which are given by our friends who work at DTAC. However, we also use the external sources which are books and articles that we learned from the class and found in the library as well. Moreover, we also search for more data from Telenor and DTAC annual reports as well as website, mobile and network, which relate to telecommunications.

3.3 Validity and Reliability

This kind of data is reliable because the interviewee is the real staff who works directly on planning promotion and has helped DTAC to increase their market shares in Thailand. Moreover, the interviewee has many experiences with DTAC and knows well about the company operation since Telenor became their partner. Since enough information of both primary and secondary data is gained, it is adequate to produce a reliable work.
Chapter 4: Empirical Findings

Based on the structure of the theoretical framework in the previous chapter, the empirical data in this chapter provides facts about the Telenor, the management structure, entry mode, the history of DTAC and domestic marketing.

4.1 International Expansion

After the success in Norway, Telenor planned an expansion to other countries in regions for the next step. One of the regions that made vital revenue to the company is Asian which touches 25 percent of total revenues (Telenor Revenue 2009).

Telenor started their internationalization in the mid of the 1990s, firstly the company selected Grameenphone of Bangladesh in 1997 which was the first venture of telenor in the Asian telecom market. Telenor has 62 percent of the shareholder in Grameenphone, while the remaining 38 percent of the shares are held by Grameen Telecom. After two years passed, Telenor continued their internationalization by choosing Malaysia in the years 1999. For the first time, Telenor held 32.9 percent of the share in DiGi but after the time passed; the company increased their shareholding to 61 percent. From the success of two countries, Telenor decided to go to Thailand in year 2000 which took the shareholder of DTAC about 64.46 percent. In the year 2004, Telenor moved to Pakistan which is a wholly-owned subsidiary of Telenor, the company takes control for 100 percent (Telenor Group 2009). The latest country that Telenor expanded to in Asian market is India which company takes a 60 percent stake in Unitech Wireless in India (Telenor India 2009).

The information can be condensed in this Table 4 below:

<table>
<thead>
<tr>
<th>Country (Asian)</th>
<th>Company name</th>
<th>Start of expansion (Year)</th>
<th>Telenor Share Holder</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh</td>
<td>Grameenphone</td>
<td>1997</td>
<td>62%</td>
</tr>
<tr>
<td>Thailand</td>
<td>DTAC</td>
<td>2000</td>
<td>64.46%</td>
</tr>
<tr>
<td>Malaysia</td>
<td>DiGi</td>
<td>1999</td>
<td>61%</td>
</tr>
<tr>
<td>Pakistan</td>
<td>Telenor Pakistan</td>
<td>2004</td>
<td>100%</td>
</tr>
<tr>
<td>India</td>
<td>Unitech Wireless</td>
<td>2008</td>
<td>60%</td>
</tr>
</tbody>
</table>

Table 4: Telenor’s Shareholder
Source: The Authors

4.1.1 Telenor Enter to Thailand

Telenor started to expand in the Asian market which takes about 45 percent of Telenor’s business (Asian Market 2009). Telenor started their internationalization in Asia markets which firstly start in Bangladesh, Malaysia, Pakistan, Thailand and India. The first time of Telenor in Thai market started in the year 2000 when Telenor began with the partnership strategy by taking over Total Access Communication (DTAC) and United Communication Industry Plc (UCOM) in Thailand. Boonchai Bencharongkul, at that time, was the owner of DTAC and UCOM, when he decided to sell share to Telenor which made Telenor become a major shareholder of both DTAC, a wireless telecommunication service provider, and UCOM, a broadband internet provider. At the beginning Telenor invested US$720 million in UCOM and shared the management with the Boonchai Bencharongkuls, which made Telenor hold 25 percent stake in UCOM and 30 percent in DTAC. After the transaction was
completed, Telenor effectively takes control of the financial statements of both UCOM and DTAC as the biggest shareholder for both companies (Scan Asian 2009).

After the coming year, Telenor decided to increase their shareholders in DTAC and UCOM by investing USD225 million which enhanced the company to hold a direct 33.95 percent stake in DTAC in year 2005. After resignation of Mr. Boonchia Bencharongkul from President and Chief Executive of UCOM, Mr. Sigve Brekke stepped in CEO of DTAC. (The present CEO of DTAC is Tore Johnsen.) However, for the changing of management, Mr. Brekke gave the promise that “there would be no major changes in business strategy or policy for the company” (Scan Asia 2009). Nevertheless, the Bencharongkul family still maintained the direct holding in both companies through a 30.5 percent in Thai Telco Holding. He also pointed out that “UCOM will be focusing on the broadband Internet business, while DTAC will focus on mobile phone services” (Scan Asia 2009).

About DTAC, it was founded in August 1989; the company provides wireless telecommunication service 800 MHz and 1800 MHz frequency bands under a concession granted by the Communications Authority of Thailand (CAT). Due to promotion of telecommunication service development in Thailand, Thai government allowed the private sector to participate in telecommunication market. Under the compromise on a system called Build-Transfer-Operate (BTO) basis, DTAC operates with two other state enterprises, which are Public Company Limited (TOT) and Telecom Public Company Limited (CAT). Moreover, under the BTO arrangement, DTAC is required to build network infrastructure and transfer the assets to the state agencies permitting the concessions. The operators have the private right to use the assets during the term of the concession and operate cellular network to provide services on a revenues sharing basis with the state agencies awarding the concessions in return for the exclusive right to the use of the allocated frequency band and now DTAC is extended the concession until the year 2018 (DTAC 2009).

