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A study of strategy within the shipping business

Future and past perspectives on strategy and present
implications on an expanding shipping company -
A single case study approach at Offshore AS

Master's Thesis – Maritime Management International Masters Programme

VICTOR ERIKSSON
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Cover: Strategy should not be static. http://jonathanbecher.com/2009/06/21/strategy-shouldnt-be-static/

A STUDY OF STRATEGY WITHIN THE SHIPPING BUSINESS

Master's Thesis in the International Master's Programme in Maritime Management
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ABSTRACT

The offshore industry is a volatile and financially demanding industry. The *Black Gold* is the single most important factor for the offshore industry. Having a strategy on paper and deliver it in reality are two different things. This thesis tries to link strategy from an academic perspective with how an expanding shipping company in the offshore segment delivers upon their strategy. The purpose is not to try and fill a gap between the worlds of academia and business. The aim is instead to describe the strategic difficulties connected with running a business in a volatile shipping industry. The method used is a Single Case Study of the company Offshore AS, backed up by four in depth interviews with relevant people in the organization management. The concept of going back and forth between the empirical and theoretical results gives content to the discussion and analysis which has been created in a simultaneous process defined by the methodological concepts called *Systematic Combing* and *Generation of a Research Question Through Problematization*. From a theoretical perspective, not only literature from the field of strategy and shipping has been used but also from the organizational, as well as psychological field. The choice of literature has been governed by what interviewees chose to put weight on during the interview process. Findings show that Offshore AS has a desire to pursue strategic work and develop its business further as it grows. The company is constantly facing change and new arising tasks means that they constantly find themselves *putting out fires*. The strategy of Offshore AS does not follow a clear path from A to Z. Instead it emerges over time. This could be described metaphorically- they have a short period when they are in a still, wide part of the river where they can think and reflect upon their strategy and be proactive. Occasionally they find themselves in a narrow, much stirred part of the river where the strategic work is set aside and changed into *putting out fires*. Within the organisation views of strategy and its implementation are not aligned nor shared across the organisation and the more they expand the more complex the situation becomes. This reality is being described in a model where Porters and Mintzberg different takes on strategy have been used to both support and challenge the normal view of what strategy is in reality as well as within academia.

To conclude, Offshore AS evidently has two different views on the best strategy to reach these goals. There is no congruence between middle and top management's view of strategy and how important it is. These paradoxes are presented through the model and the authors conclude that the assumed room to maneuver based on the concept of "time" is dependent on what angle or perspective the viewer, researcher, or executor of strategy is choosing as their point of reference. Nevertheless, Offshore AS has an interesting period ahead and its major challenge is to better formulate and share its strategy throughout the whole organization.

Key words: Emergent Strategy, Offshore, Shipping, Strategy, Systematic Combining

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Preface

This Master thesis was conducted during the spring of 2015, as the last step to our Master Degree in the Maritime Management Programme. Our research was conducted at the department of Shipping and Marine Technology at Chalmers University of Technology in Gothenburg.

This thesis would not be possible without the help and support from our supervisor Professor Christian Koch, who we are more than grateful to for guiding us through this process of sometimes heavy fog and confusion.

We would like to thank all the participators and respondents that agreed to take part in this project - without their knowledge, input and willingness to share it with us this thesis would just be a collection of text with no meaning. Now it has meaning and we think it is shown in the end product.

Last, but not least, a special thanks to you Mara - without your input and comments this thesis would not be the same.

We hope that what unfolds from here will benefit someone other than us. If you are out there, whoever you are, do not hesitate to contact us with whatever question you might have.

Gothenburg, Sweden - June 2015

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Anders Lutteman

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Victor Eriksson

Notations

LIST OF ABBREVATIONS

Anglo-Saxon - Includes the economies of United States, United Kingdom, Canada, Australia and New Zealand.

Business Process Re-Engineering - (BPR) Focuses on customers and on business processes. IT has played a huge part as the "driver" for restructuring. A BPR template for a company is an information system with different flows of information. Aspects such as; work relations, an employee's influence and competencies are seldom put in words.

Business Strategy - Is about how to, with success, compete in a particular market

CSV - Construction Support Vessel

Concept - A concept is an abstract structure of combined/class of characteristics/objects formed by combining all their aspects

Corporate Strategy - Is concerned with overall purpose and scope of an organisation and how to add value to the different functions (units) of the organisation

DP - Dynamic position is system that keeps the vessel's position and heading in place by only using its own propellers and thrusters

Flag-state - Under whose laws a vessel is registered and / or has it license

FPSO - Floating production storage and offloading

Incumbent actor - Actor that have a sizeable share of a market

KPI - Key Performance Indicator. Performance measurement points that you evaluate

NGO - Non Government organization

Operational Strategy - How the components parts of the organisation effectively deliver resources, processes and people to the business and corporate strategy.

Offshore - Operations conducted far out at sea

Political Programmes - The political programmes hold intension of change. It unfolds in the interaction with its context process. In the process the interaction alliances are established. Management consultant is one example of an actor.

Theory - A theory is an idea/principle or a set of those, used separately.

1   Introduction

Qualitative research in general and case study in particular, will now and in the future be questioned by scholars, who view this type of research with circumspection (Gerring, 2004; Berg, 2009; Achen and Snidal, 1989). To carry out a study on a single case, and in order to explain a general perspective, could be problematic. According to Eisenhardt (1989) multiple cases are better to investigate and examine, rather than focusing on one particular case. By writing this thesis based on a single case study, the aim is not to achieve explanations based on mass generalizations, but instead to find features that are exclusive in their own way (Ruddin 2006). What will unfold from here is a case study that examines a single company in great depth. The main principles in a case study research are to describe how and why something happened.

Although strategy is a rather new subject in business studies, it started to cover much ground in the 1960s and has since grown to be very diverse. It has, without a doubt, developed over many years and to date we have several people who are at the forefront in explaining strategy. Michael Porter along with Henry Mintzberg both cover much ground in strategy theories (Moore, 2011). Porter´s emphasis is on a more deliberate approach to strategy, whilst Mintzberg has a more emergent approach. One of the most common models used by Porter, is his 5 Forces model. Former IBM manager Karl Moore explains how he used Porter's 5 Forces model at IBM in the 80s and 90s:

"The world of deliberate strategy is one that I remember well from my days as a corporate manager at IBM" ... *"It was a world of strategy planning weekends at posh hotels in the English countryside, where we sat in rooms discussing the 5 Forces in our particular industry and what would we change in the model if we had a fairy's magic wand."* (Moore, 2011)

Henry Mintzberg talks about strategy as emergent, in that it arises as a natural or logical consequence of the processes in the organization. These processes are not limited to the boundaries of a playing field, but instead are more variable and uncertain. Over recent years more and more concepts have been discussed as the way forward for strategists. 'Blue Ocean' is one of the most used strategy concepts of today and is used by both a wide range of industries and firms (Kim and Mauborgne, 2005).

The word *shipping* is defined by the 'New Oxford American Dictionary' as being "the transport of goods by sea or any other means". Shipping is in fact considered to be the life force of global trade and economy. Ships carry more than 80 % of the world's transported goods (Niamie and Germain, 2014). The industry will be relevant, as long as we have a growing population, urbanization and production of goods far away from its end consumers. Over the past years, trading patterns have shifted towards new markets. The shipping industry has played a central role in this change and the environment in which shipping is operating has also changed greatly. The margins on transported goods have decreased to the point where shipping companies are competing so fiercely, that many are forced to deliver the same kind of service at the same or even lower rate as before (Niamie and Germain, 2014). *"A Company can outperform rivals only if it can establish a difference that it can preserve"* (Porter, 1996, p. 62). This quote from Porter gives us an insight as to why strategic decisions

have been important in the past and will continue to be so in the future for all businesses. Shipping has a highly international focus and at the core of the business one encounters a vast amount of different segments with different stakeholders. In order to deliver on the above mentioned facts and pursue a prosperous future, companies need to develop a winning strategy and try to implement and deliver on the goals set.

The company addressed in this study is not in the business of transporting goods in the traditional meaning of shipping. Instead it is operating in the sub-branch of shipping, the offshore industry, where it is transporting and delivering special services to oilrigs and its subcontractors. It was founded in 2006 and had its first full financial year by 2007. Located in Ålesund, Norway, its geographic position has a favorable advantage vis-a-vis the offshore industry, which is the biggest industry in Norway (Invest Norway, 2015)

Having been a very successful company in a short period of time, it has been able to take on new employees each year and increase its revenue. In this Master thesis, we will examine Offshore AS's case and try to find how their strategy is implemented and why they do it in the way that they do. Furthermore we will analyze their strategic focus and try to determine if they are in any way connected to strategic theory.

1.1 Purpose

The aim is to achieve, with a single case study approach based on new research academia, an investigation of how a single company in the offshore industry has formed and implemented strategy in the past and how the company has actually delivered on these strategies. By describing strategy concepts with transdisciplinary theories, which consist of several models that academia strategy makers are promoting, e.g. Porter and Mintzberg, it will be show if these concepts, in relation to the company in focus are relevant. The results from these studies will also help to find out how the company could present their future strategy. In the light of the non linear approach, the research process should have a dynamic result in regards to the above mentioned purpose, since the thesis uses research methods developed by Dubois and Gaddes, Alvesson and Sandbergs theories. Investigating these theories makes it possible to see, that the core process involves a process of scrutiny of all accepted theories and academic literature, during the whole research work process. The method used, could be metaphorically described as the scaffolding surrounding a building construction, where the building itself, forms or represents the strategy of the organization it is trying to build. The method (scaffolding (Orlikowski, 2006)) is thus an important tool that will be used in the pursuit of fulfilling the purpose of the Thesis.

1.2 Research questions

RQ1: How is strategy in offshore/shipping being executed and in what way is it linked with the academia?

RQ2: Analysing the strategic focus and finding additional concepts along with existing strategic models and theory in the academia.

RQ3: What are the future strategic challenges for this offshore company

RQ4: Generate a new a research question through problematization

RQ5: Analysis of the project process with emphasis on learning

1.3   Scope and delimitations

The company under investigation is a Norwegian company with its head office situated in Ålesund. Only a minority of their vessels are sailing under international flag, under international subcontractors on three different continents. As of today, the majority of their business and vessels are concentrated to the North Atlantic Oil sector, which includes Great Britain, Denmark, Faroe Islands and Norway. The company is a newcomer on the market with just a few years in the business, which differentiates it from other similar companies with the same size and regional focus. Using a new company means that there are no defined cultural and historical values inherited in the organization. The focus has been to interview middle management personnel (¾ of all interviews) rather than the top management (¼ of all interviews) as suggested by Fredberg (2014).

Choosing a single case study could enhance the possibility of finding interesting hidden factors and explaining unique shipping strategies. The company has deliberately been chosen as described above, in order to balance the claimed limitations of a single case study (Eisenhardt, 1989). The aim is to assure vibrant, unspoiled and innovative lessons coming from this type of combination, rather than using a mature player like A.P. Møller-Mærsk A/S, where the challenges become greater because of their complexity and size.

The company in focus is relatively new (less than 10 years old), which means that this thesis will cover the whole 10 year period to find out more about the specific points, that are noticeable in the progression of the strategy development in this company. There is also a relatively new method approach being used, which needs to be elaborated on, in order to be able to depict the approach and way forward through this report, enabling the structure to be justified and credible.

In addition to these limitations, there was a time frame to follow of exactly 140 calendar days. This created a need to limit both the number, type of models and theories part of the analysis. The goal is to ensure that the analysis pays more attention to detail rather than just generalizing and being blasé. Hence, there is a choice to limit this to only the most relevant aspects. It´s a chosen path and decision that any researcher has to follow (Eriksson and Wiedersheim-Paul, 2008).

This thesis constitutes of a single case study looking at a company in the offshore sector. In this study there is a qualitative approach, where collection of data is being collated through interviews as a primary source and using databases as the secondary source. Furthermore, there is use of an abductive logic defined by Dubois and Gadde (2002) called "Systematic combining" which, means that the framework, collection of data and analysis evolves simultaneously.

1.4   Method

In addition to Systematic Combining as a choice of method, there is an attempt to use the concept of *problematization* of theories. The purpose is to detach from the traditional way of formulating research questions in favor of a new and more distinct way. Alvesson and Sandberg (2011, p. 1) state this in the beginning of their article:

"As researchers, we all want to produce interesting and influential theories"

By executing and following these method principles, it would be possible to generate better and far more interesting research questions and at the same time present as well as show how the work and learning process evolves.

1.5   Thesis structure

This study begins with an overview of the method and its process during this master thesis. Following this, the theoretical framework used is explained and applied. This framework is constructed using a wide range of theories, which are related to the topic and the progression of the thesis. Following the theory, the empirical data unfolds, both primary and secondary. Primary data is collected through interviews and secondary data collected through annual reports as well as other reliable sources. The report continues by using the theory and empirical data to analyse both sections and try to establish a connection between them with a clear line, to see if the defined research questions are being answered. Towards the end of the study there is a discussion with a clear line of argument and other inputs from the work in its entirety, as well as the discussion of the used method. Finally, the authors conclude the work and suggest "a way forward" for future research.

1.5.1   The boxes

As part of the above mentioned structure, the reader will from here on see a box appear on different pages throughout the report. These boxes can be either read alongside the report as a guide through the intellectual craftsmanship process, or studied separately. What they comprise is the learning and discussion process. The boxes are a means to show how certain decisions arose and the process behind them. In research, this type of approach is hardly seen (Flyvbjerg, 2006). Dubois and Gadde (1999) conclude that almost nothing is s mentioned about this learning process in research today.

2 Methodology

This chapter presents the methodological framework and shows the method being used throughout the report. The method is an important tool in the pursuit of a well thought through analysis, and provides the backbone supporting the thesis's arguments.

The chapter starts with an overview of the research strategy followed by the collection of relevant data. It continues with a review of relevant literature. The final part focuses on data analysis and the method being used to achieve important internal analysis. The chapter ends with a discussion of the "credibility" of this research.

2.1 About case studies - an overall notation

This first section will close the loop between different approaches on methodology in the research literature and the particular ones being used in this thesis. Case study research is an in-depth and detailed scrutiny of one single example (Flyvbjerg, 2006). The authors want to highlight the existing critique within academia towards case study research in general. Single case studies could lack robustness and the result and conclusion from the study are too generalized (Dubois and Gadde, 2002). The general opinion is that single case studies cannot properly contribute to scientific research.

In Bent Flyvbjerg´s (2006) paper *five misunderstandings of case study research* he strongly advocates the single case study approach. The misunderstandings are: (1) Does it have Theoretical and practical knowledge; (2) Does it contribute to science; (3) It is a generation tool and not a testing one; (4) In contributes to bias towards verification, and (5) It is difficult to summarize. Flyvbjerg emphases the process of learning. The researcher is asked to put her findings into the unique context of the particular situation instead of using broad generalizations (Flyvbjerg, 2006).

One big advantage of the single case study approach is the researcher's ability to "close in" on a company's situation in a completely different way. Case study reveals an opportunity to learn and gain superior experience. It becomes the process of the researcher moving from being a beginner to become an expert. Flyvbjerg (2006) explains the way we humans collect knowledge - we put past knowledge into a context and from the output comes better understanding and more knowledge. Harvard, the old and famous Ivy League school, emphasize this way of learning. There is evidence that confusion is circulating over all disciplines in which the virtues and vices in research are giving room for ambiguity (Gerring, 2004). Alvesson et al. (2008) explain and present interesting facts in the article about the *sociopolitical context* of the research process. The focus is on the researcher herself, where she contextually exists in the process and how this affects the final outcome of the research.

2.2 Research strategy and design

Motives for investigating the situation in shipping with regard to strategy had built up for a long time due to the authors' knowledge and studies in management, strategies, and work experience in the field. For a long time questions had been raised about how strategy is conducted and how the shipping industry works in this regard. In

collaboration with Professor Christian Koch a path of inquiry was developed. This study will focus on the approach of Pragmatism/subjectivism, which is described further in Table 1 below.

Table 1 Summary of theoretical approaches

Ontology *(Study of the nature of reality)*	Subjectivism/Pragmatism
Epistemology *(knowledge understanding)*	Pragmatic
Methodology *(Characteristics)*	Questions, Cases, Words, Theory Generation, Practice over theory

In a single case study, it is not possible to compare other organizations or companies let alone use the concept of triangulation between explanatory variables across entities. This means-the concepts of triangulation and comparison will be disregarded in favour of the methods *Systematic Combining* and *Problematization of research question*, which will be described further down in this chapter.

The knowledge about the concept of understanding (Epistemology), the *how* and *why* behind how knowledge is being created, can only be achieved by doing the right observations of the perceived reality (Ontology). In other words one starts by asking questions to find out the circumstances regarding a specific case in a specific situation. Instead of triangulation and comparison between different cases to reach relevant pre-defined results, the researcher just tries to make sense of what he or she finds out. The concept of "making sense" becomes more important in order to find new insights and get the opportunity to build the ground to constructing new theories. This is done in the aura of *Pragmatism* where the idea is that there exist different realities at the same time depending on the "facts presented". The interpretation will of course differ between readers and viewers based on their own standpoints. The Pragmatist talks about the ability to find your own knowledge and at the same time acknowledges independent and objective knowledge. The goal is to gather data from which it is possible to create new ideas which potentially could help to solve future problems.

