Top Management Team Competencies
A Study of an International Acquisition by a Medium-Sized, Swedish Engineering Company
Master’s Thesis in the Master’s Programme International Project Management

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CHALMERS UNIVERSITY OF TECHNOLOGY
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ABSTRACT

The aim of this thesis is to create a competency model that is applicable to the top management team (TMT) of a medium-sized, Swedish engineering company before and during a company expansion to countries in which it does not already have operations in. Using theory and empirical data from interviews, a comparison is made in order to present a Final Competency Model in the end. In the first chapter, the Theoretical Framework that is, theory on numerous topics relevant to internationalization in general is presented and discussed, before it is concluded and a presentation of the identified competencies is made. The next chapter, containing empirical data from three interviews, presents arguments that supports and/or contradicts each of the identified competencies. It further presents three additional competencies that were derived solely based on the three interviews and therefore is specific to the case. In conclusion, ten competencies were identified whose importance is argued for in many of the sections of this thesis. The competencies that are not possessed by the TMT, or the teams responsible for the company’s expansion project, in this case an expansion into Norway, appear to be acquired through external consultants or recruitment. In order to achieve the desired synergies the case company uses detailed checklists and processes while a person with a very strong internal network is responsible for the integration project. Additionally, the empirical data indicates a focus towards the organizational culture, rather than the national culture, when the case company analyzed and prepared for the acquisition and integration of the Norwegian company.

Key words: TMT, Competencies, Expansion, Acquisition, Integration
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Preface

In this thesis, three interviews have been conducted with a medium-sized, Swedish engineering company, whose name will not be disclosed as requested by the company.

The interviews were conducted between March and May 2016. The work is a part of a master thesis concerning top management team competencies of medium-sized companies that are expanding internationally. The thesis was carried out at the Division of Construction Management of the Department of Civil and Environmental Engineering at Chalmers University of Technology, Sweden.

This thesis has been carried out by Ludwig Wingsjö Elmehed and Tobias Heimsch as researchers with Professor Christian Koch as supervisor with assistance from Sjouke Beemsterboer.

The authors of this thesis would like to thank the three interviewees of the selected case company, who have taken time out of their schedules and contributed with valuable information without which this thesis could not have been made.

Göteborg, May 2016

Ludwig Wingsjö Elmehed and Tobias Heimsch
1 Introduction

This thesis will seek to identify the top management team (TMT) competencies that are required before and during an international expansion of a medium-sized, Swedish engineering company. Additionally, it looks into how the TMT of the company acquires the competencies that it does not already possess, how the synergies that are sought after between the company and the acquired one can be achieved, and also how the case company will manage the organizational and national cultures of the acquired company and the country in which it is located. This introductive chapter will present the background to this thesis, its purpose, a presentation of the four research questions that have been focused on along with its limitations and delimitations.

1.1 Background

Over the last ten years a series of engineering companies operating in Denmark, Norway and Sweden have slowly but certainly expanded their markets beyond their previous single national base into operating in other Scandinavian countries as well. These expansions have been followed by a restructuring of the company organizations and an accompanying competency development of the TMT. According to Latukha and Panibratov (2015, p.45) “there is a lack of studies either observing the role of TMTs' competencies when a company decides to operate internationally or proving that a top manager's competencies are related to a firm's performance”. Expanding into a new market requires managing a lot of challenges (Latukha and Panibratov, 2015), which puts pressure on the TMT, requiring thorough planning and demands answering of a lot of questions. These questions involve several people in the company and measures needs to be taken both before and during the expansion. Furthermore, how the TMT ultimately handles the expansion will heavily rely on their ability to use their existing competencies, which generates a particular interest in identifying what these competencies are specifically.

1.2 Purpose

The purpose of this thesis will be to create a deeper understanding of the subject of internationalization in general. By first using selected and aggregated theory to create a hypothesis in the shape of a competency model, the empirical data from the interviews will then be used to identify to what extent they correspond. The competency model will comprise of the most prominent competencies that are required from a TMT of a Swedish, medium-sized engineering company in order to successfully carry through an international expansion, and later be summarized into a Final Competency Model. Furthermore, the discussion presented on the gathered data is also intended to lay the groundwork for producing answers to the three sub-questions that are also part of the question formulation of this thesis, which targets competency acquisition, achieving the sought after synergies and the cultural issues that pose as a threat in an expansion project to another country.
An expansion is something that affects all organizational levels (Jönsson and Strannegård, 2009). Even so, this thesis will solely focus on the competencies required from the TMT, referring to either the persons with the highest ranking titles in the company, or the ones who are in charge of the expansion process, the planning as well as the integration. Examples of such titles are the chief executive officer (CEO), the chief operating officer (COO), the chief commercial officer (CCO), and the chief technical officer (CTO). In other words, this thesis will not cover the board of directors, even though these persons are usually also involved in deciding whether to initiate an international expansion process or not. An international expansion is in this thesis seen as the process of increasing the company size or scope by establishing operations in a country where it has not previously been permanently active. Also, while there are many factors that influence the success of an international expansion, this thesis will be limited to investigating the persons in charge of the expansion, believed to be the TMT, and will thus not take factors that can be found on a macro perspective into account, for instance. Furthermore, the thesis will not suggest or investigate whether the identified answers are applicable to other companies or industries, which is why the area of investigation will be limited to the industry in which the chosen company is operating.

1.3 Specification of Question Formulation

The inspiration for the topic of this thesis was gained by going through a list of suggestions presented by its supervisor. The topic that was initially identified and considered as most interesting targeted the competencies of the TMTs of Scandinavian contractors, who have shown a sign of increase in international expansions over the last decade. However, due to the authors’ educational and working backgrounds, there was a higher interest in focusing on engineering companies rather than contractors, which is why the topic was changed. As for the sub-questions, an open thorough discussion was held on what could be considered as interesting topics to focus on. Given the main research question, targeting the most prominent competencies of the TMT, it is logical to ask how they can acquire the ones that they do not already possess, which is made in the first sub-question. Furthermore, the intention of an acquisition is usually due to the fact that some kind of synergies is sought after that will benefit the company, which is why the second sub-question targets how the case company can achieve them. Lastly, the third sub-question targets the organizational and national culture of the acquired company, something that has been identified as making up for a potential challenge for companies expanding. For this reason, along with the educational background of the authors within international project management, it made sense to make the third sub-question about potential cultural issues. Below the main research question along with the three sub-questions are listed.

Main Research Question
What are the most prominent competencies required by the TMT of a Swedish, medium-sized engineering company in order to successfully manage an international expansion?
Sub-Questions
1. How can the TMT of the case company acquire the competencies they do not already possess before an international expansion?

2. How can the desirable synergies between the existing organizational unit and the new one be achieved?

3. How should the organizational and national cultures be efficiently managed by the case company?

1.4 Limitations
In this thesis, interviews have been conducted with a Swedish engineering company with the focus on a recent acquisition of a Norwegian company, henceforth referred to as the case company and A1. This is due to the fact that the case company is listed on the stock market and thus asked for anonymity. However, interviews have only been conducted with the case company. The reason for this is because a short time after the acquisition was made, the persons considered as most influential and with the most experience within A1 were removed, as they were seen as a threat to the whole integration project, which is why no interviews have been conducted with people from A1. Furthermore, due to the established time frame of this thesis, a focus has been on one company and also only one of its expansion projects, rather than several. Also, considering that the interviewed persons are seated at the top level of the case company’s hierarchy, they are generally busy and travel a lot, which makes the scheduling of interviews and maintaining a continuous dialogue very difficult. For this reason, more interviews than three carried out could not be conducted within the established time frame, which is why the conducted interviews are qualitative in their kind, rather than quantitative.

1.5 Delimitations
As mentioned, this thesis will seek to identify the TMT competencies that are required before and during an international expansion of the case company. To narrow the scope, the focus of the thesis will be on a medium-sized company, which will also generate a more credible result. The European Commission defines a medium-sized company as having a staff headcount of less than 250, a turnover that is equal to, or less than €50 million or having a balance sheet that totals, or is less than €43 million (Ec.europa.eu, 2016). Even so, due to the large number of companies that this definition generates, another definition of medium-sized companies will be used in this thesis that has been developed together with its supervisor. This thesis will target a Swedish engineering company and defines those with a staff headcount of 500-10000 as medium-sized. The reason to why the focus will be on medium-sized companies is because they generally have less resources than larger ones, which is why there is reason to believe that the TMT of these companies are involved in the company expansion processes to a much larger extent, effectively resulting in that more valuable information can be gathered through interviewing the TMT. Greiner (1997, p.399) argues that “[a] company’s problems and solutions tend to change markedly as the number of its employees and its sales volume increase. Problems of coordination and communication magnify, new functions emerge, levels in the
management hierarchy multiply, and jobs become more interrelated”. Keeping this in mind, there is also reason to believe that the larger the company, the more difficult it will be to communicate with the TMT, which is something that cannot be afforded due to the established time frame of this thesis. Furthermore, since the term engineering companies generate a large span of potential company candidates, this thesis will narrow down the selection by targeting a company that applies scientific principles to the design, construction, and maintenance of engines, cars, machines, electrical machines and communication systems.

An expansion is something that affects all organizational levels (Jönsson and Strannegård, 2009). Even so, this thesis will solely focus on the competencies required from the TMT, referring to either the persons with the highest ranking titles in the company, or the ones who are in charge of the expansion process, the planning as well as the integration. Examples of such titles are the chief executive officer (CEO), the chief operating officer (COO), the chief commercial officer (CCO), and the chief technical officer (CTO). In other words, this thesis will not cover the board of directors, even though these persons are usually also involved in deciding whether to initiate an international expansion process or not. An international expansion is in this thesis seen as the process of increasing the company size or scope by establishing operations in a country where it has not previously been permanently active. Also, while there are many factors that influence the success of an international expansion, this thesis will be limited to investigating the persons in charge of the expansion, believed to be the TMT, and will thus not take factors that can be found on a macro perspective into account, for instance. Furthermore, the thesis will not suggest or investigate whether the identified answers are applicable to other companies or industries, which is why the area of investigation will be limited to the industry in which the chosen company is operating.
2 Method

This chapter presents the chosen research approach as well as the chronological steps that have been made in order to produce the thesis, starting with a literature research and ending with producing the findings and the conclusion. Each of these steps include the information about the exact approach conducted as well as the reasons or relevant theories behind it.

2.1 Research Approach

As the thesis has four research questions that are intended to be answered, it is in its nature similar to the one of a case study. Another shared factor is that multiple sources of different evidence, supporting and contradicting arguments and assumptions, has been collected to present the best possible answers. This is, according to Gillham (2000), one of the key characteristics of a case study. Furthermore, the process of answering the main research question in this thesis can be seen as deductive in its research approach. Wilson (2010, p.7) argues that “[a] deductive approach is concerned with developing a hypothesis (or hypotheses) based on existing theory, and then designing a research strategy to test the hypothesis”. In other words, the competency model created from the selected theory represents the hypothesis, whereas the three interviews will represent the search strategy that will seek to either confirm or refute the hypothesis. The description of the research approach is further supported by Snieder and Larner (2009, p.16), who state that “[t]he reasoning starts with a theory and leads to a new hypothesis. This hypothesis is put to the test by confronting it with observations that either lead to a confirmation or a rejection of the hypothesis”.

2.2 Writing Tools

The majority of the thesis has been written using a Google Document on Google Drive, which allows for simultaneous writing in the same document by one or several authors. This has also been very effective for taking notes during supervision meetings, when conducting the interviews, and writing on the thesis in general. Furthermore, the comment function has served as a good tool for pointing out errors and general reminders during the whole period.

2.3 Literature Research

As a starting point for the thesis, an extensive literature research was conducted. Using online libraries, for instance Chalmers Library and other search tools such as Google Books, Harvard Business Review, and Forbes, literature on competencies, leadership and teamwork, project management, international expansions, and business and national cultures was identified and then evaluated. Additionally, literature from previous courses taken in the master programme International Project Management at Chalmers University of Technology was also identified and later, together with the aforementioned literature, evaluated for their fit with the research questions of the thesis. Once identified data was considered as suitable for the thesis, it was written down in a Google Document that was later used when needed for each section,
respectively. Furthermore, recommended theory were also included continuously, which were identified through continuous meetings with the thesis supervisor. After this process the various data was sorted in accordance to its overlapping or relating to topics as well as its correspondence with the research questions, which then led to the next step of the method.

2.4 Discussion of the Theory

Using the previously established aggregations of the theory, a thorough discussion was held where differences and similarities were identified before a list of competencies was compiled. This process aimed to identify, address and resolve contrarieties as well as redundancies within the selected theories. Throughout this step of the method, the data was evaluated once more and the most suitable content for the thesis was highlighted.

2.5 Concluding a List of Competencies

Following the discussion, the collected, evaluated and highlighted data were then refined into competencies of the TMT. The concluded competencies as well as the main arguments for their selection were also summarized and stated for each of them. The reason for creating this list of competencies was to produce an answer to the main research question, based on the theory, which after conducting the interview and analysis could be used to compare the answers from the interviewees. This helped identify potential gaps within the interviewees perceptions of relevant TMT competencies and also to identify competencies that were not identified in the theory or that came up as a result of the discussion process.

2.6 Creating the Interview Questions

Using the theoretical framework as inspiration, a total of 14 questions (see Appendix 1) was created to use as base for the first semi-structured interview, while 13 questions and 14 questions (see Appendix 2 and 3) were prepared for the second and third, respectively. Which of the case company’s expansions project that would be discussed at the first interview were not known beforehand. This resulted in modifications and adaptations of the questions for the second and third interview so that they would fit the specific expansion project as well as the roles of the second and third interviewee. Since this thesis is structured in a way where theory is compared with empirical data from interviews, based on practical events from within the case company, the questions were formulated in a way so that they would not suggest what answers that was expected from the interviewee. In this way, the empirical data was not biased and could be used for comparison with the theoretical and generate a credible result. Using a semi-structured way of conducting an interview is very flexible and leaves room for the discussion to flow outside the question boundaries, as the questions can be answered either in or out of sequence. This allows for more interesting ideas to be created and information to be collected while it also makes it possible for the interviewers to ask questions that are not in the protocol (Reed, 2009).
2.7 Identification of Company Candidates

To generate a certain amount of candidates to choose between, where all would fit the description of medium-sized Scandinavian engineering companies, the online database ‘Largestcompanies’ was used. Their database provides qualitative marketing information of over 500,000 Nordic companies where many different search words can be used to identify companies that meet the requirements. Additionally, the database also offers users the possibility to filter companies by turnover, number of employees, geographical location as well as industry (Largestcompanies.se, 2016). Further, using the definition of a medium-sized company, the number of employees was set to 500-10,000 before using the industry filter. As for the industry filter, all manufacturers of metal products, computers, electronics, electrical devices, motor vehicles, other machinery and means of transportation as well as companies offering architectural and technical consultant activities were included. This generated a number of candidates which were evaluated and later selected depending on their daily business as well as how many worldwide sites they have.

2.8 Contacting and Scheduling of Company Candidates

In order to initiate contact with various companies, the email addresses recommended at their respective websites were used, as well as direct email addresses of employees or TMT members. Further, so-called first and second degree Linkedin connections with people at some of the identified companies were also used to get a first contact. After receiving a response from the initial email efforts to contact, an interview date was set with a person who works for the selected case company. After conducting the interview, this person helped with initiating contact with the next interviewee, who in turn initiated contact with the third.

2.9 Conducting the Interviews

As mentioned, a semi-structured interview technique was used for both interviews. In total, three interviews were conducted. The first interview was conducted with a person who is responsible for many of the case company’s mergers and acquisitions (M&As). The second interview was conducted with a person who currently is responsible for and facilitates the integration between the case company and the acquired Norwegian company A1. The third interviewee is responsible for the case company’s Nordic operations, and also for the whole project between the case company and A1. In the beginning of each interview, the interviewees were asked to describe their role in the case company before starting to ask the questions. The aim was to gather as much information as possible about how the persons and the case company’s TMT acts before and during an international expansion, which is why the interviewees were allowed to talk freely after being asked a question.

2.10 Answering of Research Questions

After conducting each interview, which were all recorded using a mobile phone, they were transcribed (see Appendix 4-6) into a separate Google Document which provided a solid base for their intended section in the Chapter 5, Empirical Data Discussion, as well as the possibility to use quotes. The reason for including the
transcriptions in the Appendix chapter is due to the desire of providing transparency throughout the Empirical Data Discussion in Chapter 5. Each part that could be correlated to one or more of the research questions was copied and pasted under the question to which it belonged, respectively. Each of the identified competencies was listed and then the interview quotes were written under a competency to which it applied, before its correspondence with the theoretical framework was discussed. If a particular quote was considered to apply for more than one competency, a note was made using the comment function in the Google Document so it could be adjusted later. After finishing the discussion of the competencies, representing the final answer to the main research question, the theoretical and empirical answers for the three sub-questions were produced.

2.11 Presentation of Findings and Conclusion

Following the empirically based answers of the sub-questions, the findings were discussed and listed. Everything that supported or opposed the produced answers to the research questions, along with other unexpected discoveries or insights within the case company were considered worth mentioning in the Findings (Chapter 6). Lastly, the Conclusion (Chapter 7) was produced, containing the answers to if and how the thesis contributes to previous studies on competencies, the TMT and international expansions, by the answering of the research questions.
3 Theoretical Framework

This chapter of the thesis will cover the theories that have been analyzed and identified as relevant for answering the research questions. In order to structure the contents, theory that discuss or contain similar topics have been clustered into sections. There are five sections (see Figure 1), Competency Theory, Leadership and Teamwork, General Knowledge Areas, International Expansion, and Cultural Issues, which are all structured in the same way. First there is a small introduction, followed by the selected theories. Each section ends with a discussion, which highlights, aggregates and concludes its theoretical parts in order to identify relevant competencies. However, it is important to note that the Discussion and Competency Identification sections are intended to answer the main research question. The answers to the three sub-questions are presented in a separate section at the end of this theoretical framework, namely Theoretical Discussion of Sub-Questions, see Figure 1.
3.1 Competency Theory

As the first section of the Theoretical Framework, the theories behind the term competency will be covered in order to get a full understanding of the main topic of this thesis, before going into the other theories. Beginning with a clarification of the terminology, a short discussion will conclude the distinct definition of competency, which will be used throughout this thesis. Subsequently, competency training and learning will be elaborated on as well as a more specific view on senior executive competencies along with their assessment and development.

To avoid confusion, this thesis separates between the terms competences and competencies, where the latter is the one being used in the main research question, even though both are elaborated on. Gilbert (1996, p.18) defines competences as the “function of worthy performance, which is a function of the ratio of valuable accomplishments to costly behavior”. This differs from the definition of competencies presented by Dubois (2004, p.16), who argues that they “are characteristics that individuals have and use in appropriate, consistent ways in order to achieve desired performance. These characteristics include knowledge, skills, aspects of self-image, social motives, traits, thought patterns, mind-sets, and ways of thinking, feeling, and acting”. Looking at another definition, Stamoulis (2010, p.35) states that “competencies are broad constructs or qualities that have been determined to be important for success in an organization”. Furthermore, as his point of view is employee assessment, he goes on by claiming that companies have to select competencies, which portray the organization’s or job position’s demands. This also leads to the authors conclusion, that competencies are success factors that “specify what … [is] needed in managers and executives to help grow the organization” (ibid, p.37). In conclusion, as there is a high level of correspondence between the two competency definitions, a combination of the two will be used, in order to follow one clear definition throughout this thesis: Competencies are characteristics of individuals, which are needed to achieve a performance that fulfills the organization's demands. Whereas this thesis will see the successful expansion into a foreign market as the ‘organization's demand’, while the ‘individuals’ are represented by the senior executives within the TMT.

Additionally, this thesis targets what is referred to as successful international expansions. However, as for the selected case company, the term ‘successful’ is something that needs to be defined by the case company itself, since a range of opinions as for what is considered as a successful international expansion exist. Looking at theory, Simpkin (2010, p.13) defines a successful international expansion as: “execute the expansion in a structured way, on a limited budget and without losing control of the business both at home and in the target market”. However, the TMT, the CEO or the board of directors for that matter, could choose whatever definition they want that is considered aligning with the case company’s international expansion strategy into a new foreign market. It is not even for sure that the definition will be the same for all the case company’s expansions but instead varies, depending on the geographical location of the country and the prerequisites for the project in general. Therefore, without staying too fixed on a single definition of success, the identified competencies based on the theory will represent the characteristics of a TMT that are essential and crucial for any international expansion and its definition of success.
3.1.1 Competency Training and Learning

Rothwell and Graber’s (2010) theory on the term competency focus on the two different ways how individuals can improve their current set of competencies, competency-based training and learning. First, competency-based training “is intended to help individuals acquire or build the necessary characteristics to match the skills of good or exceptional performers” (ibid, 2010, p.2). Further, competency-based training is initiated and sponsored by organizations to develop the competencies of an individual in order to fit the aforementioned characteristics. Second, competency-based learning is initiated and undertaken by an individual in order to fit the profile of a good or excellent performer. People within an organization can also help an individual to learn or build competencies by offering experiences, however, the individual has to take the lead by identifying and approaching them. Besides building competencies, this approach also helps individuals to “remain employable, qualify for promotion, transfer to another department, change careers, or move to another organization” (ibid, p.3).

3.1.2 Senior Executive Competencies

The following sections on competency theories focus on the senior executives, which are the individuals that are part of the TMT. For this reason, it is important to include the assessment and development of the senior executives and how competencies are involved.

3.1.2.1 Senior Executive Assessment

In order to systematically assess and compare candidates for a senior executive position in the TMT, Stamoulis (2009) claims that a variety of content areas needs to be included. These areas or formats also include competencies and failure factors which will be described below. First, when assessing candidates, there should be factors included which are stable across most situations and positions in the TMT. These factors relate to the leadership and management style as well as the personality of the candidate. The author also argue that “creating vision, setting strategy … thinking critically [and] ensuring tactical success and driving results” (2009, p.63) are a few examples of these senior executive capabilities. Further, general competencies include efficient networking skills as well as a high level of motivation, self-awareness and reflection in order to be a successful TMT member. Second, besides general senior executive competencies, candidates should be assessed upon their failure factors. As a part of a TMT, members should not have a character with an unreasonably high ego, which can be represented in the constant need of promoting oneself or undue suspicion towards others. Another unwanted characteristic in the senior executive assessment is “the inability to effectively prioritize tasks and goals” (ibid, p.63). Third, the TMT assessment of potential candidates should include a dimension that considers their personality and behavior style as well as their previous experience and results. Instead of merely forming an opinion on these points, the assessment should focus on the more vital concern, which is the fit of the candidate with the company and its current or long-term demands in the TMT. The fit of the candidate’s personal characteristics and experiences with the company can follow
several types: (1) fit to scope and scale, (2) fit to strategy or tactics, (3) fit to industry and market, (4) fit to integrity or ethics, (5) fit to organizational culture, and (6) fit to geography and physical location. (ibid)

3.1.2.2 Senior Executive Development

Ensuing the senior executive assessment of new candidates, this paragraph will focus on the development of the current TMT in a company. As change constantly occurs within organizations, the aforementioned fit of the skills and qualities of a senior executive can diminish. A change in markets or business models of an organization can cause significant shifts in the organization's demands, which influence and change the requirements towards the TMT and its current lineup of senior executives. Consequently, the board, preferably together with the CEO, has to understand the new environment and systematically identify and match the momentary profiles. If a gap of competencies or a misalignment is identified, the board and the CEO have to decide whether the needed competencies can be developed or the gap is so significant that a new senior executive is needed (Stamoulis, 2009). Stamoulis argues that the senior executive development is, or should be, an organic part of the continuous assessment of the TMT, if it is conducted within an organization. The TMT assessment is usually done via a 360 degree survey that includes the peers and subordinates. It creates a good picture of the way a certain senior executive works, manages and leads, which therefore is optimal for detecting development potential. Depending on the organization and the external or internal team that conducts the survey, only the assessed senior executive receives the final report that includes “his or her strengths, areas for development, and a list of potential development actions.” (ibid, p.32)

Bunker et al. (2010) argue that senior executive development is never about the lack of intelligence, strategic or financial cleverness, or poor business performance of an individual, but rather about their personality traits and leadership styles. According to them, “interpersonal relationship challenges, difficulty adapting to rapid change and spiraling complexity, problems partnering and sharing responsibility and accountability … [or failing] to inspire and motivate the masses … may actually foster a culture of fear and risk aversion”, (ibid, p.3) which are the most common development gaps or negative traits of TMT members. In order for the senior executive to be assessed, an individualized approach is needed that also includes a subsequent feedback and a development phase. The authors further claim that “[t]raditional training and development approaches … [do not] lend themselves well to the reflective experiential learning” (ibid, p.4), which should be applied when developing senior executives. More tailored approaches that also offers guidance as well as support, and that can be combined, include internal or external professional coaching and mentoring by another senior executives. A common hinderer of senior executive development is the successful track record of the executives, which leads them to believe that their personal attributes and behaviors do not need redirection or minor adjustments. Bunker et al. (2010) state that the behaviors of the TMT members “are shaped by core personality, driven by needs and preferences, and reinforced through successful implementation in a variety of
work and nonwork settings” (ibid, p.4). This is supported by Keller (2012), who states that people in general have a ‘self-serving bias’. This psychological phenomenon concludes that “human beings consistently think they are better than they are” (Keller, 2012, p.4), which increases the aforementioned challenge to change or develop senior executives. However, he further claims that the will to change and the skill to know how to change are not the main challenges, instead it is knowing what needs to be changed. As stated in the Section 3.1.2.1 Senior Executive Assessment, 360 degree feedbacks are usually used to identify these gaps. In order to further develop senior executives, they have to be open-minded and accepting towards new and challenging ways of learning. By tackling new learning strategies, senior executives leave their comfort zone and thereby expose themselves, becoming vulnerable. Gaining new knowledge and skills will decrease the efficiency and effectiveness of the executive's performance, or could even lead to a complete failure at first. This is particularly challenging or difficult for TMT members that have been very successful in the past, and are thus recognized as star performers (Bunker et al. 2010).