The information of shareholder can be show in this Figure 5 below:

<table>
<thead>
<tr>
<th>Substantial Shareholdings (Holding 5% and above)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Interest</td>
</tr>
<tr>
<td>Telenor Asia PTE LTD</td>
</tr>
<tr>
<td>Thai Telco Holding Limited</td>
</tr>
<tr>
<td>TOT Public Company Limited</td>
</tr>
</tbody>
</table>

Figure 5: Shareholder of DTAC
Source: DTAC Annual Report 2009

4.1.2 Business Partners

In order to make the company succeed and to improve a new innovation technology, the good business partner is necessary to Telenor and also DTAC as well. Some of good relationship business partner is Nokia, Vodafone, etc. However, these business partners also support the company to increase their customer as well (Telenor core business 2009). The business partner will be discussing as section below:
Nokia

Nokia has become one of a good network of DTAC since 2002. It was first introduced as supplier for Multimedia Messaging System (MMS). Both DTAC and Nokia have agreement for the delivery of MMS for DTAC in Thailand. Nokia is the mobile communications provider serving innovative products to around 20 markets around the world (DTAC Supply MMS 2009). In term of agreement between DTAC and Nokia, the company will supply its Nokia Multimedia Messaging Center (MMSC), combined with the Nokia Terminal Gateway for non-MMS phones and the Nokia Profile Management server. Moreover, Nokia also provides marketing support for DTAC through Nokia's state-of-the-art MMS solutions covering content access, person-to-person mobile messaging by sending messages via handset to email, email to handset and between applications and handsets (DTAC Supply MMS 2009). This network is a good opportunity for DTAC to increase their customers as the CEO of DTAC mentions that "DTAC is happy to further strengthen the good co-operation with Nokia. We believe, the MMS solution will enable DTAC users to explore the new dimension of mobile communications and share the moments with relatives, friends or colleagues" said Boonchai Bencharongkul, Chairman of DTAC (DTAC Supply MMS 2009).

Furthermore, network of Nokia also makes them more satisfied, due to the speech of Matti Palomaki, an Account Director of Nokia Network, as "We are pleased to expand and deepen our relationship with DTAC for new multimedia messaging services. Nokia remains committed to working alongside DTAC, making the mobile world a reality in Thailand" (DTAC Supply MMS 2009).

Later, Nokia became the sole supplier of mobile network infrastructure provider to DTAC in 2003. Nowadays, DTAC becomes the leading provider of mobile multimedia services in Thailand under Nokia’s support (Business 2009).

Vodafone

The new partner of DTAC is Vodafone. This company becomes the partner of DTAC in 2009 with the agreement of partner market. Vodafone is well-known in the world of mobile telecommunications. Both companies agree to use this strategic partnership to satisfy their customers and as a useful tool to increase their market shares as well. By this agreement DTAC has the right to access Vodafone's full range of products, devices and services in Thailand. Whereas, Vodafone uses DTAC's network to offer voice and data roaming services for customers who visiting Thailand (Mobility 2009). The partnership with Vodafone will enable customers to gain benefits from international mobile networks. However, DTAC is still the sole local operator managing Thai market’s strategy (Mobility 2009).

DTAC seems to be sure that this business partnership will get along very well as Tore Johnsen, CEO of DTAC mentions that "This alliance will bring substantial benefits to our customers and shareholders, becoming a catalyst for expanding our service portfolio and improving our operational efficiency" (Mobility 2009).

However, DTAC mentions that they do not give much important for the business network relationship. DTAC will treat the business network relationship with fairness and transparency. The business network of DTAC is divided into two networks; first one is business agreement and the second one is business to business. The business agreement is dealt with all DTAC’s suppliers which give them fairness and transparency. The business to business (B2B) network relationship is dealt with other business firms which give the opportunity to DTAC (Appendix, Interview personal communication).
DTAC’s Domestic Marketing

DTAC uses its own good planning and deeply understanding of their customers as the marketing way to increase their market share. The big challenge for DTAC is the increasing of subscribers that grew from 8.7 percent to 18.7 percent in the year 2008 (DTAC Annual Report 2009).

One of dominant strategy about increasing market share of DTAC is the expansion of mobile network. In the past, DTAC had no budget for expand their mobile network but since Telenor becoming their partner, the budget has increased and the chance of expand mobile network is higher. Moreover, it has two dominant strategies which are to strengthen product strategy and to simply pricing strategy. Firstly, these two strategies were developed from Telenor but after that DTAC is developing by themselves. The strengthen product strategy is expand mobile network to all provinces in Thailand (Appendix, Interview personal communication).

The simple pricing strategy is about to make thing simple. Firstly, in Thai market thinks that mobile phone is high technology, more complicated and expensive, and then Telenor using this strategy to make it simple by adjusting the price and introducing the new promotion. The promotion shows that the calling rate will be cheaper than before and customers get higher benefit. After Telenor had introduced this promotion, DTAC continued to develop the pricing strategy to appropriate with Thai market. Due to the maturity of Thai market and DTAC cannot expand their network to have high as their competitor. Then, DTAC changes their strategy to be a local strategy which emphasizes more on branding. DTAC creates Happy campaign (refill money in the mobile) which for the prepaid market, this campaign support DTAC to earn more customers and make the market share higher (Appendix, Interview personal communication).

Furthermore, DTAC uses CEO of the company to be its strategic presenter in DTAC advertising. At that time none of other companies ever use their CEO to be presenter, and then DTAC believes that using CEO can be guarantee to all customers that the company is willing to serve them. The most important thing is that CEO is more reliable than normal people (Appendix, Interview personal communication).