Alvesson and Sköldberg (2009) are stating that qualitative research should focus more on reflection and interpretation rather than rely solely on the facts from actual empirical data. To be able to overcome *qualitative studies dubbed as bad science* researchers should focus on reflection and impregnate the reflection and interpretation described above.

> **BOX 1.** While reading Dubois & Gadde´s comment; "the theoretical language which finally puts the empirical data into its theoretical context, should belong to the end product", we immediately understood the main direction of the thesis. It should be about Strategy in Company A, and what that particular strategy is about, rather than controlling for a general strategic modelling comparison within shipping. Instead we want to try to use Dubois and Alvesson´s approach as a learning aid in a single case study about strategy.

2.2.1 Pragmatism

Pragmatism could be defined as the concept of being self-reflective and self-conscious about what is at hand (Pfeiffer, 2003). Since the whole concept of Pragmatism is to check for, and criticise what is "at hand", the Pragmatic process becomes a circular mechanism since it assumes its own conclusions as being tentative.

Pansiri's (2005) view is that ideas are tools which help society understand the reality in which we exist. Theory as a concept is not there for humans to deliver answers, since there is no real truth. Instead, science is the tool for humans to solve questions and problems. Ideas are social constructions, which are very important. The aim for science is not to reveal the previous realities. The aim for science is to make us learn and understand what we need to do when dealing with problems as they arise.

Charles Sanders Peirce´s view on science is dynamic. He believed that categories and laws constituting the frame of science are processes in a constant development. He claimed that statistical uncertainty influenced all parts of science, such as observations and methods of measuring. Since everyone has different views and references when describing the same object, reality as we perceive it is in constant change. The way humans collect knowledge is thus more of a social process than anything else (Ormerod, 2006). To look at reality and the concrete facts presented is what constitute Pragmatism according to William James. One should not rely on anything abstract based on fixed principles, absolutes and false origins. Everything that is adequate, that is a true fact, or a true consequence, is the right orientation of view (ibid).

John Dewey defines Pragmatism by claiming that no rules, ideal, or principles of any kind is constant and fixed. All things could be reviewed and criticised. The concept of inquiry is central in the pursuit for coherent actions when looking for knowledge. Knowledge is all about experiencing and performing. The means and the ends are thus inseparable and no principle or theory can ever describe the process of means and ends. Every lesson from an empirical study of any sort should be determined from the specific historical prevailing circumstances. The context and the time decide the conclusions being drawn, so different results could occur at different times. These facts make all predefined theories abstract in their nature. Epistemology (explanation) is therefore a part of Dewey's way forward, since knowledge and how you reach it is the only way forward (Ormerod, 2006).

2.2.2 Qualitative research

Qualitative research is very much a creative process that points to the understanding of the respondents' perceived reality. In the pursuit of making sense of phenomena which occurs in its natural setting, this process emerges over time (Easterby-Smith et al., 2012). Qualitative research is open and equivocal. Empirical material and its focus are central to make it more understandable. In the qualitative method of inquiry, researchers take stand and start from the perspective and actions of the subject studied (Alvesson and Sköldberg, 2009). Qualitative research employs the view that individuals and social reality are connected with their view on reality and its interpretations. Qualitative research focuses on understanding what is going on, highlighting issues and providing possible explanations. It is a search for meaning in the evidence of what people do and say (Gillham, 2000). The contrast to this is *quantitative research*, which has a more objective focus and follows the perspective

originated from natural science. Quantitative researches mostly use a numeric way of gathering knowledge.

2.2.3   Case study

Case studies require the author to do a more in-depth and extensive description of transdisciplinary knowledge. One must not solely focus on finding information on the major discipline of research topic (in the case of this study strategy). In an empirical investigation of a phenomenon with an unclear context with a vast amount of dependent variables, interviews make up the single most important source. When conducting a case study one should distinguish the meaning of *formal* and *informal* units. For analysis, researchers should use formal units e.g. persons, groups, organisations – the so called primary data. It is from these formal units that the deepest information is extracted. Informal units are all the other sources i.e. secondary data. They are by nature not as deep and/or comprehensive, thus they are more superficially surveyed than its counterpart under the study (Gerring, 2004). Case studies can be used to reach different aims, be it to provide deep descriptions, generate a theory or test a theory (Eisenhardt, 1989).

2.2.4   Systematic combining

Charles Sanders Peirce´s view on the concept of *abduction* could be defined as "an exploration of a set of facts, which are permitted to suggest a theory" (Kirkeby, 1994, p. 127). Dubois and Gadde (1999) follow a trace from Peirce that they call *Systematic Combining*, which is about combining theoretical and Empirical findings inside the research process itself. *Systematic Combining* becomes something different from the standard theoretical forms like *deductive* and *inductive* approach. An *abductive approach* is the process of finding out what is relevant data. The Idea of *Systematic Combining* is divided in three parts: (1) What, (2) How, and (3) Structure of the report. It is appropriate to conduct a case study when a researcher wants to know the *What* and *How* of a particular phenomena. Table 2 show a conceptual picture of these three parts.

> **BOX 2.** Meeting with supervisor. Concluding main focus of thesis; Shipping, Strategy with Interviews. We realize what path to go in the search for relevant theories, methods and articles; (1) Reading articles about strategy; (2) Reading articles about Case study methodology; (3) Discussing articles and main takeaways. The Path is crystallizing itself.

Table 2 Key takeaways for systematic combining (Dubois and Gadde, 1999)

What	How	Structure
1. Literature is a help for checking for theories. However, literature could also be a disadvantage when someone wants to develop a theory, since	**1.** Data are analysed and interpreted by going back and forth between method, theory and analysis. It is about generating a document that evolves constantly. All	**1.** The better the systematic combining is done, the harder it is to account for. Which means; A report that has been written with a

literature could guide the authors to go into a certain direction that is not productive in the quest for new and interesting findings.	collection of empirical material should not be done at one moment in the research process.	focus on systematic combining is by definition not a deductive one.
2. *Structural* or *Processual focus*. The reasons for why a certain process has developed as it did cannot be explained by the structure, and vice versa.	**2.** Different data sources: *Passive* and *Active* Data. Theories are being considered passive data. Interviews are so called, Active Data. By combining both, one handles the problem of either being too structured in the interview questions or being too loose. There is always a risk of ending up with too much, unmanageable data.	**2.** How researchers learning process is developing is very seldom presented in articles, research papers, and reports. The norm is to only articulate the knowledge that has been gained.
3. The structure in itself has to be kept within its own **limits**. However, the case being studied seldom has natural boundaries. The deeper the authors are digging, the wider the boundaries goes.	**3.** The case study and the involved process should be considered as being a tool in itself, and in the research process it sharpens as the time process is evolving, which at the end leads up to the final product.	**3.** The successive steps of the learning process and new discoveries, forces the author to re-think the framework and if those processes were presented in research papers the total benefit for authors and readers would increase.

2.2.5 Non-linear and non-positivistic approach based on abductive logic

As far as abductive approach is concerned, researchers are not able to identify all literature since the empirical fieldwork parallels the theoretical conceptualization. Hence, the "need" for theory is created in the process. As stated before the abductive approach deals with the task of finding out what data is relevant. This could be achieved by using a Pragmatic view. Moments after relevant data has been found, theory is being formed. Uncertainty stemming from a changing nature is part of the concepts in Pragmatism. Processes for structuring the report will be affected when pursuing an abductive approach, since the back and forth process change the text and conclusions over the time or writing. An abductive approach in its purest form makes

a conventional structure impossible. The imaginary straight line in this essay will thus be challenged, developed and bent on its journey to the end of the thesis.

2.2.6 Problematization of research questions

By questioning assumptions upon which established theories are based, the researcher uses a straightforward way to intrinsically become a part of the development of a potentially influential theory. However, Alvesson and Sandberg (2011) claim, in the recent field of research, that no real ambitious and in depth attempts to challenge theories really exist. It's rather about so called *Gap Filling* of already existing and accepted theories in the literature. *Gap-Filling*" or *Gap-Spotting*, have adverse effects such as reinforcing existing theories and arguments, rather than challenge them. *Gap filling* is about taking small parts from one accepted theory and add it into another theory which, according to the researcher, would benefit from it. Instead, a valid challenge of existing theories could lead up to new, more interesting research questions. They are also a part of the academia where the discussion of challenging existing theories has gone too far. Some groups within the academia "over-problematize" instead. This over-problematization has become their own research fields, such as postmodernism, feminism, and critical theory. "Negative" knowledge is the aim in itself says Knights (1992).

How to problematize: When researchers want to *problematize* to reach valid Research Questions, they need a point of origin or a starting point. This is done by focusing on underlying assumptions upon which existing theories are based. Alvesson and Sandberg have identified five different assumptions and all of these assumptions constitute the whole spectra of assumptions covering the whole field by overlapping each other. Challenging an in-house (1st assumption) or root metaphor (2nd assumption) is the best way to achieve relevant research process with the aim to develop a new theory, since challenging a broader assumption could potentially disturb the depth of the process and end up in a superficial results. Paradigm as the third (3) assumption is about the assumptions that originate from underlying literature and are ontological, epistemological and methodological. With the fourth (4th) assumption a substantially broader perspective is looked at, which incorporates political, gender and moral related assumptions. Field is the fifth (5th) and covers assumptions about a specific matter shared across more than one theoretical school. A more comprehensive overview is shown in Appendix 1.

How to "solve" problematization: To be able to "solve" a problem, researchers need to select one topic and decide specific assumptions to be investigated. The next step (Appendix 2) is to identify, articulate and finally challenge assumptions. The six-steps tool on how to systematically challenge underlying assumptions was developed by Alvesson and Sandberg (2011). This tool is used in the thesis to find a

BOX 3. Questions regarding Implementing Problematization of Research Questions. What parts of different authors and methods needs to be scrutinized? Here we see that "what" to do is more interesting than "how" to do, based on following discussed questions: (1) What is our answer to this question; "Why do you think you can use Dubois and Alvesson's type of methods at the same time, since the latter is making the former invalid in itself?" We feel in doubt thinking of this meta-complexity in a disputation scenario; (3) We realized that we need to defend certain decisions in our limitations and the reasons why we did not use "root metaphor" , "Paradigm", "Ideology" etc. in order to follow potential criticism.

research question along with the systematic combining process. The six-step tool and its application are considered, step-by-step, in the discussion.

2.3 Primary data

In this Master's thesis the primary data along with new ideas, knowledge and following paths of investigation was collected through the medium of unstructured interviews. This is a common well known and central approach for gathering data within the qualitative research design (Bryman and Bell, 2011). An interview per se, is a technical craft and is no longer seen as a straightforward process between people having a chat over a cup of tea. An underlying assumption of the interview process is, if conducted correctly, that the interviewer herself stays unbiased, helping the respondents to communicate relevant facts. When interviewing, other external factors that come into play are time, place, context and culture, which might affect the final outcome. Therefore the interplay between the technical side and the epistemological side is crucial in order to handle the complexity of an interview (Gubrium, 2012)

Interviews with open questions has been used in this study. On-site interviews had a semi to unstructured character, which are commonly used in qualitative studies. During this study, the interview conversation was not constrained in any way, and a wider scope of information was received. The structure of interview questions should enable the respondent to explain the root causes of the problem upon which the question was based, without being aware of it, i.e. one should not use exact and direct questions throughout an interview, rather focus on the unstructured questions and entangle them in the interview conversation. This type of interview has a flexible process, which makes it important to have a guide as a support during the interview (Bryman and Bell, 2011).

> **BOX 4.** We are, without being aware of it, deciding our limitations and framework in order to accommodate future demands from: (A) Readers for disputation; (B) Supervisor/Professor; (C) Academic rules of how a valid thesis is being conducted. We understand the need to articulate and take decisions based on what is found to be interesting as such or rely on our experience or intuitive feeling of what is relevant and interesting. We also see that it becomes unclear what is , should be, and eventually will be the "main" research question in this thesis, is it Strategy and shipping, or , is it Case study methodology and its implications? We are in doubt!

One advantage with open interviews is that it allows researchers to keep control over the process by adding "follow up" questions and/or redirect questions if necessary (Creswell, 2014). It also allows for the collection of information that is beyond the scope of what was intended, since such "extra" information could be useful for the study and the overall understanding. In addition, it is important to have a direction during the interview. Without direction and intended interruptions the interviewee could float away and colour the overall results and final view of the problem being investigated (Easterby-Smith et al., 2012). With the semi to unstructured approach, the interviewee reveals a higher degree of confidential information because of the personal and private character of the interview (ibid).

This study consists of 4 interviews of staff working at Offshore AS, as shown in Table 3. These particular persons were chosen because of their position and their believed expertise in the strategy field. There was also an element of convenience, since the CEO of the company did not have time, and therefore we continued asking for someone within top management.

Table 3 Whom and why we interviewed that particular person

Respondents positions in the company	*Time and date*	*Why this person?*
HSE Manager	March 16	Health, Safety and Environment are three key aspects within the offshore industry and they are always represented in the company's vision, mission and goal statements. HSE Managers are perfectly situated in the interesting middle management level where many important decisions are being made.
Quality Manager	March 25	A Middle manager who works close to Top management in order to secure quality is a substantial key factor to the overall success in the business. Long-standing work experience in the specific company.
Operations Engineer	April 7	A person with great insight in the company with experience from cross-projects who gives special knowledge about the progress of the company. Long-standing work experience in the specific company.
Chief-Operating Officer	April 23	One of the founders and highly experienced in the Offshore business. Brings a total different dimension into the equation.

A substantial part of the work with the interviews is the transcription of the audio recorded material. The transcription is important for several reasons - it corrects the natural limitations that humans have of their memory and gives an opportunity to examine the answers several times. It is important to thoroughly go through the data in order to withstand potential accusations that the analysis could have been influenced by the researchers own biased values (Bryman and Bell, 2011). When transcribing from one media (recording) to another (text), the transcriber needs to be cautious, since information could be lost in the process (Gubrium, 2012). The problem with this type of data is that in many cases becomes complex because it is often a challenge to find the right way to treat produced raw data (Robson, 2007). It is estimated to take ten times as long as the original interview for a full transcription (Höst et al., 2006). The interviews conducted in this study lasted on average 1 hour.

2.3.1 Secondary data

Aside from the data collected through the open interview there are additional data extracted and based on press releases from the company and their annual reports. This information is mainly collected through a database called retriever. This database covers data such as corporate information and connects relevant news articles. The selection process for secondary data was conducted in the following way: all references taken from sources outside the database Retriever stem from established and trusted sources of the highest quality.

One major advantage with secondary sources is that it does not fit (and is not possible to change) with the research. This fact truly adds an element to the overall picture (Easterby-Smith et al., 2012). Furthermore, the secondary data could work as a filter for better understanding of the primary data. The secondary data analysed shows the overall progress of the company along with important major events and a general overview of the company.

2.4   Internal analysis

Throughout the writing process the authors asked themselves critical questions in order to be more selective and find more relevant aspects in the work of disputing existing theories, as well as developing new ideas. In accordance to Table 4 below following questions were asked:

Table 4 Questions for internal analysis

Q-1	Q-2	Q-3
What is of explicit interest in this comment or theory for us?	What could be questioned in this assumption?	What is the purpose of the author's/object's comment(s)

This is done to be "true" to Dubois & Gadde and to Alvesson & Sandberg's view on how to go about a research process. The questions are designed to give a structure instead of working as a hindrance, since their purpose is to support and frame the thesis working process.

2.5   Credibility

Interviews are the single most important data source in this study. When conducting qualitative research, issues with validity and reliability occurs. The concepts of validity and reliability originates from quantitative research and are significant cursors in that context because of the logic numerical structure of the data (Dubois and Gadde, 2014).

Miles (1979) defines qualitative data as being *rich, full, real* and *holistic*. Quantitative research defines validity and reliability presumably as being the one single truth in the nature of reality. The idea about an objective truth is no longer prevailing in the western culture (Lakoff and Johnson, 2003). This fact makes it necessary to find

something else that could replace the concept of validity and reliability since humans are always in need of some source of criticism or standpoint in order to believe in something.

A case study is in fact a look at the past written in the future. This means that *data* and *facts* revealed in a case study are not its traces under interpretation afterwards, instead they are interpretations made while the research process unfolds. The interpretation of material linked to a case study is problematic in itself. Statements that contradict one another and ambiguous statements are two issues building up this uncertainty. Historical hermeneutics are difficult to account for. However, there are ways to deliver on "good" interpretations by following a structured way to criticise sources of information (Alvesson and Sköldberg, 2009, p. 107). To be straightforward, it boils down to a few parameters: authenticity (distortion of information), bias, distance, dependency and empathy.

According to Alvesson and Sköldberg (2009) all researchers observes reality through some medium, be it text, interviews, or pure observations. The stream of events explained or observed is the "reality" perceived by the interviewee. When this information is being passed on to the researcher some aspects or viewpoints of this *reality* will inevitably be affected in the process. To account for authenticity the respondents should be able to read the transcribed interview to better confirm or deny the researchers interpretation to be correct or false. This is to ensure the end product is not filled with false statements because of misunderstandings (Sjöberger, 2014). The credibility should pervade the entire process as a continuous phenomena and not be done at one point in the process. The nature of reality is in the eye of the beholder and truth is not universal - it is more local, personal and organisational.