3.1.3 Discussion and Competency Identification

Identified Competency: Openness to Learn and Change

Since the start of this millennial, “the use of the terms competency and competencies has exploded” (Stamoulis 2010, p.38). Further, the main benefit of this trend is that companies are now more focused on their core factors for each position and that in fact the identification of these factors or competencies helped organizations to be more successful. On the other hand, the Stamoulis (2010) states that the overuse and over-application of this concept has a negative impact on organizations, as the sieving through various competencies encumbers the efficiency. With this in mind, he emphasizes that instead of focusing too much on competencies, an organization should not forget the “importance of minimizing derailers or failure factors” (ibid, p.40). In opposite of competencies, failure factors constitute an important and crucial facet of employee or senior executive assessment and talent management. Acting as a red flag, failure factors are used to identify characteristics of individuals that could negatively influence and harm the organization. It is interesting to note that an excessive ego is the most common root cause of a candidate’s failure factors (ibid).

Following the overall discussion on using a competency model, Folkman (2016) elaborates on the reasons of whether “having a distinctive competency model for every level in an organization” is needed or not. He claims that, besides the increasing importance of a strategic perspective within each organizational level, no specific competency model is needed. He bases his statement on the findings of a study with 332 860 bosses, peers and subordinates. Nonetheless, the competencies included in his universal model are much generalized and do not refer to the current strategical issues or challenges of the company. This point is also supported by Keller (2012), who states that the senior executive assessment via 360 degree surveys or conversations “should not be against generic HR leadership competency models, but should instead be against the specific behaviors related to the desired changes that will drive business performance”, indicating that the use of generic competencies is not optimal. In correlation to Keller’s (2012) statement, this thesis also follows the path towards a set of specific behaviors or competencies of the TMT that are related
to successfully expanding internationally, which represents the desired strategy of the case company. Therefore, as a conclusion, it is valid for this thesis to further pursue the structuring and creation of a specific competency model.

Moving away from the overall discussion of a competency model towards the identification of the most prominent competencies, this section presents some crucial insights. In connection with the paragraphs on Competency Training and Learning as well as Senior Executive Assessment and Development, Folkman (2016) urges managers to identify their current most critical competencies that will have the biggest impact on their work success and develop them. It is crucial for senior executives to develop and adapt towards new challenges and therefore new needed competencies. Even though the TMT has an optimal fit with the current international expansion, the senior executives need to be able to adapt to the future strategical changes of the organization. In order to do so, they have to be willing to change their current way of working, although it might already be successful so far. Without an openness to change, the senior executives resist to go off the so far successful way of working and block any attempts to develop, which ultimately can lead to a stagnating performance or additional work for the rest of the TMT. For example, an international expansion requires additional competencies, something that will be brought forward in the following sections, which are crucial for a successful process. However, the slack of certain development resistors has to be picked up and carried by the other members, which ultimately leads to a lower efficiency and effectiveness of the TMT. On a different note, as aforementioned, the assessment and therefore the following development of senior executives or the TMT is usually initiated by the board of directors and/or the CEO. Yet, senior executives should also possess the competency to reflect upon themselves and try to improve their set of traits, skills, and knowledge and therefore their fit with the organization’s challenges on their own. Due to the fact that both external and internal development initiations are crucial to the success of the TMT during an international expansion as well as future organizational undertakings, one competency will be labeled as Openness to Learn and Change.

3.2 Leadership and Teamwork

As already established, this thesis targets the TMT, which is also referred to as the senior management. This “small group of people at the top of an organization can dramatically affect organizational outcomes” (Finkelstein et al., 2009, p.3). The senior executives have to decide on a range of topics, set the organizational frameworks for the company and its employees to act in, and represent the company to external entities (ibid). Dealing with these tasks or challenges of the TMT, the senior executives as individuals as well as a collective have to possess certain competencies in order to work efficiently. This section will cover theories on leadership and teams, with the goal of identifying and discussing important contents and to identify important TMT competencies.

3.2.1 Strategic Leadership

Following the introduction of this section, this paragraph covers strategic leadership, or “[t]he study of executive leadership from a strategic choice perspective”
Strategic leadership can refer to individuals, such as the CEO or other senior executives, as well as to groups, like the TMT or the board of directors (ibid). The term strategic leadership signifies that an individual or a group manage an entire company and not just a lower level unit in an organization. As alluded by Finkelstein et al. (2009) in the introduction of this section, working in the TMT, there are “substantive decision-making responsibilities, beyond the interpersonal and relational aspects usually associated with leadership” (ibid, p.4), which also alludes to the high capabilities in defining and implementing strategies in order to pave the way for a successful future of the company. In short, the tasks, responsibilities and challenges of the TMT overlap with the theories on strategic leadership, which is implied in the points made above. This is why strategic leadership is part of the theoretical framework of this thesis.

As defined by Achua and Lussier (2010) and later referred to by Bolden et al. (2013, p.84), strategic leadership consists of the ability to “anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization”. Furthermore, these steps or aspects of strategic leadership support the creation and implementation of the organization’s vision, mission and strategies in order to reach their goals, by offering direction and inspiration. Besides this, strategic leadership should cover “building core competencies, team building, communicating, and goal-setting” (ibid, p.84). However, Bolden et al. (2013) argue that this extensive list of behaviors and tasks places strategic leadership within the individual and not in a group, as was argued before by Finkelstein (2009). They go on by stating that this is opposing to the goal of strategizing as it attempts “to unite the beliefs, goals, and activities of a whole group of people” (ibid, p.84), which also defines the future vision that has to be shared in the company.

Bolden et al. (2013) further emphasize the importance of creating a vision and that it is one of the core competencies a strategic leader should possess. Additionally, they claim that an organization and therefore the TMT has to set up a global or international vision before they start to internationalize. Staying with a local vision when internationalizing would lead to an unsuccessful attempt. Continuative, strategic leaders should also have the competency to transform the vision from idealistic to specific. In order to do so, a process has to be implemented by the manager that includes the formulation, implementation and evaluation of the strategy, which is based upon the new vision for the organization. The authors further state and describe six possible stages of implementation: (1) analyze the environment, (2) develop a vision statement, (3) develop a mission statement, (4) establish goals, (5) set up actions, and (6) strategic reflection. Through setting up a process like this, the vision of an organization has to be actionable, which leads back to the strategic leader’s ability to identify and utilize the current strengths, abilities and sense of purpose of the organization. The authors (2013, p.85) further argue “imposing a vision onto employees and expecting them to identify with and implement the changes it implies is not without risk”. Following up the last point, strategic leadership has been criticized for being too top-down as well as too focused on means-end thinking that also excludes external input and therefore maintains and legitimizes organizational inequalities. Therefore, a more inclusive approach is suggested in order to create a shared wide organizational vision. Even so, when implementing a vision the TMT has
to represent the vision and lead by example, as a ‘poorly enacted vision’ by senior executives diminishes the credibility and so decreases the potential success. Additionally, the organizational procedures concerning the recruitment, training, customer service as well as the product development have to adapt to the vision in order for it to be credible. (ibid)

### 3.2.2 Top Management Team

Referring to the highest managerial level or ‘the apex of an organization’, the TMT is a “relatively small group of most influential executives” according to Finkelstein et al. (2009, p.10). The senior executives within this team include the CEO as well as the persons responsible for reporting to him or her, which usually consist of up to ten people at the very top of the organization. Due to this setup of a TMT and the realization that “top management typically is a shared activity” (ibid, p.10), the authors claim that the research focus on TMTs moved beyond examining the individuals to the group as a whole. Here they refer to Hambrick and Mason’s (1984) Upper Echelons Theory, also supported and presented by Kaczmarek and Ruigrok (2013, p.515) who argue that the characteristics of the senior managers are reflected or represented by the organizations. This alludes that “the researcher’s ability to predict or explain” (Finkelstein et al., 2009, p.11) an organization’s strategy can extremely improve by looking at and gaining an understanding of the setup and characteristics or competencies of the TMT.

### 3.2.3 Team Diversity

Diversity in general describes ‘“any attribute that another person may use to detect individual differences’’, as defined by Williams and O’Reilly (1998, p.81). However, nowadays the focus is rather on people’s gender, their age, ethnicity, educational backgrounds and how these differ. All these different aspects of diversity raise the question on how they affect the performance and the process of a work group or a team, along with the general wellbeing of the people in them (Rivas, 2012). Rivas (2012, p.1) further refers to Cannella et al. (2008) who claim that “[d]espite the large number of top executives’ diversity studies, research has yielded inconsistent results” and goes on by concluding that it is still unclear whether having a diverse TMT is beneficial for the company or not. This leaves this section on an irresolute position as the importance of the TMTs diversity for international expansions will be further analyzed in the following discussion.

### 3.2.4 Discussion and Competency Identification

**Identified Competency: Strategic Leadership**

As stated above in the theory, there is no clear answer to if the influence of diversity within a work group and its process, performance and the individuals it involves can be considered as positive or not. However, this first part of the discussion section will focus solely on the effects of diversity within a TMT concerning the internationalization of a company. It will then be followed by a discussion on TMT theory as well as strategic leadership before concluding a competency.
Nielsen (2010, p.188) refers to the work of Daily (2000) and Roth (1995) when she argue that “[t]op managers’ previous experience with foreign markets is viewed as a valuable resource, which increases the competitive advantage of the firm”. She further claims that managers’ background characteristics and experiences strongly influence the choices of the organization, especially during an expansion, which is usually associated with a high environmental uncertainty. This is also closely connected to the later presented Section 3.4.5 Global Mindset, which describes the effects of a certain mindset towards the senior executive’s behavior and decisions. The author goes on by stating that besides the international experience as an aspect of diversity within the TMT, the nationality of the senior executives is another distinct source that helps manage the challenges that are usually associated with organizational expansions. The key in dealing with international expansion and globalization challenges originates from the diversity in the top managers’ nationality and their experience, she argues, as they offer a greater chance to “identify potential opportunities for foreign expansion via more thorough environmental scanning and careful evaluation of different options” (ibid, p.191). Furthermore, Nielsen (2010) refers to Cox et al. (1991), who claim that advantages like the creativity of, or the quantity and quality of the solutions generated within the TMT, are linked to the diversity of nationalities. On the other hand, it is also linked with reduced performance in some cases, she argues, as the diversity can foster increased conflicts within the team, referring to the work of Simons and Peterson (2000). Even so, she acknowledges that these negative aspects have a way of decreasing over time, based on the work by Earley and Mosakowski (2000) and Watson et al. (1993). However, despite looking at the pros and cons, the diversity of the TMT will not be recognized as a competency in this thesis. This is due to the fact that diversity cannot be possessed or developed by an individual him or herself, and can therefore only be influenced by the board of directors and/or the CEO that setup the TMT. The concluded team diversity aspects represent a potential success factor of the TMT and the international expansion, yet diversity will still not be considered a competency henceforth.

Referring to the contradiction between two different sources on the study subjects of the passage above, the Upper Echelons Theory by Kaczmarek and Ruigrok (2013) is used to discuss the opposing study subjects. As described earlier, Finkelstein (2009) states that strategic leadership can be possessed by individuals and groups alike, although Bolden et al. (2013) argue and place it exclusively with the individual. When looking at the Upper Echelons Theory, the points presented by Bolden et al. (2013) can be confirmed as the individuals or senior executives within the TMT still influence the characteristics of the group and organization as a whole. Naturally, only individuals can develop or improve their strategic leadership characteristics, however, as they are still part of the group, their individual gain in knowledge influences the overall knowledge and thus the performance of the group. When looking at the discussion and conclusion about diversity, strategic leadership can still be possessed and developed by the individuals within the team and therefore increase the overall performance of the TMT, whereas only the international experience and perhaps the functional background can be improved by the TMT members. Yet, as stated before, this thesis places competencies with the individual and so does strategic leadership.

Following the overall discussion on strategic leadership, the presented statements will be analyzed and highlighted in order to identify a possible competency. When
managing and creating the vision and mission, the TMT has to present the organization with an overall purpose and actionable strategy. This is a very impotent yet general competency for all senior managers, as stated by Folkman (2016) whose study of management team competencies concludes that developing strategic perspective becomes more important with every increasing managerial level in an organization, and is thus crucial for the TMT. This is also supported by Fernandes (2009), who places strategic leadership exclusively in the top management level, referring to the Stratified Systems Theory by stating that when an employee manages to climb in the organizational hierarchy, each level has a clear distinction in the tasks, goals and requirements. In general, the top levels are strategic, the middle levels are organizational, and the bottom levels are production or action-oriented. He states that “[t]he major functions performed by increasingly higher levels of the organization are increasingly indirect, complex, and ill-defined”, whereas “[t]he lower levels deal with well understood procedures” (ibid, p.59). However, it is worth noting that he in his statement is referring to large-scale organizations, which does not align with the delimitation of this thesis, which focuses on medium-sized organizations. Yet, placing the strategic orientation in the TMT applies for all sizes, as long as other orientations are not excluded, which most likely are managed from the highest organizational level as well.

Fernandes (2009) also argues that strategic leadership is made up from two parts, as he splits it into strategic management theory and visionary or inspirational leadership theory. For the former, he states that “executive effectiveness emerges from an appropriate fit between the organization and its environment” (ibid, p.10) and therefore it is the senior executive’s role to analyze, create and manage this fit. Through analyzing the environment, implementing the required policies and strategies as well as reviewing various consequences that has struck the organization, it is evident that the theory and models that exist on strategic management focus on executive characteristics of strategic leadership, he argues. This indicates a consistent look on strategic leadership as Bolden et al. (2013, p.84) also define it as the ability of senior executives to “anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization”. However, Fernandes’s (2009) second part of the strategic leadership description includes leadership theories on charismatic and transformational leadership, which is more detailed than the definition from Bolden et al. (2013). Furthermore, Fernandes (2009, p.11) argues that the “common theme is that leaders develop and use their vision to structure and to motivate collective action”. He further emphasizes the empowerment and development of the subordinates as well as the senior executive’s ability to lead, which consist of social skills, self-confidence, motivation as well as cognitive abilities in general. This offers a closer look into the leadership of strategic leadership and therefore contributes to the definition from Bolden et al. (2013).

Ensuing this discussion on the definition of strategic leadership, the particular importance for expanding internationally has to be emphasized, as the vision, mission and strategy of an organization has to adapt or change when making the move from being a national to becoming a global company. If the TMT does not manage to do so, it is going to be very difficult to communicate the purpose of the international expansion to the employees, whom deductively might resist the strategical changes
that come with it. Resistance will be more thoroughly described in the Section 3.3 General Knowledge Areas below. Yet, concluding this part of the discussion section, one competency will be labeled Strategic Leadership. The terminology of the theories covered will be kept as it best captures the two sides, which are both crucial to the expansion success, the strategic-orientation with all its tasks, goals and responsibilities, as well as the leadership aspect of senior executives.

### 3.3 General Knowledge Areas

As the title suggests, this section target areas of knowledge that represent a more general aspect of being a senior executive. However, the ensuing theories, discussions and conclusions are still very important to the thesis's focus of an international expansion. Topics that are aggregated in this section include uncertainty, risk management, strategic decision making as well as change management and resistance, and managing resistance.

#### 3.3.1 Uncertainty

When it comes to an expansion for a company, be it regional or international, it can be seen as a somewhat large project. Naturally, the task of the project will be to complete the expansion with a minimum amount of problems and maintain a smooth transition from one place to another. One very important issue which needs to be given attention to in a project is uncertainty. According to Liesch et al. (2011, p.854), “uncertainty is referring to decision situations where there is an unknowable future and sometimes to situations where this future is knowable, but not calculable. Risk refers to decisions where the consequences of actions are subject to known probability distributions”. Furthermore, Maylor (2010) argues that uncertainty is referring to all of the environmental variables that the project has to take into consideration and that needs management to be able to complete the project within the time frame and the disposable resources. The challenge for the TMT is thus to figure out how they should handle this uncertainty by using the competencies that they possess.

#### 3.3.2 Risk Management

Another important issue is risk management. According to Eriksson-Zetterquist et al. (2011) managers would rather avoid risk than face it, while preferring to take short-term decisions in order to make long-term plans. Furthermore, it lies in the responsibility of the managers to weigh the possibilities against the risks that can be identified in a certain decision, which in this case is the international expansion of the case company. Therefore, the decision-making process of the company should be designed so that both risks and possibilities are taken into consideration. In other words, a successful manager should discover and accept the risks instead of avoiding them. Maylor (2010) divides risk management into three main areas: identification, response control/mitigation and quantification. The area of identification is about exactly what the name states, to be able to predict and identify indicators that might suggest that something could be harmful to the project. Included in this area is also categorizing the risks and making predictions, in other words to be able to estimate which decisions will lead to what outcome. For instance, if the expansion is a first-time project, it will most definitely have a lot of uncertainty connected to it, which
puts a lot of pressure on the TMT when it comes to the prediction making. The response control/mitigation area refers to the process of trying to reduce the likelihood of an identified event to occur or, if it is too late, to mitigate the damage of the event. Here it is also important to categorize the extent of damage caused by the event to the project, for instance by labeling it as minor, major or critical. Lastly, the quantitative area refers to various models that are used to estimate the certainty of the project fulfilled a specific criterion, for instance delivering on time or within budget (Maylor, 2010). However, since this thesis targets a company expansion that has already been initiated, there will be no further elaboration on how each of these models differ from one another, respectively.

3.3.3 Strategic Decision Making

As with the earlier described and discussed topic of strategic leadership, strategic refers to the decisions of the TMT in this thesis. These decisions require large amounts of resources and commitment, which is why they are far reaching, take long time to implement and also come with substantial costs in terms of opportunity (Fernandes, 2009). As there is a connective tissue with strategic leadership, strategic decisions “should be made within the context of a long-term view or vision, of both the desired end-state and potentially undesired end states brought about by the contemplated course of action” (ibid, p.5). Due to the intended and unintended effects of a decision, both of these end-states can be differentiated. The author further states that the conditions under which these kinds of decisions are made usually come with a substantial amount of uncertainty, requiring reformulation of objectives since earlier made assumptions can be inadequate or even wrong. Additionally, the scopes as well as the possible effects of relevant factors to consider when making a strategic decision are seldom entirely known by a single senior executive or individual involved in the decision process. Besides the volatility, uncertainty, and complexity of making strategic decisions, another problem is “the difficulty of determining the validity of inputs to the decision process” (ibid, p.6). This alludes towards ambiguity, which becomes substantial when expanding internationally as the firm has to deal with differences in values, beliefs and symbols, influencing the interpretation and contextual meaning. These cultural differences are factors that create tensions between sub-cultures in the organization while they also foster ideological biases, which is why Fernandes claims that the TMT “must know how to identify sound inputs embedded in a swamp of biased arguments” (ibid, p.6). As many of the decisions needs to be made during times of stress and crisis, it becomes especially difficult due to the many different departments that exist in the organization. All in all, strategic decisions are consequential, long-term, system-wide, contextual and rarely final (ibid).

3.3.4 Change Management and Resistance

While an expansion for a company can be seen as a large project, it is also a strategic change since there is an intended outcome that is sought after by the company. Shani et al (2009, p.444) claim that “[d]eveloping the organizational capability to change is critical for the development of sustainable organizations and sustainable workplace” while also emphasizing the challenging nature of change management and business development that managers have to master. Furthermore, Huber et al. (1993) argue
that what triggers change can be traced to at least five sources: the characteristics of
top management, the environment, performance, structure, and strategy. Strategic
change is something that affects all company levels in the shape of strategic relations
and aspects, making companies both creators and prisoners of different structures
(Jönsson and Strannegård, 2009). These structures feature physical, social as well as
mental parts that need to be challenged in the practical exercise of the strategy work
by the TMT. The aftermath of this, during periods of strategic change, results in the
emerging of tensions with the market, which also needs to be managed. In other
words, companies are dependent of creating relations with each other and thus
strategic change does not only affect the own company but several, that are acting and
reacting in a collaborative manner while also being in competition with each other
(ibid). Eriksson-Zetterquist et al. (2011) refer to the work by Vroom (1964) when they
present two basic perspectives on scope of change within companies. They argue that
companies “differ both in terms of the scope and ambition of change efforts as well as
the philosophies they build on” (ibid, p.220). The first perspective presents change as
occurring over a longer time period where a number of small, incremental changes are
made, viewing it as a continuous process of improvement. Nonetheless, the change
can differ substantially compared to the initial state of the organization. The second
perspective leans more towards a radical, company-wide approach, in order to achieve
the desired results. This is, according to many authors, one of the key factors for
sustaining long-term survival. However, adapting the right perspective of change does
not guarantee either success or long-term survival (ibid).

One of the major reasons to why problems are common during different kinds of
change efforts is due to the resistance to change, a subject that has been extensively
researched, according to Kotter and Schlesinger (1979). They have identified four
reasons to why resistance emerges within an organization. The first, parochial self-
interest implies that the resistance is developed because people are afraid of losing
something that they value if the change is carried out. The root of this is that people
fail to focus on what is best for their organization, and instead put their own interests
first. People also tend to resist change when they do not understand the implications,
which is why the second reason is referred to as misunderstanding and lack of trust.
This occurs when the employees do not trust the initiator of the change or are under
the impression that the change could cost them more than they would gain from it.
The third reason is different assessments, which refers to what the name suggests that
people simply assess situations in different ways. For instance, subordinates who see
more costs than benefits compared to their managers who usually are the ones
initiating the change. The fourth and last reason is low tolerance for change, referring
to the fact that people’s ability to cope with change differ and that organizations
sometimes ask for too much in little time when it comes to change efforts. It is thus
important to be aware of that some human beings are much more limited in their
ability to change than others. (ibid)

### 3.3.5 Managing Resistance

According to Atkinson (2005, p.15) the “major problem in driving change in
organizations is dealing with and managing the resistance you will encounter”. It is
very uncommon that a change process does not generate at least some resistance,
which is why managing it is so important. Furthermore, resistance should be
recognized and looked upon as a valuable feedback that can be used to openly discuss possibilities which could facilitate the learning process. Therefore, resistance should be considered as a form of positive change. Gossip, fear and assumptions create false scenarios, which is why they need to be challenged when they emerge. The assumption employees will have of a proposed change is based on their perception of reality, which is a result of other initiatives they have experienced in the past. So instead of trying to win the argument over those who resist, the persons responsible for the change should try to help them see beyond their negative viewpoint by influencing and persuading them that this is in fact not the case. (ibid)

3.3.6 Discussion and Competency Identification

Identified Competencies: Dealing with Risk and Contingencies & Embrace and Redirect Resistance

Concerning the above stated theories in the General Knowledge Areas of TMTs when expanding into a new foreign market, this part of the section discusses the similarities and differences between them as well as emphasizes, aggregates and identifies relevant competencies.

Maylor (2010) argues that uncertainty, even if it might seem illogical to some as it is representing something that is not for sure or that is unknown, needs to be given a lot of attention. In fact, uncertainty represents a challenge for the TMT, as it is very important to make assumptions or predictions of the future. In the same vein, as described by Fernandes (2009) and supported by Finkelstein et al. (2009, p.3), the TMT has to work “under conditions of uncertainty”, which is why the situations in which executives face are only interpretable, but not knowable. Although a prediction is almost never one hundred percent accurate, even the smallest degree of conformity could be valuable to prevent problems that could be harmful to the project. All in all, when aggregating the presented opinions on the subject, there is an obvious conformity on the importance of dealing with uncertainty. However, Fernandes (2009) sees uncertainty as only one of four problematic aspects of making a decision, next to volatility, complexity and ambiguity, whereas Maylor (2010) focuses on uncertainty and risk. Maylor’s theory (2010) emphasizes the importance of paying attention to the risks that exist, representing something that is not entirely certain but nonetheless could be a direct threat to the project. As with uncertainty, there is a lot of pressure on the TMT to predict the outcome of certain decisions (Maylor, 2010). Naturally, depending on how much an expansion project differs from previous ones, if there are any, the level and amount of difficulty associated with these predictions will vary. On the other hand, Fernandes (2009), while not directly referring to risks, also emphasize the importance of analyzing a decision’s end-state, be it desired or undesired. In other words, what risks bring the decision’s action. Therefore, when concluding the theory on uncertainty, risk management and strategic decision making, while still acknowledging the different uses of terminology, they all aggregate a common picture of the challenges a TMT has to face and deal with when expanding internationally. With this in mind, as supported by McComb et al. (2008), the TMT needs to maintain a high degree of involvement in a project to increase the chance of success, due to the fact that their commitment has to stay high throughout the whole project. Furthermore, Finkelstein et al. (2009, p.4) argue that, when faced with the
above described challenges of decision making, senior executives interpret the situation through their own lenses, which is formed by their “experiences, values, personalities, and other human characteristics”, and therefore their competencies, as it is a crucial part of being a TMT member.