4.2 History of Telenor

Telenor is the Norwegian company which provides the worldwide telecommunication services. The history of Telenor has started up for over 150 years, at first the company focused on telegraphy, then has been developed to become a global shareholding company to provide advanced telecommunication technologies and services around the world (History 2009). In the early stage around years 1855 to 1920 it was a pioneering period in the history of Norwegian telecommunications, during this period three new means of communications are presented which are the telegraph in the years of 1850, the telephone in years 1880 and wireless telegraphy & radiotelegraphy in the end of year 1920 which shows that Telenor is a pioneer in mobile communications. For the Manual mobile telephony services was introduced in Norway in 1966, as a pioneer in the automatic Nordic Mobile Telephone (NMT) system, which appeared in 1981. Followed by the introduction of Global System for Mobile communication (GSM) in 1993 (History 2009). This system is digitizes and compact data, then sends it down a channel with two other flow of user data, in each its own time slot, this can operates at either the 900 MHz or 1800 MHz frequency band (GSM System 2009). In 1994, Norwegian Telecom was established as a public corporation, whereas the company was partly privatized and listed on the stock exchange in year 2000. Moreover, Telenor also
launched the third generation mobile network, Universal Mobile Telecommunications Service (UMTS), for commercial use in 2004 (Telenor History 2009).

Telecommunications is the core business of Telenor Group that provides voice, data, content and other communication services in three regional entities which can be show in this Table 5 below:

<table>
<thead>
<tr>
<th>Nordic Countries</th>
<th>Central and Eastern Europe</th>
<th>Asian</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Denmark</td>
<td>• Hungary</td>
<td>• Bangladesh</td>
</tr>
<tr>
<td>• Norway</td>
<td>• Montenegro</td>
<td>• Malaysia</td>
</tr>
<tr>
<td>• Sweden</td>
<td>• Russia</td>
<td>• Pakistan</td>
</tr>
<tr>
<td>• Finland</td>
<td>• Serbia and Ukraine</td>
<td>• Thailand</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• India</td>
</tr>
</tbody>
</table>

Table 5: Telenor’s Operation  
Source: Telenor History 2009

The challenge jobs for the company are exploring new markets and new technologies to make long-term investments. The services of Telenor are divided into 4 types which are voice, data, content and other services which provide these services around the world (Telenor core business 2009).

**Voice:** For this service Telenor provides the fixed-line phone to mobile or IP telephony across Europe and Asia. The company divided this service into two; first one is fixed voice communication services which sell in three Nordic countries and the second one is mobile voice which sells in 12 countries throughout Europe and Asia (Telenor core business 2009).

**Data:** This service is including Internet and broadband, Telenor also offers the fixed-line data services such as Asymmetric Digital Subscriber Line (ADSL) and fiber-optic communications. Moreover, they also furnish mobile data services such as mobile broadband, General Packet Radio Service (GPRS), UMTS in 12 countries across Europe and Asia. In the years 2008, The Third Generation (3G): UMTS 3G-based mobile broadband services were launched in 7 of operating countries (Telenor Communication Services 2009).

**Content:** This service is providing TV services and mobile content; they offer TV services via cable, digital worldly and satellite networks in four Nordic markets. Nowadays, the satellites broadcast around 200 TV channels throughout the Nordic Region, Central and Eastern Europe. For the other markets, they also provide mobile content services such as ring tones, music, movies, sports, and mobile TV (Telenor core business 2009).

**Other services:** Telenor also offers an outspread range of telecom-related services from country to country. Moreover, the company has substantial activities in subsidiaries and joint venture operations among Nordic countries. For some subsidiaries, the company takes 100% investment, but for others subsidiaries which important in order to support and develop the core business of Telenor such as Net-centric services like IT security to consumers and enterprises and machine-to-machine (M2M) services for enterprises that the company provides in several markets. Besides, Telenor also provides IT consulting, maritime communications and aircraft communications services (Telenor core business 2009).

### 4.3 International Operation of Telenor

Telenor divides its management into three regions: Asian, Central/East Europe and Nordic. Each region has its own headquarter to control subsidiaries countries. In Asian, Sigve Brekke
is Executive Vice President who covers subsidiaries countries in Asian which are Bangladesh, Malaysia, Pakistan, Thailand and India. However, in each country Telenor also appoints management team and CEO to control the company under the supervision of Sigve Brekke (Telenor Group 2009). The information of organization structure can be shown as the Figure 6 below:

Figure 6: Organization chart
Source: Telenor Organization Structure 2009

Telenor uses ethical guidelines and values as a tool for attracting and retaining skill as well as motivating employees and managers with a strong commitment to the business. Telenor continues the Telenor Development Process (TDP) which consists of a number of sub processes over the world. Telenor Development Process supports employee to give the personal feedback and guidance through this process. It also motivates both employees and managers to discuss for a better performance and achievements to continue the influence change in Telenor. Moreover, the core values and codes of conducting this process with employees can lead to development of leadership capabilities, knowledge and understanding. Telenor also creates the foundation in a uniform way to manage talents across the organization plus a way to develop knowledge through development of the virtual workplace and increased mobility (Telenor Annual Report 2009).

In Thailand, DTAC partly followed Telenor’s structure, but in a way of localization. Telenor had a good structural system in many areas where DTAC was lacking of. For instance Human Resource (HR) system was more effective in Telenor, so DTAC adopted the practice. The benefit of HR system is promoting employee’s right. This system encourages equality to everyone, which means supervisor can complain their workers but to a limit. On the other hand, employees also give their comment to the supervisor which may be the evaluation of supervisor. The system, thus, strengthen the communication among supervisor and employee. Not only HR system but also administration systems was adopted from Telenor headquarter by DTAC. The administration system comprises of accounting, financial, purchasing,
logistics, procurement, and engineering operations which are suitable and useful for DTAC (Appendix, Interview personal communication).