> **BOX 5**. Found some common denominators between Alvesson and Dubois. They both talk about the process of constructing text as a goal in itself, one is focusing on the whole process (Dubois), and the other (Alvesson) on Research Questions. However, both state that form, and structure of a report, and the expectations from academy as being major problems in developing interesting and valid research questions or a valid report. This insight could be used as a part of the purpose, or research question, claiming that these authors could complement each other in order to reach a common goal.

Kvale et al. (1997) stress the importance of conducting interviews as a process. The interviews should therefore not be carried out after the theory has been defined, rather they should be developed and executed simultaneously. Therefore, to quote Arthur Conan Doyle *"It is a capital mistake to theorise before one has data"* (Easterby-Smith et al., 2012, p. 17).

This thesis will be viewed differently by people from different backgrounds and will be a matter of cross rendering. As Master students and thesis writers, the authors strongly believe that they possess the experience to deliver a credible thesis.

This is based on Table 4 in this report (chapter 2.4) and a profound interest in the topic itself. Lastly the study as a whole, its structure and how the findings are communicated along with the boxes further stress the credibility of this work. Proof of this argument is found in research question nr. 5, over 10 years of university studies and 11 years in the shipping/offshore sector, combined.

3 Theory

This section presents the theoretical framework. The framework will be the base for the progression of the thesis as well as concept creator that is used throughout the work.

Strategy is here described not as a single theory but as concepts selected from different schools, such as leadership, psychology, strategy, project-based firms and management. The starting point will be to describe the basics of shipping from a theoretical perspective. Definitions, perspectives and implications within strategy will be described. The theory chapter will continue with psychology as a barrier within the organisation followed by a text about leaders in their part of the organisation. The theory chapter will end with notes and implications of the project based firm. The ambition is to give the reader an overview of theories with both width and depth to better understand the empirical material and the subsequent work stemmed from this material.

3.1 Shipping strategy in a theoretical perspective

Shipping strategy is of importance because it gives a platform to identify and solve business problems as well as improve internal and external collaboration with involved stakeholders, such as the company's customers, competitors, authorities and NGOs. The company studied in this case is very dependant on these two collaborations. By studying literature in the theoretical field of strategy and looking at the subject from different angles, it becomes clear that shipping is not so elaborated as a single topic within the literature on strategy. According to Niamie and Germain (2014) it shows three components that have three main topics (in order of appeared frequency) - alliances, diversification and specialization. They conducted a literature review in their study and out of 33 articles 79% were conducted from 2004 and onwards. Furthermore they conclude that Michael Porter's view on strategy and his mindset (assumptions) is the base for almost all of the material they collected.

According to Lun, Y.H.V et al. (2010) five components should be included in a well-developed shipping strategy, shown in Table 5 below. There are different levels of strategy and all have different aspects of what they should do and contribute with if seen as a hierarchy; (A) Corporate strategy; (B) Business strategy; (C) Functional strategy.

Table 5 Five components of shipping strategy (Lun, Y.H.V., Lai, K.-. & Cheng, T.C.E, 2010)

Scope	Goals & Objectives	Resource deployment	Competitive advantage	Synergy
Scope refers to the breath of domain the firm competes in as well as the market and segment.	Goal is dealing with the broader outcome for a firm. Objective is the measurable	Availability of resources that a firm require to achieve Goal & Objectives	How to compete	Interaction between different stakeholders and partners

	step(s) to achieve one's strategy and its goals.			

The expectations on quality services in the shipping industry are high. Customers have numerous choices of business partners and have a great understanding of the business terms constituting the market. Shipping is all about *service*. All stakeholders in the business need to be proactive in order to understand the market development to ensure a constant adaptation to the customers needs. To outperform competitors is a driver in the business. One way to achieve this is to be operationally effective. Another way is to adapt to a competitive strategy that deals with differentiation. Lun, Y.H.V et al. (2010) state that control is critical in the implementation of a strategy with the aim to grow the business. It is important to have the ability to monitor the progress of the strategy development. If a firm wants to grow, the best way is to do so organically, which is considered to be the best way to keep control of both the company and its strategic development. Organic growth takes place when the company increases turnover within the business they are active in. Another type of growth is through acquisitions of smaller companies in the business and forcing competitors out of business.

3.2   Definition of strategy

Strategy has no clear definition and academia describes it differently. It could be defined as the short and long term objectives of a firm, how it should be done and why it should be that way (Fredberg and Kalling, 2013). Strategy could also be defined as a way to describe and explain performance variations, both short term, long term and across the organization. This definition contains the same characteristics as the one that Chandler had in his classic definition from the 60's. Strategy could also be explained as follows - there is a current state → what and how → vision. The arrow is the strategy to reach the vision without neglecting and disregarding the short term goal that is in play because of the incentives it gives to the firm's stakeholder. Another definition, more different perhaps and even cynical, is the one from Burgelman (1983): "*strategy is theory about the reasons for past and current success of the firm*". De Bono puts it in another way: "*strategy is good luck in a hindsight*" (Weick 2001, p. 345). The Prussian general Carl von Clausewitz, deceased 1831, described strategy by saying: " *Where absolute superiority is not attainable, you must produce a relative one at the decisive point by making skillful use of what you have*" (Aaker, 2008, p. 119).

3.3   Perspective on strategy

There are many different perspectives on strategy. One perspective occurs when the industry sets its own rules on how to implement strategy - studies of customer patterns in the external market become the denominator that determines how to design the strategy for such a market. Another perspective arises when companies analyse which resources and capabilities could be developed as valid contributors to a strategy.

There is a vast amount of literature on the different perspectives on strategy and they differ substantially from each other. A search in Amazon U.S.A. on *strategic management* would result in 65,000 hits and one on *strategy* in 197,000 hits. On the Swedish online bookstore Adlibris the latter search would result in 12,000 hits (websites on 2015-04-02).

The perspectives inside these books diverge greatly, although they share a few common denominators, such as the fact that they are mostly American and often rely on Michael Porter's theories. Porter still seems to be the *prime mover* behind strategies and their implications (Whittington, 2001).

> **BOX 6.** While talking about our own psychological limitations as human beings we asked ourselves some difficult questions regarding moral and ethics. In the subsequent discussion we realized many different schemes of how to defend a standpoint that eventually lead up to the same answers. Lesson learned: When conducting interviews we need to be vigilant when we hear "defence talk" and how to respond to sometimes irrelevant or biased answers.

Whittington (2001) conducted extensive work on four different perspectives on strategy and how they are connected, as shown in Figure 1
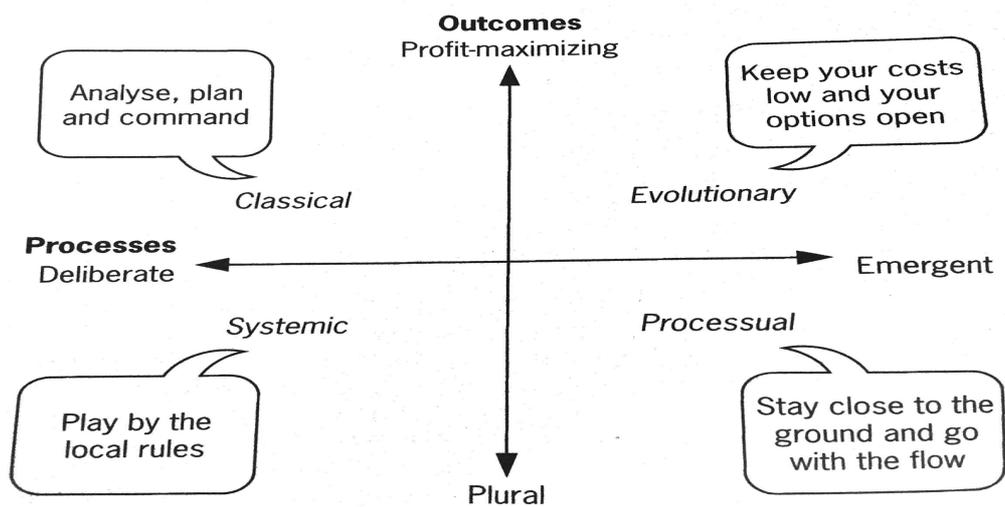
Figure 1 Perspectives on strategy (Whittington, 2001)

Classical: Classical strategy is formal and has a clear focus on deliberateness in its implementation, as well as on profit maximization and analysis of the environment. It origins from historical Economic and Military organizations in which strategies come from the top (top-down approach within the organizational structure) and leave the execution to the middle-managers and the "grunts" (as Hebrianaik (2006) names the workers). The Economic view of strategy is about maximizing profit, striving for total optimization and using the known assumptions about humans as its basic rationale. Whittington (2001) states that this could be due to the fact that Americans are very individualistic. In one of his books for example 40% of American interviewees answered *profit* to the question 'What is important for your firm?', whereas only 10% of non-American interviewees stated the same. The Classical approach has its origins

in two companies from the US in the 1920s - Du-Pont and GM (Whittington, 2001), and is based on Mature Industries, Capital Intensive, Monopoly Power.
The classical approach advocates the need to forecast, makes accurate plans and heavily relies on the use of finance and planning techniques. It is fair to wonder whether strategy should develop from such, on paper very clear, but in reality rather ambiguous plans.

Processual: Pettigrew and Mintzberg believe that strategy can be seen as craftsmanship and its creation is a constant process in itself. They call this view of strategy *Emergent* as it is about the process of learning while executing the strategy. This contrasts to Porter's harsher Military view on how to execute a strategy and is greatly influenced by the field of psychology.

From this perspective strategy seems to somehow be a confusing process as developments emerge as the strategic decisions and processes unfolds. Managers are urged to work with their "here and now" environment and not from a pre-stated situation or idealised by a pre-defined plan.

This way of thinking also questions the concept of the *rational economic human being*, which in turn leads to question the cognitive rational thinking of humans as such. According to Pettigrew and Mintzberg humans do not work rationally nor are clear in their cognitive processes. A firm's daily routine, which is the result of what occurs in the market within which the company operates, determines the strategy for the organization - an organisation cannot choose the strategy as this unfolds over time. This very much resembles what Weick (2001) points out when he describes a military group who lost their way in the Italian Alps and managed to return to base camp by using old maps. What they only realized later was the fact that they had used a map of the Pyrenees to build their strategy to get back.

The context for the processual perspective is Protected, Bureaucratic, Knowledge based firms.

Systemic: Systemic strategy approach focuses on the external environment. In more specific terms it is about the society in which a company is positioned. A central aspect is the rationale underlying the implemented strategy in the specific sociological context. For example, IKEA and SAAB Missiles have different strategies depending on the sociological environment in which they are positioned, to reach the same goal (financial profit). The behaviour of these companies is therefore different since the business networks surrounding their company are vastly different. The context for the systemic perspective is: (1) Non-Anglo Saxon (2) Family and state firms. The systemic view uses finance and planning techniques as credibility check and not as a guide to what to do.

> **BOX 7** Start Goal, We talk about paradoxes in literature and come up with some examples: How to deal with the short term results and yet fulfil the long term plan? How to handle impulsive behaviour in order to achieve long term change in behaviour? In psychology literature we can find a paradox where all psychology theory strives for the same goal (to heal, cure or explain how the human brain is working) with totally different theories of how to get there. In the field of Business Economy the same paradox exist in the pursuit to fulfil a Long term budget. The same budget that constrains the day to day financial manoeuvrability. There is more than one type of paradox, and they could be put on top of each other.

Evolutionary: This approach questions the top management ability to act and plan in a rational way in order to fulfill basic financial goals. Instead it is the market that drives the company towards profit. How to execute strategy in this market will differ from leader to leader and ultimately only those who adapt to prevailing conditions will survive, hence it is precisely the market conditions that determine winners and losers. Here the 'Law of the Jungle' applies, which means that those managers who fail to find capital or clients ultimately disappear from the market. Theorists that advocate for this theory do not believe in an organization's ability to differentiate and adapt in a sustainable way. The context for the Evolutionary theory is: (1) Small Firms, (2) Emerging Industries, (3) Anglo-Saxon, (4) Conglomerates.

Today a firm and its strategy are seen as an organism in a constant process of change. Everything in the businesses of today is moving much faster than before, especially with regards to the exchange of feedback and information between companies and customers. The markets are global and cross-cultural and adaptation is essential to survive (Stroh, 2014). Strategy should therefore be facilitated throughout the organization from the CEO/Top-management and not be stopped on its way of reaching every person in the company. Top management need to realise that the implementation of strategy is best done in collaboration with all workers within the organization (ibid).

3.3.1 Blue ocean strategy

A basic idea behind strategy is to describe it with terminology taken from the Military system. We find concepts as "competing on a market" (the battlefield) where the competitors either outperform or "beat" their "opponents" by striving for competitive advantage. This is done by delivering higher quality to a lower cost than your "enemies" (competitors). The winner/loser mentality is reign (Kim and Mauborgne, 2005). When comparing this established view on strategy to an alternative view-point, which include the concept of *not* competing to take over an existing market, something called *Blue Ocean Strategy* emerges. This is a strategy in which an organization creates a brand new market where there have not been any competitors before and where no products or services have ever been marketed. These *new* markets are the so called *Blue Oceans*. There are several examples of companies that have managed to create such a market, for example Apple (iPod) and Nintendo (Wii). The companies that managed to create *Blue Oceans* have three peculiarities in common: (1) Created by an Incumbent actor (2) Value pioneering in already existing technologies (3) Unattractive Industry when making the jump into the *Blue Ocean* (or no existing industry at all).

Blue Oceans are often created from within *Red Oceans,* which in this case would be the existing markets as we know and define them as of today. One wonders why and how these *Blue Oceans* are created, taking into consideration the three points above. As Kim and Mauborgne (2004, p. 6) state, "The creation of blue oceans, in other words, is a product of strategy and as such is very much a product of managerial action".

> **BOX 8A:** What was said in the box before is arguably a "Field Assumption" where all fields assume the same thing (time, future, and history exist). Namely there is a trade off between short term and long term goal. This could be challenge in our view. Maybe there are no such things as short or long term paradoxes since it only depends of the human idea that the concept of "Time" actually exist. Without the notion of time there while not be a room to ask yourself "what happens then".

There is evidence of organizations performing high Value at the same time as delivering an effective and productive process (output) at a low cost. These organizations are the ones that could create a new market. There is no trade-off between value and cost and there is a Blue Ocean for those who see the opportunity to create a market space where no one else has chosen to position their products. The Blue Ocean Strategy at its core takes place when an organisation's environment is clear and ready for the right managerial actions and decisions to take place. That is Blue Ocean - it is *Strategy*.

For the competitors who are entering someone else's Blue Ocean access to money governs the possibilities of success. This inherent barrier in the Blue Ocean concept goes both ways, since Blue Oceans attracts vast amount of customers in a short time and accumulate huge capitals. It is precisely the enormous amount of investment necessary to challenge such market that discourages competitors from entering it.

There are other barriers as well. There could be a cognitive barrier that becomes evident when an organisation creates his own Blue Ocean and a competitor wants to enter the same ocean and by jumping into it makes it "red". If a handful of very new and successful competitors managed to sell their products by using a promotional concept whose meaning is opposite to a company's well established one, how would one challenge such difference in selling arguments? For example, Marlboro would have big problems stating that smoking is bad for our lungs and causes cancer. They will have cognitive problems finding Blue Oceans with new healthier products, let alone compete with their existing products. Or again, if Body Shop is taken into consideration, how could Estee Lauder ever be able to compete with it? Any attempt would equate to admitting that the message "use our products as they will keep you young", used consistently to promote their products, is untrue.

The Blue Ocean concept could be summarised as follow. The Red Ocean assumption is that companies are forced to compete within an industry existing conditions, which are viewed as barriers for new entrants. This view is called *the environmental determinism* or *structuralist view*. Companies are in the hands of economic forces larger than themselves, thus Blue Ocean is called the *Reconstructionist view*. Finally, Blue and Red Oceans have always coexisted in history and will continue to do so in the future. Blue Ocean strategies have been hidden all along and as long as Red Ocean companies understand its underlying concept they will be able to create Blue ones (Kim and Mauborgne, 2005).

3.3.2 Paradoxes as dilemmas

Complexity is a part of all strategic problems. Within academia strategic theory finds it difficult to solve these problems as it tends to focus on one or a few aspects of a particular problem. Paradoxes could be defined as contradictory factors or statements which are at the same time mutually exclusive. Clear solutions to a paradoxical problems are non existent. Inside the realm of *strategy theory* and the reality of how strategy is being implemented paradoxes are always present. It is a strategic task to balance these factors and contain them at the same time (De Wit and Meyer, 2010). In Table 6 13 paradoxes are shortly described.