The theory presented in the Section 3.4.5 Global Mindset will go more into detail about the effect of a mindset, even though its importance is already acknowledged as the senior executive’s action or decision in a certain situation are “much more a reflection of the person than the situation” (ibid, p.4). Having stated this, it is evident that a TMT competency has to represent and capture the challenges and problems a senior executive has to deal with and successfully manage when making an informed decision when expanding internationally, which is why this competency will labeled as Dealing with Risk and Contingencies. As the title would be too long, all described problematic aspects, e.g. uncertainty, volatility, complexity and ambiguity, will be aggregated to the term ‘contingencies’.

As for resistance, Jönsson and Strannegård (2009) claim that regardless of an expansion being incremental or radical in its nature, the fact that the initiators of the project will face at least some degree of this phenomenon is inevitable, as it is something that affects all company levels. This is supported by Kotter and Schlesinger (1979), as they state that fear of losing something valuable, misunderstanding and the different ways people assess situations are some of the many reasons to why resistance emerges within companies. All in all, these theories show a high level of conformity in that they emphasize the importance of paying attention to and dealing with resistance. Yet, there are different ways in managing resistance. To challenge resistance and see it as something positive, rather than discarding and avoiding it, is according to Atkinson (2005) the recipe for dealing with this phenomena, which has harmed many companies in the past. This shows a different point of view when dealing with resistance. It is also given attention by Kotter and Schlesinger (1979) in their four reasons to why resistance emerges. This combined knowledge enables the senior executives to address the reasons, help the resistors understand the organization's point of view and ultimately dissolve the resistance and build a constructive environment for future projects. It is therefore very important for the TMT to be able to manage the above described points and also to minimize resistance within an international expansion project. Thus will this competency be labeled as being able to Embrace and Redirect Resistance.

3.4 International Expansion
This section covers the theories on the process of an international expansion, often referred to as internationalization. Starting with the different dimensions or definitions of cross-border business, this section will also focus on the demand of global synergy and local responsiveness as well as global mindset.
3.4.1 Dimensions of Globalization

This thesis targets Scandinavian companies that are expanding internationally, which refers to the process of increasing the company size or scope by establishing operations in a country where it has not previously been permanently active. By doing so, the company is becoming more global, a term that is used by many, but explained by few, according to De Wit and Meyer (2014). This causes people to refer to different things, which results in unfocused debates. The authors further argue that “deciding on which geographic areas the organization should be involved in, is [labeled as] the issue of international composition” (ibid, p.297). This, along with the required organizational structures and systems, referred to as international management, is up to the TMT to decide.

De Wit and Meyer (2014) also present a separation between three different definitions of the term global: global as worldwide scope, global as worldwide similarity, and global as worldwide integration. The first defines being a global company as having, compared to having a local or regional scope, the broadest international scope possible, which makes globalization “the process of international expansion on a worldwide scale” (ibid, p.297). The second refers to a company as having homogeneity in their different locations, for instance if it would provide the same product in all the countries where it operates. This causes the term global to represent the variance dimension, and thus makes globalization “the process of declining international variety” (ibid, p.298). The third and last definition refers to the world as a linked system, which causes geographically different markets to be vulnerable to events taking place in each other’s countries. In this case, the term global is the ultimate level of worldwide integration, making globalizations “the process of increasing international interconnectedness” (ibid, p.298). Depending on the daily business and vision for the future, different companies will live by different definitions of the term global, which is important to keep in mind when analyzing why they are moving in a specific direction. Further, when a company is setting up its business in a new country, it has to decide its mode of entry, which can differentiate as for commitment and complexity. The entry can be done either through acquisition, by purchasing an existing local company, or through so called greenfield entry, where the company starts from scratch. This means that the company can either work independently or through forming an alliance with an already existing local player (ibid).

If it turns out that a company is lacking capabilities to establish itself, there is the option of using contractual agreements as an entry form. According to Moen et al. (2009, p.21) “firms often form alliances due to the many potential benefits for the firms involved, or as a way to compensate for a lack of resources or knowledge”. However, it is important to note that forming an alliance with a partner will develop a degree of dependency which can cause problems if there is a change in technology or the market. Hence, choosing the right partner is of high importance, as the wrong choice could result in problems with distribution, promotion, sales and pricing (ibid). Geringer (1991) identified 15 different partner selection criteria, which he split into two categories: task-related selection criteria and partner-related selection criteria. The former contains variables important to a company’s operations and its competitive success, focusing on operational skills, while the latter focuses on
variables that influence the ability of the company’s partner to cooperate efficiently in their partnership. The empirical work by Geringer (1991), Glaister and Buckley (1997), and Nielsen (2003) on partner selection criteria show similar results according to Moen et al. (2009) who conclude that the partner-related criteria were generally higher ranked than the task-related criteria. The ‘knowledge of local market’ was ranked as the significantly most important, which is a task-related criterion. It was followed by ‘distribution channels’, ‘links to major buyers’ and ‘knowledge of local culture’, all of which belong to the same category and are related to the ease of market entry. When entering a new market, the company will most likely have a resource gap, representing a need for local market knowledge. This gap needs to be filled, preferably by forming an alliance with a partner who possesses the required knowledge and experience in this market (ibid).

3.4.2 International Expansion Management

Organizations have to manage their international expansion process, referred to as internationalization, and therefore deal with the ‘border-spanning nature’ of operating in two or more countries (De Wit and Meyer, 2014). Internationalization brings along a lot of difficulties and costs in order to effectively run an organization across borders. As stated by Zaheer (1995), there are inherent costs or disadvantages called the ‘liabilities of foreignness’, due to the organization’s non-native status. These costs concern the geographical distance, e.g. costs of travel, transportation and coordination over distance and across time zones, the organization's lack of knowledge of the new market, the host country's environment, e.g. lack of legitimacy of foreign firms as well as the home country’s environment, e.g. restrictions on sales (Schweizer, 2015). Looking at these costs, De Wit and Meyer (2014, p.302) argue that “the simplest solution would be to organize all operations on a country-by-country basis, and to leave all country units as autonomous as possible”. However, they further claim that the economic rationale behind internationalization is that it “only makes sense if enough cross-border synergies can be reaped to offset extra cost of foreignness and distance” (ibid, p.302). Following this statement, organizations consequently need to adopt ‘international integration mechanisms’ that enable or ensure the fruition of cross-border synergies. Further, the authors (2014) list three of the most important integration mechanisms, which are listed below.

Standardization: This can be simply described as doing the same thing in every country, which, as stated by De Wit and Meyer (2014), can be applied to every aspect of the business model, e.g. product offering, value-adding activities and resources used. Furthermore, Economies of scale are extremely dependent on standardization, and it also creates additional value to international customers that anticipate the same offering from the different locations. (ibid)

Coordination: Besides the standardization of products or activities, organizations “can also align their varied activities in different countries by means of cross-border coordination” (ibid, p.303), in order to internationally integrate. The aim of coordinating is thus to create synergies by fulfilling the needs or requirements of international customers, or to counter or attack international competitors. The latter can be realized for example by a low price strategy in one market, to attack the
competitors there, which is financed by the profits of one or several other markets in order to achieve an overall competitive success. (ibid)

Centralization: The last integration mechanism is the centralization of activities at the home or a foreign location of an international organization. De Wit and Meyer (2014, p.303) claim that this “is often motivated by the drive for economies of scale ..., but might [also] be due to the competitive advantage of a particular country as well”. Possible advantages include lower prices or higher quality, however further reasons for centralizing include the guarding of intellectual property as well as the ensuring of the quality of a certain activity. (ibid)

3.4.3 The Demand for Global Synergy

The key question when it comes to the international standardization and local adaptation, between which there is a tension, is “whether international firms have the liberty to standardize or face the pressure to adapt” (De Wit and Meyer, 2014, p.305). Problems arise when international companies attempt to fully adapt locally, while leaving out their internally developed strengths, resulting in that they are still not better than the local companies while being weighted down by the costs of operating internationally. The solution for these companies lies in achieving cross-border synergies, which will compensate for these costs, “by leveraging resources, integrating activities and aligning product offerings across two or more countries”. (ibid, p.305)

The first solution is leveraging resources, where the company can either physically reallocate its resources or replicate them for simultaneous use in two or more markets. The reallocation refers to moving resources to countries where they are of better use, for instance machinery or people. The replication targets intangible resources such as knowledge and capabilities, which is copied and used in other markets where the company is active. Examples of knowledge could be within areas such as technology, marketing or sales (De Wit and Meyer, 2014).

The second solution is integrating activities, where a country’s competitive advantages are used for the value-creation processes, either through scale or location. Activities can be centralized at a few locations or a specific product or process is standardized by the company. Furthermore, some locations are better suited than other for some activities, for instance if there are certain raw materials or human resources that cannot be as easily accessed somewhere else. Examples of activities and/or processes are production, logistics or procurement (De Wit and Meyer, 2014).

The third solution for achieving cross-borders synergy is to align the company market positions, either through dealing with cross-border customers or competition in the countries where it operates. Offering a standardized product or service in different countries can be a big advantage for a company in terms of satisfying its customers. It could be everything from offering the same range of dishes in a restaurant menu to the level of service quality in a hotel lobby. As for dealing with competition, the company
can defeat its local rivals by performing a coordinated attack on them through joint efforts, preferably by focusing on one country at a time. Naturally, the company must also be prepared that it may just as well be a target of this maneuver from its rivals (ibid).

3.4.4 The Demand for Local Responsiveness

Following the demand of global synergy, organizations or top managers also need to consider the demand for local responsiveness, or in other words, to identify and respond to national markets and their specific requirements. Depending on the products and/or services, the requirements from the customers in the offering itself, the price, the place of sales, and the promotion can change immensely and has to be addressed and fulfilled to some extent, with the strategy of the company in mind. However, as described above, internationalization is only viable if there are cross-border synergies, which would mostly exclude a very specific country-to-country approach. As stated by De Wit and Meyer (2014, p.309), “[u]nfortunately for managers, these two key demands placed on the international firm are, at least to some extent, in conflict with one another” and therefore need to be managed and constantly reflected upon.

3.4.5 Global Mindset

This section will target the extensively discussed and analyzed global mindset (Wankel, 2008). However, before diving into the details of the theories behind the global mindset, the general meaning of a mindset as well as the influence it has on individuals will be presented. Wankel (2008, p.179) describes a mindset “as a lens through which people view, understand, and decode the world around them”. He goes on by stating that reality, as obvious as individuals may experience it, it is never clear, simple, or self-explanatory. There is a complex sensemaking process behind it, which sometimes occurs unconsciously. Yet, usually people actively try to endow meaning to the world around them, however, this mostly happens with an individually filtered view. Instead of approaching every situation with a ‘clean slate’, a person’s mindset “affects what they notice, understand, learn, and remember” (ibid, p.179). The reason for this is to make reality more comprehensible or logical.

As mentioned, a global mindset is a lens that is setup to make sense of the globalization process and thus effectively manage the challenges that come with it. For example, in order to successfully lead a multinational company, the TMT has to manage the “environmental and strategic complexity and ... [incorporate] geographically distant operations and markets while simultaneously responding to local demands" (ibid, p. 181). A global mindset is the key to do so, as the characteristics “are described in terms of high cognitive abilities and information processing capabilities that allow managers to understand complex global dynamics, balance between competing demands and concerns, reconcile tensions between global and local, differentiate between and integrate across cultures and markets, and examine and attend to global [strategic] issues” (ibid, p.181). Furthermore, when looking at global mindset of the TMT in a company, Wankel (2008) refers to Bouquet (2005), who defined global mindset as an awareness of global strategic issues. He
further states that the TMT express their awareness or global mindset by paying attention to those aforementioned strategic issues. Moreover, a global mindset “includes cultural self-awareness, openness to and an understanding of other cultures, and the selective incorporation of foreign values and practices” (ibid, p.180). All in all, these aspects or characteristics benefit the expansion’s success, as a global mindset describes the “ability to integrate every aspect of the global organization” (ibid, p.178) by managing global strategic issues. With this in mind, it is important to identify how managers get a global mindset and what the influences are. Wankel (2008) states that besides the manager’s experience or training of working internationally, as also described in Team Diversity, a global mindset is also strengthened by living in a foreign country. Further, the age as well as the number of foreign family members of the manager are also factors that have the most impact on the global mindset.

3.4.6 Discussion and Competency Identification

Identified Competencies: Synergy Orientation & Managing Local Responsiveness

As for the subject of global mindset, Wankel (2008) concludes that there are inconsistencies in the existing literature. He criticizes that definitions vary from a ‘set of competencies and behaviors’, to a ‘cognitive phenomenon to a state of being’. Also, global mindset is used to characterize individuals, teams and organizations, which again leads to obscurity and complications in this area of research. Furthermore, the “similarities and differences between global mind-set, cultural intelligence, global leadership, and expatriate success” (ibid, p.187) are not clear. Moreover, there are also strong similarities or even redundancies between the global mindset and the preceding described theories. The paradox and thus the managing of the demand for global synergy and the demand for local responsiveness is what characterizes the global mindset as well. Further, the elements of managing the ‘environmental and strategic complexity’ overlaps with the earlier described and discussed strategic leadership. As a conclusion, in order to illustrate a clear and detailed picture of the competencies of the TMT, it is preferred to show the variety of competencies, instead of listing a cluster of competencies, which is more difficult to interpret. It is important and therefore prioritized in this thesis to get a grasp of the competency by just looking at its given headline. As a result of this, global mindset is not used as one single competency, due to the aforementioned redundancies with the cultural issues, international expansions and even strategic leadership theories. Instead, the contents will be separated and combined or paired with the other theories. However, the cultural aspects of the global mindset will be addressed in the following Section 3.5 Cultural Issues.

As stated by de Wit and Meyer (2014), internationalization only makes sense if the synergy benefits are higher than the costs of expanding into a foreign country. This is something senior executives always have to keep in mind and strive for, which makes it a core competency when expanding into a new country. A new subsidiary has to be integrated into the overall organization, which is integral to the success of the international expansion. The TMT has to manage the three integration mechanisms of standardizing, coordinating and centralizing in order to integrate the subsidiary and ensure the fruition of cross-border synergies by leveraging resources, integrating
activities and aligning positions (De Wit and Meyer, 2014). This is also supported by the theories presented on global mindset, which sees the incorporation or integration of “geographic distant operations and markets” (Wankel, 2008, p. 181) as a core characteristic and success factor for an international expansion. As a result of this discussion, allocation and highlighting of the theories surrounding an international expansion, the first identified TMT competency in this section will be labeled *Synergy Orientation*, as its importance has been argued for.

Following the *Synergy Orientation*, the local responsiveness towards the varying demands of different national markets has to be highlighted as well. Managing this issue is very crucial and therefore of high importance for international companies. Both sides are responsible for the success of the international expansion, which is why a balance for each national market has to be identified and established. What was mentioned by de Wit and Meyer (2014) earlier, showing responsiveness to local demands while still being able to realize synergies is also supported by Wankel (2008) in his description of global mindset. Depending on the product or service, the offering or marketing has to change while still managing to realize the synergies of the internationalization. In conclusion, the second competency of this section is labeled *Managing Local Responsiveness*, representing the importance of managing the paradox that exists between the demand for global synergy and the demand for local responsiveness by the TMT.

### 3.5 Cultural Issues

This last section of the Theoretical Framework is mainly built on the theory of Gesteland (2013) who defines several cultural characteristics, representing the areas in which they differentiate from each other. Before discussing the theory in the end of this section, while keeping the above sections in mind, this section also includes a short summary of the Swedish and Norwegian cultures, their similarities and differences.

#### 3.5.1 Cultural Differences

Depending on how much Swedish culture differs from the country a company wants to establish themselves, cultural differences are something that may cause problems throughout the expansion project’s life cycle. The impact of cultural factors such as language barriers, time differences, and socio-economic, political, and religious diversities may result in a normative pattern prescribing a range of permissible actions so as to encourage self-interest. Miscommunication across multi-nationals is usually the most important cause of cross-cultural problems, which is why an expansion to a nearby country is to be preferred (Thomas, 2015). Earley and Mosakowski (2004) present three sources related to what they refer to as cultural intelligence. The first is that a cognitive understanding of what makes a culture unique is required, driven by a person or a team’s curiosity and general attitude towards learning. The second is the ability to process culturally determined gestures, referred to as behavioral flexibility. The third source is represented by a person or a team’s confidence to believe that they can understand people from other cultures, referred to as having a high self-efficacy (ibid). According to Thomas and Inkson (2009, p.16) “[c]ultural intelligence means...”
being skilled and flexible about understanding a culture, learning more about it from
your ongoing interactions with it, and gradually reshaping your thinking to be more
sympathetic to the culture and developing your behavior to be more skilled and
appropriate when interacting with others from the culture.” Furthermore, they too
divide cultural intelligence into three different parts, similar to the ones described by
Earley and Mosakowski (2004). The first thing required from a culturally intelligent
person is to be aware of the principles of cross-cultural interactions, in other words
have general knowledge about cultures and how they vary between countries and the
impact they have on behavior. The second part emphasizes the importance of a person
to cope with cross-cultural situations in a reflective and creative way, including one’s
own feelings and knowledge. This is referred to as being able to practice mindfulness.
The third and last part requires the culturally intelligent person to manage various
cross-cultural situations using their skills to adapt, which basically is the outcome of
being able to utilize the two previous parts presented (Thomas and Inkson, 2009).
Below is a description of different business behavior characteristics that can be used
to separate different cultures from each other.

3.5.2 Deal-focused and Relationship-focused Business Behavior

The fact that it is important to maintain a good relationship between one another when
making business is evident. However, depending on where in the world you are,
people’s focus this matter tend to differ, which is why knowledge of the Deal-focused
(DF) as well as the Relationship-focused (RF) business behavior is so important.
While DF people tend to be very task-oriented and relatively open to making busi-
ness with strangers, people belonging to a RF business culture mainly make business with
family, friends or through a network of personal contacts. The few DF countries that
exist, compared to the RF countries, belong to high-trust societies and are located in
northern Europe including Scandinavia, North America, Australia, and New Zealand
(Gesteland, 2013).

3.5.3 Direct and Indirect Communication

The difference between direct and indirect language does not focus on what is said or
asked for, but instead refers to the way a phrase is presented. People coming from the
more DF countries mentioned above tend to use what is described as direct, or low-
context, language (Gesteland, 2013). For instance, if a person using a direct language
is hungry, he or she would probably say: “I’m hungry, let’s go get something to eat”.
On the contrary, a person coming from a RF country tends to use a more indirect, or
high-context, language and would most likely ask the other person: “Are you
hungry?” (ibid)

3.5.4 Monochronic and Polychronic Time Cultures

When it comes to staying on time or sticking to a planned schedule there are cultural
differences for this matter as well, depending on where in the world you are. People
who always try to stay on time, value punctuality, strict agendas and prefer meetings
that rarely are interrupted belong to a monochronic, or rigid, time culture. On the
contrary, people from a more polychronic, or fluid, time culture are not as punctual
and tend to miss out on deadlines. Further, they do not value strict scheduling and it is
common for meetings to take place at the same time. Countries who belong to the monochronic time culture are Germany, Northern Europe including Scandinavia, America, Hungary and Japan (Gesteland, 2013).

3.5.5 Hierarchical and Egalitarian Business Cultures

As for status and showing respect, a hierarchical culture will consider these two as much more important than an egalitarian culture. Formality and status differences are two things that characterize the hierarchical culture and it is shown in the way people address each other. The word respect also includes wearing proper clothes, and the accepting of gifts with both hands, for instance. In egalitarian business cultures on the other hand, status equality is valued instead, as these people tend to be more informal. The more egalitarian, informal culture includes the Scandinavian countries, Australia, New Zealand, USA, Canada and the Netherlands (Gesteland, 2013).

3.5.6 Swedish and Norwegian Business Cultures

Having listed some characteristics of different business cultures, a short description of the Swedish and Norwegian business behavior and their characteristics is presented below. Fortunately, they are similar to each other and do not differ on many points.

3.5.6.1 Swedish Business Behavior

Gesteland (2013, p.339) claims that Swedish people tend to “value equality, efficiency and modesty”. They avoid conflict and confrontation while being low risk-takers, well-behaving and polite in general. The time culture is indubitably monochronic. They are also very direct and DF in their communication and general behavior, reluctant to show strong emotions and use a rather relaxed body language. Furthermore, the author argues people in the Scandinavian countries have a very egalitarian business behavior compared to other cultures, for instance in Asia where you have to show more respect if the person you are talking to is higher up in hierarchy than yourself. In Sweden people are very informal, especially concerning the way they address each other, regardless of what hierarchical position the other person might have (ibid).

3.5.6.2 Norwegian Business Behavior

Norwegian people tend to behave roughly in the same manner as Swedes and Danes when it comes to business. They belong to a reserved, egalitarian, informal business culture where being frank is appreciated, in contrast to the indirect language that is used in Asia and Latin America, for instance. In other words, they belong to a DF and monochronic culture. Furthermore, Norwegians tend to be more formal than many Danes, but they are not as frank as neither them nor the Germans and may find it rude if one would bluntly state that they are not interested in a particular deal or offer. (Gesteland, 2013)

The work by Gesteland (2013) shows that even though two neighboring countries have a lot of similarities when it comes to their business culture, there are still
differences as well. In Table 1 below, a summary of the characteristics of the Swedish and Norwegian business behavior is presented. From the aforementioned descriptions it is evident that the business cultures of Sweden and Norway do not differ that much, fortunately, even if the small differences that exist still are worth paying attention to. On the other hand, the number of problems that could arise if the expansion were to take place elsewhere than in a neighboring country of Sweden are indubitably a lot higher.

Table 1 Characteristics of Swedish and Norwegian business behavior.

<table>
<thead>
<tr>
<th>Country</th>
<th>DF or RF</th>
<th>Direct or Indirect Communication</th>
<th>Time Culture</th>
<th>Hierarchical or Egalitarian</th>
<th>Expressive or Reserved</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sweden</td>
<td>Very DF</td>
<td>Direct</td>
<td>Monochronic</td>
<td>Very Egalitarian</td>
<td>Reserved</td>
</tr>
<tr>
<td>Norway</td>
<td>DF</td>
<td>Fairly Direct</td>
<td>Monochronic</td>
<td>Very Egalitarian</td>
<td>Reserved</td>
</tr>
</tbody>
</table>

3.5.7 Discussion and Competency Identification

Identified Competency: Cultural Mindset

On the matter of cultural differences between the two countries, Gesteland’s (2013) theory suggest that there would only exist small differences, which further leads to the assumption that an expansion from one country to the other would entail none or only marginal cultural issues.

Looking at the three sources presented by Earley and Mosakowski (2004) as well as the three parts put forth by Thomas and Inkson (2009) on cultural intelligence, both theories suggest that the first thing required from a culturally intelligent person is to have a common sense or awareness of culture as whole and the important part it plays when interacting with people from different cultures. The second requires the person to be flexible and creative when it comes to cross-cultural situations, where the person’s knowledge and feelings should be taken into account as well. The third thing required, derived from the previous two, targets the person’s confidence in various cross-cultural situations, which consequently affects his or her ability to adapt and cope with them (Earley and Mosakowski 2004; Thomas and Inkson 2009).

Furthermore, along with the theory on Global Mindset from the International Expansion Section (3.4.5), Wankel (2008, p. 180) states that “cultural self-awareness, openness to and an understanding of other cultures, and the selective incorporation of foreign values and practices” are very important for senior executives in multinational companies as they “are increasingly faced with the challenge of prevailing over domestic ... [shortsightedness] and an ethnocentric [or home country oriented] mindset, traversing cultural boundaries, interacting with employees from many countries, and managing culturally diverse interorganizational relationships”. Keeping these challenges in mind, it is evident that the TMT of an expanding or already global company has to have a certain mindset or lense to see through, as was described in the previous theory sections, in order to minimize the cultural issues. All in all, the
presented theories on cultural issues show a high similarity in their content and therefore conclude into an aggregated competency. Having stated this, the competency will be labeled Cultural Mindset as it includes cultural intelligence, cultural self-awareness as well as the appropriation of foreign values, knowledge and practices.