The changing of HR system started from the top management to lower levels. The management saw that every issue is important. Thus, DTAC management team always played as a model by showing all employees how to think out of the box, how to develop and provide products and services to match customers’ needs, how to keep promises, how to treat everyone equally and how to be the “DTAC way” (Annual Report 2009). The DTAC way consists of four elements. Firstly, they must be passion with aim to succeed, be organized and want to improve things. Secondly, they must be friendly, humble and polite which are key personality in service-sector jobs and a key personality trait of Thai people. Thirdly, they must be simple in their approach to solving problems. Finally, when they make a promise, they must keep their word (HR DTAC 2009). DTAC believes that the DTAC way can develop skills, knowledge, and abilities of employees. DTAC way is the way that employees will learn as part of being DTAC. The company does not use DTAC way to control employee but use DTAC way as guidance for their actions. DTAC way was created based on existing culture of DTAC such as “walk the talk”, “nothing is too small for us”, the company also use these ways in the branding and commitment to their customers. DTAC way is core of brand essence for DTAC (Appendix, Interview personal communication).

The “Walk the talk” is the DTAC’s promise. When DTAC promises to do something for customers or even among themselves, they must keep their words. For example, CEO promises to give bonus to all employees, he must be giving it to them. The “nothing is too small for us”, means every comments of customer are important for DTAC. Every comments or questions, DTAC is willing to answers. If there are some questions that they cannot answer, they will try to solve it anyway. DTAC way also motivates people to feel good and happy (Appendix, Interview personal communication).

The increasing of Telenor shareholder in DTAC affects the old management structure of DTAC. The new management style of Telenor introduced to DTAC makes the company becomes more professional. This new style is delicate jobs and suitable for employee. It is emphasized more on decentralization, not based on one person only. The example of decentralization is about delicate jobs and employee promotion based on their work ability. Moreover, DTAC also uses some useful systems that suitable for Thai culture in the company. Most of systems are used among the top level, and then applied to lower levels in the company. The reason for apply in the top level first is to make all managers understand it clearly, and then they can explain it to all employees (Appendix, Interview personal communication). The communication channel among the top management through lower levels is the vital thing for the company (Annual Report 2009). The communication channel is important to the company because it can create the good understanding among employees at all levels. This communication channel motivates employees to speak and share their opinions among them and supervisors (Annual Report 2009). In the future, DTAC mentions to continue emphasize the human capital to enhance more employees’ capabilities (DTAC Annual Report 2009).

However, big problems which relate to the board of directors will be handled by Telenor Headquarter (Norway) when minor problems will be taken care by DTAC. For example, about borrowing a large amount of money, it will be discussed and made decision based on Telenor (Appendix, Interview personal communication). The organization structure shows as Figure 7 below:
Figure 7: DTAC organization structure
Source: Annual Report 2009
Chapter 5: Analysis

In this chapter, we analyze data from the empirical data in order to identify the entry mode that Telenor has applied to Asian market, the management control from Telenor to DTAC Thailand, combined with strategy to increase Thai market share.

5.1 Uppsala Model

The Uppsala model emphasizes on the incremental gradual acquisition, integration and use of knowledge in the foreign markets, also with operations and to be success in increasing commitment in the foreign market (Johanson and Vahlne, 1977). It seems to match with Telenor since; the company decides to go to Thailand. We cannot say that Telenor wholly uses the process of Uppsala model but the company expands to Thailand on the basis of this model. This model is an initial step before going international market and we see that Telenor takes step by step for its expansion to Thailand. Firstly, Telenor starts with Bangladesh, Malaysia, Pakistan, Thailand and India (Telenor Group 2009). Because countries in Telenor expansion are in the Asian market, Telenor involves gaining market knowledge in Thailand as well. This is according to the basis of the Uppsala model that explains about market knowledge which is objective knowledge and experiential knowledge (Johanson and Vahlne, 1977).

We know that objective knowledge can be taught but experiential knowledge can be earned more after firm runs business in the foreign country (Johanson and Vahlne, 1977). In the Telenor’s view, firm will bring about their objective knowledge such as operation system, engineer operation, logistic, procurement, etc. (Appendix, Interview personal communication). It is implied that Telenor takes the objective knowledge to teach employees in DTAC and it assumes that objective knowledge can be taught which we see from the Telenor case. On the contrary, Telenor has some experiences of Asian market from countries firm used to expand to. Thus, it seems smooth for Telenor to invest in Thai market. Especially when firm knows more about Thai behaviors and also the market, Telenor realizes these experiences are more useful and valuable for firm. We may conclude that after gaining more knowledge in Thai market, Telenor decides to go to Thailand. Thus, Telenor uses the knowledge to analyze the factors for choosing entry mode which becomes more important.

5.2 Telenor in Thailand

Based on the literature review, we know that it has two main concerned before firm expanding to international market. The two main concerns is combine with “1) The decision of which for foreign market to enter, when to enter them, and on what scale. 2) The choice of entry mode” (Hill, 2007, p.480). First of all Telenor had to face the problem of which foreign market that firm should take expansion to. Like Hill mentioned firms must concern in the relative long-run growth and the profit potential in that market (Hill, 2007). It is in the same way with Telenor before the company chose Thailand. We see that Telenor also concerned in the relative long-run growth as we assume on the increasing rate of shareholder of DTAC, from 30% to 33.96%. We presume that if Telenor did not mention on the long-run growth, Telenor would not continue their shareholder in DTAC as well. Besides, Telenor was also anxious about the economic and political conditions of foreign market, and Thailand did not block the foreigner firms to run business in its country, that is why Telenor selected Thailand as one of their international expansion. Moreover, in Thai market there had less international telecommunication firms and it could be the advantage for Telenor to invest in Thailand because Thai customer had limited choices of telecommunication service. Additionally it presumes Thai customers could easily use Telenor’s services. All stated makes Telenor was able to run their business and finally has become outstanding in Thai market.
Due to the advantages in Thailand, Telenor decided to expand their business in Thai market, and then became the first mover of international telecommunication in Thai market. We assume the reason that Telenor decided to be the first mover in Thailand because it had fewer competitors in the market and that was the good opportunity to gain more market share and estimated to increase sale volume for the firm as well. However, Telenor had to take high cost since the firm was the first mover because at the beginning DTAC had less mobile networks. And when Telenor invested in Thailand, they preferred to expand mobile network (Appendix, Interview personal communication). Because of this Telenor had to invest more in their budget so we can say that Telenor had to bear the pioneer cost. As we know that Telenor was the big firm but did not mind to run business with the small market like Thailand. We assume that the reason that Telenor chose Thai market instead of a large-scale one like USA or China because it was easy for the firm to learn market in that country and also could reduce risk than the large scale.