Table 6 Paradoxes as empirical dilemmas, adopted from (Fredberg, 2013) & (De wit and Meyer, 2010)

Paradox	Dilemmas
Location	You need to be omnipresent but at the same time stay away
Change	To create change, you need to stay the same
Logic/Creativity	See strategic thinking and reasons behind it. Is it rational and deductive or is it an imaginative and generative process? A metaphor explaining this is that logic is science and creativity is art
Diversity	Organizations need to become more heterogeneous and homogenous at the same time
Direction	Direction and independent action need to be combined
Innovation	Operational excellence needs to exist simultaneously with innovation and entrepreneurial initiative taking.
Globalization	Success builds on becoming more global and local at the same time
Competition/ Cooperation	Independence with tactical alliances versus Interdependence with durable partnership
Compliance/ Choice	Evolutionary processes that play by the rules or controllable creation processes that change the rules
Control/Chaos	Leaders shape new behaviour. Change is determined by the leader's vision and skills. The leader strategies and organisation leads to new behaviour. Change becomes a dynamic learning process where strategizing and organizing are intertwined
Deliberateness/ Emergence	Intentionally designed with hierarchies with a programmed focus / Gradually shaped dispersed with focus on learning
Markets/ Resources	The organisation should fit with the environment. Should one adopt to the market or leverage with its resources instead?
Revolution/ Evolution	In order to achieve long lasting strategic renewal the organisation need time to learn, adapt and grow. Do you do a disruptive change or gradual?

Paradoxes as dilemmas force the manager or the management team to either choose one side of the dilemma or the other, or a third option - go for the best of both worlds and find a way of their own.

3.3.3   Strategy as science or art

In his book David (2009) identifies three major challenges in today's strategy - deciding the process to follow, considering how visible it should be and agreeing on what direction strategy should go.

Literature within academia stands united in the answer to this chapter's question. In academia, strategy is looked upon as being a science as its core work deals with preparation, measurements and evaluations. This shows that extensive analysis takes part in the development of a strategy and Porter (1996) stresses this more than once in his paper *What is strategy*.

Henry Mintzberg on the other hand advocates that strategy is an art, as is the result of the logic or natural consequences of a given situation. To exemplify this, one's emotion is the channel stemming from a creative mind. The creative mind thus construct strategy.

If Mintzberg's philosophy is stretched to its limits it could be said that *Art* is informal whereas Porter's *Science* is more formal. These viewpoints though are not mutually exclusive simply because they greatly differ in their fundamental meaning. Those who are about to implement a strategy must therefore choose which philosophy they lean more towards and then follow it (David, 2009).

In his theories about emerging strategy Mintzberg talks about *craftsmanship* and states that strategies should go back to be a craft more than just being models or theories.

> **BOX 8B**. The reason why paradoxes exist may be the fact that humans only intellectually have accepted time, but can't implement that insight when humans act on their feelings and need to take a decision, That is:-Humans understand the importance of considering the concept of time /future and all logic effects that comes with it. Humans know that what is "now" is not how it will be in the "future", however, for some reason, when humans act under stress or pressure it act according to immediate "emotions". Emotions and its effect on our decision making together with the concept of "Time", "future" and "consequences" does not work well together, so it seems?

At a business strategy level the problems that occur with the implementation of a strategy are highly subjective and have no fixed or optimal solutions. People that advocate on strategy as an art use their imagination to generate solutions and have a vision of what could be created and implemented in reality. Creativity should be the leading star and logic thinking the support the star needs in order to shine.

3.3.4   Ownership complications

"Who" owns an organisation and under what special circumstances this happens has an impact on strategy. There is a vast amount of different owner typologies such as banks, private equity, governments and states, stock exchange and funds. For instance the Wallenberg family is the majority owner of several Swedish firms with a global footprint. In China the Tung family, also known as Chinese Shipping Magnate, owns approximately 68% of the shipping line OOCL (Farhoomand and Summers, 2014, p.

15). Thomsen and Pedersen (2000, p. 703) conclude by saying: *shareholder value does not appear to be a universal goal of corporate strategy* and *corporate strategy that does not match corporate governance are unlikely to be sustainable, because they lack backing from the ultimate decision maker.*

The theoretical baseline that explains why owners care about the development of their portfolio is the urge to maximize profits. The utility for a top manager leading the same company is the "compensation" in the form of money. Together these two baseline factors lead up to a natural expansion of the firm along with a higher level of expenses. The dominant owner's objective needs to be in line with the corporate strategy executed by top managers. As the owner's interest could interfere with the strategy developed by top management ownership should not be neglected (Thomsen and Pedersen, 2000).

CEOs, top management and board of directors are constantly working with one another to define and clarify what kind of strategy an organisation should follow. In order for the chosen strategy to work as planned and be implemented according to the decisions taken by the Board of Directors and owners, a CEO needs to ensure that the day-to-day business is taken care before focusing on the future. One has to take care of the present in order to be able to have a future (Bass B.M., 2007). At the same time top-managers need to free themselves from day-to-day operations and short-term goals.

3.4 Psychology as a barrier within the organisation

Every organisation creates its own exclusive culture. How the business is developing within a company depends on many factors of which some are more significant than others. Culture within an organization is very much connected with the financial performance and there are mainly four aspects that have to be considered when looking at a company's culture and how that relates to financial success - (1) developing an organisation's sense of mission and direction; (2) building a high level of adaptability and flexibility; (3) sustaining the involvement and engagement of the staff; (4) providing a consistency that is strongly rooted in a set of core values (Denison, 2012). As previously stated, the culture is very important and is highly connected to the company strategy. In the event of a collision between a new implemented strategy and the existing culture, the culture will eat strategy for lunch (ibid, p. 50).

3.4.1 Organizations

The definition of an organization is a social system constructed with the aim to solve certain tasks and realize predefined goals (Jacobsen et al., 2008).

Richard L. Daft (2007) defines organizations as *goal orientated social entities of activity systems connected to external factors*. These external factors could be resources of some kind that are used by the organization to produce a service. Therefore they receive and deliver inputs/outputs which demand adaptation to the external circumstances in which they operate. It is in the interaction between external environment and humans inside the organization that one could see how all the threads connect and explain the organizational interactions.

The base for economical and organizational decisions have traditionally come from the rationality school (Structuralism-functionalism), although recent research from professor Kurt Lewin has given some evidence that this does not show the whole picture. Group dynamic research on leadership is also relevant. Human life is subject to psychological factors that dictate the environment in which we feel, interact, and react. These dynamic, cognitive and social processes are contextualised in an organization by means of social and managerial practices.

There are different levels in which one could divide these processes - individual, group and organization. At micro level an organization is based on personality features such as personal capability, ground values and general personal abilities. Such features are constantly influenced and developed by learning and emotional processes and problem solving. The result of these interactions leads up to the Meso level were group and social interplay as well as theories on group psychology play an important role. At Meso level there are conflicts between people, groups and internal goals, which lead to power struggles. At this level it is therefore essential to handle interactions between people and lead and guide the organization in such a way that responsibility and decision-making power are delegated to key players in the organization. The final stage, the Macro level, revolves around organizational theory regarding culture, administration, coordination and management (Kaufmann and Kaufmann, 2010).

3.4.2 Emotions

Emotions play a significant role in the socialisation and thinking process of human beings. People's capabilities are at the core of organizational processes and define management and organizational behaviour. Emotions, both positive and negative, also play a very important role in explaining the development of an organization and relative behaviour. Positive emotions stimulate innovation and negative emotions are important to understand and develop solutions to complicated problems. Thoughts and emotions are inseparable and it is important to understand the emotional factors behind human thinking, problem solving and decision making in order to understand organizational problems. Russell's Wheel of Emotion in Figure 2 exemplifies this.
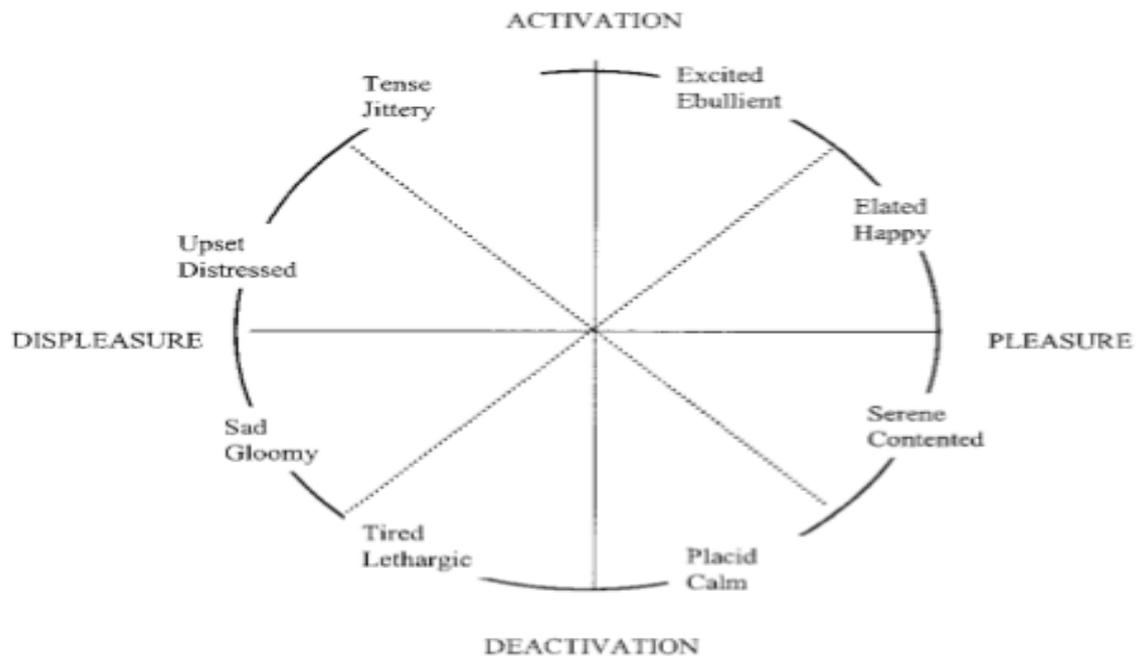
Figure 2 Core Affect and the Psychological Construction of Emotion (Russell, 2003)

The day-to-day reality of a person's working environment is full of emotional processes that influence an individual's feeling of wellbeing. An organisation's ability to foster positive emotions also has a direct effect on its staff's capacity to persevere whilst working on hard and tedious tasks. The ability to believe and have faith in one's own capabilities has proven to be of utmost importance in truly engaging with one's work and coping with failures and hard times (Seligman and Schulman, 1986).

According to Csikszentmihalyi (1992) and his theory about *Flow* in Figure 3, people can experience a state of mind in which they go through optimal engagement in the task they are performing. Reaching this state requires a perfect balance between two levels: the level of difficulty of the task performed and the competence level of the person.

> **BOX 9.** We need to look into literature in behaviourism and what the philosophy say about "the time" issue and ability to deal with the concept of "future" and "consequences". Questions we ask: (1)Should I buy this oil tanker today, not because, what I think about the oil price/ spot price on tankers in 3 years, rather, the shipbuilder offers me a deal that I can afford; (2) Should I sign this long-term charter party, because it is a good deal now, in lack of other better deals?; (3) Should I sell this tanker today, since I'm in debt and need cash?; (4) Should I take into consideration Approximations and assumptions about the future financial development?
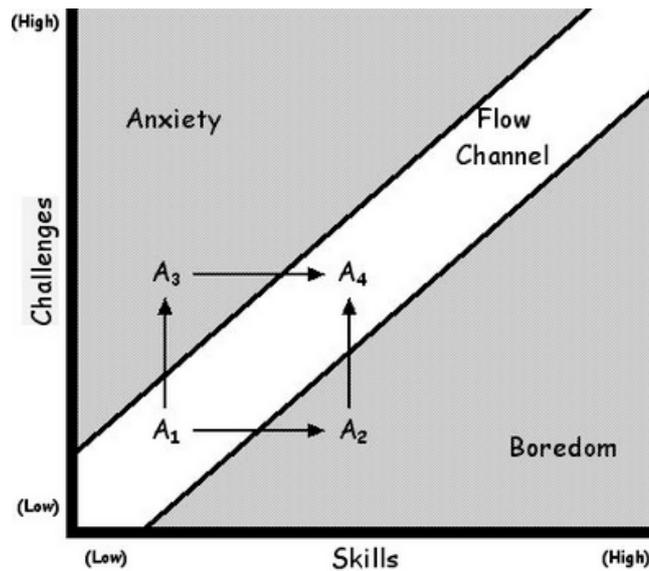
Figure 3 Flow Zone adapted from Kaufmann (Kaufmann and Kaufmann, 2010, p. 108)

3.4.3   Perception and decision making

The cognitive processes in the human brain are called *perceptions* and are a combination of visual impressions and advanced intellectual mind processes. These also define the difference between physical and social perceptions. Organizational theory focuses precisely on the issues connected with social perception. A human´s perception is dependent on Experiences, Motivation, Emotions and Biology. Experiences contain a well defined structure of our past knowledge organized and sorted in a kind of "scheme" with pre-defined headlines. When experiencing new events, people tend to automatically lay their impressions on top of pre-defined schemes and draw conclusions accordingly (Kaufmann and Kaufmann, 2010). Motivation contributes to cognitive processes and plays an important role in the decision-making process - values and wishes are based upon it and in turn are strongly affected by judgment and opinions (ibid).

Being in a good or bad mood drastically changes people's decisions. Perceptions and emotional factors drive humans to organize and interpret their surroundings and, in doing so, humans both add and withdraw relevant facts which fit their desired picture. Humans also execute the so called perceptual grouping where they organize things by their size, shape and form. Where there are gaps in the picture, there is a tendency to fill the gaps with the same sort of logic numbers or arguments in order to make the picture coherent. When a seemingly unexpected event occurs people tend to adapt their view of the world and they perceive it by creating a pattern in which the unexpected event finds its natural place and explanation (Kahneman, 2011).

BOX 10: Maybe should CEOs have a 48 hour day horizon, after all? If we would summarize the world's largest financial, political events the last decade that had a drastic impact on, Price level, GDP, trade and demand, it would give a perspective of how arbitrary the idea of how the "future" actually will unfold. During the same decade many "ideas" and "plans" were made of how the shipping business would unfold. In retrospect many of them is shown to be worth nothing. If this assumption is true, how valid is then, by looking into field assumptions to develop valid In-house research question? Especially in a volatile shipping strategic decision making management context?

The organization is the arena where activities are coordinated with the purpose of solving problems to reach the goals of the organization. The decision-making process is always present in the organization's sometimes complex strategic goals. Decisions are driven by the necessity to choose between many different options. Recent research shows that humans set their decision-making process in a certain pre-defined frame in which the problem can be solved easier (Kaufmann and Kaufmann, 2010).

People cling on to Heuristic methods of problem solving and decision making. These are simplified and pragmatic rules of thumb that humans use in order to make a decision, with the risk of being biased, since not all relevant parameters have been allowed to play a part in the decision-making process.

Kahneman and Tversky (1979) have developed a theory that explains what strategies humans enact when making decisions in the face of complex problems by estimating probabilities and uncertainties. The Prospect theory suggests that the negative experience of losing a fixed amount of money is much larger than the feeling of winning the same amount. The reference point from where a person starts to value these feelings is very important in this theory. A good example is to look at the bidding process of buying a house. When there are only two bidders left, it is tempting to increase a bid by 100,000 SEK as it is very little compared to the total price of 4,500,000 SEK. Had the total price been much lower, for example 750,000 SEK, increasing a bid by 100,000 SEK would not make sense. However, the bidder feels much better off in the first example compared to the latter, despite the fact that the financial consequence is exactly the same. Humans tend to forget the absolute value when comparing it to a reference point that is much larger. The behaviour resulting from a change in the reference point is called the *Anchoring effect*. Depending on what starting price you have, people will bid differently, both nominally as well as percentage wise (Kahneman, 2011).

In addition to this, Kahneman and Tversky (1979) have defined several other strategies and simplifications that humans use while estimating probabilities and uncertainty in our daily life. Humans for instance recur to *Availability* when estimating probabilities in the decision-making process. Familiarity and impressions of past events become deciding factors in this process and tend to exclude all other valid parameters. Subjective information, past experiences and intuition are therefore more present in the decision-making process than formal and objective information.

In their newly developed theory Todd and Gigerenzer (2000) have stated that less knowledge of a certain matter does not imply lower accuracy in making a well-defined decision with a positive outcome. On the contrary, they claim that less knowledge is better, as more knowledge makes the brain work in a different way and not use simplified and often valid and intuitive judgments.

3.5 Deliberate or emergent strategy formation

With regards to the Processual theory described in section 3.3 the majority of all definitions about strategy within academia are connected to some sort of *plan*. The word *plan* is a recurring concept in the world of strategy. Mintzberg and Waters (1985) describe two extremes in the concept of *plans* within strategy. On the one side the strategic plan is being described as a clean, sharp and straight arrow - the so-called

Deliberate strategy. On the other side strategy is described as a tortuous river, which curves and bends depending on the circumstance that prevailed when the river was searching for a new path - the so called *Emergent strategy*.

For a pure **Deliberate Strategy** three aspects need to be fulfilled - (1) it must be supported by a detailed explanation of the organisation's intentions. The desired goal should be extremely clear, (2) the first aspect needs to be shared across the whole organization, (3) the goal needs to be reached exactly as intended and external factors should not interfere in the process (ibid).

Pure **Emergent Strategy** is about having a consistency in the processual actions executed within the organization. The actions become defined through this process as the organization is pursuing a well predefined goal. The environment in which this organization is operating ultimately dictates the outcome of these actions.