3.6 Identified Competencies

Summarizing the content of the theoretical framework including the discussion sections result seven different competencies were identified, which are as follows: Openness to Learn and Change, Strategic Leadership, Dealing with Risk and Contingencies, Embrace and Redirect Resistance, Synergy Orientation, Managing Local Responsiveness, and Cultural Mindset. Each competency along with the theory section (bold in Figure 2) from which it was derived is presented below.

<table>
<thead>
<tr>
<th>Main Research Question</th>
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<tbody>
<tr>
<td>Competency Theory</td>
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<td>Competency Training and Learning</td>
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<td>Senior Executive Competencies</td>
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<table>
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<tr>
<th>Theory Based Competency Model</th>
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<tr>
<td>Openness to Learn and Change</td>
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<td></td>
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</tbody>
</table>

Figure 2 Theoretical Framework structure and the identified competencies.
4 \hspace{1cm} \textbf{Theoretical Discussion of Sub-Questions}

Subsequent to the theoretical answer on the main research question, this chapter of the thesis contains the theoretically based discussion and conclusions on the three sub-questions. The sub-questions discussion will follow the same structure of comparing, aggregating, highlighting and finally concluding of the theory as with the previous Discussion and Competency Identification sections. The aim of this chapter is to build a theoretical knowledge base in order to compare with the empirical data and ultimately evaluate the case company. However, it is worth noting that the sub research questions were selected before the research, discussion and identification of a competency model was conducted. In hindsight, the identified competencies show a high level of similarity with the importance and content of this part, which increases the risk of redundancies between the main research question and the sub-questions.

4.1 \hspace{1cm} \textbf{Sub-Question 1}

\textit{How can the TMT of the case company acquire the competencies they do not already possess before an international expansion?}

Following a competency model that contains the most important requirements of a senior executive in order to successfully take on a role or task in an organization, this research question investigates how the engineering company can acquire certain competencies if a gap or a lack of some core aspects, needed to manage the organization's demands and challenges, is identified.

The selected theories describe two main ways of how to acquire missing competencies. One way is to develop the internal TMT competencies, while the other is to gain them through external acquisition. Senior executive development, as described by Stamoulis (2009), based on Rothwell and Graber’s (2010) definition of competency training, states that the development is initiated by the organization after conducting an assessment. Rothwell and Graber (2010) also define competency learning, however, here the development is initiated by the senior executive him or herself, which cannot be influenced by the engineering company. Thus this is not a feasible option for dealing with this sub-question. The development of the TMT, initiated by the organization, should still be carried out with the individual that has been appointed. After appointing an individual, a feedback is held, still with the individual approach, since each senior manager is in need of different competencies and individuals tend to prefer different methods of learning (Stamoulis, 2009). Therefore, a tailored approach of senior development has to be conducted, which can either range from, or be a combination of, internal or external professional coaching and mentoring by another senior executive. However, the reluctance or resistance of senior executives when it comes to their personal development could present a huge challenge for the organization (Bunker et al. 2010; Keller 2012). This leads to the next paragraph, which offers another way of acquiring the missing competencies.

The second way to fill the blanks of the current TMT’s competencies is through the use of external sources. Using the same competency model for the internal senior executive assessment, the assessment of potentially new senior executives should also
include an evaluation of the ‘red flags’ or failure factors when being a part of the TMT. Further, the personality and behavior style, as well as the previous experience and achievements of the senior executive candidates, should be assessed by evaluating the fit of these with the current and future demands of the organization.

On a different note, the recruitment of a new TMT member does not only present an opportunity for the organization to select a new talent with the needed competencies, it can also help increase the diversity of the team. As was mentioned in the discussion and competency identification of Strategic Leadership, the team diversity is not considered a competency, yet, it has been alluded to be a success factor for the internationalization of an organization, which in this case is a medium-sized engineering company. Rivas (2012, p.10) research results indicate a positive correlation between the diversity in functional backgrounds and internationalization, and states that “[f]irms could more strategically choose future TMT and board members taking into consideration the candidate’s cultural origin so that it tries to match the firm’s most important markets”. In this way, the knowledge in these markets can become an asset for the firm, he argues. Furthermore, the nationality of the members can have positive influence on the international expansion process (Cox et al. 1991; Athanassiou and Nigh 2002; Wankel 2008; Beck 2008; Nielsen 2010; Kaczmarek and Ruigrok 2013), with the limitations of the centrality of the member (Athanassiou and Nigh, 2002) as well as the degree of and the commitment to internationalization in the company (Kaczmarek and Ruigrok, 2013). Further, there are some short-term performance drawbacks due to conflicts in the beginning of the setup of a diverse team (Simons and Peterson 2000; Nielsen, 2010). Ultimately the people in charge of the assessment and selection of the new senior executive should keep the team diversity in mind, as it offers a lot of benefits in a long term perspective, which is the same perspective the TMT is intended to act upon in its decisions.

4.2 Sub-Question 2

How can the desirable synergies between the existing organizational unit and the new one be achieved?

This is a difficult question to answer due to the ever changing circumstances in an expansion project, which is why a universal solution for creating synergies is not possible to create. The industry or market a company is in, the characteristics of the two entities involved, their assets, and strategy are some of the factors that play a big part. Furthermore, external factors also have a strong influence as for achieving synergies. Depending on the countries and cities in which the two companies are located in, the environment in laws, regulations, and taxes are all examples that weigh into the synergy process. However, in order to adapt to all of these factors, creating good prerequisites for achieving the sought after synergies while still taking the local market into account, the integration of the subsidiary has to include certain mechanisms. As stated and discussed before, the integration mechanisms of standardization, coordination and centralization by De Wit and Meyer (2014) are tools for expanding a company, balancing the demand of synergies and the demand of local responsiveness. To avoid having redundancies in this thesis, the details behind the three international integration mechanisms are not going to be restated at this point,
but can be found in the Theoretical Framework of International Expansion and its Discussion and Competency Identification in Section 3.4.6.

4.3 Sub-Question 3

*How should the organizational and national cultures be efficiently managed by the case company?*

As mentioned in the two sub-questions above, the discussion and competency identification parts of the theoretical framework tend to create a certain amount of redundancies with the answer of this sub-question. In other words, when looking at the organizational and national cultures and how the case company could manage them, the discussion in Section 3.5.7 already address and aggregates the theories on this topic. The concluded competency of *Cultural Mindset* including the elaborated parts on cultural intelligence, cultural awareness and the appropriation of the foreign values, knowledge and practices, thus make up for the theoretical foundation for analyzing the empirical data in Section 5.3.3.
5 Empirical Data Discussion

As described in Chapter 2 Method, following the identification and selection of relevant theories as well as a discussion and identification of competency model for the TMT of a Swedish, medium-sized engineering company, expanding into a foreign market, this chapter will present and elaborate on the empirical data that was collected through the three semi-structured interviews conducted in this thesis. Starting with a description of the case company and the interviewees, the gathered information is then used to answer the main research question, comparing it to and evaluating it with the previously identified competencies and the theoretical answers to the sub-questions.

5.1 Case Description

This thesis focuses on one expansion project made by a Swedish, medium-sized engineering company, which as mentioned is referred to as the case company, who purchased a minority of the shares in a Norwegian engineering company about ten years ago. Recently, another purchase of shares was made, resulting in that the case company currently owns close to all of the shares in the Norwegian company, which is why an integration project has been initiated and is currently ongoing. Since the beginning of the project, an integration team has been set up that is responsible for managing the integration of the newly acquired company into the case company. The Norwegian company, representing the first acquisition made by the case company in the Norwegian market, is referred to as A1 as mentioned. Also, a second acquisition of a Norwegian company has been made which, even though it will not be in focus in this thesis, is referred to as A2.

5.1.1 The Case Company

In accordance with the previously described delimitations, the selected case company is a Swedish, medium-sized engineering company which has its main business within engineering services. The case company's employee number is estimated to be around 3000, making it fit for the established definition of medium-sized. Even though the case company has operations in many countries in the world, its head office is located in Sweden. As also mentioned before, the case company is listed on the stock market, which is why more specific information will not be presented in this thesis.

5.1.2 Interviewees

Following the chronology of the interview dates, the interviewees have been numbered and named as follows. The first interview was conducted with a person, Interviewee 1, who is responsible for many of the case company’s M&As. The second interview was conducted with a person, Interviewee 2, who currently is responsible for and facilitates the integration between the case company and the acquired Norwegian company A1. Interviewee 3 is responsible for the case company’s Nordic operations, and also for the whole project between the case company and A1.
Before going into the research questions, it is important to state one of the main findings in order to understand the setup of the expansion project and the selection of the above listed interviewees. This is due to the fact that the TMT conducts their expansions by splitting them into two phases, the analysis or due diligence phase and the integration phase, each being conducted by a different team. First, they set up an analysis team who looks at the market environment and its conditions, search for fitting companies to acquire or potential partners to merge with. Second, in the case of acquiring a certain company, such as A1, the TMT hands over the responsibility to the next team, the so called integration or ‘SWAT’ team. This team has the responsibility of integrating the acquired company into the case company’s network and also to communicate the case company’s agenda, including its vision, mission, strategy, and goals, managing resistance, and so on. As the descriptions of the interviewee roles indicate, all are not part of the TMT, but rather have integral roles in the sub-teams handling the acquisition and integration of A1. Only Interviewee 3, who is responsible for the whole Norwegian expansion project, as the head of the business area in the Nordic countries, is part of all teams and thereby is the connecting link of the teams involved (see Figure 3). Further information about the interviewees and their daily work is presented in the identified competencies that are being elaborated on below, as it helps to validate the assumptions that have been made.

Figure 3  Interviewees and team setup.
5.2 Main Research Question

What are the most prominent competencies required by the TMT of a Swedish, medium-sized engineering company in order to successfully manage an international expansion?

This section will illustrate the similarities and dissimilarities that exist between the seven identified competencies and the information that was gathered through conducting the interviews. Furthermore, as stated in the Section 5.1 Case Description, the TMT is not conducting the expansion by itself, but with the support of two specialized teams. Therefore, when discussing the competencies of the TMT, the importance for the analysis team and/or the integration team will be emphasized or alluded to as well.

5.2.1 Openness to Learn and Change

The first identified competency, Openness to Learn and Change, is compared to the findings of the interviews below. Interviewee 2, who started working for the case company in 2000, has had a lot of different roles, ranging from an ordinary engineer to a group manager, a department manager, and is now working with business development. His last role was within structured simulation where he further expanded his network within the case company due to a lot of cooperation with Germany, UK and India. This helped him to learn how things are done within the case company as well as to set up a network with people who could be contacted in times of need for various projects. The fact that Interviewee 2 had so many different roles in the case company over the course of sixteen years has gained him a lot of different knowledge of the case company’s ways of working. Further, he also established a wide network of people that can assist him when he needs it, which is one of the reasons to why Interviewee 3 chose him as the person to be responsible for the integration after the acquisition of A1. For instance, he knows the CEO and all the other members of the TMT, so he can personally contact them if he has to, without having to go through anyone else. Furthermore, the fact that he had to change his schedule drastically overnight, resulting in that he currently spends half of his time at A1 in Norway, shows that he is very much open to changes. This characteristic can also be identified in Interviewee 3, who has not been in the case company as long as Interviewee 2, but has nonetheless worked in a broad range of work roles, for instance within white goods, IT, electronic wholesales, and recycling. Additionally, he worked in different countries such as Spain, Finland, France, Italy, and Germany, which underlines this competency’s characteristics as well as the ones from Cultural Mindset in Section 5.2.7. This great variety in industries and national backgrounds also shows the importance of self-awareness and reflection as each new environment is set up with new values, beliefs, mindsets, etc., which he has to be sensible to and so rethink his own way of working and adapt in order to perform in his new position. This supports the theory of competency learning by Rothwell and Graber (2010) self-initiated competency development as well as the statement by Folkman (2016) that senior executives have to identify the most critical competency of their current position and develop it. Interviewee 3 further confirms the importance of a variety in roles and environments for people within the TMT and the integration team, and thus also the need to be open to changes. He states that they have a ‘free role’ approach in the case company, which describes the rotation of managers in its different projects, not “only in integration or acquisition, but also in customer projects as well”. These
people need to be all-rounders and therefore open to learning and changing in every new project they undertake. Interviewee 2, who is the head of the integration project of A1 is one of those all-rounders, which emphasizes the importance of this competency, especially in this specific case. As a side note, they use this approach due to the small number of integration projects and thus the lack of a constant demand of having a head of integrations.

In conclusion, the competency of Openness to Learn and Change is supported by the interviewees as its contents have been identified and emphasized as an aspect of a TMT, analysis or integration team member when expanding into a foreign country. However, the empirical data alludes that it is more important for members of the integration team as they are working in a unique, time and resource limited project, which at some point ends leaving the members to find a new position. On the other side, the TMT members stay with their role and responsibilities. Although Interviewee 3 has a diverse functional and national background and so somewhat supports that it is important to be open to learn and change in order to become a TMT member, yet, as a senior executive the intensity and frequency seems to be quite lower than as an integration team member. As with the analysis team, their tasks also stay pretty much the same, with mainly adapting to the changes by contracting external personnel in order to get the insights on local legal matters, which will be further described in the empirical discussion of sub-question 1, Section 5.3.1.

5.2.2 Strategic Leadership

Interviewee 2 mentions that one of the first things they did after the acquisition of A1 was reorganizing and cost cutting. The reorganizing focused especially on the management team, while the cost cutting targeted project follow up, project control and overhead costs. A decision was made to bring in an external consultant as a temporary CEO of A1 during the integration. Further, the former biggest private owner, who had a lot of influence and worked full time as an advisor, was removed so that they would have the freedom to make all the necessary changes. As of now it is the temporary CEO, Interviewee 2, Interviewee 3, and an economy controller who are in charge of the whole integration process with the assistance of the case company’s IT department. Together with the temporary CEO and the sales employees of A1, Interviewee 2 has created a new, more structured sales strategy. Looking at the definition of strategic leadership referred to by Bolden et al. (2013, p.84), consisting of the ability to “anticipate, envision, maintain flexibility, think strategically, and work with others to initiate changes that will create a viable future for the organization”, according to the information given, it can be assumed that Interviewee 2 possess these traits after conducting the interview. Further, the interview with Interviewee 2 emphasized the importance for the persons responsible for an integration of this nature, to be able to analyze the required actions to achieve a specific goal, e.g. in this case to cut costs. This, in turn, also emphasizes the importance of the TMT ability in choosing the right people that should be responsible for this kind of projects. This was also supported by Interviewee 1, who stated that “[t]he baseline is that you have people in the management team who are senior enough to have done these kind of projects before. That is the main thing for us. To be senior, to have done transactions before, to be able to evaluate the people and more, because it is all about people business in these kind of circles”. In the case company’s
TMT a competency model is not used to decide whether a person is fit for a specific task or role according to Interviewee 1. Instead, they look for previous experience, knowledge and seniority within the case company that correlates with what is required from the role that needs to be filled. However, he supports the fact that one competency that is important for the TMT to possess is the ability to be able to make assessments of different people and their suitability for integration projects like the acquisition of A1. Relating this to the *Strategic Leadership* competency, this falls into the leadership part as Bolden et al. (2013) also states that besides developing core competencies, communicating, and goal-setting within the team, a strategic leader is responsible for the building or setup of the team.

When asked about the possibility of the case company conducting a greenfield market entry, Interviewee 1 answered that it is very low. The only time this would happen is if they already had established operations in a country, for instance Hungary, and they notice that the risks exposure becomes very high and needs to be reduced. In that case, they could move into a nearby country and make business, for instance in Poland or Estonia, but not with the intent of expanding. Interviewee 1 dismissed the possibility of entering the U.S market due to high fines for doing mistakes. The company came to this conclusion after hiring an external M&A firm to conduct a U.S. market analysis. This is another example of the case company using external resources to gain knowledge of something that they lack knowledge of, since they would not have been able to conduct an analysis this thorough themselves, which will be further discussed in the sub research question 1. However, this paragraph mainly shows and supports Bolden et al. (2013) and Fernandes's (2009) theories, that the senior executives as strategic leaders have to be very analytical in order to make good strategic decisions.

Further supporting the importance of *Strategic Leadership* as a core competency for the people handling the expansion project, the comments of Interviewee 3 about the acquisition of A1 show that the TMT and the analysis team were and are analyzing the environment of the Norwegian market for quite some time, which is a crucial part of this competency. Despite the acquisition, which appears to be an ad hoc decision from the outside, the case company waited for the right opportunity, while gaining valuable information until the day when they became the majority owner of the shares in A1. Interviewee 3 states: “We have been waiting for the opportunity, because of the downturn of the oil and gas business in Norway, which has been going on now for two to two and a half years. So at this point we decided that enough market conditions have changed to sort of create the market environment that we would like to be in”. This is in full support of Bolden et al. (2013) as it shows the ability to anticipate, envision, maintain flexibility and think strategically as well as Fernandes (2009) as they also looked at the other possible consequences, which in this case was the boost in export sales due to a depreciation of the Norwegian Krone. On a different note, Interviewee 3’s statements on the acquisition also support Folkman (2016) and Fernandes (2009) in that they both emphasize and place *Strategic Leadership* in the top management level. The integration team on the other hand was not setup yet and was not concerned with the analyzing of the market and the strategic decision to buy more shares. This shows the difference of importance of this competency depending on the organizational level. However, as most of the legwork was done by the analysis team, the statement on the organizational level is not supported after all.
Having supported the analytical part of the Strategic Leadership competency, a short cross-checking of the other statements by Bolden et al. (2013) follows. On day one of the acquisition of A1, the integration team communicated the vision, mission and strategy the case company has with the purchase of A1 to its employees. Following a checklist with concepts and processes, the goals were established and actions set up. One of the most important goals is connected to Interviewee 3’s main rule that the reporting of the acquired company has to be looped into the system of the case company as soon as possible in order to best monitor and facilitate the integration. As the integration is still ongoing, the strategic reflection on the overall Norwegian project is not yet reached, however, Interviewee 2 already concluded some lessons learned. For example, he mentioned that he would have preferred to bring in the economic controller from day one in order to help with the financial analysis. Additionally, he states that the case company, in general, should focus more on the national culture when preparing an expansion, more on that in sub question 3, Section 5.3.3.

In conclusion, these points confirm and further reinforce or support the importance of Strategic Leadership as a competency for senior executives and people involved with the expansion project. However, in this case, the strategical perspective seems to be of higher importance within the TMT and analysis team than in the integration team as the whole due diligence or pre-acquisition analysis is done by the analysis team including Interviewee 1 and 3 in order to support the TMT with the decision to acquire or increase their shares in A1.

5.2.3 Dealing with Risk and Contingencies

The case company’s decision on whether or not to expand to a new and foreign market is solely business driven, as stated by Interviewee 1. They usually only enter a new country if one of their big customers asks them to do so. Naturally, this is something very risky for the case company, to expand in order to satisfy just one of their customers, even if it is a big customer. For this reason the case company always looks into their customer base when conducting the analysis, with the hope of identifying more current customers that also have production facilities in the new country. This helps reduce the risks and therefore simplifies the decision making of the case company. Simultaneously to the screening of the existing connections, they would start discussing with the different business area managers, and look into whether there are employees, who have their origin in, or experience with that specific country, which could be very helpful to such a project. They then create an analysis team, which involves Interviewee 1, a business area manager, legal advisors and other employees that are deemed fit, due to their knowledge and skills for the specific project with the task of conducting a due diligence. As Maylor (2010) argued, there is a lot of pressure on the TMT to predict the outcome of certain decisions when it comes to uncertainty. Nonetheless, identifying people that are familiar with the new market is a sign of the case company trying to reduce the level of uncertainty and risk as much as possible. Another thing that supports this is the fact that external legal consultants are hired to gain the competencies or knowledge they do not possess themselves.
Looking at the Norwegian project, Interviewee 3 was asked on what he believes are/is the most important skills and/or knowledge for the TMT in an expansion project, and his answer was that it naturally are a lot of things in combination. However, he emphasized the importance of good preparation before initiating the integration: “If you have your concept, if you have your processes, it becomes so much easier. It is a mix of different skills, it is people that you need to talk to”. McComb et al (2008) argued for the importance of the TMT maintaining a high degree of involvement to increase the chances of project success, and considering that Interviewee 3 is part of all three teams involved with the expansion project, he serves as a direct link between the three, something that can be seen as an efficient way to communicate and take quick action.

A further point supporting the importance of Dealing with Risk and Contingencies in the case of the Norwegian expansion project, is the strategy to expand the industries that A1 is offering services to and thereby diversify the customer base. The previous management of A1 thought about this step for a while but never acted determined on it. Before the case company acquired the majority of shares of A1, their focus was solely on the oil and gas industry, which ultimately led to the take over from the case company. Due to the downfall of the oil price, A1’s involvement in the industry was lowered and their overall business decreased proportionally with it. In order for this to not happen again, the case company immediately acted on that issue by setting up cooperation projects, sharing their customer base and exchanging knowledge and expertise by implementing an internal job rotation between the case company and A1. In doing so they hope that A1 eventually will become more diversified in its services and their customers and thus less exposed to the risk of solely focusing on one industry, as stated by all three Interviewees. This example of the case shows that it is crucial for the people involved with the expansion to identify risks and deal with them, with the goal of minimizing the exposure of the acquired company and consequently the company acquiring.

Additionally, when asked about the means and importance of communicating during an international expansion, Interviewee 1 stated “[w]e need to be hands-on, so we need to be there. This will never happen if you think you can solve everything by phone or linked sessions. You need to be hands-on, see, and get the feeling around the table about what is going on.” Further, Interviewee 1 mentioned that in order to be successful when it comes to international expansions and M&As “you need to work with a long-term strategy and stay fixed on that one. You cannot jump from one direction to another direction, because that would take too much time to actually build up competences, or a pipeline with possibilities. That’s a trap, if there is constant change in the management team and the board as well.” This statement emphasizes the importance of being able to deal with contingencies and also to have a long-term strategy, mission and vision, which also supports the previous competency of Strategic Leadership. Here a reference can be made to the two basic perspectives on scope of change within companies, referred to by Eriksson-Zetterquist et al. (2011), where one suggest a longer period with small, incremental changes while the second consist of a more radical, company-wide approach. Also, as mentioned, the latter is one of the key factors for sustaining long-term survival. Thus it can be argued that
there is reason to believe that the winning concept in this case is that the case company should have a long-term strategy for their acquisition of A1, but choose to execute it in a radical, company-wide approach, as suggested in the second perspective presented by Eriksson-Zetterquist et al. (2011). This is in fact the case with the Norwegian expansion, as Interviewee 3 states that the success of the integration process is defined by the time it takes to integrate A1 into the case company’s network. It is also supported by the instant set up and send in of the integration or ‘SWAT’ team from day one in order to deal with the volatility and complexity of the integration process and ultimately minimize the ambiguity and uncertainty.

In conclusion to this competency discussion of the theory and empirical data, the importance of Dealing with Risk and Contingencies within the TMT, the analysis as well as the integration team has been supported by the interviewees. It is a core competency for the people involved, faced with volatility, complexity, ambiguity, uncertainty and risk in order to make strategic decisions that will maneuver the whole expansion project from the beginning of analyzing a market to making the decision to acquire, managing the integration and ultimately the new entity within the case company’s network on a long term perspective.

5.2.4 Embrace and Redirect Resistance

When Interviewee 1 was asked about if they had noticed any resistance and how this was dealt with, he again pushed on the importance of always maintaining good communication and that you always should explain the logic that lies behind it. This is in line with Atkinson (2005), who argues that resistance is something that should be challenged and seen as something positive, instead of being discarded and avoided. However, in the case of A1, there was not much time for communication in the beginning since the decision of making the acquisition was taken overnight, more or less. This created tensions in the existing management team of A1, which made some of them leave A1 immediately after the acquisition. Interviewee 1 argues that “from one perspective it is good that they left, because some of them did not share the same values. But from another perspective it was not so good.” What he refers to by ‘not so good’ is the fact that there are people in A1 who they would want to stay because they need them, and these are the people with the knowledge and skills of the A1 way of doing things, in other words the engineers. This was also partly supported by Interviewee 3, who commented on some people leaving the organization: “You sit down and try to understand why and see if it is possible to make this person change his or her mind. I mean, it is always like that, a team of 70-80 people is never completely homogeneous. There are differences and it should be, and it is good that these persons step out sometimes”. To make the people they want in the organization to stay they also use the ‘SWAT’ or integration team, who will be the first in place. In this case this was Interviewee 2, Interviewee 3, an economy controller and shortly after the temporary CEO as mentioned. When Interviewee 2 was asked the same question, his answer was that they had heard of some tensions in the general meeting, which took place with the owners immediately after the acquisition. Fortunately, the case company owned a minority of the shares due to its first purchase of A1 in 2006, and thus “there was not a need for so many people to vote for when conducting the vote about whether to let [the case company] acquire [A1] or not”, as Interviewee 2
put it. As for the other employees, Interviewee 2 mentioned that the feedback was poor, which was not surprising since they were anxious about whether they would make big changes or not. Apparently there were many who thought that the case company would use A1 as a front office to meet with customers, and then send all of the work to the Swedish office instead. To deal with the anxiety, Interviewee 2 and the rest of the integration or ‘SWAT’ team sent out a weekly email to all of the employees which included the status of the integration and how it was scheduled to proceed. Now, four months later, the email is sent to each of the department managers instead, who are in charge of briefing their subordinates of the current integration status. Interviewee 2 also mentions that they have had a lot of meetings with both employees and the managers, especially in the beginning to build trust. These statements from both Interviewee 1 and 2 shows the importance of maintaining good communication and showing commitment from day one in an acquisition project of this kind, since it helps reduce the anxiety and prevents people from making their own assessments. Looking back to some of the reasons to why resistance emerges within companies, presented by Kotter and Schlesinger (1979), there is the fear of losing something valuable, there is misunderstanding and lack of trust, and also the different ways people assess situations, all of which can be identified in the acquisition case of A1. In other words, from a theoretical point of view, the integration team has acted well with dealing, embracing and redirecting resistance, these issues, according to the information given by the Interviewees who are mostly in charge of the integration. Further, judging from the interviewees, the current status of the integration seems very stable with no (visible) resistance from the employees of A1.