Since Telenor selected Thai market for expansion, then the joint venture was selected for Telenor’s entry mode. This mode was familiar to Telenor since the company had started their expansion in Asian market. We can see that Telenor started this mode with Bangladesh, Malaysia, Pakistan, India and then Thailand (Telenor India 2009). There had many factors for Telenor to apply this entry mode to Thailand. First is the limitation of Thai political regulation. On that time Thai government allowed only the private sector which was of Thai citizen to participate in telecommunication market (DTAC 2009). We assume that it was reasonable for Telenor to select the joint venture because firm could run business in Thai market under the legalization of Thai government as well. Moreover, another benefit of using this mode was sharing risk between Telenor and DTAC. Besides, Telenor could do tighter control in Thai market and earned more experience such as the Thai customer’s behavior, local marketing strategy, business system, etc. which became benefit for Telenor in term of applying these experiences to other countries in Asian market. Even though Telenor enjoyed running business with DTAC, it seemed to lose a half of profit to DTAC as well. In term of core competitive knowledge of Telenor such as General Packet Radio Service (GPRS), Universal Mobile Telecommunications Service (UMTS) that firm introduced to Thai market (Telenor History 2009), it might be disadvantage to Telenor because when Telenor was sharing business with DTAC, it seemed that Telenor had to share everything even the firm’s competitive knowledge. We consider that in case Telenor and DTAC did not have the same goal, the competitive knowledge of Telenor might become DTAC’s competitive advantage instead.

Moreover, in term of business partner, joint venture is also managing innovation within the same filed like telecommunications can bring innovations to the market more quickly (Donaldson and O’Toole, 2002). Like, we see from the business partner like Nokia and Vodafone that supports DTAC to have new innovation services such as Multimedia Messaging System (MMS) (DTAC Supply MMS 2009). We find that to have a good business partner can support firm to increase their market share as well.

To sum up, the suitable entry mode of Telenor might support the company to survive in the foreign market and also create the increasing of market share as well. Moreover, the company could earn more experiences in those countries. As we see from Telenor, the company had had experiences in other countries in Asian market and Telenor applied those experiences to Thailand. We assume from the pattern process that Telenor used, which was joint venture, that it could guarantee the valued experiences were useful for the company. Besides, we find that even though Telenor was a big firm, the company still applied it step by step for taking shares at DTAC (Thailand), and continued to increase more on the later years. Due to this process which shows that Telenor did not jump too fast but make sure of the market before
increasing their share. We presume that the right decision or even the process that the Telenor applied could support the company in the long-run business as we see from the continuous growth of DTAC.

5.3 Telenor’s International Management Control

- Control of Telenor’s Employees

Based on the literature above, we know that it has three control modes to control employee which is hierarchy, socialization and price control (Hennart 2001, in Ghoshal and Westney, 2005). The common problem to every firm is how to control their own employee to have more effective. It is in the same way of Telenor since firm has many employees in three regions around the world (Telenor Group 2009). Thus, Telenor has to set up everyone in the company to have the same goal and direction with Telenor. We assume that the way that Telenor control their employees is not forcing them but the firm controls them in an indirect way. Due to the empirical above, Telenor uses ethical guidelines and values which are used to motivate employees and managers with a strong commitment to the business (Telenor Annual Report 2009). This kind of guideline is applying for scope their employees to have the same direction with Telenor. Moreover, Telenor also takes the Telenor Development Process (TDP) which supports employees to give their personal feedbacks and guidance through this process (Telenor Annual Report 2009). This Telenor Development Process (TDP) is applied as the socialization control because this process allows employees to share their opinion and have right to feedback their manager.

Besides, the classic one like hierarchy control is still used in Telenor. We find that even employees have right to make their own decisions but actually their decisions have a basis on their manager. At last all of employees or even managers have to follow the ethical guidelines and values of Telenor. We see that no matter what order of manager or the freedom of sharing, all opinions are still being in the frame of Telenor’s rules. The relationship of managers and employees are shown as Figure 8 below:

![Diagram](image)

Figure 8: Control of Employee for Telenor
Source: The Authors

In the Figure 8, we show that manager still gives order to their employees, and employees have to follow this order. The way that manager use can be implied as a hierarchy control.
However, by the order that managers give to employees, the employees also have right to share their opinions with managers. This control is giving more freedom to employees and we can call this a socialization control. Although, Telenor lets their employees to have more freedom in opinion but firm still controls them via hierarchy control because Telenor also sets up the ethical guidelines and values of Telenor, which implies that everyone has to have the same goal as the firm.

- **Control of Telenor’s subsidiary (DTAC)**

One of the common problems when firm becomes internationalization is the way to control all subsidiaries. When Telenor expanded to Thailand, they brought some useful systems to Thailand. Due to the large amount of employees, Telenor has been careful for their control of employee. Telenor controls their subsidiary by using the three control modes which is hierarchy control, socialization control and price control. Telenor gives order to DTAC of what they want, for example if Telenor requires to increase growth in Thai market then, they will give right DTAC to create its marketing strategy to complete Telenor’s goal. Moreover, the final decision about the board of DTAC will be judged by Telenor and also with the approval of large amount money. This is implying for Telenor to use hierarchy control for control DTAC. However, Telenor applies the socialization control for DTAC by sending expatriate management to take care of the company. Even though, they give the freedom for DTAC to control their management within Thailand but Telenor still controls DTAC’s management in the same way of Telenor’s, then it sends an expatriate management team to control DTAC to be in the same track.