Mintzberg and Waters (1985) acknowledge that fact that a perfect form of either view on strategy is quite rare. Deliberate and Emergent strategies can be seen as a continuum, or as a river in which the water are stirred and unpredictable - certain parts will be Emergent, and other Deliberate, as shown in Figure 4
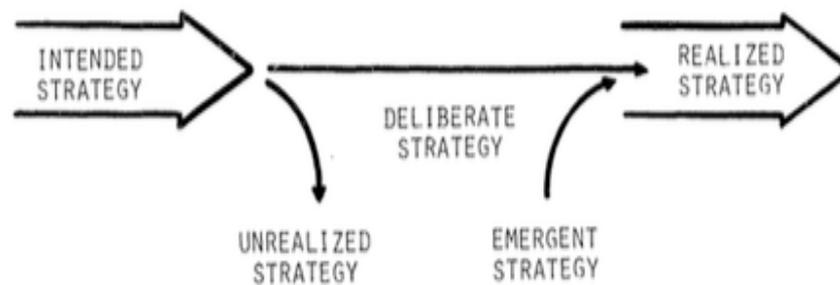

Figure 4 Deliberate and Emergent formation (Mintzberg and Waters, 1985)

Mintzberg and Waters identify eight different types of strategies, from *Deliberate* to *Emergent*. A summary of these are shown in Figure 5 below.

Strategy	Major features
Planned	Strategies originate in formal plans: precise intentions exist, formulated and articulated by central leadership, backed up by formal controls to ensure surprise-free implementation in benign, controllable or predictable environment; strategies most deliberate
Entrepreneurial	Strategies originate in central vision: intentions exist as personal, unarticulated vision of single leader, and so adaptable to new opportunities; organization under personal control of leader and located in protected niche in environment; strategies relatively deliberate but can emerge
Ideological	Strategies originate in shared beliefs: intentions exist as collective vision of all actors, in inspirational form and relatively immutable, controlled normatively through indoctrination and/or socialization; organization often proactive *vis-à-vis* environment; strategies rather deliberate
Umbrella	Strategies originate in constraints: leadership, in partial control of organizational actions, defines strategic boundaries or targets within which other actors respond to own forces or to complex, perhaps also unpredictable environment; strategies partly deliberate, partly emergent and deliberately emergent
Process	Strategies originate in process: leadership controls process aspects of strategy (hiring, structure, etc.), leaving content aspects to other actors; strategies partly deliberate, partly emergent (and, again, deliberately emergent)
Unconnected	Strategies originate in enclaves: actor(s) loosely coupled to rest of organization produce(s) patterns in own actions in absence of, or in direct contradiction to, central or common intentions; strategies organizationally emergent whether or not deliberate for actor(s)
Consensus	Strategies originate in consensus: through mutual adjustment, actors converge on patterns that become pervasive in absence of central or common intentions; strategies rather emergent
Imposed	Strategies originate in environment: environment dictates patterns in actions either through direct imposition or through implicitly pre-empting or bounding organizational choice; strategies most emergent, although may be internalized by organization and made deliberate

Figure 5 Different types of strategies, major features (Mintzberg and Waters, 1985)

None of the different types of strategy shown in Figure 5 gives a single answer to how strategy unfolds but the table provides an insight of the characteristics. Deliberateness has its focus on the desired direction it controls and focuses on fulfilling the goals that were set to achieve. External environmental factors are not taken into consideration as adaptation to external factors is not within the scope of this theory.

The essence of the Emergent strategy is to understand and learn the principles and causes behind the factors and processes that are giving positive results. The concepts underlying this theory are very similar to what has already been described in section 3.3.3 about strategy as science or art. When a unique and successful process has been identified and implemented, the company needs to focus its efforts on the capitalization on this "blue print" of special knowledge. Every successfully implemented process is a piece of learning that leads to an important output.

Emergent strategy could be seen as chaotic from the outside, though it is simply a matter of perspective. Managers implementing this type of strategy are more keen on the learning process and therefore more flexible and open.

Another important difference between the two types of strategy is that the Deliberate strategy is more centralized and focused on hierarchy whereas the Emergent strategy

has a flatter, collective and open organizational structure. This could facilitate the ability to look for patterns in the market in which the company operates, which in turn could lead to a better capacity to develop business.

Mintzberg and Waters (1985) end their paper by saying that strategy formation (Figure 5) walks with two strategic feet - the Deliberate and the Emergent.

3.6   Change within the organization

Top management and organizations are in a continuous state of transformation. There are different ways in which organizations could change, from a sudden and unexpected to a slow but profound change during a prolonged period. The organization could respond to these changes by either be reactive or proactive. Reactive change tends to occur when new legislation and other controlled factors change (Kaufmann and Kaufmann, 2010). Proactive changes are based on expectations of future changes in the world market. L.J Bourgeois (1985) states that the most important factor an organisation should manage is its ability to understand the reality in which it operates, as this has great repercussions on financial results, as well as on strategic decisions and actions.

Hagedorn-Rasmussen et al. (2003) view management concepts as *political programmes* constructed in a social environment with the purpose of handling changes within an organization. These political programmes interact with an company's social and organizational environment and unfold as they are being implemented. Stakeholders along with management consultants or other external participants form alliances and together change and direct the course of action of these programmes. This means in fact that they follow an Emergent strategy.

> **BOX 11.** By looking at facts from Box 5 and Box 8, combined with reading Fredberg's article about paradoxes (found randomly when browsing the internet) that most likely contributed to "the boxes" learning process and vital new research question development. We now think we should focus on paradoxes in strategy. We conclude; we can never be sure, whether this change of path would have been possible without the concept of "random events". This is truly challenging insight, and also very reassuring at the same time very frustrating when trying to do "Systematic Combining".

When an organization decides to make a change in its management structure the working situation is altered because of a gap between ideas and final implementation. The risk is of getting stuck in the changing process (*the continuum of change*) and failing to implement such changes correctly. Part of the issue is that there is no set definition of what was "before" and "after", which in turn makes an evaluation of the change almost impossible.

An example of this is the BPR example of the Danish company Olsen which is suffering from a misalignment between management, hired consultants and ground workers. Their implementation process was affected by unforeseen events, such as:

- Internal replacement of managerial staff
- External replacement of consultants
- Internal resistance

This situation resulted in the following:

- Cost cutting concept had to be hidden
- Employee redundant rhetoric had to be hidden
- The CEO and high top management did not fully support the BPR process. This meant that the implementation had to be planned in more detail in order for it to be accepted across the organization and cover up what really was happening.
- The implementation process developed into competing ideas that were launched simultaneously within the company. The resulting internal implementation issues caused the whole BPR process to come to a halt.

<div align="right">Hagedorn-Rasmussen et al. (2003)</div>

3.7   Managers leading styles

Regardless of how they are structured, organizations need a leader. People in leadership positions do not lead in the traditional sense, but manage, which are two different notions. A meta-analysis study made by Bass (2007) concluded that positive impacts on organizations and the degree of job satisfaction were much higher in the presence of a highly committed top management.

A study carried out by Mintzberg (1994) concluded that managers deal with different management situations through *Information*, *People* and *Action*. Managers help organizations to accomplish tasks, which in itself is a form of movement. In small firms managers can be involved in the majority of tasks, if not all. In bigger firms the need for delegation occurs. *Managing through information* means that particular members of staff are chosen to deal with specific pieces of information, such as the structure of the organisation, budget and objectives. *Managing through people* is about building teams that work effectively, strengthening the culture within the organisation and fostering learning and more efficient work (ibid).

3.7.1   About leadership

According to Kahn and Katz (1966) leadership is the most efficient way to administer and implement guidelines, rules and routines within an organization.

However, there is a difference between a formal leader and a perceived leader, the latter being based on the staff's perceived legitimacy (Lord, and Mahler, 1991). A leader is legitimized by the staff thanks to their expertise, knowledge and ability to foster cooperation and instill a sense of direction. There is a social exchange between the co-workers and the leader's personal features and abilities, where the co-workers' "trading currency" is status, acknowledgement, respect, loyalty and influence, and the leader's is his or her ability to be a good headman.

Enhancing and developing top management's leadership skills and abilities equates to reaching an optimized state with regard to the following: (1) More delegated responsibilities; (2) Better working moral; (3) More attention and support from the management; (4) A deeper awareness and sense of responsibility towards the

organization itself; (5) Interesting work tasks; (6) Easier and clearer way to be promoted; (7) Less staff turnaround; (8) Less sick leave (Kaufmann and Kaufmann, 2010).

3.7.2   Charismatic leading

House and Podsakoff (1994) talk about *Expertise as a base for Strategy*. They investigate what experts in the field claim, and state that the whole purpose of strategy is to transfer knowledge to all employees and/or managers in the organization. Within the concept of Charismatic leading, four ground principles are necessary to achieve this main goal:

1. Performance level above average from all actors involved;
2. The co-workers have a high level of trust in their leader;
3. Enthusiasm and excitement for the leader's ideas;
4. Both parties, leaders and co-workers, are prepared for big personal sacrifices to reach the common goal.

Leaders and top-management ought to be the ones who develop a firm's strategy, perhaps with the help of external support. The real difficulty in this process lies in its implementation (Hrebiniak, 2006). Denison (2012, p. 62) worked with an organisation that stated: *the strategy was communicated on a need-to-know basis*. Although a strategy might seem to have little impact on the staff daily work, they are actually the ones who are supposed to implement it. Communicating a strategy across the organisation is therefore key in ensuring its successful execution.

3.8   How will the theory be used further on

Porters and Mintzberg's different views on strategy are used in this study's analytical work to understand the contradictions perceived by the interviewees. As some parts of the strategic work within Offshore AS seem to be of a very sudden and unpredictable character, those particular situations have been linked to Mintzberg's Emergent view on strategy. In other instances the interviewees advocate a more long-term planning strategy, especially when it comes to pursuing the implementation of HSE measurements and KPI. As the same people were sometimes giving contradictory answers, it became important to look into theories on psychology on the factors affecting humans when observing and describing a reality.

> **BOX 12.** After discussion we start to combine new developed knowledge from at least three different articles, where one of the common denominator was to question old assumption in theory in general, in this case strategy, and how we need to connect this outcome with our research questions and more so, the way we need to construct our interview. Here we will need to be prepared to accept that the answers could be totally different from what the literature is "claiming" and what we by natural biased "would like it to be". We are humble in this difficult balance.

When considering Offshore AS position in the market along with the background and circumstances in which the company was founded the theory of *Blue Ocean Strategy* became highly relevant. This has been working as an aid to understand the unique position the company has taken, along with the challenges that will come in the future to avoid slipping out of the *Blue Ocean* and go back into the *Red Ocean*.

Theories on organizations, charismatic leaders and induced change in organisations were all important tools in linking the current obstacles to how the respondents would like the future to unfold. There were many views on the organizational structure and how the company needed to change and the leadership develop. In this respect the theory on *Strategy as Science or as Art* was instrumental in explaining the different views of what strategy meant to the interviewees.

4 Empirical Data

This section will give an overview of the industry and how it is setup. It will also show what has been derived from the interviews conducted at the company as well as a compilation of material from secondary sources.

The section will start with an overview of the offshore market, giving the reader an understanding of why this market is so volatile. The second part of this chapter will pave the road to a deeper understanding of the interviewees' minds.

4.1 Industry overview

Oil exploration is present on many places in the world. The oil fields positioned outside the coasts become the shipping segment of offshore (there are other industries encompassing the term off-shore, such as wind farms, wave energy and fish industry). Operations in the offshore sector are of high monetary as well as operational risk. The development of offshore oilfields have three stages; (1) Prospect and mapping of the seabed and test drilling (2) Construction and building of the fields infrastructure (3) Production operation and maintenance. A CSV vessel can be of assistance during some of these stages. In stage two the vessel assists in constructing and drilling holes on the seabed, and in stage three it assists during maintenance work. Offshore though does not cover much ground in the shipping literature. Lorange (2009) for instance writes about the offshore market on less than half a page in his book and also states that the market is very specialized. This advocates both for less financial as well as resource efficiency between competitors. The total market value of the offshore industry is enormous, yet very few but large players are the ones driving the development.

There are a lot of different oil types on the market and the OPEC Basket is a composite of several types of oil. This mixed basket of different types of oil with different price levels becomes an overall average price of the oil from the OPEC countries. Another average oil price is the so-called Brent oil, which is also a benchmarked oil price from the North Atlantic basin. It's the OPEC countries deciding upon the BASKET price. The average price is based on daily quotations and in this study OPEC basket price is used. Figure 6 below shows the average price changes.
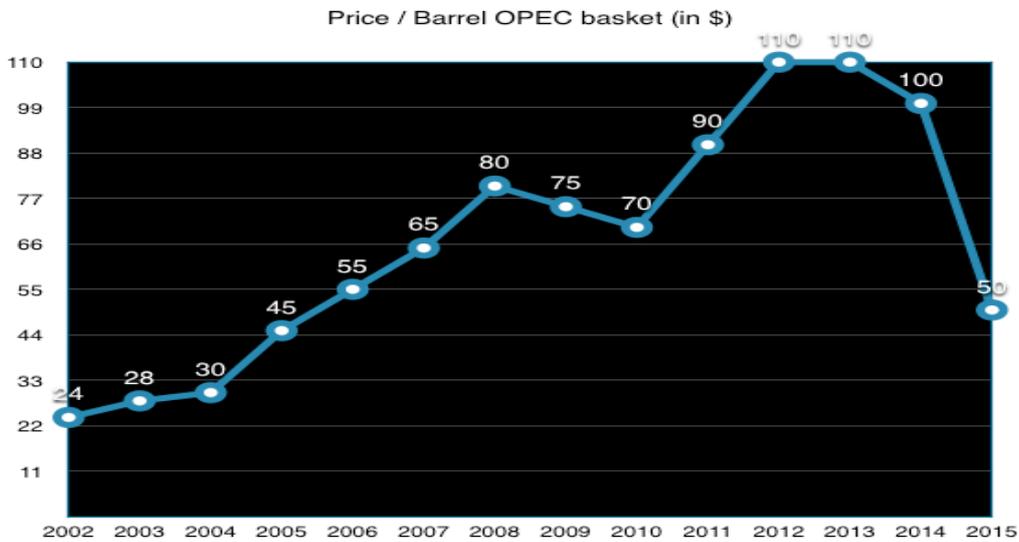
Of the total consumption of energy in the world, oil is contributing to 40%. There are many different factors having an influence on the oil price where many of which is coming from the economic development in the world. The world economy has had some large setbacks through history due to dramatic soaring oil prices. The most famous ones are the oil crisis in the 70:ies as well the more recent ones in 2008, not to mention the situation during 2014-2015, that fails to provide any clear signs of how the oil price will change.

Basic economic theory states that a price of a commodity is governed by the supply and demand in the market. These two main factors could be divided into several sub causes affecting supply and demand, as shown Figure 7 below.

Figure 7 The influencing factors behind the fluctuation of international oil price (Lingyu, 2012)
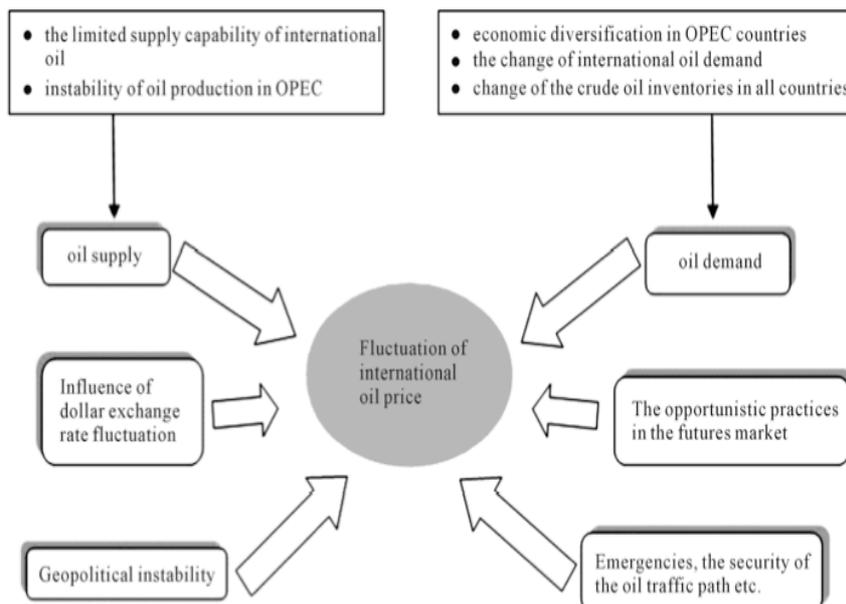
Large imbalances between supply and demand lead up to an extremely volatile and at most times very unpredictable price movements. Two aspects of supply and demand are shown below in Table 7.

Table 7 Demand and supply in the oil industry (Lingyu, 2012)

Supply	Demand
The total amount of oil in the world is limited despite the fact that new oil field is constantly being discovered	The demand for oil in the world has historically been driven by the economic development in the United States and Western Europe. Latin America and East Asia and even the OPEC countries themselves are now the new drivers of the demand, along with the steady but declining demand from Western Europe and USA. However, the oil consumption increases constantly and this in turn has an effect of trying to accommodate this change of international demand.
OPEC constitutes of several Middle East oil producing countries, which has 75% of the world's oil reserves giving them the most important factor in influencing the oil price.	Petroleum inventories are divided into conventional and unconventional inventory. Even though the conventional oil inventory amounts to 80% of all the oil in the existing production and processing system it does not have the same large impact on the oil price as the unconventional inventory, which is solely controlled by the large oil companies. When the prices are low, the inventories in the unconventional part are being increased so the oil could be sold on speculation when prices goes up.