Concluding the discussion of Embrace and Redirect Resistance, the theoretical identified and aggregated competency is supported by the Interviewees as a crucial trait of senior executives or people involved with the expansion. However, when looking at the different teams involved with the expansion into Norway or the acquisition of A1, the responsibilities and tasks concerning this competency shift. Of course the integration team has to be more hands-on and is ultimately dealing with the resistance on-site, yet, the analysis team does the so called ‘homework’, as put by Interviewee 3. As they are looking into the organization's culture, they are analyzing the way A1 works and what similarities and differences with the case company prevail. In other words, they are identifying the critical areas or topics that have the potential to create resistance and therefore adapt the checklist or processes and concepts for the integration team in order to be well prepared to face or embrace the resistance and successfully redirect and deal with it. Although, when looking at the TMT of the case company, besides Interviewee 3, no senior executive was involved with the managing of resistance within the Norwegian expansion project. As a last thought, even if the information concerning the integration resistance and the embracing and redirecting of it is biased by the interviewees, the competency’s importance is clearly supported.

### 5.2.5 Synergy Orientation

When asked about the integration status, Interviewee 2 estimates that A1 will be fully integrated by June or July this summer (2016). Since A1 has its own production facility, which is not part of the case company’s strategy, they are about to make a decision on whether or not to sell it off. The decision is however leaning towards
selling it off and entering a partnership agreement with the buyer instead, according to Interviewee 2. This is because they prefer to have many partnerships and then select the one best suited for each specific project. To be able to gain as much as possible out of A1’s knowledge and expertise, which is valuable to the case company, Interviewee 2 and the rest of the integration team made a budget where they tried to tailor a desired scenario that would fit the current situation. After doing so, they broke down the costs into categories and discussed how to actually accomplish them by making the necessary reductions. As for the synergy between A1 and the case company, there has been some work with realigning the agreements with A1’s existing customers and suppliers, which in some cases has resulted in renegotiations. Further, when it comes to quality management, the case company is attempting to take the best out of both companies to hopefully be able to create a new, improved version. “The reason for this is because [A1] has a history of running a huge amount of projects internally, about 90 percent and 10 percent on-site, while our number is about 70 percent on-site work and 30 percent internal projects. So currently the two persons responsible for quality management in our company and [A1] are running a project to integrate the new management system, which should be ready within a month”, Interviewee 2 stated (in the beginning of April, 2016). As stated by De Wit and Meyer (2014), there is only reason for internationalization if the benefits gained from the synergy are higher than the costs of the expansion itself, which is exactly why so much attention is given on the potential synergies between A1 and the case company. Furthermore, this shows the value of having an analytical ability, mentioned in the empirical data discussion on Strategic Leadership, Section 5.2.2, within the team responsible for the integration, in other words the team has to be able to identify which costs can be lowered to fit one specific case. Interviewee 1 goes on by stating that they knew that A1 is a technology-driven company while their company has a lot of focus on innovation and product development, which is why they also knew that A1 most likely would be fitting for an acquisition. This also means that they will be able to introduce the Norwegian engineers to interesting projects in Sweden and vice versa, resulting in the participation and support of cross-borders projects for each of the Norwegian and Swedish engineers, respectively.

The Synergy Orientation was also identified during the interview with Interviewee 3, who argued for the importance of growth when the company is an actor in a market economy during inflation. According to him, a company can choose between growing organically, by being a lot better than the competitors, or they can grow through acquiring other companies. Looking at the latter, he further emphasized the decisive importance of both companies having the same mindset, as otherwise there is no point in carry through the acquisition, by stating: “It is important that we have the same mindset regarding quality and have the same reputation on the market. A high price position in terms of the services that we offer and it would have been almost impossible to acquire a company with a low cost philosophy, for instance”. Looking at the most important integration mechanisms presented by De Wit and Meyer (2014), the first one labeled Standardization is clearly strived for due to the fact that the case company is in the process of selling of A1’s production facility, since it is not part of their strategy to own these kinds of facilities themselves. Also, since an integration project of the two companies’ quality management is taking place, it is evident that the case company is trying to improve this part by taking the best from both and create something new and better that both offices can benefit from. The second
mechanism, Coordination, is identified in the act of bringing the two companies’ engineers together in each respective country’s projects, which broadens their knowledge which then can be applied on and offered to the two home markets, making them more attractive to their customer bases. The third is the Centralization mechanism which, as with Standardization, can be identified through the ongoing quality management improvement project, where a common system that applies both of the companies’ best practices is sought after. Summarizing, it is clear that all of the three integration mechanisms can be identified in the joint acts by the case company and the newly acquired A1 to create synergy that is beneficial for both offices.

Concluding, the theoretical importance having Synergy Orientation in an international expansion is also supported by the interviewees. Again, the responsibilities and roles of the TMT, the analysis and the integration team vary, with emphasize on the due diligence phase. Here the analysis team collects and analyzes the data it need to evaluate the possible synergies in order for the TMT to decide on going forward with the expansion. Yet, as stated by Interviewee 1, it is very difficult to give these potential synergies a value and therefore to make well informed decision, which also supports the competency of Dealing with Risk and Contingencies. However, the drive to grow within the case company’s business area in the Nordics as well as the current market environments and conditions pushed lever, so that they finally decided to acquire A1. The integration team then follows the integration concept which was created with the desired synergies in mind and made actionable by a checklist of tasks. Although the TMT, besides Interviewee 3, is not involved in the collection of the information or the actual implementation of actions in order to realize the synergies, the importance of having Synergy Orientation is crucial as it is their responsibility to look at the data and the integration strategy and decide if a project is worth executing.

5.2.6 Managing Local Responsiveness

When asked about the integration of A1 into the case company, Interviewee 1 mentioned another discussion that is currently ongoing, which is the one of how to market the new A1 on the Norwegian market. The three choices are to either name it A1 alone, a combination of the case company’s name and A1, or if they should combine the name with their other acquired Norwegian company A2. Since the case company historically has used the second option, a combination of the two is currently favored. This would mean that A1 is renamed to something, which is kept for three or four years until it is established on the market, whereupon they make a decision of whether to lose it or not and just name it after the case company. This part of the interview brought forward some of the many difficult choices a company has to make when acquiring another that already has its name, services and products established on its local market. The ideal is for the case company to be able to communicate that the newly acquired A1 has a new owner, while not causing confusion and anxiety with their already existing customers. As mentioned, the aspects that were highlighted as most important in the partner selection criteria by Gleringer (1991), Glaister and Buckley (1997), and Nielsen (2003) was the ‘knowledge of local market’, followed by ‘distribution channels’ and ‘knowledge of local culture’, and ‘links to major buyers’. This is something that speaks in favor of some of the case company’s choices in this case. Since they are planning on initiating
a partnership with the buyer of the production facility that they are about to sell off, it is evident that all of the above criteria are fulfilled. Further, the fact that they have been a minority shareholder in A1 since 2006 is something that clearly speaks in favor of them getting to know the local market as well as the culture. In other words, the case company has used their minority share in A1 as a looking glass to analyze the organizational culture and the Norwegian market in order to wait for the right moment to gain a majority shareholder position when the local market conditions were right.

Both Wankel (2008) and De Wit and Meyer (2014) emphasize the need to show responsiveness to the local market demands while realizing the potential synergies between two companies, where it is the company services, products and marketing that are in focus. However, since the case company is still in the integration phase with A1 it is hard to identify what measures it will take to adapt itself to the local market in Norway. Also, since the market entry into Norway has occurred through an acquisition and not a greenfield entry, it is arguable that the adaptation does not need as much attention as if it was the other way around. A1 had already established itself in the Norwegian market at the time both share purchases were made by the case company, which naturally decreases the need of asking questions about how to offer its products and services in the Norwegian market at an early stage. Nonetheless, what was previously called out as reason to why two integration mechanisms could be identified, namely the act of bringing the Swedish and Norwegian engineers together in various projects, is also something that will lay the groundwork for fostering the future adaptation to the market. Undoubtedly, due to their different ways of offering services and products, both companies have knowledge that can benefit one another. Thus, when the day comes of offering Swedish products and services on the Norwegian market and vice versa, mixing the people with the knowledge of each company by making them work together is a great solution. Fortunately, this will already have been done at that point.

Another point that showcases the importance of Managing Local Responsiveness is at the same time the reason why case company was able to acquire A1, the focus on customers in the oil and gas industry. Before A1 was fully purchased by the case company, their management wanted to diversify their services but never delivered on their mission. So when the oil and gas prices fell, their business decreased as well. However, nowadays, with the case company at the helm, strategies and actions are in place to fulfill their mission, according to the interviewees. As stated above, the case company is sharing information, knowledge and expertise and setting up cooperation projects between the two organizations in order to help A1 to build the competencies needed to get into new customer markets but also vice versa. By doing so the risk exposure of A1 decreases and a foundation to grow on their local market is build.

Concluding this competency, the Managing of Local Responsiveness during the expansion process shows itself by the tightroping of the integration team while integrating A1 into the case company, without changing too much. This is due to the fact that A1 is a very good company in their area of expertise and is valued as a high quality engineering company by their customers and so the local market. Therefore the importance of keeping the way of working to the outside is crucial for the further success of A1, as the customers have to experience that the high quality remains or
increases with the integration into the case company. However, as the case company’s due diligence phase identified A1’s market position and lack of diversification, the analysis team was able to set up plans to deal with the local market environment and change in conditions, which also was the TMTs core focus to when to increase its shares in A1. All in all, Managing Local Responsiveness has been supported by the interviewees of this case as an important competency for the three teams involved in the Norwegian expansion.

5.2.7 Cultural Mindset

When Interviewee 2 was asked about the differences in Swedish and Norwegian business culture, he especially emphasized their two ways of problem solving. Swedish people have more of a tendency of planning, structuring, and making an action list before solving a problem, whereas the Norwegians are usually very quick in making a decision. In other words the Swedish are more structured, but lose valuable time, while the Norwegian are quicker, although less organized. Therefore, the Norwegians usually end up taking a bit of a zigzag, trial and error approach, according to Interviewee 2. Furthermore, they do not tend to follow orders to some extent, since they usually have their own idea about what needs to be done and how to do it. So if the manager’s order does not align with their own idea, they do not necessarily follow it, Interviewee 2 argues. He goes on by saying that “I think it is a matter of that you need to explain why. If they don’t understand it and they don’t know why, then they try to avoid going in that direction. Whereas in Sweden we have a lot of meetings instead.” The Swedes always end up going in the same direction, and will be happy with the outcome of the meeting as long as they had the opportunity to express their opinions, he argues. He finished this part of the interview by saying: “Norway is a little bit more like the United States in a way, as they focus on the problem and then solve it. And often in those kind of meetings, when there is a problem to solve, one manager decides that they do it ‘like this’. So it is a bit more management by pointing. So there are some differences, but generally speaking there are no huge problems”. Fortunately, as for the business cultures in Sweden and Norway, they do not differ in terms of communication, time culture, and egalitarianism to a large extent, which is supported by both the theory and the interviewees. Something that is worth noting is that Gesteland (2013) labels Norwegians as a DF culture while the Swedes are labeled as very DF. If compared with Interviewee 2’s statement on Norwegians, them being more effective when it comes to problem solving, and comparing them to Americans, there is a deviation between theory and his perceived reality. However, it is important to keep in mind that the ideas presented by Gesteland (2013) are very general in their nature and based on numerous experiences and interviews, while the information from the interviewee is solely based on his interpretation of the Norwegian business culture, which he experienced during this specific integration project. Looking at the descriptions of Interviewee 2, who is responsible for the integration of A1 into the case company and is very hands on by being on-site half a week, the importance of cultural awareness as well as self-awareness and reflection can be extracted. He appears to be very observant about the way the people in the case company and in A1 work.

When Interviewee 2 was asked about the case company preparations before interacting with new cultures he mentioned that the believed that the case company
was a little weak on this point. Before, when he was working for another Swedish global company, he noted that they were very culturally aware and set up strategies to cope with the cultural aspects of big projects. As for now, he believes that the case company deals with the cultural issues as they surface. On the other hand, he also states that if they were to acquire a company in France or Denmark, they would need to do more preparations as for taking the cultural aspect into account. This is something that points to the fact that the people involved are aware of the importance of paying attention to cultural differences, but since the case company historically has not encountered problems as a result of poor cultural planning, there is not yet an established way of dealing with this issue. However, as described by the interviewees, the case company selects their teams or people handling the due diligence or integration phase quite carefully, as they should have a lot of experience and a diverse background in functions. Therefore, these people already possess certain traits of the Cultural Mindset as they have a sensibility to new cultures and self-awareness. So, even without a concrete plan on dealing with foreign cultures, the individuals involved and their competency are able to defuse most of the potential issues concerning the local, or in this case Norwegian, staff.

As for Interviewee 1, as a part of the analysis team, he mentioned that in most cases when the case company chooses to expand to new countries, it is because one of their big global customers asks them to do so. As stated in the competency discussion of Dealing with Risk and Contingencies, Section 5.2.3, this is quite risky, but the case company, by looking into their customer base, has found a way to reduce the risks and therefore simplifies the decision making of the case company. He also emphasizes that it depends a lot on which country they focus on. If it was Brazil, for instance, the analysis would have to be a lot more thorough. He states that if a consultant company in Brazil does not have an assessment, they get fired. This is due to the temporary business model which is commonly used there. On the other hand in Sweden, a consultant always receives salary even if they are not fully utilized at some point. He goes on by stating that these kinds of things play a huge part when a expansion decision has to be made. So, even if the analysis team is not on-site and dealing with cultural issues, they have to set the groundwork and analyze the different conditions, frameworks and business cultures of foreign countries. They therefore might not need the trait of being sensible and reflective on an personal or individual level, yet, an overall understanding and awareness, or mindset is necessary in order to do an excellent due diligence. Further, if they are lacking the knowledge on the local legislation or other relevant information of the market, external consultants are sourced for the analysis team, which further supports the case company’s awareness on these matters.

Another crucial point when discussing this competency is the importance of analyzing the organizational culture, which is the biggest determinant when it comes to the time it takes to integrate the newly acquired company, as emphasized by Interviewee 3. The integration time is what he mentions as the most prevalent definition of success in an integration project. Due to the fact that the case company, solely based on the interviewees experiences, historically has not encountered any major issues concerning cultural differences, it is hard to make an evaluation against all three sources on cultural intelligence presented by Earley and Mosakowski (2004) and Thomas and Inkson (2009), which is a core attribute of the Cultural Mindset.
competency in Section 3.5.7. Through their reasoning on cultural aspects, be it concerning the acquisition of A1 in Norway or how to potentially deal with differences in other countries as well, all three interviewees show a clear cultural awareness and common sense during the interviews, which is what the first source is all about. The second, requiring the culturally intelligent person to be flexible and creative when it comes to cross-cultural situations, can be partially identified. The fact that Interviewee 2 acknowledges the large difference between communicating electronically and in person, while he is currently spending as much as half of his time in Norway, shows his flexibility and also awareness. As for the cultural creativity, it is hard to make a fair evaluation, as there is yet to present itself a situation where this is required from the interviewees. The third and last source speaks of the culturally intelligent person’s confidence in various cross-cultural situations, including how he or she cope with them. Again, since there has not been any major cultural issues that has been brought up during the interviews, no such situation is believed to have presented itself during this specific expansion project either, which it is hard to decide whether this source can be identified in the interviewees behaviors or not.

In conclusion, having a Cultural Mindset is of high importance in both theory and reality as the interviewees describe the challenges of expanding into a country with a culture similar to theirs. Yet, cultural intelligence, self-awareness and the will and ability to adapt to the values, knowledge and practices of a foreign culture are crucial, no matter how small the cultural differences are. Furthermore, when placing the competency within the involved teams of the expansion, the emphasis lays in the integration phase and therefore the integration or ‘SWAT’ team of the case company. Although the analysis team is conducting the due diligence by including aspects of the national cultures and way of working, the integration team members are the once that have to possess a Cultural Mindset as they have to interact with the local staff and ultimately have to change certain ways of their working behavior in order to integrate A1. This also adds to the competency of Embracing and Redirecting Resistance in Section 5.2.4 as the including sensibility of a Cultural Mindset helps to detect issues and minimize them.

5.2.8 Additional Competencies from Empirical Discussion

As is evident from the above discussion of the identified competencies from the theory, all of the seven were confirmed through conducting the three interviews. However, following this discussion three additional competencies were identified. These three are specific to the case of this thesis and its involved teams, people as well as their tasks or responsibilities and therefore add to the more general competency model established earlier. Besides basing the additional competencies on new insights, they also include and emphasize contents of the competencies that are theory based, as the interviewees have strongly argued for their importance in the Norwegian expansion project.

5.2.8.1 Appointing Qualified Personnel

The first additional competency that has been identified during and after the conduction of the interviewees is Appointing Qualified Personnel. As it has been identified throughout this thesis, the case company’s TMT is not conducting the
expansion by itself, but instead is setting up sub-teams that are responsible for the due diligence or analysis of a certain market and potential companies to merge with or acquire as well as the integration of the acquired company, as in the case of A1.

Interviewee 3, as the head of the Nordics and part of the TMT, has the ownership over this Norwegian expansion project and is therefore responsible for the selection of the people involved in the integration team. With the integration, or internally called ‘SWAT team’, their responsibilities, tasks and ultimately their individual requirements of competencies differ from the analysis team, which has a somewhat fixed set up of people with external experts joining the team. The integration team’s set of required competencies, include the above discussed in concluded competencies, with an emphasis on *Openness to Learn and Change, Embrace and Redirect Resistance, Synergy Orientation* and *Cultural Mindset*. As they are the ones on-site conducting the integration therefore are working with the employees of A1, these more individual and interpersonal competencies are needed, in comparison to the analysis team’s more skill-based competencies in conducting a due diligence.

Identifying these competencies within people requires a competency of its own, which actually concerns the senior executives within the TMT. As already stated or alluded to in the *Strategic Leadership* competency discussion, the senior executives are however not following a competency model when selecting the integration team, but instead look at the previous experience and expertise. Further, the senior executive, besides looking at the resumé, has to be able to read the candidate and identify the right mindset and way of working, which fits the goals or demands of the integration or expansion project. In the case of the acquisition and integration of A1, the analysis team as a support for the TMT and integration team, sets up an integration concept with processes and checklists in order to achieve the set goals during the due diligence phase. For example, when looking at the goal of exchanging the knowledge and expertise between the two organizations, the success of the action is however based on the internal network of the selected head of the integration team, Interviewee 2. This supports the importance of selecting the right people for the integration team by identifying the demands of the project and finding the right fit by the TMT member in charge, or in this case Interviewee 3. Besides the appointing of the integration team, Interviewee 1 also states that when looking for fitting entrepreneurs to partner with, as in the case of A2, that “[y]ou need to feel the fit, so to say” and further identifies this as a core competency the TMT as senior executives need “to be able to evaluate … people”.

Closing this additionally identified competency labeled *Appointing Qualified Personnel*, the presented theory does not cover this competency in detail. Only Bolden et al. (2013) mention the importance of building a team when describing *Strategic Leadership*. However, as it has been identified as a success factor for the Norwegian expansion project, especially in the analysis phase for the integration phase, this competency will be included in spite of the lack of theories covered in the theoretical framework.

### 5.2.8.2 Efficient Communication

Although it seems obvious, the importance of having *Efficient Communication* at all times was something that was emphasized by all three interviewees while it is something that has been brought up in the discussion of the other identified
competencies. For these reasons, it can be argued that *Efficient Communication* is something that deserves to be recognized as a own competency. Communication was one of the pillars in the definition of strategic leadership presented by Bolden et al. (2013). Further, as Thomas (2015) argued, miscommunication is usually the most important cause of cross-cultural problems, a statement which makes up for yet another reason to value the importance of *Efficient Communication* as well as paying attention to cultural differences. Interviewee 1 stated: “When you make an acquisition, it’s all about communication. In the beginning, if you have a good communication plan and explain the logic behind it, then people get quite secure that this is the right way”. This statement is something that can be linked to what has been earlier mentioned by Kotter and Schlesinger (1979), which is the second reason they identified to why resistance to change emerges within organizations, labeled as misunderstanding and lack of trust referring to the fact that employees show resistance when they do not understand the purpose of the change. Interviewee 1 also emphasized the importance of having physical communication, arguing that there is almost no point for the project to exist without being ‘hands-on’, he said: “This will never happen if you think you can solve everything by phone or linked sessions. You need to be hands-on, see, and get the feeling around the table about what is going on”. Additionally, the number of meetings that has been held with so many managers and employees of A1, along with the weekly and monthly emails, clearly indicate the need of maintaining the communication at all times. The vital importance of having *Efficient Communication* also becomes clear since Interviewee 2 currently, at the time of the interview that is, spend half of his time on site in Norway, which is something that prove that the case company are aware of it as well.

To sum up, although *Efficient Communication* is as an important part of the *Embrace and Redirect Resistance* competency in Section 5.2.4, it will be listed as its own competency. Using the right technology, communication style, channels, frequency, and escalation strategy as well as addressing the right people, teams or departments are essential parts of this competency during an expansion. This is especially important during the integration phase of the project, as the achievement of *Efficient Communication* can facilitate and motivate the integration team and the employees of the acquired company.

### 5.2.8.3 Business Mindset

Following the question on specific traits, mindsets, beliefs or skills that have been established over the years in the TMT of the case company that can be linked to the success of expansion projects, having a business mindset is stated by Interviewee 3. He argues that the case company is “living from profit and need[s] to show profit, and that mindset, to focus on the bottom line result is extremely important. We cannot have a person who says ‘I am not interested in figures’, then they have to do something else”. Interviewee 3 thereby clearly defines this competency as a must have in order to be a TMT member. Further, when asked about how he defines a successful project when looking at the acquisition of A1, Interviewee 3 spoke of the importance of making the right preparations, so that the integration phase is executed in short time and in an efficient manner. Despite this short term goal and focus of the attention towards the integration time, the long-term goal of the expansion project is monetary, as stated by Interviewee 3: “[O]n a long term the target is of course to
make it a profitable unit, so that they will fulfill the overall financial target that we have within the business area”, a statement that again indicates the business mindset he possess as a member of the TMT. At the end of the day, it is all about reaching the established financial goals. Additionally, as mentioned, when Interviewee 2 spoke of what is required from the persons responsible for an integration project like the one of A1, he emphasized the need for them to be able to analyze and take the required measures to achieve a specific goal, for instance cutting costs. Again, this is a statement that indicates that many decisions taken are made with a financial target in mind, requiring the consequences these to be economic in their nature, thus linking them to the Business Mindset competency.

As opposed to the competency of Efficient Communication, there is an absence of direct support for having a Business Mindset in the theoretical framework in this thesis. However, looking at the competency of Synergy Orientation, where synergies comprise of the benefits that are sought after by the case company, it can be argued that the Business Mindset represents something that is required in order to achieve the synergies that are economic in their nature, in other words a competency. Therefore, since the importance of reaching the financial targets set up by the TMT and the analysis team has been argued for, the Business Mindset will be recognized as a competency.