Though, this control may cause cross-cultural problem among host country and expatriate management team. The position of expatriate management team in DTAC takes vital positions such as Director and Chief Executive Officer, Vice Chairman of the Board of Directors, Director, Chief Financial Officer, and Chief Technology Officer. We realize that Telenor also plans the development through centralized-decision making to DTAC by controlling via the expatriate management team. However, the cross-cultural problem can be solved by their respect, understanding and appreciation while sharing the same goal with Thai culture. This thing can help Telenor to adjust themselves with the new culture and new environment like Thailand.

Not only sending the management team but also systems to DTAC. Telenor transfers some useful systems to DTAC such as reducing the number of layers in the company, flattening out the structure, short-cutting internally vertical communications flows, brainstorming a meeting among staff from different departments, and creating fun in the office to bridge over the gap between executives and employees. It means socialization control; Telenor makes DTAC work as professional. The company transfers these systems to apply with DTAC by the supervision of Telenor.

The price control is applied in DTAC, since Telenor does not know much about Thai market. The company gives the right to DTAC for making decision or solving problems about Thai market such as setting up promotion to attract Thai customers or even creating marketing strategy to increase growth for Telenor. After the mixing of three modes of control, it supports Telenor to get higher benefit such as increasing of market share in Thai market. Moreover, we realize that even Telenor gives more freedom to DTAC but the final decision will be making by Telenor; Telenor seems to manage DTAC in the way of itself. The relationship of three control modes that Telenor control DTAC is shown as Figure 9 below:
• Control of DTAC’s employee

DTAC controls their employees in a similar way of Telenor. DTAC also uses three mixed control modes which are hierarchy control, socialization control and price control. The hierarchy control will form and order employees to do one project to hit the target of company. However, the order is not as a pure hierarchy because people can raise their opinions to manager and also support manager to create new idea in the project. Moreover, the executive management team also acts as a good example for all staffs to follow. It can be considered as a hierarchy control because executive management team wants employees to be in line with them but they do not force them but just give them a guideline.

The socialization control is also used in DTAC, and it seems to be the major control for the company. As perceived from the DTAC way, they encourage their people to have the same goal and go in the same direction with DTAC. DTAC way is a part of the company’s culture which force everyone to have the same value which is friendly, humble, polite and keep their words when promise to someone. The company cuts off the layer between top management and employees to encourage them to freely talk with their supervisor, the way that DTAC applies for staffs seems like socialization, by letting them make their own decision. For example, supervisor’ room is made by windows and employees feel free to talk with their supervisor all the time. This thing can encourage employees to communicate and express their opinion to supervisor. Furthermore, when they recruit new employees, those have to be
fit with DTAC in term of the same goal with the company; otherwise they have to leave out of the firm.

When we compare this way of DTAC with socialization, we see that firm will select employees who have the same goal with the management team, though they have different goals with the firm, they will be forced to have the same goal anyway. Like Hennert mentioned that in the socialization control, employees do not need to be monitored but just need to be inspired by the goal and philosophy of the firms (Hennart 2001, in Ghoshal and Westney, 2005). It is the same with DTAC that the firm does not monitor employees at all but the company is sure that employees will follow the same goal because DTAC management team always inspires and leads employees to follow the philosophy goal of DTAC. This philosophy goal of DTAC is DTAC way which reinforces the company culture.

We realize that DTAC applies the price control as well. One thing we find is that the company will give rewards for their employees based on their outputs and performances. It implies that the better they can produce their work, the better they can get their earnings. One of the purposes of this kind of control of DTAC is to motivate employees to perform their best on their jobs in order to create a higher quality in their work process. Even though the company does not mention much about money or salary but this thing also helps the company to increase the outcomes. An example of the price control can be seen as a promise of CEO to give employee bonus when they can reach the company’s target. Moreover, DTAC emphasizes on decentralization by the delicate jobs, and promotion the employees based on their work’s ability. This shows DTAC uses the price control with employees.

We assume that DTAC finds the advantages of each control mode, so that it applies all to their employees. The result of using the three control modes is quite beneficial for DTAC because it supports the company to increase their customer. The most important thing is their employees are willing to follow the company goal without any constrain.
Chapter 6: Conclusion

This chapter describes the conclusion and answers research questions posed in the problem statement section.

After we finish the analysis section, it turns to the conclusion part to answer the research questions above which are how Telenor entered to Thailand, following with which entry mode that Telenor uses, and the last one is how Telenor controls their international operation in Thai market.

Within this thesis, we mention the Uppsala model which emphasizes on the gradual increment for the internationalization. Moreover, we also go through the entry mode’s idea which explains on issues like which market, when to enter the foreign market, which scale of market and the choice of entry mode that firm should apply. Further, we take the Hennart’s idea which explains about the control mode of employees and subsidiaries in this thesis as well. After linking these theories with Telenor case, we find that the internationalization of Telenor follows some processes which are indicated in the theory.

At now we realize that before Telenor expands their internationalization to foreign country, firm has to study about foreign market very well as we see from the process of its investment in Thailand. It seems that Telenor follows the structure of Uppsala model to gradually increase their international involvement which starts with small percentage in shareholder of DTAC and then increases in the later years. Even though the Uppsala model mentions to start business through the agent or sale subsidiary but it is contrast to Telenor which starts with taking shareholder of DTAC in Thailand. Moreover, we assume that the choice of entry mode of Telenor is reasonable because joint venture can reduce risk for the company and also supports firm to have high knowledge in Thai market as well. We find that only choosing the entry mode is not enough for the firm to go to foreign country. The firm must have a good preparation and choices of market that it should run business in. The good preparation means firm has to concern more in the long-run business that can make either more benefit or let the firm loss in that market. Another we find is the firm should have the market knowledge in foreign country. When we look back to Telenor, even though the firm has not much knowledge in Thai market but the firm gains good experiences from Asian market, which can support Telenor when the company comes to Thailand.