There are many factors having an impact on the shipping business in which Offshore AS is working. Lansdale et al. (2013) states - in the shipping business in general there are important factors influencing strategic and financial decisions, such as:

- The future demand of oil
- External environmental issues, such as war or new regulations due to accidents
- Technical specifications on tonnage/the ships the company is trading with
- How many new-builds are coming out on the market over the next years
- Planned areas where new oil wells will be drilled

A clear evidence of the severity of the matter for Offshore AS is the statement from Statoil regarding the new oilfields *Johan Castberg* and *Snorre 2040* whose recent commercial development have been postponed. The reason is that the subcontractors and Statoil need to develop a strategy development plan which could handle a

potentially low oil price in the future. *"Castberg and Snorre 2040 are two major and important projects in our portfolio, and it is important to find sound and robust development solutions for them,"* and…."*We have made significant progress in reducing costs for Johan Castberg. However, current challenges in relation to costs and oil prices require us to spend more time to ensure we extract the full benefit of the implemented measures,"* says Ivar Aasheim, Statoil's senior vice president for field development on the Norwegian Continental Shelf.

The oil price, shown in Figure 6, has such a huge impact on the business within offshore that it becomes necessary to monitor the large players in the energy business and how their investments are changing along with the changes in the oil price (Kristiansen, 2015).

4.2 Offshore AS's story

During 2003 and 2004 the company was formed by people who already had more than 20 years experience within the CSV field within offshore in Norway. The group set the goal to deliver administrative services with special designed CSV vessels to serve the oil and gas fields. The vision was to own and operate the most modern fleet in the world with vessels that could meet the demand and face a harsh and challenging external environment. The company would deliver superior standard towards existing fleet in the segment. 2007 became the first real financial year during which they placed the two first orders of new vessels with an expected delivery in 2010. During the years following up to this delivery the company worked with preparing the staff and clients for these deliveries.

Later during 2010 the company was listed on the Oslo stock exchange and the following year another vessel was ordered from the same shipyard. The following year, 2012, the CEO received an award from the shipping organizations appointing him the shipping profile of the year. The years after an additional order for a new vessel were placed and at the same time took delivery of one vessel. In 2013 the company ordered yet another vessel, a contract worth 280 million USD, as another vessel was delivered. The CEO said in an interview *"This latest order is another significant addition to our fleet"…"which will further enhance our offerings to the market".* By the end of 2015 the company will own and operate a total of 5 CSV´s all of which are especially designed to withstand harsh environments and at the same time have the capability of executing complicated and state of the art drilling solutions at large depths.

4.3 Interviews

Below the four interviews and their major takeaways are being presented. The order of appearance is not following the order in which they were conducted, i.e. not the same order as table 3.

4.3.1 Interview A

Comments on Success factors for Offshore AS and its strategy: Comments on Success factors for Offshore AS and its strategy: We have managed to find our own niche on the market which is "empty" of competitors. That is- we have managed

to deliver state of the art, new built drilling vessels in a perfect timing. The Offshore market is extremely volatile with acyclic behavior which in turn is very hard to predict. Suddenly the market expands and equally arbitrary it collapses. In this volatile market we have managed to deliver the right product and service at the right time. Historically it has been a cyclic behavior among all offshore shipping companies in their production/launching of new vessels. All oil companies' work in this way. In times of high oil price there is a huge investment climate and all money are being spent on expanding and investments. When the oil price falls, all oil companies immediately stop all exploration investment and just focus on pumping oil.

The persons who started this company had been working together for a long time and new the drilling vessel business very well. We had the skills of the business; we had "a name" in the offshore market so we automatically had easy access to money for future investment through banks. We have really tried to adapt to this kind of market situation by building up capital which could be used while the market investments and job opportunities are falling due to low oil price. We need to be able to handle lower day rates and still be able to pay the capital cost on our vessels. There is a balance we need to do in our capital payments in order to not use all our "fat" on down payments on borrowed capital now, in order to have reserves for future down periods. We do not know for how long this low oil price will stay, so we need to have a plan in the meanwhile without losing money. Our strategy has been to build new vessels and compete with our only competitor in this niche market. Our only competitor had a Monopoly on special designed drilling vessels. We want to add something new to this market with brand new, state of the art, vessels. Our services are of course more expensive for the customers but far better, and gives higher value for money.

Once, our company was close to be extinguished by our main competitor in a case where they tried to buy us out. Because of an owner clause derived from a Singapore law, (since our company at the time was registered in Singapore, it gave us the chance to overbid the original bid) This event was not a strategy from our side, just a very fortunate circumstance in the owner structure. Today, we have taken precautions against future external takeover threats by clauses against our two largest owners.

Our two owners have different advantages as well as problems. The Risk Capitalist-company based in The United States has been important for us from the very beginning. However, now when their investment horizon is reaching it's end they want to have payback on their money. This circumstance forces us to look for capital elsewhere in the market, i.e. take up expensive loans. The other owner, a shipyard from Norway, is a stable and serious owner as it has a long-term focus on its investment. They benefit from us in the fact that we order vessels from them. At the same time they can negotiate on the quality of the vessels, and cut costs, which in the long run is not beneficial for us.

Things to consider when signing new contracts: You need to focus on the client and what the client demands in regard to vessel manoeuvrability and the weather environment. Our vessels should be sold towards companies with special need of precision and high safety requirements. The company should only focus on those contracts where you know the oil company will gain money in hiring our vessels instead of anchoring up an old oilrig without the DP positioning ability.

Strategy in our daily work within the company: The challenge for us now is to handle the aftermath of our first goal (to build new vessels and put them on the market). Now we have to focus on handling all new personnel at the office and the organization in order to make us work as a professional shipping company. We are lucky in the sense that we have manage to recruit people with shipping experience. However, people with pure offshore experience think a bit differently when it comes to planning. We are a fast growing, young company which has only been around since 2006. We try to expand even more but in a reasonable pace. We have issues with the effects of large expansions, both with regard to HSE, Maintenance, and stricter regulations from clients and flag states.

Strategically our contracts are between 1-3 years on average. What we need to look at is the planning one-year ahead of a commencement of a contract. 1 year is the time you have available to arrange all planning. And of course, it is all about how the oil price driven factors influence the planning and strategy. It is easy to predict what the oil company has in plan for future projects which in turn will result in new potential contracts. But then again, we understand what investments lies ahead in the future oil fields, the oil company's strategic plan will mean a contract for us. On the other hand the oil price could suddenly fall and all is put on a hold. Those kind of "on-off" scenarios which are actually very common in this *cash-flow driven* business. The behaviour of the oil price is very difficult to predict. We could make a good estimate of the future with regard to oil-companies investment regardless of how the oil price is moving let say 3 years ahead, but after that it becomes very blurry in the future possible prospects. The market for us is anyway limited. The market in total can handle some 30 drilling vessels of this type. For us, this is a fact that we need to consider in our strategic planning.

The reason for this is the special market conditions of our drilling vessels. The market could be said to be a Monopoly market where the rates are rather fix and not so volatile between our competitor and us. This is because of the fact that they hold an old fleet with low prices on their services and we need to adapt to this price. But sooner or later they need to scrap their oldest vessels. In addition, all our other new competitors are building vessels. So there is a threat in that sense. On the other hand, since it is so expensive to build a new drilling vessel of this kind the market will not be characterized of having too much vessels by like the supply vessel market. The other factor to consider is the scenario of when and if a competitor of ours is going bankrupt. The question one have to answer is: Who is going to buy up all their vessels? Is it us? if not, what consequence will that have on our business?

Comments on the oil price, fire fighting and time horizon and planning manoeuvrability: We are a company that are revenue/income driven. We do not survive on the margin. For us it is all about the hiring of our vessels and total contracted months/year. Since this is our main focus, there is an inherent paradox there. There is an extreme short term view in our planning and processes, and at the same time you really need to plan your job and make all people in the organization to think long ahead. You can't solve every problem here and now. To have the ability to plan your work is in my view, a good remedy to solve the small crisis always occurring in this kind of business environment. If you plan, you will have the resources for putting out the fires on a regular basis. Now we have realized the need to put managerial organizational processes in place in order to make people be able to execute work in a similar way, regardless of where they are and what they do inside

the organization. We are actually doing a cultural change in the company where we try to leave the ad-hoc solution of working, and go towards a more standardized large-scale way of thinking and working. In this way we could make it even easier to expand in the future, since all involved personnel would know exactly what to do when one or two new vessels are being built and launched on the market. In addition to these things, we struggle a bit with implementing the large scale thinking into the organization.

Some people do not really handle the scale of the business we are in. The numbers and scale of the cost/revenue are so large making some people scared of taking immediate decision. This fear inhibits the ability to act and perform well. As a remedy I try to communicate the device- it is better to take a decision than not taking any decision at all. There is no room for saving money on things that potentially could make our vessels be off-hire for one day or two. Off-hire is something we really need to avoid. The communication is therefore really important. And of course, in this special field of shipping/offshore, there is a special culture and attitude in how you talk, and how the hierarchy function. Some people with not shipping experience have problems dealing with the more direct and harsh way of communication. However, this is the nature of the business and it has to be said- All our staff and marine crew are actually very kind and understanding, so I believe a lot has changed the last years in this respect.

> **BOX 13.** We have come across new literature and we realized that after the first interview we need to seek even more theories outside the scope of strategy; we are thinking about interviewing a marathon runner to see how they deal with a 42km run and how they divide the race into tactical stages, in order to be able to complete it, which we, from the interview can link to long term planning.

4.3.2   Interview B

Major Impacts: A Delivery of a new vessel to the company has a great impact on the company since it forces the company to go from construction/delivery phase into operation phase. This transition is very demanding for the staff. The two accidents we had at 2013 are also important events with huge impact. It became clear that the company did not have an organization structure being able to handle two incidents at the same time. The problem was the accident in Canada (staff injury) which did not get enough attention from the top management since all resources were directed towards the ballast tank incident in the North Sea, which is very understandable anyway. The accidents themselves could have happened anyway, but the organizations were too slim, and not organized fleet wide as it is now. Partly it is possible to explain the structure of our existing organization because of the accidents, since the top management thought that handling the daily work was enough where as now the line management has grown.

Contracts and business: Preferably we should focus on long-term contracts. The reasons for this is because of the inherent complexity of dealing with a new client. Since the administrative burden is large when complying with a new customer one really need to have a long contract in order to benefit from all efforts being made to comply with the new situation. It is not only paperwork included in this change, also hands on processes and systems on-shore in the new country/flag state with all its

unique regulations is playing a big role in the workload with a new contract. There is also an issue with control of the work being performed on and off shore in the new country/ contract. This has to be monitored thoroughly so representatives actually work for Offshore AS rather than the Client. In Brazil this has been the case, since they don't want Offshore AS HQ to interfere with how they are running the business. On the other hand, these local people and organizations under Offshore AS are very Important for the well being of the existing contract. There is a thin line to balance between controlling and let them run their business.

Challenges: The biggest challenge is the oil price. It is difficult to sign new contracts with the slump in oil price. A Low oil price forces our clients to reduce cost by constant attempts to negotiate the price of already made contracts. This is in turn, has had an effect on our second largest challenge: The growth of the company. The slowdown in the market that we are experiencing now is actually giving us a unique possibility to catch up on the work with managing a fast growing organization and all problems we have had with this.

Vision, Mission and Reality: I don't think there is conflict here, since we are actually delivering on the vision towards our clients, that is: to be the first choice of Offshore AS service, However, I don't think the message of the Vision, Mission has been spread well enough through the company.

Basically, The goal for us is to do things "better" but this is also a problem or a conflict in itself.... Quote*" when we change client we have a lot of new requirements that we suddenly have to comply with, however, this does not necessarily make our work better. It's different, and then we have to invest a lot of time and efforts in complying with those requirements which actually doesn't make us a better provider of Offshore AS services, it just makes the client happier because we make the documents that they want to have. "*

Does the personnel share the same strategic map? Quote: *"No, I think not. I don't even think there is a strategic map communicated, since we are doing 99% fire fighting"*

In an audit recently the staff had totally different answer to the question "What is the goal of our company"? A part from the standard answers about "safety" and "satisfy client" this was a very important insight for me.

Quote: *"yea, so I mean if you put the answers in a box big like this (signing a large box with the hands) probably they would fit all, but if you put them in a box this big (signing a small box), then you need a lot of boxes to put the answers in" And also, people are, more you know, thinking, guessing then actually answers something that they have heard. So I think they know somewhere back in their head, this is probably what we are looking for, but not really like "this is the vision, this was communicated and this I have heard here"*

Quote ": *I would say that those words described on a paper, (Vision and Mission) are not so important. As long as people have a job and know their tasks, things work. I'm always very interested of the whole picture, but I have understood during my years at*

this company, people, for me they are not interested in the big picture, usually. They are interested in their piece. So the problem comes when, and it has happened, when people don't really know what they should do. This leads to different people are doing the same thing. Double work".

All issues with double work became even clearer when the organizational changes occurred in the company. We tried to split up the organization into client and operation parts. This change did not prove to work and we decided to merge again. When merging it we realized that personnel normally didn't talk to each other about their work tasks, and instead, they actually (because of the lack of communication) did the same job without knowing it. The reason for this is the lack of communication between the managers in each operation group. It hasn't been communicated what should be included in the commercial section of the organization and what to include in the operational side. These two entities are interrelated in the end.

Top Management: The founders and leaders of the company are truly dedicated to the job. They were here from the start and the company is their baby. They do very little planning but instead they truly execute instead. They are engineers so they like to calculate and participate in general planning and calculation of the vessels movement, practical circumstances and vessel position, just like they did from the beginning.

Strategy in the daily work: I really see long strategic potential in different areas. However, it is basically impossible to execute on this since I only do firefighting in my daily work. I have very clear pictures of what I would like to do, for example, clean up the management system by organizing it more and add clear instructions and processes for everything we do. A well-structured management system would mean that the company could reduce the number of staff. Because as it is now, we hire one person more instead of have clear view of how to organize our resources. I would like to focus on the amount of non-conformities (incident reports). It would be good to be able to sit down and analyse and find out the root cause of them. The success and growth rate is both the cause and effect of many of our problems.

The more success we have, the more job we have, and since we can afford it, we solve the short term problem by hiring another person. It would not have been the case if we had limited recourse. For example, had we only had 2 vessels in our fleet we would have had time to establish routines, instructions and processes which would have been in place already. It would have been good to have a welcome folder / work instruction package to all the new people coming in the organization. Today we have nothing of this. This is what I believe is relevant to strive for, but I don't know if it is possible. For example, once we started a project of defining processes in the responsibility process. The project never got finished since the time and resources did not exist since the project were put on top their ordinary work tasks. There is just not possible to hire any person and ask them to start on Monday solving problems.

Offshore AS in the year 2020: If the market changes, and if the market allows it, with a clear reference to the oil price, our company will most likely build an additional 2-3 vessels by 2020 and at that time we would be almost as big as our largest competitor in this market. However, our competitor is dealing with a lot of old vessels so they could be out of business by then. We are also looking at diversifying ourselves against the future where there is a lot of vessels coming out on the market

the next 5 years. By looking at other niches in the drilling vessel markets we try to be prepared for other types of jobs so we are diversifying our risk. We are so dependent on the oil price development that we need to invent new markets rather than pursue old ones.

Owners: There are two major owners of the company. The first owner is a Large Norwegian Shipyard which has extensive experience of the shipping industry. Their main incentive is to control and make sure the next vessel will be built by their own shipyard, thus securing long term revenue. The paradox here is- despite being the largest owner, the shipyard tries to cut costs by focusing on their construction budget rather than focusing on a long-term benefit for Offshore AS by construct vessels with the highest quality. The board of directors of which some of course constitutes of the shipyard owners seems to care less about management systems and quality.

The other large owner is an American investment bank working in a standard short-term investment horizon with a potential exit around the corner (when the oil price and the market is up again). We struggle with explaining for them, basic cost structures and normal cost trends in this business of which these owners have no knowledge. It is apparently difficult to have those kinds of issues with one of your mayor owners.

However, with a better Management system there would be possibilities of improvements in the whole process chain. However, I believe there is also a potential downside. People in this organization are performing so well because they have a freedom to work and decide how to solve their work tasks. They think it's fun to work in this kind of open and relaxed organization and this is contributing to the success. To structure the management of the company too much could be contra productive, because some of the dynamics, joy and innovation could disappear.

> **BOX 14.** After the meeting we have realized that we should discard the concept of paradoxes as the main "track" and instead look at them as empirical dilemmas. This means that we now want to find something that we in the core could question in the true spirit of Alvesson and Sandberg, with regard to the outcomes of the interviews. New takeaways from recent interviews are that strategies apparently exist in their concept of reality when it suits them. The concept of strategy comes and goes dependent on if the organization is doing fire-fighting or if it is relaxed and have time to think ahead. We assume that this idea of the strategy awareness that comes and goes. There is a clear tension between the concept of vision, mission and goal in strategy and the theory of "strategy as an art or practice".