5.2.9 Final Competency Model

The competency model based on the theory, including the above three additional competencies that are based on the empirical data, form the Final Competency Model (see Figure 4). By including these three additional competencies, the applicability of the competency model changes from being generally valid for TMTs of medium-sized engineering companies expanding internationally, into a specific competency model for the people or teams involved in the Norwegian expansion project of the case company. Further, when looking at the three additional competencies, they all apply for each team involved, however with varying importance between them.
Furthermore, the covered case of this thesis contains a company that is conducting expansion projects by splitting it in a due diligence and an integration phase and handing over the responsibilities for each of them to separate sub-teams. Therefore the previously consolidated TMT competencies for the whole expansion process do not exactly apply in the same extent for the TMT, analysis and integration team of the case company. As stated in the above covered discussion sections of the identified competencies, their importance varies with the phase the expansion is in and also for each of the teams involved. Furthermore, depending on the role an individual has in the team, the competencies’ importance also differs. For example, Interviewee 3 who is part of all the involved teams of the expansion, needs to possess all of the listed competencies, however, he does not have to be as specialized in certain competencies as the members of only one of the teams have to be. On the other hand, as the connecting link, while having the ownership of the project, other competencies arise that the individuals within the teams do not need to possess. This is where the
importance of the *Appointing Qualified Personnel* competency becomes evident. As the empirical data is biased by the roles the individuals have, this competency was additionally identified and deemed to be very crucial, especially to Interviewee 3 and his role in the Norwegian expansion project. Naturally, its relevance was also supported by statements of the other Interviewees, as it was already identified before the interview with Interviewee 3. Although this specific competency could be clearly appointed to a certain team and role of the Norwegian expansion project, it is not as easy with the other two competencies. In general, the analysis team has to be more analytical by assessing, planning as well as preparing the acquisition and integration in the due diligence phase. On the other side, the integration team has to be more operational, hands-on and deal with people as well as challenges on site that occur on a daily basis, which alludes to a more ‘thinking on the feet’ characteristic. Yet, this thesis can only suggest that there are differences in importance within the Final Competency Model for the TMT, the analysis team and the integration team. As only three people were able to be interviewed, a quantitative evaluation of the importance of each competency for the three teams was not feasible. Further, a qualitative evaluation would be too biased by the interviewees, which have different key roles within the teams. In conclusion to the absence of an evaluation of the competencies, the Final Competency Model applies for all people involved in the expansion project, even if each of their importance vary with the teams, as alluded to in each of the competency discussion parts, respectively.

5.3 **Empirical Discussion of Sub-Questions**

This section is answering the sub-questions using the collected empirical data. The previously mentioned similarities with the identified competencies were acknowledged in the theoretical discussion of the sub-questions, which is why a minimization of redundancies is of importance. Further, the following three sections will follow the structure of discussing the sub-questions and giving a conclusion with some recommendations for the case company. Due to this, the elaboration on the sub-questions using the interview results is intended to be made without trying to reuse much of the previous discussion on the competencies of the TMT. However, this section also includes additional information found through an additional information gathering, using the case company website including its subsidiaries.

5.3.1 **Sub-Question 1**

*How can the TMT of the case company acquire the competencies they do not already possess before an international expansion?*

Following the structure of the theoretical discussion, the case company is not actively following a senior executive development program in order to acquire the competencies they do not possess, when assessing the people involved in an expansion into a foreign market. As mentioned earlier, the TMT is not as involved in the integration project as was assumed in the beginning of this thesis, which is why this question also applies to the team that is handling the due diligence and the integration phase of the expansion project. Concerning the analysis team, as the interview with Interviewee 1 showed, the case company uses external consultants to fill the competency gaps in order to deal with expansions into foreign markets, which usually are about the lack of knowledge in the foreign country’s legislation. However,
in the case of an integration project, Interviewee 3 stated that they avoid using external firms in general, since they do not know the organizational culture of the case company and do not have the internal network to connect and set up relationships between the two organizations involved. Nonetheless, when there is a competency gap, for instance concerning market analysis, the case company contracts consultants. This is something that was not identified as a solution in the theoretical answer to this question, although it can be included in the external talent recruitment part, in hindsight.

Looking at the current TMT of the case company, it contains seven senior executives including the CEO, CFO, general counsel, the head of marketing and communications, two heads of the two biggest business areas within their engineering services, and the head of their other service offering. Out of the seven, six are Swedish and one is German, resulting in that the national diversity of the TMT is quite low. Further, when looking at the educational backgrounds of the TMT members, three have a Master’s in Business Administration (MBA), two studied Law, one Media and Communications, and two, out of which one holds an MBA as well, have a technical background. This shows a good variety of different educational backgrounds, which are also well suited for their roles and thus the demands of the organization. The international background or experience was very difficult to identify, as the homepage of the case company does not present information about the former employers of the TMT members. Nonetheless, again, the low diversity in terms of nationality is something that could prevent the success of the internationalization of the organization (Cox et al. 1991; Athanassiou and Nigh 2002; Wankel 2008; Beck 2008; Nielsen 2010; Kaczmarek and Ruigrok 2013). Furthermore, what was mentioned by Interviewee 2 about the change of the setup of the TMT in educational and functional backgrounds, which is moving from engineering towards business oriented and from headhunting internally to externally, can be partly supported by examining the dates of employment of each of the members and their educational and functional background. Four out of the seven TMT members were employed within the last three years and the other three about ten years ago. Out of the four newest members only one is an engineer. So by looking at these two facts, the statement of Interviewee 2 is supported. However, this finding also alludes that the senior executives were recruited because of their fit with the organization's demands towards the TMT and therefore support the presented theoretical answer to sub-question 2, based on Stamoulis (2009). In other words, the externally headhunted members possess the required competencies for the different roles in the TMT, which could not be filled or developed by the existing employees of the case company.

Looking at the diversity of the team that has been responsible for the integration of A1 into the case company from day one, a higher diversity can be identified. There is Interviewee 2 and 3 who are part of it, where both have a lot of international experience, especially in the Norwegian market as well as a great diversity in their functional backgrounds. The other two members, the externally hired temporary CEO of A1, and an economic controller of the case company with the assistance of the IT department, also positively influence the educational and functional diversity of the team. All in all, the integration team, according to the previously presented theories on how team diversity influence an organization’s internationalization, displays a
good setup in order to manage the expansion into Norway. It is worth noting that Interviewee 3 is the person who selected the people who are part of the integration team.

As a conclusion to sub-question 1, the case company follows two approaches when lacking the needed competencies within an expansion project, which are linked to the two phases, due diligence and integration, involved. In the analysis team, external consultants are chosen to fill the competency gap. In the integration team, they focus on sourcing fitting members internally due to the needed knowledge of the case company’s organization. Furthermore, the team diversity within the integration team shows a good setup according to the described theories. However, when focusing on the TMT, a specific approach could not be detected throughout the interviews, yet, as most of the senior executives have been recruited externally, it can be assumed that the case company follows the approach of recruiting talent with the fitting competencies needed for the role and current organizational demands. Since the hiring of external resources appears to be a solution that is unwanted for the integration team, a recommendation would be to provide internal training. However, as stated by Interviewee 3, the frequency of integration projects within the case company is low, which means that not a lot of people are in need of being developed. Therefore, their current ‘free role’ approach could be extended, so more people are rotating within the case company’s projects in order to grow their internal network, gain experience and develop their competencies.

5.3.2 Sub-Question 2

How can the desirable synergies between the existing organizational unit and the new one be achieved?

Following the theoretical discussion to this sub-question, the desired synergies of the case company in its expansion to Norway through the acquisition of A1 will first be discussed, followed by the integration process. In the end of the section, recommendations for the case company and their international expansion are given.

As stated by Interviewee 1 as part of the analysis team, the two main synergies of the case company when expanding into a foreign market are topline synergies and cost synergies. Topline synergies represent the increase of the case company customer base and its incomes, while the cost synergies represents all synergies that benefits the case company from a cost perspective. In comparison to De Wit and Meyer’s (2014) categorization of synergies, the case company’s cost synergies represent integrating facilities and the topline synergies represent aligning positions, where the latter can be directly connected to the case company’s desire to follow or support their multinational customers internationally. However, as the internationalization strategy of the case company has changed from independent subsidiaries alone to a full integration, the third category by De Wit and Meyer (2014), leveraging resources, can also be identified, as the case company has physically reallocated employees for simultaneous in both the Swedish and Norwegian market. Another example is the quality management project, as well as the leveraging of A1’s experience and knowledge from working a lot in-house, rather than on-site with their customers. With the goal of fully integrating A1 into the case company, the definition of a successful
expansion project is also intertwined with the desired synergies. Interviewee 3 describes the success of the Norwegian integration project in two parts, which can be defined as short term and long term. In the short term, the integration’s key performance indicator is time. He claims that once the pre integration or due diligence phase is finished by the analysis team, including an analysis of the organizational culture, the integration should be able to move quite fast, with the goal of “looping the reportings, the budget, things like that”. In the long term, Interviewee 3 states that “the target is of course to make it a profitable unit, so that [A1] will fulfill the overall financial target that we have within the business area”.

As described in the empirical discussion on the competency of Synergy Orientation in Section 5.2.5, Interviewee 3 sets up a ‘SWAT team’ responsible for the integration of A1, which includes dealing with the communication and issues on-site while maintaining close contact with the headquarter in Sweden, for instance. The fact that it is Interviewee 3 who sets up the integration team using employees that are not part of the TMT represents a key finding of this thesis. This shifts the focus from the TMT, which is not directly handling the expansion or the integration themselves, to the persons who are part of the integration team. However, the ownership of the project still lies in the hands of Interviewee 3, who is part of both teams and therefore reports directly to the TMT and the CEO. More specifically, Interviewee 3 states that once A1 was starting to become integrated into the case company’s network organization by being looped into the reporting and budgeting tools, it became a natural part of the organization. It was at this point that the TMT got more involved and received the monthly information, besides the weekly mails. With Interviewee 2 being responsible for the integration phase of the project, the integration team is left with more time to focus on the Norwegian integration without being distracted by other tasks, something that the TMT probably would have been, according to Interviewee 3. Furthermore, the members of the integration team are described to be very flexible, travelling back and forth between the two offices, which seems to be a big advantage when integrating an acquired company located in another country. This is however mainly due to the short geographical distance between the case company and A1, which offers the possibility to travel back and forth several times during the week and therefore facilitate the hands-on approach of the integration team.

Something that has been identified as having a positive impact on the integration project is the organizational background of Interviewee 2, which has resulted in him having a wide network within the case company. This enables him to both connect the right people within both companies with each other as well as knowing which person to involve in which situation, something that is believed by the interviewees to have helped to bring the organizational cultures together as well as ultimately to achieve the desired synergies.

In conclusion to sub-question 2, as the integration phase is not yet finished and the Norwegian expansion project is still ongoing, the evaluation of the achieved synergies between the case company and A1 is not possible at this point. However, judging by the stated measures taken and the groundwork laid so far, the interviewees assume that the case company will reach their short- and long-term goals and thereby realize their planned synergies. As a recommendation, the case company should further focus on their already active integration mechanisms. When looking at the theory by De Wit and Meyer (2014) the case company follows, the centralization by looping the
reporting, the standardization by establishing a shared system, and lastly the coordination by setting up cross-border cooperation projects for servicing international customers. However, one important question for the case company is concerning the position of the temporary CEO of A1, who is currently involved in the project to a great extent. Once the integration is complete, when the looping of the reporting and the setup of common IT systems is finished, the case company needs to replace this person that fits the demand of the position and the long-term organizational goals and strategy in order to achieve the desired synergies. As the position of Interviewee 2 within the case company is described as a ‘free role’, discussed in Section 5.2.1, he will be most likely not be available as the future CEO of A1. Yet, it is debatable if the measures that were taken to facilitate the integration by Interviewee 2 will sustain once the integration is complete in June or July 2016 and he takes on a new project. For example, did the internal employee rotation in A1 and the case company help create a solid network, and who will connect the ‘right’ people with each other in the future? These are crucial tasks and responsibilities for the new CEO, who preferably should be headhunted internally due to the already established importance of knowing the organizational culture as well as having a wide internal network. In excess of the need of facilitating the integration of A1 into the case company, additional requirements from competencies have to be met, which also can be based on, but not limited to the previously established competency model.

5.3.3 Sub-Question 3

*How should the organizational and national cultures be efficiently managed by the case company?*

As with the summary and aggregation of relevant theories to this question in Section 4.3, this section is too mostly already answered in the empirical discussion of the *Cultural Mindset* competency in Section 5.2.7, which targets the efficient ways of managing cultural differences on an organizational and national perspective. The conducted interviews have shown that the case company is culturally aware and make efforts to adapt during its foreign expansions, especially during the due diligence phase. Here, the case company contracts legal consultants in order to grasp the national laws, regulations and other requirements. Besides this action, the case company is not displaying additional efforts to deal with cultural differences before acquiring a foreign company, which is also supported by Interviewee 2, who states that this is an area of improvement for the case company. However, as stated by Interviewee 1, during the due diligence phase, the case company is actively searching for a company to merge with or acquire, which includes the thorough analysis of the organizational culture, the strategy and the philosophy of working. This way of analyzing the organizational culture is further supported by Interviewee 3, who claims that it helps adapt the integration checklist, making it very important in order to have a quick and successful integration.

Even though little attention is paid to the national cultural differences, an analysis of the organizational culture can provide valuable hints and indicators on this matter to some degree. Furthermore, Interviewee 3 states that by setting up clear concepts and processes, referred to as checklists, with the organizational culture in mind, the national cultural issues can be managed. This indicate that the case company is more
interested in finding a fit with a potential acquisition target on its way of working, its mindset and philosophy, rather than analyzing and trying to manage the national cultural differences. Naturally, due to the focus on only one expansion project, the success rate of this approach cannot be evaluated in this thesis. Instead, a more detailed look into the acquisition of A1 is made instead. As for the acquisition of A1, the attention to the national cultural differences was only given after the actual purchase, which literally happened overnight. However, as Interviewee 3 stated, the case of A1 is unique as the case company already had a good picture of the organizational culture beforehand, referring to the first minority purchase of shares that was made about ten years ago. Further, with the goal of fully integrating A1 into the case company, a high priority of the expansion project was given from day one, which included clear communication about the case company’s goal with the purchase and the progress of the integration. This crucial point of the expansion strategy appears to be very important when it comes to building trust and minimize resistance within A1, and therefore needs to be emphasized when answering this sub-question. It is worth noting that this act can be traced back to the integration checklists and the previous experience and knowledge of A1’s organizational culture. As opposed to Interviewee 2’s statement on the ad hoc decision to become the majority shareholder in A1, Interviewee 3 states that they “have been waiting for the opportunity, because of the downturn of the oil and gas industry in Norway, which has been going on … for two to two and a half years”. This is something that suggests that the case company has been observing the market development in Norway closely until it reached a point where the conditions of the market environment fulfilled their requirements to make the move. In other words, they were prepared and only waited for the right moment to strike, which shifts the perception of them being impulsive to strategic and patient, yet still opportunistic. However, as stated by Interviewee 1, the focus on the organizational culture instead of the national culture is followed in this case as the geographical distance and national cultural differences are very low. He also agrees and supports Interviewee 2 in that an expansion into a more geographical and cultural distant country would need a stronger focus or emphasize on the national culture preparations.

Concluding sub-question 3, the case company seems to have managed the national and organizational culture of the Norwegian company A1 in an efficient way so far. As for the lack of preparations concerning the national culture, they atone for this with their thorough analysis of the market and organizational culture. This is also strongly connected to the usual approach of the case company when expanding, as they are not going into a new foreign market via greenfield entry but instead by merging with and acquiring local companies, which supports their focus on organizational culture. A byproduct of this due diligence phase, which results in the decision to acquire or partner with a company or not, is a step-by-step checklist or concept with processes and tasks along the integration. This also includes measures that deal with the organizational culture and try to prevent resistance from emerging. Due to the low level of geographical and cultural distance, the preparations and measures taken by the case company in order to manage the national and organizational culture of A1, are deemed efficient. Yet, as with all of the empirical input, the information needs to be taken with a grain of salt. Therefore, it can not be used to clearly describe if the case company’s way of managing organizational and national cultures is efficient or not. Naturally, following the theory and the statement
from Interviewee 2 on the lack of preparations concerning the national culture, it can be recommended that the case company should include these actions into their due diligence and integration phases of future projects, especially if the cultures are more distant than between Swedes and Norwegians.
6 Findings

Looking at the research questions investigated in this thesis, it is evident that an answer has been produced for each one through identifying, analyzing and discussing the theory and empirical data. As stated in the Method (Chapter 2) of this thesis, in excess of the produced answers to the research questions, other findings include surprising conformities or contrarieties between the theoretical and empirical answers as well as unexpected discoveries or insights within the case company and its expansion project. The findings will be presented in bullet points below in order to clearly distinguish them and thus emphasize their content:

• Based on the collected theory, seven competencies were identified, namely *Openness to Learn and Change, Strategic Leadership, Dealing with Risk and Contingencies, Embrace and Redirect Resistance, Synergy Orientation, Managing Local Responsiveness, and Cultural Mindset*

• Based on the empirical data from the conducted interviews, each of these competencies were later supported

• From the interviews, three additional competencies were identified in excess of the first seven that were identified based on the theory, namely *Appointing Qualified Personnel, Efficient Communication, and Business Mindset*, resulting in that the final number of identified competencies equals to ten

• There are three teams that are part of the case company’s expansions, namely an analysis team, an integration team, and the TMT

• Even though the case company qualifies as medium-sized, the TMT is part of its expansion only to a small extent through Interviewee 3, even though the communication between the two teams and the TMT is strong

• Whenever there is an absence of a competency the case company acts differently depending on the team. In the analysis team, external firms or consultants are used in order to fill the gap, which usually are associated to foreign legislation. In the TMT, new members are headhunted, whereas the integration team members are chosen internally due to the required knowledge of the case company’s organizational culture

• As for achieving the synergies that are sought after, the wide network along with the good flexibility of the integration team members have played a substantial part in this case. Furthermore, the importance of having made thorough preparations together with established goals and targets, short term as well as long term, is something that has become evident through conducting the interviews
• Looking at the theory and empirical data, the importance of taking organizational and national cultures into consideration has been emphasized. In this case, however, the measures taken to prevent problems caused by national culture from happening have been somewhat absent, due to the special conditions and prerequisites of the A1 acquisition, referring to the relatively small geographical distance between A1 and the case company. However, for future acquisitions, this is an issue that needs to be addressed more thoroughly.

• The future challenges for the case company will be to appoint the new CEO of A1, who preferably should be recruited internally so that this person has knowledge of the organizational culture and has the required network to connect the right people with each other in order to realize the planned synergies.

• The degree of importance that the identified competencies have varied in the three teams. Even so, all ten competencies are considered substantial in order for each team in order to fulfill its purpose.

• As for the interviewees, there is not a shared knowledge of the term ‘competency’. Instead the case company use the term ‘competence’ which comprise of, and is used for marketing its products, services, skills and knowledge towards the market.

• An evaluation tool or model of the TMTs competencies does not exist within the case company, something that is believed could be an effective and systematic way in order to set up a TMT, an analysis team or an integration team. However, instead of having such a tool, the people are selected based on their previous experience and suitability for each specific project, based on the case company’s strategy and organizational culture.

• Historically, the case company’s TMT consisted of internally promoted employees, usually with a background in engineering. However, today it is more common that an opening or a position within the TMT is filled by an externally headhunted person instead. This has resulted in a majority of the TMT having backgrounds within business administration, economy and law, rather than engineering, which indicates a more diverse TMT.
7 Conclusion

The reasoning and findings presented in this thesis contributes to the overall discussion about the role and influence that the TMT has on the success of the internationalization of its company. The information gathered in the interviews, which have been qualitative rather than quantitative in their nature, along with the characteristics and conditions of the case company’s acquisition of A1, represent a good insight in the demanding nature of company acquisition and what is required from the TMT, or in this case the team responsible for integrating two units. In other words, an understanding of the subject of internationalization has been created, as was also stated in the Purpose section of this thesis, by supporting each of the seven identified theoretically based competencies through testing with the empirical data, which also helped identify three additional competencies. Furthermore, even though the selected case company qualified as medium-sized, the degree of involvement from the TMT in the case company’s expansions is considered as somewhat low. This refers to that an assumption had been made beforehand that the smaller the size of the chosen company, this would automatically mean that the degree of involvement from the TMT is very high in the company expansions. The absence of certain competencies is an issue that is mainly solved through external acquisition in the case company, while its desirable synergies are achieved through thorough short term and long term preparations, with assistance from a person who can connect the right people with each other via his wide company network. Running the new unit, realizing the desired synergies and being able to connect the right people with each other within A1 is something that pose as a great challenge for the new CEO, who as of today has not been appointed yet, which is why a person with knowledge of the organizational culture is suitable for this role. As for the national and organizational culture, the big focus lies on the latter in this specific case, as it is assumed that through learning and adapting to the organizational culture, one automatically takes the former into account as well, to some extent. Nonetheless, taking measures that contributes to the preparation of the national cultures is something that is recommended for the case company in the future.
8 References


9 Appendix

9.1 Interview Questions - Interview 1

1. Who managed the expansion? How big of a role did the top management team play in the international expansion? (Was there a certain team that had to report back to a sponsor within the TMT?)

2. What measures did you take against risks or uncertainties that were identified before initiating the expansion?

3. Did you have to acquire another company in order to initiate the expansion, or did you start from scratch? (i.e. acquisition vs. greenfield entry) Why?

4. Was there an assessment of the TMT members about their competency fit with the upcoming challenges of the expansion?

   (If yes) How did the organization act upon gaps that were identified?

5. Where there any issues with the top management team during the expansion process?

6. In the top management, which competencies do you think were most important throughout the expansion process? (which ones were most crucial for the success of the project)

7. Did the importance of certain competencies change throughout the expansion? (e.g. planning, implementation, etc.)

8. What do you think are the differences between the top management competencies of a national or a multinational and global organization?

9. Why did your company expand into this specific country?

10. What were the potential or planned benefits of expanding into this market? And did you realize them?
11. Did you take cultural factors of the country into account before or during the expansion process?

12. How did you integrate the new subsidiary into the overall organization? (Standardization, Centralization, Coordination)

13. What ways of communication did you use during the expansion process? (e.g. virtual teams, video conference, telephone meetings, face-to-face meetings, e-mail)

14. Did you face any resistance from employees after the announcement of the expansion?

   (If yes) What kind of resistance did you encounter, and on what level in the company did you encounter it? (i.e. back talk, deliberate actions against the expansion process as a whole)

   (If no) Why do you think that is? Have you taken any measures that is intended to prevent resistance from occurring? (i.e. previous training or education of employees or management?)
9.2 Interview Questions - Interview 2

1. When did you get involved in the A1 project? (planning and/or implementation)

2. What previous experiences or competencies make you suitable for your role in this project?

3. To what extent has the top management been involved in this project?

4. What measures did you take against risks or uncertainties that were identified before initiating the expansion?

5. Where there any issues with the top management team during the expansion process?

6. In the top management, which competencies do you think were most important throughout the expansion process so far? (which ones were most crucial for the success of the project)

7. Do you think that the importance of some competencies will change during this expansion project? (e.g. planning, implementation, etc.)

8. Why do you think the company chose to expand into Norway?

9. What were the potential or planned benefits or synergies of expanding into this market?

10. How have you taken cultural factors (both organizational and country) into account before and/or during this expansion project?

(If yes) Would you make different cultural preparations depending on which country you were expanding to?

(If no) Why not?

11. How are you integrating the new two subsidiaries into the overall organization?
12. What ways of communication do you use during the expansion process? (e.g. virtual teams, video conference, telephone meetings, face-to-face meetings, e-mail)

13. Have you or do you currently face any resistance from employees after the announcement of the expansion?

(If yes) What kind of resistance did you encounter, and on what level in the company did you encounter it? (i.e. back talk, deliberate actions against the expansion process as a whole)

(If no) Why do you think that is? Have you taken any measure that is intended to prevent resistance from occurring? (i.e. previous training or education of employees or management)
9.3 Interview Questions - Interview 3

1. When did you get involved in the [A1] project? (Planning and/or Implementation)

2. What is your role in the [A1] integration project?

3. How would you define success in the [A1] project? (factors used to measure success)

4. Who decides which persons are included in the integration team? (or as Peter Ryman said: the ‘SWAT team’)

5. To what extent has the TMT been involved in this project? (decision making etc.)

6. Has there been any issues with the [case company] TMT during the expansion process?

7. What are the most important skills (traits/knowledge/assets etc.) needed from the top management in an expansion project like this one?

8. How do the competencies differ between the top management team and the [A1] integration team? (strategical/operational)

9. What measures did you take against risks or uncertainties that were identified before initiating the expansion?

10. Have you faced or do you currently face any resistance from employees after the announcement of the expansion?

11. What are the intended benefits (synergies) with expanding into this market?

12. How are you integrating [A1] into the overall [case company] organization?

13. How have you taken cultural factors into account before and/or during this expansion project? (both organizational and national)

14. What ways of communication do you use during the expansion process? (e.g. virtual teams, video conference, telephone meetings, face-to-face meetings, e-mail)
9.4 Interview Transcription - Interviewee 1

When asked about if he has heard about the term competency:
I am really not sure what you mean by competency. Do you mean the different aspects when we are looking into a market to evaluate if it’s an opportunity for us? If we involve HR, legal and these kind of issues or consultant firms?