The way to increase Telenor’s knowledge in Thai market is that firm allows DTAC to decide their own marketing strategy. We assume that Telenor applies the price control mode which gives freedom to subsidiary, but moreover we find that it is also useful because Telenor does not know the real needs of Thai customer and culture, so it is better to apply this type of control. However, Telenor also takes the other two modes which are hierarchy and socialization controls to DTAC. We assume that since Telenor has more shareholder than DTAC, it requires controlling subsidiary in the same direction which is sending in the expatriate manager to take the vital positions in DTAC. We find that the good international operation of Telenor is beneficial to DTAC’s staff. Because when staff feels happy or willing to work, their outcomes are satisfied with a good service, and this finally leads to the increased incomes of firm as well.

After the analysis of the process which Telenor develops in Thai market, we find that Telenor prefers to develop the new market that the company feels confident, like an Asian market. Then, with the increase of their experience in the foreign market, Telenor starts joint venture. Due to the evolution process, in order to provide an effective way of interaction between
headquarters and subsidiaries, Telenor decides to take three control modes which are hierarchy, socialization and price control.

However, during the research period we also find that DTAC is still not the number one brand in Thai market. We suggest that this can be one of Telenor’s problems that need more solutions, because the more market share is the more profit for Telenor as well. Since, the firm has more experience in Thai market we assume that it may not difficult for Telenor to touch that goal. Moreover, we have more suggestions that telecommunication firms should start expansion to the markets that they feel familiar with otherwise it may lead to disadvantage because of the lack of firm’s experiences to deal with those markets. At last, we are still interested in this field of Telenor’s internationalization and we know Telenor is going to expand its business in India which is the large market. Thus, we are curious to know that if the firm will use the same method as of Thai market, and how Telenor deals with the large scale like India. This will be discussing in the future research.
Chapter 7: Lists of references


Quinn, M 2002, Qualitative Research & Evaluation Methods, 3rd ed. Sage Publications, USA.


Chapter 8: Appendixes

Questions for Interview:

Interviewer: Mr. Pakorn Pannachet, Senior Vice President (Value Added Service Division), DTAC

Time and date: 11.30 – 12.30 hrs. on Thursday 14 May, 2009

1. How does DTAC manage and control its employees to follow the directions of the company’s goal?

Answer:

He explains that the goal of DTAC and Telenor are separated. DTAC’s goal is about the most admired operator which emphasizes on services. On the other hand, Telenore’s goal is creating the growth of the firm. However, he points out that the goal of Telenor is based on local company as DTAC. He gives some example about the increasing of growth rate; Telenor will tell DTAC about the increasing but after DTAC set up the strategy to push up Thai market. He adds that DTAC has managed and controlled their employees to complete the company’s goal through acting as the good example for all employees.

He explains that the good example should be acted by CEOs, in a way of both external and internal. For example of an external, DTAC launched campaign which showed the good thing of organization to the public by using CEO as the representative of the company. Furthermore, DTAC also emphasizes on the communication among employees to reinforce the good relationships in the internal organization. He mentions that organization’s culture should be formed in the same way which is being a good person. He says that DTAC frequently communicates to their employees as well as encourages them to participate in their direction. DTAC also uses many internal PR to frequently remind them. He points out for internal PR is about the informing news and activities of the company to all employees. The example of internal PR is poster in the elevators and toilets, as well as the screensaver of all employees’ computer. The purpose of doing internal PR is motivating employees to have the same direction of the company; being a good person. He continues to explain a good person should respect to all people, keep their words, be compromising and chilly.

2. According to your annual report, DTAC has strong organization’s culture, does it has affect on recruiting new employees for working at DTAC? Do you always select only employees who have the same goal?

Answer:

To recruit employees for DTAC, he mentions that it has one key criterion that is how the new employee can fit into DTAC’s culture. That’s the most important criterion. In case, employee who does not fit with the culture, they may leave out the company. On the other hand, for some employees approximately 80-90%, they can adapt themselves to be the part of DTAC. Mostly, DTAC selects new employees by considering their attitude than their performance.
3. After Telenor takes over more shareholder of DTAC, is the management structure of DTAC changed?

Answer:

After the Telenor has increased their shareholder of DTAC, the management structure of DTAC becomes changing very much. One of important changes is the management style. The old management style was cancel, and the new management style of Telenor was replaced. In the past every decision or even the problems were carried out by the owner of company and the working style was formed by him only. After the new management style of Telenor is introduced, the management is more professional. This new style is to assign delicate jobs to appropriate employee. It is emphasized more on decentralization, not based on one person only. The example of decentralization is about to delicate jobs and promote employee based on their work’s ability. Moreover, DTAC also uses some useful systems that are suitable for Thai culture in the company. He mentions that most of systems from Telenor are used among the top level people after applied to lower levels. The reason for that is to make all managers understand systems clearly, so they can apply them to all their employees.