4.3.3   Interview C

Important factors for new investments: The ability to predict and analyse what the "market" is demanding in the future. Aspects which needs to be taken into consideration are: Geographical location and the specific local demand of our services. Next is to evaluate specific regulations coming with the specific trade, which actually decide the cost of the manufacturing, and employment of staff in order to have a tonnage suitable for the specific trade. There is a risk of "building to the highest standard" if you end up not having a contract in the specific trade the vessels were built for. The search for contract is very important in this stage. Unfortunately the company is not large enough to facilitate the opportunity to choose contracts. The

best scenario would be to spread the risk with different types of contracts based on length, but we can't afford such a type of strategy so we are only focusing on really long contracts paying off well. We build vessels for a specific market and in the launch process bidding on other contracts in other areas as a backup if the local market is dipping. We really try to avoid *gaps* in our hiring since we are too small to be able to handle long time off-hire periods. The size of the company is not large enough to be able to have vessels laid up waiting for the *lucrative* contracts. For example, we accept lower incomes on contracts for vessel working in a region of the world which is not so attractive, if they are 5 years or longer. This becomes our way of securing long-term growth possibilities. We now what we will earn, which is important.

After we have "won" a contract and go into the process of contract signing, there are new challenges of utmost importance. There are pitfalls, questions and ambiguous parts which characterize the stipulation of the contract. All potential risk needs to be looked into, so we need to think "contractually" even after we have signed a contract. We need to adapt our *Bridging documents* and work processes on the vessels so less claims and costs will occur. A bit cynical one could say.

The Vision and Purpose of the company and why it was founded from the very beginning is very interesting. The founders saw a big gap between the existing CSV vessels and the demand for modern and up to date vessels with the latest technology. Very few new buildings were in the pipeline so there was a clear strategy from the very beginning to build specifically for the Norwegian market on CSV with special Drilling capability in combination with DP-capability where the vessels wasn't dependent on anchor-handling set ups. This competitive advantage makes the vessels much more accessible for our customers.

Views on Mission, Vision and strategic reality: Since it is a new company we have worked a lot with our Mission and Vision. This has boiled down to certain KPI figures. Unfortunately our previous KPI figures were actually not measurable which forced us to reconstruct them into new ones. However, it doesn't matter what nice vision and mission or KPI figures we come up with, the fluctuation of the oil price could change those parameters drastically anyway.

Oil Price influence on the Company: The oil price does not affect us as much as other players in the offshore industry since we work with long contracts. Nevertheless, we see a huge dip in the demand for our services. Before it was easier to build a vessel without a contract, today we do not dare to build a vessel without a contract guaranteeing several years of revenue. It is not easy to find financial aid from banks in order to enter the market, like it was 5-8 years ago before the finance crisis, you could build a vessel on speculation 100% financed by the bank. The fact that our company is not on the stock exchange also makes it a bit easier.

On a top management level I guess the oil price is very important in the assessment of understanding where the CSV-drilling vessel market will go. But as I said, for me, at the stage where I am and my department, with the long contracts we have it is business as usual. Of course I can see how our clients have backed a bit when it comes to expansion of new projects, but that is nothing affecting our long-term contracts and long-term commitments. However, it is there in the back of my mind of course, as a factor.

Challenges: The risk of new entries on the market is low since all stakeholders need to show up a track record of being able to do the job. There is a mistake to think we have been long time in the game. We are still after 8-9 years in the business considered to be the one who has to prove our capabilities all the time despite the fact that we possess the newest and most modern vessels in our field. Our organization is growing all the time and of course, our clients are still asking themselves "is this company up for the task"? To be the "new kid on the block" is always very hard. In addition to this, the scenario when some clients would cancel an existing contract with the subsequent effect of a financial compensation is a bit scary. The financial reimbursement is not even close to cover the financial loss in a long-term perspective. However, this scenario is not something we see as very likely, we actually just go on and do *business as usual* and we are hiring personnel continuously.

Ownership: The company has different owners, one large Norwegian Shipyard hold a substantial stake in the company after a legal dispute issue with one previous owner. We try to deliver ROI (Revenue on Investment) for our owners. It is an advantage to not be registered on the stock ex-change when the oil-price is soaring. One could just look at our competitors who struggle with decreasing share values. Of course, by this we will miss opportunities to get funding when we need capital for new vessels.

Work situation: In my work, and what I'm focusing on, the situation demand to make up new strategies, every day. The company is in a phase of growth with deliverance on new vessels forcing us to put all long term strategically plans aside. We solve problems as we go. There is a feeling of frustration and one realizes some day in the future I will end up solving problems which could have been solved from the very beginning. Presently my work consists of putting out fires. The strategies we use are being changed between the morning to the afternoon.

Quote: *"One would wish that it was possible to plan your work just as you would plan a Marathon race. You would like to be able to set the pace so that you can reach the finish line in best possible way according to plan. Here, our work can be compared with 'The Gladiators' were new obstacles occur as you go and you only focus on taking yourself through the next combat. This is how it feels like at least. It is like I'm painting a picture as I go, without structure; I'm painting like Picasso so to say".*

Historical events: Only one Lost Time Injury (LTI) has occurred in the company since the start. Also one ordinary technical failure has occurred. However, the consequences of these events have had a major impact on the company. The market for CSV-drill ships is small and all stakeholders involved demanded a strong and immediate action towards changing routines on the vessels. The incidents made us go through all documents and processes to find the root cause of the incidents. Up until today this incident plays a role in our daily business since clients and authorities is checking and asking for proof about these incidents and that they actually have lead to a true change to the better. The company has received positive response from authorities and clients inspecting our new enhanced processes and something positive have come with these incidents since they think we have handled it really professionally.

Another positive historical event is that our company started a new trend of new buildings of this special CSV vessel with Drilling capability. So now, all competitors

are following us, however, the ordering of new buildings have stopped because of the soaring Oil-price.

Competitors: Our competitors are building the same sort of CSV / Drilling Vessels as we do. We are very interested in the specifications of those vessels in order to have control of what our competitors are doing and what contracts they have signed. We need to have this control in order to assess what strategy we need to have.

Challenges for the company: Since we are in a constant growth, our biggest challenge is to pursue and manage the daily business and all commitments we have taken up, and at the same time handle the growth and all new personal and commitments which keeps on coming. Every time we take delivery on a badge of a new vessel we become diluted both in the office and on the other vessels. This becomes a challenge in itself. To handle the fact that we become diluted, and grow bigger.

Personal challenges: My challenges are basically the same as the one for the company: growth contra maintaining the quality. There is a lot of people coming in, so the process is to learn and teach for the new ones, as well as putting out fires. As a manager I would like to put more time on long term strategies like talking with people in the business and exchange experiences and run long term safety campaigns, and build a long term safety culture, or implement a campaign to measure environmental impacts. It is frustrating to not get the time one would need for this.

Good things: Quote: *"That theoretical image of what one would like to create and reach, the self-fulfilling image of oneself, requires a 48 hrs. Day, Such days do not exist of course, despite the fact we are in a period of extreme growth, maybe the expectations on ourselves are not fair. I guess we should take one step back and say: 'We do well, and we are delivering achievements', and accept we need to focus on those things which are important for the moment".*

And in contrast- It would be irresponsible to actually do anything other than fixing all problems here and now. For example, the company is in an urgent need to implement a functional management system integrating the offshore and onshore personnel. This thing has got such a high priority making long term goal becoming less important, and as I said it would be irresponsible to actually skip those kind a things in favor of the long term goals. We will need to take such things later when time and place allows it. So in the end, looking at it from a distance, we are actually rather satisfied what we have accomplished so far. In the offshore business, the work could actually be defined as a "putting out fire business" in many ways, If you have experienced staff who has been around for a long time it its easier to put out those fires.

Gap between Onshore and Offshore: It has been a lot of re-inventing the wheel for many people in our organization. This is because the new vessels and the old organization has grown so fast and did not have the required management system. Many documents have been made or copied by staff working offshore, just in order to solve an immediate problem of not complying with rules and regulations. This situation is now being rectified by the head office implementing a common management system which close the gap between the system offshore and onshore. This is one of those things we want to actually have time to put focus on.

Where are the company in 2020: Quote: *"If you could tell me the oil price in 2020, I will be able answer where we are"*. Regardless of how large the market is in 2020 for CSV-drilling vessels, we want a larger piece of the market. We have a wish to expand our fleet, but as it is now, we do not have any new vessels in plan. We can't relax if we want to become better. We don't necessary need to be larger, but we definitely need to be better.

Since we are in such long contracts, all look very "grey" in two-three years' time. There are not a lot of contracts out there in the market around 2018, which could be seen as alarming but our company has signed such long contracts that we are not really affected by this fact. Many oil companies has invested so much money in their projects so many already started projects and contracts will be continued, which is a benefit for us. As well, since our staff is so experienced in other fields in the shipping business, we are not solely tight up towards CSV-drilling vessels, we have others way to use our knowledge and know how.

4.3.4 Interview D

Biggest challenges: The market being affected by the soaring oil price in combination with the goal of finding contracts poses the largest challenge for Offshore AS today. In a longer perspective we need to deal with the challenge to find new capital. Either from the private equity market or from institutions. This longer perspective is somewhat connected to the oil price development. Internally we also need to communicate our situation to our present owners.

Different realities: For me, the top management are sometimes not really aware of the fact that the company has grown out of its old costume. As a matter of fact we are instead a middle-sized company. This misunderstanding has lead to several communications issues between top management and co-workers. There are so many new employees in the company who doesn't have the same choose-free relationship with the top management. Instead some of them come to me and ask for advice when they realize that the top management are wrong or have failed in communicating certain issues. They have not yet understood the company's flat organization´s non-hierarchical style. Another issue is the fact that we still work with Excel sheets between different departments compiling data for KPI figures required by the top management. They (the top management) sometimes don't see the complicated process we need to go through to compile and deliver even the easiest badge of data. This is due to lack of a common computer system integrating Onshore and Offshore processes.

There is a lot of manual labour executed at this moment. In addition to this, the top management are executing Micro level task such as calculations and checking daily figures of the operation instead of dealing with organizational or administrative task or broader issues regarding strategy. Sometimes the top management bypass several steps in the hierarchy which is something I believe they should try to avoid. The whole structure of leadership and management is not aligned with each other. The CEO could enter a project meeting and asking a question, and he gets an answer

straight away. This is of course very good, but the problem is that this information received by the CEO should be delivered to other middle managers first, since they also need to benefit from the same information. At the same time it is very good to have a straightforward loose attitude between leaders and co-workers. There are also the benefits deriving from the top management's presence helping all of us to realize what is important and what we should focus on. it is also a great help to have them there as a support and as a driver towards what is most important.

Quote: *"He (the CEO) is counting on his Excel spreadsheets...asking control questions...sometimes I tell him he is wrong in his calculations.... but most of the times he is always right... and it is a great dialog and I have learned and developed tremendously because of his feedback and support.... I think I would have learned much less in an ordinary company where the working instructions are being there from the beginning".*

New employees and company culture: For newly employed this way of "finding your own way" is still present. Some like it and some don´t. A paradox is that my new work task is to align and find a common work process and an exact job description which instead will inhibit our present way of working were a new hired person do not really know what his or hers work duties are. I think this "choose free" way of working along with the pure entrepreneurial aura being spread among us workers together with the idea that we "fight" together through good and bad times is actually what defines the work at Offshore AS. This has lead to a feeling of comradery and the feeling of having a "second" family.

There are downsides as well. At times it really feels like the workload is too much, and this is acknowledged both by the workers as well as the management. In order to manage the overtime the company have started to hire more personal, but what happens is that we hire one person to fill up one hole in the processes, and we find him ending up cover some other work task which also were necessary to fill. We solve one problem which we didn´t knew we had, ending up with not solving the first one. The company is growing so fast and is becoming so big that the office building itself puts up boundaries between project groups and departments. We sit and work on different floors and different parts of the building, and for me, who now have a more floating job dealing with different departments, have seen this phenomena of "alienation" between groups and co-workers. It was not like this before when we were a small organization.

Mission, Vision and the Reality: Quote *"I would like to start by saying that the vision and mission and all this stuff... I have worked a lot with this, and wrote essays on strategies and was very surprised when I arrived at Offshore AS and realized that there is not even anything written down in this regard. "If you go out and ask people here, no one knows what our mission and vision is".*

Our top Management consist of three totally different individuals who all are highly competent and extremely important for our company. At least one of them would like to push towards implementing vision and mission a bit more, whereas the other two have a more relaxed attitude towards it. Me personally think this concept of vision and mission are sometimes overrated and becomes more like a "hallelujah" thing. It is being used to convince co-workers into something just for the sake of it. But nevertheless, I guess some implementation of core value is necessary for our

Company, at least everyone should be aware of the content of our vision, mission and goal making our own unique niche being clearly defined so EVERYONE knows our place in the market. Today, I'm pretty sure everyone thinks our vision, mission and goal is to put vessels into contracts which pay the rent, and that we need to do it safely. But hey, isn't that every offshore company´s basic goal? I ask myself: It must be more to it than this, and everyone has to understand and work for the same thing. I guess there are people who not even work for the daily operation as their first priority, they do not see the importance of getting a spare part out to the vessel tomorrow, since their horizon of where we are heading and on what strategic map we are navigating is totally different. I think the majority of all employees are navigating their own local strategic map.

Strategy in the daily work: When I started work in the company I worked with a horizon at a daily basis. Now, when I'm coordination project teams and trying to align them, there is bit more of along strategic horizon but not to the extent that I would like it to be. There is still too large of a workload to really be able to catch up, so this only happens on rare occasions. I have learned through the years the art of prioritisation since my to-do list is so long and never gets shorter. If we would have the structure and plan along with exact processes of how to launch and man each new vessel, we would do great with the amount of staff we have. But since we re-invent the wheel each time we launch a new vessel the strategic plan and challenge to keep up with the to-do list becomes impossible. The strategic decision to lift out me and two other persons to work horizontally fleet wide is a step towards dealing with this misalignment between plan, goal and execution. The project teams are the one screaming for more resources and sending signals that there is lack of time or planning so finally has the Management realized they need to focus on planning and processes.

> **BOX 15.** After analysis of the first interview there were evidence of shifts between "hands on Strategy" and "no clear strategy". These differences could be visualized in a picture or model. I seem as if it is a clear stated strategy, but "something else" is actually driving the strategy in reality. This leads up to finding the report "Substitutes for Strategy" and also "psykologi i organisation och ledning" as valid literature about these phenomena. Interview nr 2, along with new knowledge, has been moderated towards new types of question regarding strategy, such as; perception of strategy, different strategic maps between co-workers heading for the same goal.

Where are Offshore AS in 2020: In 2020 I believe we will be a stable and matured company in our specific market with a few more vessels being built. Our organization has most likely settled and there is a computer system in place corresponding to our organization so we can work more efficient with the number of staff we have today, even with more vessels in our fleet. The reasons for this future vision of mine is because of this: The present management is deploying internal management and leadership course for key positions.

The present management is taking measures to pass over all unique and vital know-how to the people which will stay in the company in the future. They have realized they are very good in technical details and to be innovators and build up and start up a company, but they do not have the experience or skills of building up a leading management structure in a mid-size company. Unfortunately it took too much time for them to realize this fact. There is a general opinion among the younger managers that it is not important to be an *expert,* instead he needs to be good in leading people, especially the *experts*. But here, at our company, we have the "experts" who are the

leaders. And I believe our top management are so vital to us that it becomes a dilemma. The "generalist" and the "expert" have different career opportunities and we really lack the "generalists".

Another dilemma is our top management who all have lived another life in the past and have different attitude towards work and family life. The old generation had other expectations from their families in the past. A modern family today expect you to take your part in the family life and social life and spend more time with your kids. This dilemma will be a challenge for me if I ever would be appointed a high ranked manager in this company.

Owners: The Company is putting all it´s orders of new buildings of vessels at the shipyard that is controlled by our largest owner. The quality of this shipyard is not the best you can find on the market. The general co-operation with this yard has worked okay, something that has been far more difficult with our other owner, an American equity fund. With them it is a big struggle to get them to understand the simplest thing about shipping and it´s different costs at different times during the budget year. So we put a big effort and time in order to get our budget to pass the board of directors, resources that could have been used more wisely. In the end they are interested in getting money out of the business in short term perspective so they do not see the strategic benefit of dealing with costs that will pay off much further down the road. It is a very active owner dealing with small issues on a daily basis.

Personal features as a factor for success: Our CEO is Offshore AS. He is selling vessels. He knows how to tweak things so a contract is being sold. His personal skills are all. Without him, we wouldn't been where we are today. The rest of the top management are the same, they don't see problems at all. They only see solutions. They don´t think twice, they act, here and now. They sell a contract, subsequently; the rest of us in the organization needs to deliver on what he sold. In a strategic point of view, with planning in mind, this could be difficult for us. We need to start from the very beginning sometimes, since it could change the rules of the game from one day to another, by selling a new contract or prolong an already existing one. We never know when this happens. This is very frustrating and at the same time it is extremely vital for the survival of the company. So, with the current CEO leaving there is a risk for the company. We need to teach people before he decides to resign how to think and how to sell contracts.

> **BOX 16.** The more we dig into our theory, the more we find. How many views of strategy is enough? There is a clear limitation issue that has to be looked into. How many references, articles and books are required to make sense of our topic. Working with Strategy is quite diffuse.

5   Analysis

In this section an analysis of the empirical material aims at describing how the interviewees presented the company reality and how this relates to the existing theory.