[Explaining the term by using the definition in the thesis, and giving a few examples]
The baseline is that you have people in the management team who are senior enough to have done these kind of projects before. That is the main thing for us. To be senior, to have done transactions before, to be able to evaluate the people on more, because this is all about people business in these kind of circles. You need to be interested in the people and the ones who actually created. If it’s to find an entrepreneur you will do a startup with, that is one thing. You need to feel the fit, so to say. If it’s about buying a company in a new market or in a new segment, it’s exactly the same thing. So it’s about seniority and actually be able to judge people who ‘sit in the boat’.

When asked about the ‘fit’ of people:
How are they acting, what are their drivers, what do they run for? To find people who have the same core values like [the case company]. But that is the main competence within the management team, to be able to judge those kind of things. If I meet some person that would be interesting for some kind of startup or be involved with it and we are not talking the same ‘language’ when it comes to core values, than it would be a mismatch in the end. So then we actually cancel it quite early and continue with the next one.

When asked about a specific expansion project:
Our strategy when it comes to international business has not been to go into new markets, instead we are focusing on expanding the markets we are on, with new segments. For example, right now we are on the German market with a main focus on Automotive and we would like to increase our turnover into other segments as well. Then we are looking into Life Science and Energy for example. And that kind of looking around, we have in all markets we are existing on. It more or less, building up more competences, additional buy ins or M&As in already existing markets. Right now we are not trying to go into new markets. That’s the way [the case company] acts right now. So I think our expansion to the Norwegian market is the most recent one that would fit for you.

Norway started out [number] years ago, when we owned shares in a company called [A1], but it was a minority. It’s an engineering firm. But also [number] years ago we had a strategy in our acquisition plan to find a company within product information, the product information business area. They would like to actually have a position on the Norwegian market as well. Because with [A1] and the [minority number] percent
stake, you can’t do anything, you can’t influence the business, it’s more or less a financial planning or a financial position in some way. But you can’t use it for [the case company] as a group.

We started out with looking into the Norwegian market from a product information perspective, and there were a lot of meetings, it was actually before I joined [the case company]. When I joined [the case company] [number] years ago, they were in the final negotiations of buying a company called [A2] in Norway. And that company consisted of around 15 people. That was more or less between finding a good sales-driven entrepreneur together with some backbone of consultants as well, and then they found [A2] which seemed to fit [the case company] pretty well. And the business area of product information was very much involved themselves in this. They were very hands-on in this acquisition, and we were supported by our HQ with legal, due diligence, finance and all that to make the closing. More or less, depending on the size, it was only 15 people, that was something they can handle themselves, this is my view on that.

When asked about doing a greenfield approach:

No. If it is, it could happen, but it’s quite rare that we act in that way. It could be that we say, okay right now we have a back office function in Hungary, which is growing quite well actually and perhaps we feel that the risk exposure is quite high in Hungary, perhaps we need to go to some other country as well, in the near shoring business, not go to India or China. It could be that we do something in Poland or in Estonia or something. That is something that is on the agenda. But that is more or less to reduce the risk, not expanding into a new market.

For example going to the US and doing business there, because that analysis is already done and it’s too high risk, there are a lot of high fines if you do something wrong. It’s already set by the board of [the case company] that we shouldn’t go there.

How would you prepare going to a whole new market you haven’t been working before?

We should use our existing connections. We should, I am pretty sure that when we discuss these topics with our business areas, with check if someone comes from that country. We create a team, a project team, which I am part of, the involved business area manager and legal. We will most likely involve some external legal consultant to also look into it. Then the work starts to find the people, to find the one who is enable of actually doing it. If it’s existing in our network, then that is the most simple way. If you can send some expat, that is really good as well to build it up, because then we have the trust and we have the knowledge if someone would like to take on that kind of challenge, for perhaps 2 years or something like that. We would most likely also start to look into, if there is some kind of acquisition that we can make to get this on track as fast as possible. That is something it would look into together with some smaller M&A firm on the local market. I am not using the big ones, more like boutique M&A firms, to do the first search on that market. That's how we should work and how we work when we go for a new market.
[What was the case of the Norway (A1) expansion?]

Norway was more of finding the entrepreneur, the sales-driven person, if we could have a backbone with some consultants as well, that was good. But it was never to find synergies with combining [A1] with [A2], in the beginning. Because we didn’t know at that time that we have the possibility to actually buy the majority of the shares of [A1]. That happened later on. And that is, I am not sure if we communicated this to the market, but the buy of the shares of [A1] was also driven by the Norwegian market going into big problems due to the oil prices actually. So the risk exposure of the Norwegian market is quite high at the moment. So they have a negative cash flow and when the shareholders couldn’t agree on how should the new money be put in, then we said that if they should run we can put in some more money but then you have to give us the shares, if you are not willing to do new investments. So it was an opportunity, a more opportunistic opportunity than actually following the long-term strategy. That happens as well, you find an opportunity and then okay.

I can give you also, perhaps that is not in your questionnaire, but it's very much driven, this market of new expansions, of new business to [the case company] and our competitors like [example of competitor] and all the other ones, where there are M&A firms, that in a more opportunistic way, try to find buyers into small companies, perhaps 20-60 employees. I get around 2 opportunistic offers per week, only in Sweden for those companies. And you can have luck in finding something with that one, but that is not how we would like to run this. We would like to be more strategic, saying okay, this is the size [we are looking for], project-driven business, core values, and we work a little bit closer with those companies for some years and then finally it gets to a situation where things seem to fit. So right now there is a very high volume of companies business out on the market.

How do you deal with uncertainties and risks when expanding?

We do the analysis from a macro perspective first. We look into what does the company look like overall, how is the business situation, we like to find white papers or as much information as possible on the web. We hire some expertise when it comes to the legal structure, because that, from a legal perspective, is so very different, you don’t have the knowledge in the small HQ on each market. And then you search for information with our auditors, when it comes to tax regulations, all these kind of questions regarding transfer pricing, which is in compliance. We need to take care of that one before the analysis. And then, if we find it interesting and if we see that we have the possibility, then we start off the work. And it’s a long time work, it's nothing that happens in three months, these kind of projects. It’s actually three to four years, and then you finally find an opportunity, which is fitting. But also, you should bear in mind , it’s really tricky to actually find the perfect match for service companies and engineering service companies, like [the case company], due to the culture and due to start ups. I have been seeing that the most successful when entering into a new market is when you find this sales-driven entrepreneur, who gets benefits and some kind of heavy incentives to build up something locally on the market with [the case company] or some other firm behind them, under the same umbrella so to say. But it’s his or her business in the beginning, then you get this entrepreneurial way of working, then you can see the course going really good. It’s very difficult to start from scratch with a
company like [the case company] and just send an expat to Norway or to China and then say: ‘Please make it happen’, it’s not working actually.

When talking about identifying an entrepreneur for the job:
He or she could be from a competitor, if you have some contacts and you find he or she and the person is open for something new. Or the person could be from some Tier 1’s [supplier] or suppliers to the big companies. That is a success factor for service companies, to find that way in the expansion (to find an entrepreneur that enables the expansion).

When asked about changing the culture within [A1] in Norway:
Yes, absolutely. We send our managers to Norway, as we need to change the culture, we need to change the management and so we need to integrate this company, this business into [the case company], make it [the case company].

When asked if this is how they try to create synergies:
Exactly, that's what happens right now, to find the synergies between the position of [A2] within product information and [A1], so they share the same facility, as they share the same back office, as they share sales relationships, as they share our common CRM tool. All these kind of things are going on right now, to align with legal, to align with our frame agreements, there are a lot of efforts taking place right now to make that happen.

When it comes to our new expansions, our new legal entities in markets, we have, in the past, let them act in their own way, not very depending on [the case company]. But that is a new strategy we have during the last year. That we should have a road map, we should have alignment, we should have the common processes of integrating the companies into [the case company]. Or it could be regarding ERP system, CRM system, project models, the way of taking care of legal stuff, all back office functions should be aligned so that we can do KPI measurements. So when we talk about revenue or cross margins, we talk about the same, no matter in which market we are. So that's a change from top management that need to happen.

When asked about the time it will probably take to integrate [A1] and [A2]:
I think it takes 12 to 18 months.

When asked about resistance and managing the resistance:
When you make an acquisition, it’s all about communication. In the beginning, if you have a good communication plan and explain the logic behind it, then people get quite secure that this is the right way. But when we talk about [A1], there was no time for any communication, it was a hard act, they needed money. And that created for sure a lot of concerns in the management team. Then you see that people actually leave the company, and for some of them it’s good that they leave, because they don’t share the
same values. But with some it’s not good. And that is the mission for the ‘SWAT’ team, to secure the key staff that needs to stay on there.

**What is the ‘SWAT’ team?**
They are the project team responsible for the integration and the first to arrive.

**Which ways of communication do you use during the expansion processes?**
We are a listed company, so we don’t have much possibility to talk about it. [The case company CEO] can mention it to the market: ‘We are positioned in a way that we could look into new markets’. That’s something he can say to the market. And that is reflecting also to our employees. I mean, when we then in our management team discuss, that we should look in this direction or that direction. However, when it comes to the search phase, we cannot communicate, because it could be market driven information actually.

**How are the means of communicating during the expansion?**
We need to be hands-on, so we need to be there. This will never happen, if you think you can solve everything by phone or linked sessions. You need to be hands-on, see, and get the feeling around the table about what is going on.

**How does the ‘SWAT’ team and the TMT communicate?**
The ownership of this market or this company belongs to our business area. So they are responsible for the communication. So for sure they are a part of it, but from a Norway perspective, our business developer [Interviewee 2] is responsible for the integration of the Norwegian company. And he is spending perhaps three days a week in Norway. He is working very tight with the business area manager. He involves people from our IT-department, when it comes to these kind of questions. He involves people from legal. He involves business controllers that actually make the change happen when it comes to following up tools, reporting systems into the group consolidation system, these kind of things. He is the spider or enabler for this and he needs to be very tight with the manager of [A1]. Very often, well in this situation, the CEO is no longer on board, so we have a temporary CEO that works very close together with [Interviewee 2] on this. And [Interviewee 3], who is business responsible for [A1] in Norway, he was at least 10 times there during the last three months. And then it’s more like coming together, information meetings with the whole staff. I think they are only 70 or 80 people in total, so it’s possible to collect everyone in some session and have a speech to them.

[To get a feeling of the mood that is not possible via phone?]
Yes, and Norway is not that far away, it’s only [number] hours. And there are also people from Norway coming here, so they are getting together with finance, finance managers are coming here, salespeople are coming here, so the distance is not that big between Sweden and Norway. Than we have good opportunities to actually meet face-to-face.
Going back to the culture, are you referring or focusing to the organizational or the national culture?

It’s both, I should say. Have you heard of the expression in Norway that they call ‘ti til to’? They work Tuesday till Thursday from 10 a.m. to 2 p.m. They are lazy! I mean these kind of things cannot be changed in a day, it’s in the structure of perhaps that country. I don’t know that culture that good, but for sure it’s a mismatch between Sweden and Norway on that. If you try to get a hold of someone at 4 p.m., you have to call the next morning, because it’s not possible to reach them. But probably also the culture within that company, so to say, it’s a management question. I mean, if you as a manager are acting in a way and say this is what they are expecting from you, well then it is what it is. But in general I should say, that there are quite big differences from the culture perspective between Sweden and Norway.

Are there tensions because of the friendly rivalry between Swedes and Norwegians?

No, I don’t feel that one with Norway. It’s more like if a Swedish company buys a German company. Then you have more tensions, because the Germans feel like a big brother towards Sweden. And they criticize that a small Swedish company is taking them over. So I feel a stronger rival behavior in that market.

How would you deal with that then?

It could turn into resistance, so you need to be aware, you need to feel it and build trust. And I guess for the Germans it’s very important to talk to them in a clear language and explain, ‘this is how it will be’, and don’t give them too much alternatives all the time. Lead the way and build the trust through that.

So you really have to adapt to each market?

Yes! If we go to Brazil, the culture is something completely different. If you go to China, it completely different. But that is what is fun about working in an international company, you actually have those kind of differences. I mean if you got to China and you have to discuss how can we implement a common CRM system, then you have Chinese letters and all these salutations you need to take care of. It’s a complete new world for a Swedish company to actually make business on those markets.

How do you identify these market or cultural differences?

It’s done during the pre-project phase together with the legal assistance (as stated earlier). But it’s also business-driven. Our expansion in the history was business driven. Let’s say that a multinational customer will set up a facility in Brazil and they would like us as a service provider to come over with them. Then it could be more or less driven by a key account manager for the multinational customer that says that we need to go there. And then the startup happens on this basis. And we for sure look into if it’s possible for us to make business in Brazil. Are there tax regulations et cetera,
but then it’s much easier to make the decision, because you have something hands-on, instead of starting from the greenfield.

**Isn’t it risky to just follow one customer abroad?**

Absolutely! That’s why during the analysis, we look into our customer base. And then we see for example that we have existing business with [customer 1] and they also have a facility or production plant in Brazil. And we check if we could initiate those discussions as well in parallel? If yes, then we have already two possible opportunities in Brazil and we check other customers. Once you have a couple of customers, you feel comfortable to make the investment. But it two different worlds, if you look into the Swedish or the German engineering service market compared to the Brazilian one, because in Brazil, if you as a consultant don’t have an assignment at [customer 1], then you get fired. So it’s more of a temporary business model, that is common in Brazil. But that is not the situation in Sweden or Germany. If you are not utilized as a consultant in Germany, then you are still employed, you still get your salary. And those kind of deviations we see in more or less every market. Different regulations, different cultures, how we treat our employees. Do you feel like a [the case company] employee in Brazil, I don’t know I have never been there, so I can’t say how it is, but I heard that all the people aren’t sitting on site, they are at the production facilities of [customer 1] or [customer 2] and then they feel more of a belonging to these companies than perhaps [the case company]. However, apparently everyone is dressed in [the case company’s] clothes, so you can recognize the people, but if you do that in Sweden you will get a fine or something. It’s not possible.

**When expanding, you focus on finding companies that are [the case company] material, but how much synergies are there to gain? Isn’t there something new you would like to achieve?**

Yeah for sure, we need to go find the synergies. There two different paths. To find the greenfield start up with a sales-driven entrepreneur, that’s one thing. You build it up from the beginning, from one consultant to seven in the next year, and so on. And so you make a good line and make money for sure. But when you make an acquisition, it’s something really, really more complex to work with. It’s a huge project, there is a lot of money involved, and risks for sure as well that need to be identified.

When we look into the synergies, it’s two parts that we look into. What kind of synergies can we see from the customer base and from the income, in other words the topline. And the next one is, what kind of synergies can we get from the cost perspective. If we go into a complete new market with no existing facilities, say Portugal, I cannot calculate any synergies from the cost side, it’s not possible as we cannot combine back office functions, well part of them can be shared with the back office in Spain, but not on the facility side, that we have overlap. It’s not possible. But then we have an additional acquisition in Germany and we see a match where there is a facility in Munich, Wolfsburg and Bad Friedrichshall, then those kind of synergies are on the excel sheet, so to say. And we can see what we are willing to pay in the end. There are expectations from the seller, they base it on their history and their forecast when it comes to the pure numbers. But then we address the risk in this case
and we can reduce the risks by cost synergies or topline synergies. That’s how we look into it from a model perspective.

To get this information, you need to sit together and discuss, because this is something you can never, well, in some information memorandum, but those detail questions - if we can do that or that - needs to be discussed in a group. It’s actually in the due diligence phase to find out about these questions.

**When asked about the mission and vision:**

There is a constant change on the market. Think of it like this, in the end there is a board that takes the decision, because it’s a Swedish company. And if there are changes in the board, that can affect the expansion plans. Then it’s the CEO who, in the end, discusses this with the board and top management, because there could be some new views because of the changes. If you have a new CEO coming in, perhaps there are some other views on it. My experience is that the success of international expansions and M&As, you need to work with a long-term strategy and be pretty fixed on that one. You can’t jump from one direction to another direction, because that would take too much time to actually build up competences, or a pipeline with possibilities. That’s a trap, if there is constant change in the management team and the board as well.

**When asked about the diversity in the TMT:**

What happens is that the group sets the acquisition strategy on a yearly basis and then we try to execute on it. And if it’s the case that we would like to look into new segments in for example the German market, then I involve people who are business driven in the German market and create a team out of that one. And we get support, we get help, and we do what we need to do then to actually do the search. But we always involve the business areas, the operations, because it can never take place only from the head office and make a deal like that, like: ‘Here is the company or here is the entrepreneur, here is the new market. Jump on it!’ They will say, that they have too many other things to do and that you (the TMT) has to do it. They need to be aligned and committed.
9.5 Interview Transcription - Interviewee 2

When asked about his daily work, what he does and what his roles are:
I’ve been in the company for 15 years and started in 2000 and I have had a lot of different roles. I have worked with everything from being an ordinary engineer to group manager, to department manager, and the last two and a half years I have been in the business development area. The previous role I had was within the structured simulation department, which was quite global in many respects, considering the wide network. I was responsible for all simulation activities in the different offices in Sweden and we also had quite a lot of cooperation with Germany, the UK and India, which were all great places to expand my network and get to know a lot of people. This helped me learn the different ways of how to do things internally within the company and who to call in times of need which has benefitted me a lot especially now after the second purchase of [a majority of the shares] in [A1].

My role that I have today consists of two parts. One is business development focused on new markets, primarily Norway and Denmark with a split of about 90 percent work in Norway and ten in Denmark. The goal is to set our footprint in Norway first, before moving on to Denmark. The other part of my role is to assist in the change of how we market and promote our competencies within the company. We have around 120 different competencies within the company and it’s difficult to market all of them in a good way since we as a company offer such a wide range of competencies, even though there are some parts where we are specialized. Therefore we are currently changing the organization to try to highlight a certain number of areas where we see that the market has a good potential and where we would like to expand. So that is the second part of my role, a combination of business development and marketing.

When asked about the term competencies, what it means and what counts as a competency:
Well, you could say that within [the case company], competencies are the only thing we deal with, considering that we during the last years have sent out many consultants to our customers. For instance design engineers, simulation engineers and quality managers working within the automotive and medical industry, and so on. This has made us gain a lot of competencies, both from a technical point of view but also from an industry experience point of view. This has given us a very broad picture of the industry overall while also creating a difficulty since we have to communicate this to our customers, so they understand what we actually can offer them. When I hear the word competencies I think of certain skills and/or knowledge to perform a certain task or offer a specific service.

When asked about if there are any TMT competencies that he can think of:
I noted that you have a lot of questions regarding the TMT which made me think about where our TMT is, and therefore I am wondering what level you were thinking of when you say TMT?
[We think the name is the group management team in your company, based on our first interview. It's the group responsible for the expansion in this case]

That would be the business area responsible for the engineering services Nordic. Well the competencies in that group comes primarily from the economic sector as well as legal, I do not think that we have any engineers nowadays in the TMT. So it’s more like professional managers from the top level. This is actually something that has changed within the company during the last ten years, the fact that the focus has changed away from typical engineers who moves through the organization up to the top levels, which was more or less the tradition if we look historically into the company. Instead, they are employed more or less directly nowadays.

When asked for a description of the expansion project to Norway, the main challenges or issues along the way and how they handled them:

The start of the project was in 2006 when we bought [a minority] of the shares in [A1] and during many years there we were a quite passive owner, and not actually influencing the activities much. We had one person in the steering committee of [A1] but this was only to get information and not to push our thoughts. [Some time ago] we were more or less in the state of deciding what to do with [A1], either sell it off or buy a larger amount of shares to gain more decisive power. This coincided with that we were looking into the Norwegian market in general and how to set our footprint, what market areas we would like to cover, what type of company we are interested in and of course if we should acquire a company or go for a greenfield entry. In other words we were looking into a number of directions to choose between and at this time, [A1] had gotten into financial problems as a result of the oil and gas market going down, causing them to need more money. After this it became evident to us, things went really fast and my calendar changed drastically over a couple of weeks where I had to remove more or less everything. So me and [Interviewee 3] went to Norway where [A1] were supposed to have a general meeting with all of the owners. Before doing so we had looked into what the company was doing more specifically, what products and services they were offering as well as who their customers were. After having the meeting the two of us had some discussions and after only one or two weeks a decision was made to go through with the purchase. So the planning phase was actually started after the purchase was finished, which is why we did not have any time to prepare in advance. However, we had some projects that were still running from previous years so it was not like we started entirely from scratch. Nonetheless, we realized that we needed to make some plans and on Monday after the meeting I was on place in Norway together with [Interviewee 3] and had a meeting with all of the employees.

[How many employees were working in [A1] at the time?]  
They had about 70 employees at the time of the purchase.

When asked about if they currently face any resistance from employees after the announcement of the expansion:

Well, we had heard of tensions in the general meeting with the owners because even though everyone was on board with the acquisition there were some people that were
against the fact that we wanted to buy them. My personal thought on this matter is that these persons hoped that they would go bankrupt instead and then try to take some parts away and start up again. Since we owned [a minority] of shares in [A1] from before, there was not a need for so many people to vote for when conducting the vote about whether to let [the case company] acquire [A1] or not. Also, during the presentation when we met with all of the employees we did not get that much feedback but naturally there were some worries about how we would be changing the company. Some employees knew about us from before and were aware that we used to consist of consultants on site and thought this was still the case. Therefore they were worried that we would use the [A1] office as a front office to meet with the customers and then send all the work to Sweden or to other countries. In other words there was a general anxiety about what we had in mind to do with the company, and also if we were planning to reduce the number of employees much.

[So how did you start to process these tensions and anxieties that you identified?]

Well, from a communication point of view we started with a weekly Friday email that was sent out to all employees and included the status of the integration. Nowadays this mail has been changed into an ordinary department mail but during the first three or four months it was focused on the integration issues. Further, we had regular meetings with all the employees and the management team. We also did some reorganizing in some respects, not so much on the department levels but instead we focused on the management team where we did some reductions. For instance, since they are now part of us they do not need a complete IT department and quality department and so on. We have focused on cutting the costs during the first couple of months and we have looked into what we can take advantage of from [the case company] and apply into [A1]. What we were looking for to change from day one was their ineffectuve sales work, their project follow up, project control, and overhead costs. The sales guys were definitely feeling the heat since they were ineffective and more or less left before we took action, which helped us quite a lot.

When asked about who conducted the analysis concerning what had to be done and the current status of [A1]:

We brought in a contractor as a temporary CEO, referred to as a General Manager within our company, as a consultant while we also moved the former CEO or ‘daglig ledare’ as it is called in Norway away from his position. We also removed the former biggest private owner within the company, who had a lot of influence and worked full time as an advisor, to get the freedom to make the necessary changes. So as of now the temporary CEO and me are more or less the persons that are managing the change process within the company. From a communication point of view it’s a little bit tricky because people are not sure about who of us is making the decisions, even though it has been an efficient way of working since we are making the decisions together along with [Interviewee 3]. The three of us are the persons who are in charge of the whole change process, together with an economy controller. As I said we identified from an early stage that sales, project control along with costs were the major issues at [A1]. Historically, [A1] has been quite expensive from a customer point of view, even though the quality level has been good. This has forced them to turn down several projects since customers try to push down the price. So these are the things that we have focused on when we have brought in experts. I brought in a
person from ‘Programme Management’, which is like a project office within the Nordic organization that has the overall picture of all the big projects, follow up and that makes sure that processes are ran and so on. The person I brought in worked for two days every second week and was on site in Norway while we also made one project manager, the former CEO actually, work full time in a new role as programme manager. These persons were in charge of starting up the process on how to control projects, how to choose which projects to offer on and make sure that we earn money on them. What we did to improve the sales efficiency was to bring in the contractor as temporary CEO and make him spend approximately 50 percent of his time on sales together with the remaining sales force where he had to put efforts into sales strategy and get the sales employees out on the market and hunt. We also put efforts into a creating new, more structured sales strategy together with the sales employees.

**Did you change the vision and/or mission of [A1] after the acquisition?**

No actually not. The strategy for [A1] is to do innovation and concept development. In many respects [A1] is the same as our company, in miniature, so they are quite similar in the way we get things done. This was also one of the reasons to why we went through with the acquisition. However, [A1] has built the organization as if they had 200-300 employees, rather than 70 employees, and hoped that they would generate the required sales, which is a backwards way to do it. Further, since they have established production and manufacturing facilities themselves, which is quite expensive when you only have 70 employees, we are now about to take a decision on whether to sell these off and initiate a partnership with the buyer or not. We still want to be able to produce prototypes and so on, even if we don’t want to own the facilities ourselves.

After this we focused on the cost cutting, where we looked on IT for instance and concluded that we needed a full integration with [A1], making them a division within our Nordic organization. We also needed a full integration of the project models and quality management, which has a lot of license fees and other software costs connected to them.

**How long do you think it will take until [A1] can be seen as a fully integrated part of the Nordic organization?**

Since we are in the process of selling off the production I would say that we hopefully are more or less complete with the integration sometime during June or July this summer. From an early point we made a budget where we tried to tailor a ‘costume’ that fit with the current situation of [A1], after which we broke down the costs into categories and started to discuss what we would do to make the ‘costume’ fit with the desired state of [A1]. Another big part has been to realign the agreements with all of the existing customers and suppliers. This has caused that some renegotiations will have to take place, at least with some companies. As for quality management, we have tried to take the best out of our company and [A1] and create an improved one. The reason for this is because [A1] have a history of running a huge amount of projects internally, about 90 percent, and 10 percent on-site, while our number is about 70 percent on-site work and 30 percent internal projects. So currently the two persons responsible for quality management in our company and [A1] are running a
project to integrate the new management system, which should be ready within a month.