4. What is the dominant strategy to increase market share of DTAC?

Answer:

The most dominant strategy to increase market share of DTAC is the expansion of network. In the past DTAC had no budget for expanding their network but since Telenor became its partner, the budget has been increased and the chance of expand network is higher. However, he points out other two dominant strategies which are strengthening product strategy and simplifying pricing strategy. Originally these two strategies were developed from Telenor but later DTAC has developed by itself. Strengthening product strategy is to expand network to all provinces in Thailand. Simplifying pricing strategy is about to make thing simple. Firstly, Thai market considered mobile phone a high technology, more complicated and expensive, then Telenor used this strategy to make it simple by adjusting the price and introducing the new promotion, the promotion is shown as Table cost below:

(As of Dec 31, 2002)

<table>
<thead>
<tr>
<th>Package</th>
<th>Dprompt</th>
<th>Dmax</th>
<th>Dmedium</th>
<th>Dflex*</th>
<th>Dlite</th>
</tr>
</thead>
<tbody>
<tr>
<td>Monthly fee</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>250 baht/month</td>
</tr>
<tr>
<td>Fixed fee/month</td>
<td>No</td>
<td>1,200 baht</td>
<td>750 baht</td>
<td>- Start with 400 No baht bundling with</td>
<td>No</td>
</tr>
<tr>
<td>Free minutes/month</td>
<td>Depend on</td>
<td>600 minutes</td>
<td>250 minutes</td>
<td>100 - minutes free call</td>
<td>No</td>
</tr>
<tr>
<td>Tariff rates</td>
<td>5 baht/minute nationwide</td>
<td>2 baht/minute nationwide</td>
<td>3 baht/minute nationwide</td>
<td>- Next 150 minutes cost 3 baht/minute</td>
<td>4 baht/minute nationwide</td>
</tr>
<tr>
<td>- Next minute costs 2 baht/minute</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Charging method</td>
<td>Per-second billing</td>
<td>Per-second billing</td>
<td>Per-second billing</td>
<td>Per-second billing</td>
<td>Per-second billing</td>
</tr>
<tr>
<td>VAS monthly fee</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

The promotion shows the calling rate is cheaper than before and customers get increased. He mentions that after Telenor had introduced this promotion, DTAC has continued to develop
the pricing strategy to be appropriate with Thai market. However, the maturity of Thai market makes DTAC cannot expand their network as the same level of competitors; DTAC turns to local strategy which emphasizes more on branding. DTAC creates Happy campaign (refill money in the mobile) which for the prepaid market, this campaign supports DTAC to earn more customers and higher market shares. Furthermore, DTAC uses CEO of the company in local strategy by being presenter in DTAC advertising. At that time none of other companies ever used CEO to be presenter at all, so DTAC believes that using CEO can guarantee to all customers that the company is willing to serve them. The most important thing CEO is more reliable than normal people.

He explains that the target group of DTAC is mass market with customers who seek for reasonable price and value their money. In 2008, DTAC moved forward to expand their network to North and Northeast of Thailand. This was the good opportunity for DTAC because there are less of competitors in those two regions. He points out that in 2009, DTAC will focus more in the cost saving, quality of customers and will not emphasize on taking more market share. The cost saving is the internal campaign which to promote employee to suggest new ideas for saving cost of the company. This campaign is known as “Fit Society Program”. Moreover, DTAC also cuts off ineffective external campaign and focuses on the quality of customers. DTAC will not emphasize on the price strategy which mean they cannot dump the calling price lower than present, but they will use the strategy encouraging customers to prolong using DTAC to the long future.

5. Does DTAC follow the same leadership and management style from headquarter of Telenor in Norway? Or does your company have its own ways to run the business?

Answer:

We partly follow them, but also adjust to local culture as well. Telenor has a good structural system in many areas where DTAC are lacking of. For instance Telenor’s HR system is more effective so we adopt its practice. The benefit of HR system is encouraging the right of employees. This system promotes everyone to be equal, results supervisor can complain their workers but to a limit. On the other hand, employees can make comments to their supervisor, which becomes the evaluation of supervisor. It can say that system is strengthening the communication among supervisor and employee. Not only HR system but also administration system that is adopted from Telenor. The administration system can be seen as in accounting, financial, purchasing, logistics, procurement, and engineering operations which are suitable and useful for DTAC.

At last he tells some big problems which are related to the board of directors will be handled by Telenor Headquarter (Norway) but minor problems are taken care by DTAC. Moreover, in case of borrowing large amount of money, it will be discussed and made decision based on Telenor.

6. According to in the annual report 2008, it stated about the “DTAC way”, so we would like to know that how does the DTAC way work to control employees? Is it considered successful for your organization?

Answer:

DTAC way is the way that all our employees will learn as part of being DTAC. We don’t use DTAC way to control employees but use them as guidance for our actions. DTAC way was created based on existing culture of DTAC such as “walk the talk”, “nothing is too small for us”, these way we have managed to not only use it internal we also use them in our branding
and commitment to our customer. DTAC way is our core of brand essence of DTAC. He explains that “Walk the talk” says all employees must keep their word to themselves and customers. For example when DTAC promises something to the customer, they must do it. Or when CEO tells all staffs that he will give their bonus, he must give it. The “nothing is too small for us”, means every comment of customers are important for DTAC. Every comments or questions, DTAC is willing to answer all questions, for some questions that they cannot answer, they will try to solve it anyway.

At last, DTAC way is similar to DTAC culture which is being friendly, humble and polite. DTAC way also promotes its branding to people to feel good and happy.

7. What do you think about the business partnership? (Nokia and Vodafone) Does it support your company to get increased customers?

**Answer:**

He explains that DTAC does not give much important for the business network relationship. DTAC will treat the business network relationship with fairly and transparency. The business network of DTAC will divided into two networks: first one is business agreement and the second one is business to business. The business agreement is to deal with all DTAC’s suppliers with fairly and transparency. The business to business (B2B) network relationship is to deal with other business firms who offer the opportunity to DTAC. He points out that DTAC does not need middleman for creating new network because the company can find business network for themselves. Another example is Vodafone which supports the increasing both of DTAC’s customer and revenue. This is also win-win strategy for DTAC and Vodafone for sharing roaming network.

In the end of interview, he mentions that Telenor already allows DTAC to make the decision within Thailand. And he also points out the way to choosing a new market for Telenor is based on opportunity and regulations of that country Telenor requires to invest.