Another discussion has been how we should market the new [A1] on the market, if we should label it as our company or if we should call it [A1] only, a combination of the two or if we should include it with our other acquired Norwegian company, [A2]. Historically, we usually combine our company name with the newly acquired one for two or three years, until we lose the old company name when it’s established on the market. We actually did the first financial forecast today for the next three quarters. So we are now in the end of the first quarter and then we do a forecast for the rest of the year. So we started with a very guessed budget after the purchase. We updated all the numbers and we see if we are on the right track. And we know more or less now when the sales of the production will be and so on, so we can plan for that to be in the budgets as well.

[It must be hard to make financial estimations, when you don’t know whether to sell off a production facility or not]
Yes, and that decision was made pretty early, because we saw it really early that there was not enough income in the company, it was more responsible for costs. Partly because they didn’t follow it up in that way. I don’t think that they invested all that income that was generated through the production back into the production, so you didn’t see the real income generated there. Which was a little bit unfortunate I must say.

Could [the case company] in Sweden benefit from keeping the production facility in Norway?
Yes, we could have benefits here also. But the problem is that it’s more like a strategy within [the case company] that we try to not own our own production. Instead we prefer to have partners to do our production, enabling us to choose the best production facility for each case or project. And then have a partner network in different areas, because we have productions in the energy area, in special machines, in electrical systems, in control systems and so on, so we have partners in many areas. It is difficult to have one production site for all of our product areas, because we are in so many markets and have so many competences and so many types of machines, so it’s best to have someone specialized in these specific types of machines.

[Is this also connected to minimizing risks and uncertainties?]
Yes. So it was partly from a cost perspective, but also from a sales-focus perspective, that we wanted to focus on the innovation and the concept development and not focus on selling hours in the NC machine. So it’s a different business and a totally different type of sales. And we needed to have a higher utilization of the machines, if we were supposed to keep them.
When asked about the role of the organizational culture when deciding to acquire a company:

Yes, I mean, generally speaking when you buy a consulting company most of the value in the company is in the engineers. If you lose the engineers the consulting company is worth nothing. So that is why the most important thing is to be more or less sure that the majority of them will stay in the company. So that is typically a very important area to consider, when we buy a company or not. We knew that [A1] was a very technology-driven company, with a lot of emphasis on technology and with a lot of drive from that perspective. And we knew that this was going to fit right into [the case company], because we have it here also. We have a focus in innovation and product development. So we knew that we could show interesting projects from a Swedish perspective that the Norwegian engineers could participate in and support, and the other way around. So we knew that we could both have the Norwegian engineers in Swedish projects and the Swedish engineers in Norway projects. So we were gambling that there are going to be projects quite rapidly that were going to be interesting for the employees in Norway, in one aspect or another. [A1] already had done more or less the necessary steps to go from the oil and gas industry and move over to other industries. They always had some part outside of the oil and gas, however in the last year they moved more into other areas. So we did not need to do that change for them, because they had already done that. It then was actually more a matter of putting the effort into the strategy, instead of changing the strategy for the company.

When asked about the language used during the integration project:

I speak a mix of Swedish and Norwegian, but it’s like that here in [the case company] when we have quite a lot of engineers from different countries. When we are on meetings with all the employees, we usually speak English. And that is primarily because it’s for the foreigners that have learned more or less Norwegian, but then if I would speak Swedish they would not understand me. So then you need to go for English, but that is what we do here in [the case company] as well. In my former department, all my information and emails had to be in English, because we always had employees from other countries. So there is no difference between Sweden and Norway. But I speak a good mix of Swedish and Norwegian. They have already complained that I brought in some Norwegian words here to Sweden. I mean some words are different and when we have discussions and I talk about for example rates for the working hours of an engineer. Here we have to find a common way on naming it, but otherwise Swedish is working very good.

When asked about Norwegian culture and the differences in their working behavior compared to the Swedish culture:

I would say, in the big global companies in Norway, that [the Tuesday-Thursday and 10-14 custom] has been in the market for many, many years and you have perhaps a little bit lazy attitude towards working hours as well. They come late and go early, more or less. But I would say that this differs a lot depending on the time of the year and the status of the project, and so on. Because then they also work quite a lot than what they are supposed to do, for example, when the project has to be delivered. I mean in Norway they have 37.5 hours per week and we have 40 hours per week,
which causes them to go home earlier. But [A1] always has been a project based company, for short and long projects. There you always have a time schedule and you have to deliver on time. This means that they have to work more or less like we do in Sweden. It’s very easy to simplify things when you are in Sweden (referring to calling Norwegians lazy).

I have thought about culture differences between Sweden and Norway a bit and why things are more or less easy, when you try to change things. From a culture perspective I would say that Norwegians are really, really focused on solving problems when there is a crisis. They just get together, solve it and go from there. And in Sweden, we have more of a tendency to plan, structure, make an action list and then solve a problem. So I would say that we in Sweden are more structured, but we lose time. Whereas in Norway, they just get in one room and decide. They make a decision during the meeting and it’s fine. So they are quicker to decide when there are problems, but less organized.

[And what are the results from using this way of problem solving?] I would say that they are a little bit zig zag, so they make decisions, which might be not perfect, and then they make a new decision. They follow a bit of a trial and error approach. And also from a management point of view, they don’t always follow orders. They have their own idea about what is good and if they don’t really agree with the order, they don’t necessarily follow the order.

[Even if it’s coming from higher up in the hierarchy?] Yes. I think it’s a matter of that you need to explain why. If they don’t understand it and they don’t know why, then they try to avoid going that direction. Whereas in Sweden we have a lot of meetings instead. We meet and discuss and have a lot of arguments in the meetings. And then we go from the meetings and all the Swedish engineers are happy, because we had a good discussion. A good discussion is always the result of a Swedish meeting, but not necessarily a decision. But after a Swedish meeting a decision has been done anyway and then all the Swedish engineers go in the right direction, because they were in the meeting and they had the possibility to offer their opinions as well. So more or less all Swedes are in an agreement and all go in the same direction. And I would say that Norway is a little bit more like the United States in that way, as they focus on the problem and then solve it. And often in that type of meetings, when there is a problem to solve, one manager decides that they do it ‘like this’. So it’s a bit more management by pointing. So there are some differences, but generally speaking there are no huge problems.

When asked about the preparation for different and new cultures: I have seen this inside other companies, when we had common projects between in, for example, Sweden, UK and Brazil. I would say that [the case company] is a little bit weak on this culture aspect or preparing for culture difficulties. I was working as a consultant for a [Swedish multinational company] and it was obvious that they were more used to adding the culture aspect into big projects. So they set up a strategy for
it, more than [the case company]. I think [the case company] is taking it more as it surfaces. So I would say, if we are going into acquiring a company in France for instance, or Denmark, we will need to do more preparation concerning cultural aspects.

[This is quite a contrast to the Swedish ‘planning’ culture]
In comparison to the [A1] purchase we couldn’t do much planning. We started first and planned afterwards. But this was a special case. But no, I think that we need to be better on the cultural aspects if we are going to buy a company with a little bit more differences in culture than Norway. I think Norway in that aspect is quite easy. I think Denmark is more difficult and if we go out to China or France or something, it would be even more difficult.

When asked about the lessons learned so far:
And we talked also about the competences. Now after a couple of months, I think that it would have been good to have a economic controller included, on a full time basis, pretty early in the process. Usually, when you buy a company, then you have time to do some analysis before the purchase. We did not have that, so we needed to do the analysis afterwards. And then we did quite a lot of work before we did the analysis, which was not so good, I think. It would have been better to have an economic controller included into the integration group from day one, to do the analysis really early. And we try to do this with a controller/admin within economy in Norway, but it’s difficult to do that kind of analysis in your own bunch, in your own result. So it’s better to have someone from the outside to do this.

[Do you have examples of other lessons learned?]  
We got the department managers within the company on board very, very rapidly. So they were really invested in the joint cooperation. This was really good, because when you buy a company, and the most important department managers are not comfortable with the new owner, they tend to change the company.

[Why do you think that happened? Strategy support? Shared Projects?]  
Yes, and I think also that we were quite clear from the beginning that we buy [A1] because we want what is in [A1] and not because we want to change them to something else. I think that was really the key communication in the beginning there.

[So to build trust?]  
Yeah and to show that we have the same picture of what [A1] should do in a couple of years. Perhaps we had a bit of a different picture on how to do it, but the goal and the strategy where more or less the same. And I think that was also beneficial from that perspective.
Communication wise, one early decision was that I should spend half of my time in Norway. That started from day one, more or less. So that meant I had to change my calendar. I have been there now two to three days a week since day one. Partly to have an inside view of what happens in the new company. And partly because I know how to do things [the case company] way, so I can help the Norwegian organization to get things done [the case company] way. And also partly because I have the network within [the case company], to connect the Norwegian organization with the Swedish organization. To get for example the mechanical design department from [A1] to meet up with the mechanical design departments in Sweden. We embedded the department in [A1] to meet up with the many departments in Sweden, to get the network working, to get people to start talking to each other, instead of sending mails and so on. So that was an investment more or less that [the case company] did to help me to facilitate the communication and make sure that we didn’t just sit and send emails.

[So that is a really good lesson learned as well, to pick you to helm the integration.]

Yes, because I had a long history with [the case company], I had a good network within [the case company], I know Markus (CEO of the case company), I can call him if I need to, I know all the top management guys, more or less personally, so I can call them and ask them and get things done, and I can put demands, for example on the IT manager of [the case company], if he doesn’t deliver as promised then I can ‘hunt him down’. So it’s good to be half of the time in Norway and half of the time in Sweden, because then I really focus on [A1] when I am in Norway and then when I come here I do some other stuff, but also really, ‘hunt down’ the guys that promised to do something. Otherwise, we have a lot of meetings with Lync (or Skype for business) internally within the company on all organizational levels. So it’s good to have a tool that facilitates this and to have phone meetings in a really good way, to share your screen, and so on. We work with that system a lot here in [the case company] because we have organizations in the UK, Brazil or India as well. It’s more or less the dominating tool to get the communication working. So I would say, these type of phone meetings and myself as a type of channel to facilitate communication. And then I also set up a manager exchange between Sweden and Norway for face-to-face meetings and for them to get to know each other and learn the ways of working in [the case company] and [A1], compare reference cases and gain trust for one another. So we are building a lot of trust through the networking, which has been very important.

[Are there other people you could think of that we could interview?] I don’t think it’s necessary, but you could of course interview the external consultant working as an interim CEO of [A1]. But i don’t know what other information he can offer.

One person could be [Interviewee 3], if you wanted to have a more economic perspective of it. But if you have more questions in that area, I think that I could cover or answer most of that questions. For details, you would have to interview him though.
9.6 Interview Transcription - Interviewee 3

Daily work as Head of the Nordics:
It’s a lot of different things, one should ask this question sometimes. But if I give you a rough picture, I would say that I spend a bit more than the half of my time with customers in different perspectives. Then I would say that I spend, despite the difficulty to define the exact proportion, around 25% of my time with coaching and follow up with the people reporting to me, and then I would say that I maybe spend around 25% with ad hoc errands that occur, it could be everything. But in the controlled way, when I work with customers and meet with customers et cetera.

When asked about the customers:
Our largest customers are global companies, with most of them based in the Nordic countries or specifically in Sweden.

Would you say that the integration project is a part of the 25% ad hoc work?
No, that is in the planned part, but of course there are ad hoc errands within that project that occur when you acquire a company like [A1]. But, when looking at acquisitions in general, by my experience and also in the way we have tried to do it in [the case company], you have sort of a fixed concept or structure that you try to implement as fast as possible. And then of course you need and there are adjustments, because you have a local culture or local market conditions that are different and you have to adjust to. But the main concept or structure with processes, way of reporting, company planning, follow ups et cetera. that concept is extremely important to be successful in acquiring new companies and new cultures. The more ready the concept is, the easier it is to make a good integration. Then of course need to fulfill the gains that you like to achieve when you acquire a company, for instance grow your volume or revenue.

Is there a general approach or goal from [the case company], when doing an integration or is it specific to the project?
In the business area of the Nordics, I would say that the concept is the same, in general. But there is always adjustments to the local culture and to the local market. So for example with [A1], the main adjustments we need to do concern their share of projects, as they are much higher than in the rest of the [case companies] network organization. And when I say projects, there are different delivery models which we are using. The most common one here in Sweden is the direct service, the hourly rent out of engineers. And then we have a smaller proportion of projects here, which in Norway is almost all of the business we are doing, which are in project form or in other words solution based sales or deliveries. So there are some adjustments, but the concept and the processes are the same. If you have a large part of following up on projects for example, then you maybe need some more stages, because it’s the everyday work.
When did you get involved into the [A1] project?

We have been (a minority) owner since 2006. So we know the company pretty well and for that reason we have the background information, so it’s not comparable with other acquisitions, where you have a certain acquisition strategy. There you find some prospects that are interesting and you get into a very concentrated time period when you analyze the company and you sign the NDAs (non disclosure agreements) and then get the information and we analyze the situation of the company. So in this perspective the (A1) integration was much easier. So we knew pretty much knew what we got.

[So due to this it was easier to make the ad hoc decision to increase the shares to majority ownership?]

Well, the reasons behind this was the market development in Norway in general. We have been waiting for the opportunity, because of the downturn of the oil and gas business in Norway, which has been going on now for two to two and a half years. So at this point we decided that enough market conditions have changed to sort of create the market environment that we would like to be in. When you have a market situation in Norway where oil and gas is so dominating, so price setting, et cetera. like it was four to five years ago, it’s much more difficult to get in with an engineering market offer, that is more split in between different businesses. So it was more waiting for the right opportunity. And we see now that the effects of lower Norwegian currency makes the conditions for the export industry outside the oil and gas industry to be more or at least get the chance to be more profitable and grow in size. We do not want to go into a business that only is in one industry. And now you also see that the Norwegian government is spending quite some money in projects for repurposing hydro power plants stations et cetera. and other infrastructure investments that spills on the rest of the market.

What is your role in the [A1] project?

My role, of course, in the beginning was to give the introduction to the organization in Norway and make sure that all the different positions within the [case company’s network] organization are taking responsible for information and IT and all these checklists we have to make the integration. And then I try to, of course, show up more in the beginning to start the transforming the way of working together for the future. But when you have the concept and you have the checklist, it’s like a pilot starting an airplane for a flight, you have the checklist and you do all the points. And I try, as soon as possible, to get the new entity’s reporting structure in the organization. The Norwegian organization, [A1], is now placed as a division inside the business area, so that they, as soon as possible, get into the normal rhythm so to say. This is my main rule as the business area manager, to get the division manager or the country manager reporting directly to me.

How do you define a successful project? What are the most important factors? Time, Money, Quality?

Yes, all that!
[But more specifically to the Norwegian integration project]

I think you can divide it into the integration part, which again can be divided into sections, where you have the start phase, where you get everything in place. And then you have the sort of second phase of the integration, when you feel that you have looped the reportings, the budget, things like that for the first time. When this is done, I would say that you are ready with the integration phase. But on a long term the target is of course to make it a profitable unit, so that they will fulfill the overall financial target that we have within the business area. So, time, to have a short integration phase and I would say that the most important thing is, if you have done your homework for the acquisition, the integration phase is very short. And especially when you have done your homework regarding analyzing the culture.

[How did you do that?]

By meeting the people in the organization, which, as said before, we had the opportunity to do that as we had a cooperation with [A1] as a [minority] share owner. And then you immediately feel if you have the same mindset et cetera. and if you meet comments like ‘we should do it this way, because we have always done it like this’, then you have a more uphill battle to overcome.

[So you focus on the organizational culture, how about the national culture?]

Yes, that is more difficult, that you sort of have to carry. But the more clear you are on concepts, processes and the way working, the easier it is to avoid this cultural aspects. Because people are so concentrated in the way to work that if they believe in that way, the national cultural aspects are fading.

Who is part of the ‘SWAT’ or integration team?

Me, [Interviewee 2], the interim CEO of [A1], an economic controller and IT.

How is the top management involved in the [A1] project?

Well, as I said, we have as soon as possible put the entity into the [case company’s network] organization. So when it’s in there, it’s reported in different forums and so it becomes as soon as possible a natural part of the organization. And then the TMT gets involved and get the information every month, or more often than that. So it’s not that we set up a separate forum, where we only report on how the integration process in going at [A1].

[So the TMT is more strategical, whereas the integration team is operational when it comes to this specific integration? However, you are part of both and hold the ownership of the integration?]

The sort of head of the integration has been [Interviewee 2].
Whose responsibility is it to pick the people for the integration team, you or the TMT as a whole?

No, it’s my responsibility to get the right team. As I said, it’s quite easy to pick the team when you have the concept and the processes.

[Really? We thought it would to be hard to select the right people and to identify their competencies and fit them with the task? For instance selecting Interviewee 2]

It is of course, especially to sort of introduce the people to the right persons and to become a natural part of the organization. But I mean you don’t put a complete rookie to do this. I think that again, to have a good concept and processes really helps. If you look at our other business area, that has acquired a lot of companies over the years, they have a really strong concept. And you see that many integrations that fail, at least in the beginning, that they get acquired out of pure strategic market positioning, they have no concept ready, they have to invent the process as the same time that they get into the organization and then you fail. You have many good examples, for instance Elgiganten, when they acquire a company, they have a really strong concept and they know exactly when to acquire a company and how to brand the shops, process and logistics et cetera. So it’s ‘boom’, like that. Then you leave no room for, ‘well, we might do it this way, as always’.

[How about resistance when following that approach?]

Not if you, in the early phases, convince the management of the company to get an open and transparent process. Because often, when you have companies that acquire other companies, they are in some way successful. And it could be a former competitor, so of course there have been a lot of mistakes done over the year, but by having this concept ready you gain a lot.

Back to the selection of the integration team, what did you look for in the candidates?

In an organization you have some positions or people that have a certain free role that you use for certain projects and [Interviewee 2] is an all-around guy and he has not been in only in integration or acquisition, but also in customer projects as well. So he has more free room and knows business and management.

What if there is no person like [Interviewee 2] in the organization?

I think with an integration project, you should avoid external people, because, as I said with the culture and the way of introducing in the organization, that is important. But then you have companies that have a much higher amount of M&As than we have, our last acquisition is maybe three or four years ago. We can’t have a single role just pinpointed for that reason, so then you have to have these kind of free roles in an organization.
Has there been any issues with the top management team during the expansion process?

There are always some obstacles, I mean, when you step into a new market and a new country. Don’t forget the legislation, it could be everything from HR issues to tax, to accounting and so on. Then of course you can’t have the knowledge on each of these points, so you need to know where you can find this information, and also identify what kind of knowledge that you already have inside the company.

[So you could say that in general, when there are issues, it is with legislation?]

Yes, there are differences, even though it’s more harmonized between the Nordic countries, compared to if you step outside of Europe.

[As for legislation, you sometimes hire external firms with the right knowledge?]

Yes, we have that network with lawyers who are specialized in HR, tax and so on.

What are the most important skills or knowledge needed from the top management in an expansion project like this one? Is it experience, or decisive power, for instance?

It is a lot of things in combination, experience is of course one but I am coming back again to have good preparations. If you have your concept, if you have your processes, it becomes so much easier. It’s a mix of different skills, it’s people that you need to talk to.

[Communication?]

Communication yes, it’s very important and that is one thing that I was very clear with when we stepped in when we purchased the majority of the shares. I stated during my first meeting with the team in Norway that we are going to have a week letter sent from the general manager with a summary of what we have done during the week and not only how we are doing with the integration of the processes but also how we are doing with sales and marketing and so on. We were very transparent in the beginning to avoid gossiping and things like that. There I think that there might be some differences between some companies. So every Friday we had those letters sent out, which was on top of the regular meetings, just to provide extra information in the beginning.

[To build trust?]

Yes, to show the people that our head of IT, head of marketing, head of finance to get to know the organization. So we had an introduction in the beginning of January also where we presented [the case company] more in-depth.
Is A1 the first acquisition where you actually try to fully integrate a unit into the company?
Compared to what?

[After interviewing Interviewee 1 we got the feeling that you usually let your acquired companies be ran by themselves as independent subsidiaries]
I think you are referring to acquisitions that were made ten, maybe twelve years ago. Today the processes are so much integrated so it’s impossible to have those kind of ‘free standing’ units.

So do you have a checklist that you use each time during an integration, for instance with an introduction meeting to build trust and so on?
That is a part of it yes.

[So is it very detailed, and very point-by-point then. Who sets up this checklist, the TMT or?]  
It sounds more difficult than what it is. It’s the way we have structured the business area, and when you have that structure it’s very easy to make it a checklist.

What measures did you take against risks or uncertainties that were identified before initiating the expansion, even though you have, as you mention, prepared a lot?
You could have a mental preparation about what is going to happen. There are always employees who feels ‘Oh no, here comes [the case company] and I do not want to be a part of this’, so they step out of the organization. That actually happened with a couple of employees. In some cases, if it’s a key person, you act the same way as you do with the normal organization. You sit down and try to understand why and see if it’s possible to make this person change his or her mind. I mean, it’ always like that, a team of 70-80 people is never completely homogeneous. There are differences and it should be, and it’s good that these persons step out sometimes. So it’s more of handling it in the normal way, like you would do in your own organization. It’s very important that you, as soon as possible, get the new entity into the organization and that you start following up immediately on how the sales are going and if the entity is making profit.

[You have indirectly answered the next question, which is what we asked Interviewee 2 as well, if you face or have faced any kind of resistance in A1 after the announcement of the integration. We know that there were a lot of private owners in the previous board of A1 that left the organization after the announcement]
Talking about history, I guess we can move from that question and ask about what the intended benefits or synergies with expanding into this market are? Did you follow one of your customers here or did you try to leverage new resources?

When you are in a market economy with inflation you need growth, otherwise the costs will eat you up. The costs increases in general during an inflation. You need growth and there are different ways of growing, organically by being extremely good and better than your competitors, you can act on a market which is growing, but you can also acquire other companies to grow. We want to grow in the Nordic territory.

So with A1, were there any special synergies that you identified?

Yes there were a lot of synergies, which was a part of when we were looking into A1 in the beginning. It’s important that we have the same mindset regarding quality and have the same reputation on the market. A high price position in terms of the services that we offer and it would have been almost impossible to acquire a company with a low cost philosophy, for instance. You need to have a match, the brands should be on the same position, on the same level. It would be impossible for Rolls Royce to acquire Skoda, it’s not a good example but you get what I mean. You need to have the same mindset in the companies.

We have already talked a little bit about your means of communication, the importance of face-to-face meetings and so on. The weekly letter with progress

When the general manager meets the other managers in each business area they start to talk and learn about each other’s work it becomes a more natural way of working.

It seems like you have really made use of the geographical location of A1 since you take many opportunities to meet them face-to-face instead of using telephones or video conferences. It seems like it would have been harder if they were geographically more far away, let’s say in another country or so

That would be more difficult with the integration yes.

[I think that we have gone through most of the questions, we are just going to look through them and see if there are any things that we feel is missing]

About the cultural factors. Do you analyze before moving in or do you have to move in, in order to get a feeling of the organizational culture before you sit down and make a decision on how to handle the integration?

I would say that there is a mix. By talking a lot to people you get the feeling, but you need to talk to different levels of the organization to really understand. In this case we knew the organization quite well, I would say.
We have also looked into diversity of the TMT, or the setup of it. We were curious about how you identify what people should be part of the TMT, who selects them, if it’s the CEO or the board of directors?

We have not changed that much. I came in two and a half years ago, while the person who is in charge of product information has been here for 14 years. If there is a vacancy in one way or another, then you try to find the right profile, depending on what strategical phase you are in. My task now is to move the business areas into more value-based offers and value-based engineering services. It has been a strategic journey for us. If you take a look at our customers you need to have a mix in the management team who has experience from different areas. I have been in white goods, in IT, in electronic wholesales, recycling, I am used to work with strategic movements and building up new organizations. So if you want a guy or a girl who cleans the company in terms of getting the cost levels down you need a certain profile.

**What are the most important competencies of the TMT to be a successful company? The strategical thinking? Long term visioning?**

If I look into my management team. When I pick the people to be in the team, I want to be very sure that you have the different aspects. Some that are really good in strategic thinking, some that are more operational, hands-on, you have the sales and market skills, you have the drive and the energy, the drive and energy in discussions, so it’s extremely important that you have a good mix there.

[So have you established during the years what works best for you and your team in order to get things successfully done?]

Yes and that you have a business mindset is extremely important. We are living from profit and need to show profit, and that mindset to focus on the bottom line result is extremely important. We can’t have a person who says ‘I am not interested in figures’, then they have to do something else.