It is imperative to look at both internal and external factors to be able to explain Offshore AS's strategy in the offshore market. The text both looks at how offshore companies in general are conducting their strategy, as well as how the offshore market is developing. The structure of this section starts with an overall picture of Offshore AS followed by an analysis of the strategic "journey". This is followed by the third section, in which strategic Paradoxes are investigated. At the end there is a discussion about leadership and management with a final summary of the organizational process itself.

5.1   The overall picture of the company

The work carried out to understand how strategy is being executed within an offshore company resulted, through interviews with four employees, in the company's view of their reality. From the interviews it became evident that the respondents had different views of their reality. Table 8 below summarizes Offshore ASs employee's reality in relation to some key aspects.

Table 8 Four employees perceived realities

A Fire Fighting	B Oil price	C Communications	D Leadership style
The staff ends up in this *fire-fighting mode* unintentionally and it becomes the focus of the daily work. It is looked upon as negative yet it is the core of their strategy.	Oil price is the single most mentioned factor when explaining future business outcome. However, the oil price does not seem to be present in any of the explanations about why *fire-fighting* mode occurs.	The communication across functions both onshore and offshore is flawed. Systems that enable this mechanism are missing and the processes are highly informal (this is a sign of a company with an informal structure).	The leaders "are" the company. Without these leaders no true expertise and knowledge would exist, and this is believed to be the most important factor determining the company's existence. However it is in the leaders' nature to micromanage with the undesired effect of making the daily work more difficult.

E Working in silos	F Flat Organisation	G Strategy Awareness	H Owners prerogative
Vision, Mission and Goals are not communicated effectively nor present in the staff working life. This leads up to ambitious but negative silo working behaviour, which means that everyone is working for themselves and sorting their own work tasks without the Vision, Mission and Goals in mind.	The employees like to work at Offshore AS as they have a lot of responsibility and freedom. Top management could easily go to a "grunt" meeting and ask direct questions about specific things and receive direct answers.	Theoretical knowledge about strategy is profound as far as the interviewee are concerned. However, execution of strategy in line with the Pragmatic View is sometimes conducted without any awareness of its existence.	The owners are needed. Sometimes they are too focused on small details to interpret and understand the financial performance. One of the owners does not seem to understand the business fully.

In reference to section 3.1, strategy is all about specialization. The company in this study is working within a very specialized segment (offshore drilling vessels) of the shipping business. At the same time, Offshore AS is different from their competitors in that it has an extremely modern fleet which no one can compete with. In addition, Offshore AS is carrying out an extensive work to develop the work with Quality and HSE. The scope is to build new vessels and be better than their competitors in providing the highest quality of service to their customers. Their competitive advantage is in their vessels and the synergy is created by two major owners - a shipyard and an investment fund. The latter delivers financial stability whereas the former delivers vessels constructed *in-house* at a lower cost. These owners are essential for Offshore AS to survive, although the investment fund is said to interfere and thus becomes a stakeholder stealing resources. The shipyard on the other hand has got a double function of being both an owner and a constructor of vessels. The investment fund is detailed in regards to financial performance but does not fully understand the complexity of the offshore business. At some point all vessel owners suffer from costly activities caused by mandatory requirements from their Flag state - how large the cost will be or when it will occur is very hard to predict since Offshore AS's work is very much project-based and it is difficult to anticipate to which period individual costs will be attributed. Regardless of this, the owners are the ones who take the final decisions through the Board of Directors, which consists of the owners as well as top-management.

Offshore AS are expanding and changing at a rapid pace. They operate in a demanding business environment which has an impact on the character of the working processes. From all the interviews it becomes apparent that normal daily work tasks consist in handling sudden and unpredictable situations. The business market in which Offshore AS is engaged is neither predictable nor stable. One other factor described is the process which arises directly after a contract has been signed, particularly in the case of a short-term contract. A tremendous amount of work is being carried out to ensure compliance with every aspect of the management manual and other relevant regulations. In practice this means that signing several short contracts potentially require an equal amount of work to that of a long contract.

The nature of the business is capital intense and the unpredictability of the oil price means that declining a contract despite the extra work it implies would mean big financial losses. This is one of the reasons why jobs at Offshore AS are characterized by *firefighting* to the interviewees' saying.

When the market as well as the organisation are consistently subject to rapid and unpredictable changes, accurate forecasts and long term planning become more difficult. This becomes evident from the interviewees when they explain how they need to hire more staff to solve acute resource allocation problems. Instead they suggest that focus on the implementation of a better management system that ensures the right allocation of human resources would be more effective.

BOX 17. Whittington states in one his article from 2015"mastication of strategy" that Mintzberg and Weick explains strategy as the following: " Strategies are abstract affairs, 'existing only in the minds of people" and "Strategies are cognitive 'frameworks', helping to make sense of the complex and unexpected. We are not satisfied with this short explanation and the question remains, is this how researches "justifies" a field? It is too simplified.

The overall picture above states what Offshore AS is all about, both with regards to strategy and organizational structure. Table 8 describes how these factors are developed and influenced by the organisation internal and external circumstances.

It is important to stress that all data is based on the interviewee's own reality and perceptions. In effect, when asked to describe their work, experiences, motivations and emotions, each one is actually describing their individual reality and personal views. On the other hand, the answers about oil-price, leadership, work situation, and communication systems were coherent.

Since the social group at Offshore AS is strong, and the employees seem to have similar experiences, it is valid to think that the group itself has a shared understanding of how an organisation is supposed to work. This is one reason why all interviews are very coherent in their answers when describing the company. At the same time, perception of reality is very much based on a person's values and wishes, which in turn strongly affects their judgments and opinions, as well as reinforces their driving motives and purposes. This might explain the coherence in the answers.

In spite of the previous analysis, if a radical change was to occur in this organization, (for example, a new IT-system or a change in top-management) it could potentially have some adverse effects. Offshore AS has gone through a few changing processes, for instance when it restructured its management structure so that all vessels shared

the same department. The change impacted negatively on their work and had to be modified, with the result that the vessels are now separated and use a fleet-wide control system. This trial and error concept is very much what the Pragmatist theory advocates. Another example of a recent change in the organization is the management of the crew, which has now been *insourced* and is managed directly by head office.

As Hagedorn-Rasmussen et al. (2003) state, companies which change heavily could be stuck in the *wheel of change* and never get out. The effect is that changes never get implemented correctly and there is no stable definition of what was *before* and *after*. This makes an evaluation of the change almost impossible. As the mentioned BPR example from Denmark, in section 3.6 shows, the process of implementation suffered severe setbacks such as: internal replacement of managerial staff, external replacement of consultancies and an overall internal resistance towards change. What could be seen from the interviews in Offshore AS is that there are some similarities with the BPR example but the final outcome of all these changes is not possible to predict. Being aware of the risk of failure and the costs connected with change is of utmost importance as is the staff's perception about the urge and willingness to bring about this change.

5.2   About strategy

Offshore AS is a new company in the offshore market of CSV vessels and has done extensive work in documenting its vision, mission and goal. They deliver satisfying financial results and have a high customer satisfaction. At the same time, the internal stakeholders in the organisation do not have any real understanding of what the vision and mission truly mean and the internal documents have become more of a tool for the personnel to use when they need to refer to these statements. As of now, the stakeholders in the organization do not, at least in the light of deliberateness, have a clear direction of where the company wants to go.

For a strategy to be implemented in the right Emergent way one needs control and consistency over time (Mintzberg and Waters, 1985). The company's growth rate and all inherited organizational problems are causing the strategy implementation to be more difficult. For example, how does not having a cross organizational IT system impact on the company? Also, the majority of the staff expresses vague and rather general ideas what on what this strategic map is all about - what are the implications for the organisation?

These factors show evidence of a cross organisational culture with a very relaxed and almost nonchalant attitude in complying to traditional organizational and strategic structures. It is hard to judge whether this culture is positive or negative, although it is possible to say that the culture itself potentially inhibits the ability to implement strategy - as Denison (2012, p. 50) stated, *Culture eats strategy for lunch*.

As stated before, Niamie and Germains's article (2014) proves that close to 4/5 of all studies on strategy use the concept of Porter's strategic theories when describing how shipping companies are executing strategy. This fact makes it interesting to ask - what is so intriguing about Porter for the majority of these authors? Offshore AS does not appear to follow Porter's theories, though whether this is a deliberate standpoint has not been clearly communicated in the interviews. In turn this raises the question about the validity of the concept of strategy as such - in the bigger picture it might simply

equate to empty words for the organization to use when needed, or that companies use standard models of strategy advocated by hired consultancies.

Strategy could in the context of Offshore AS, be viewed as being deliberate on one hand, and emergent on the other. How much weight is put on each part shifts according to different situations. Managers at Offshore AS try to understand market developments and find patterns amongst large investments within the oil field, and state that this kind of analysis is something they would like to develop even further. According to the theories considered in this study, Offshore AS conforms to some of the factors which define a Deliberate Strategy, although by no mean to all of them. The emergent processual approach of strategy emphasizes the daily processes and the daily work as being the strategy in itself and Offshore AS is closer to this kind of approach.

Daily sudden events in the market have clear strategic implications for any company. These events could be said to "choose" the type of strategy for the organization, instead of the other way around. As a direct consequence of this and in order to maintain some control over the unfolding events the organisation has to find a way to handle this strategy. In such an emergent environment it becomes crucial to work with what exists at a given moment. "Ideal situations" (whatever they are) from a strategic point of view are not very common and therefore are not to be strived for either. As Weick (2001, p. 347) states in his paper, it is the map that matters, since he believe that the creation of strategy could crystallize itself without anyone realizing it.

Blue Ocean strategy is particularly relevant when considering Offshore AS and its position in the market. Initially the Blue Ocean of Offshore AS was created when the founders formed the company. At the time they had the unique skills required, saw a market and identified the unique needs within this market. They moved from a *Red Ocean* to a *Blue Ocean* strategy with two particularly competitive advantages - state of the art vessels with drilling capability on one hand, and full DP3 system on the other. The company has subsequently allowed itself to develop an organizational structure with creativity, delegating responsibility and flexibility. This is also in line with what Kim and Mauborgne (2004) states about the managerial actions involved in creating a *Blue Ocean* strategy.

For example, the video game manufacturer Nintendo with their product *Nintendo Wii* could not stay in their Blue Ocean and were outcompeted by Microsoft Xbox and Sony PlayStation 3, meaning that Nintendo's *Blue Ocean* disappeared. As a comparison, one of Offshore ASs competitors has recently placed orders on new vessels, which poses a future threat to the Blue Ocean in which they now are positioned. From a Blue Ocean perspective, it is for the future to decide which one of the players will stay in the *Blue* or which will revert to the *Red*.

A post study of another offshore company revealed that the organisation, just as in the case of Offshore AS, created a Blue Ocean within a specific segment in the market. Both companies share the same denominators - making stable profits, using new vessels only, latest technology, dedicated work force, innovative business culture and charismatic top managers with expert knowledge.

The Systemic strategy perspective advocates that an organisation should adapt to the external environment and play by the local rules, in this case being dictated by the oil price and its volatility. People and organisations behave differently according to what network they are active in. As the company object of this thesis is active in several places in the world, adaptation to local rules becomes essential.

Offshore AS therefore shifts its focus from itself onto the market and tries to adapt to it, as ultimately it is precisely the market that will select the fittest actor. Adaptation is crucial, despite the fact that the Evolutionary perspective is more difficult to apply to a de-facto *oligopolistic* market. Offshore AS trusts they have the capacity to be adaptable, and are aware that it is a requirement in order to be competitive. If they built more vessels, as believed by some of the interviewees, the need to differentiate and adapt in a sustainable way would become a high priority.

> **BOX 18.** During Supervision meeting topics about paradoxes as dilemmas was brought up. We concluded that the CEO leader style is a perfect match with the Classical "Charismatic leader" expressed in the literature. Some results from interviews has a negative touch, however, it necessarily doesn't have to be negative since an organized chaos could be dynamic and innovative so if the company becomes standardized the flexibility is being lost. A management system that looks nice on the paper does not mean per default that there will be a successful output. That goes for new IT-systems as well, we believe. It is more about what you do "inside" these systems that matters.

Whether strategy is an art or a science is of particular relevance to what has been discussed previously. The interviewees stressed that they see strategy as an art but they would also like it to be more of a science. According to *Strategy as an Art*, creativity should lead the way and logic support it. The supporting mechanism might be flowed, but never the creative source. Without any doubt Offshore AS can rely on creative staff. Weick's (2001) notion that strategy happens unconsciously could also be linked to the fact that often those who take and execute strategic decisions work as they always have been and strategy develops almost *unconsciously* out of that process. Hebrianaik (2006) supports the theory that execution cannot be taught (Art) but that some fundamental rules or guidelines are needed to paint the picture successfully. Planning and Execution should be separate - top-managers should limit themselves to plan the painting and leave the execution to the painters, who often are their apprentices i.e. the employees or "grunts". Furthermore implementing strategic decisions is a process that evolves over time whereas Strategy as a science is deliberate and states that the plan must be implemented as intended, thereby allowing less room for sudden or unknown events to happen.

Strategy as a hierarchy described in section 3.1 has several levels which, in order to work, have to complement each other - to execute one you need the other. Corporate strategy on the other hand is more general by nature. On the whole, Offshore AS is embracing a more corporate strategy and relies on sound financial grounds to develop and diversify. At business level strategy deals with the product itself (CSV vessels) as it tries to gain competitive advantage in the offshore industry. Hebrianaik (2006) states that attention should be focused on internal resources, skills and abilities. Furthermore poor and vague strategic performance at business level has negative implications on the corporate aim. From the interviews it emerged that Offshore AS's corporate strategy is not unified and the strategic map is not shared across the

organization. However the overall business strategy seems to work and give positive results - they have satisfied customers, they get paid and, because they lowered their threshold, they have an income even though the oil price remains low. The daily production output works well but internally the strategy has flaws. This leads to the conclusion that strategy does not need to be very detailed to deliver good results to customers.

5.3   Paradoxes as managerial dilemmas

Paradoxes as managerial dilemmas, as shown in Table 6, are constantly present. As far as location is concerned, Offshore AS builds its vessels to very high standards. Offshore AS operates in different markets around the globe, some of which are not able to pay the day rates it charges for their vessels. Offshore AS though needs to have full utilization in order to pay the capital costs on its investment. The dilemma becomes thus - should they be in markets that do not pay enough, or, should they wait for better contracts and in the meanwhile lose money?

If Offshore AS is to change its management system, stop its fire-fighting mode and find new solutions on the utilization of its vessels, tasks and duties need to be agreed and coordinated across the organisation so as to be more effective and avoid wasteful duplications of efforts. However, making that many changes at the same time could be very dangerous as, according to Fredberg (2013) organizations that want to bring about true change need to do so over time and avoid having too many focal points.

Should Offshore AS strategic thinking come from logic or creativity? All interviews points towards the fact that creativity (Art) is a large part of the employees' daily work, but note how at the same time there is need for more logic (Science). There is however need for a balance between the two as too much logic could restrict the creativity and freedom that is intrinsic to their culture.

Diversity is a way to unite people across the organisation and create a culture that everyone finds appealing. The *sea* and *office* culture should be aligned - experiences need to be shared within the organization and ultimately joint beliefs, values and norms build up. In terms of innovation, Offshore AS needs to deliver on short-term goals as well as building a long-term plan. Currently it invests in the future by means of their new vessels, although at the same time it does not know how much utilization they will have in the future. Offshore AS is a globalized company and needs to adapt to local as well as global rules. This is a very demanding task as every new country has its own set of rules. Their aim is to adapt to local circumstances whilst maintaining a global perspective and working with people across markets to share ideas and develop an overall market which is better for everyone.

Does Offshore AS lean more towards Competition or Cooperation? And also, is it an option to start an alliance with a partner and then become independent or should they be interdependent and collaborate with a partner? This could for instance happen if it had a partner who had the double function of being the vessel builder and one of the owners. Compliance or Choice in the market is another paradox, which is about playing by the rules or changing them. When Offshore AS entered the market it changed the rules and turned what was essentially a monopoly into a different ball game, albeit still with a very few players.

A dilemma is whether the organisation should be guided by a Controlled or Chaotic development. In the former hypothesis change originates from the leaders who have the vision and strategic idea, tends to shape new behavior and organise change. In the case of a chaotic development the new organisation emerges from interaction and change will be a dynamic process in which it learns as it goes. Offshore AS current situation leans more towards chaos, as it has a flat organisation and its management is in the hands of many. Also, according to the interviewees the organisation's ability to change is slow because it grows so fast that it has trouble adapting accordingly.

Deliberateness or Emergence have pervaded much of this thesis and clearly represent the dilemma Offshore AS itself is going through as it learns and develops. Whereas in fact they tend to be more Emergent in their strategy they would also like to be able to anticipate those situations that lead them into *fire-fighting* mode.

The COO said the company started because of opportunities in the market - they saw a demand and adapted to it. The Paradox arises when the interviewees stated that without the know-how and knowledge (resources) they would have not identified the market need and therefore would not have started the company.

Should Offshore AS go towards a Revolutionary process of change or should it evolve over time? It seems that, in order to achieve long lasting strategic renewal the organisation needs time to learn, adapt and grow. As the empirical material states they develop gradually, both in terms of fleet and employee size. They grow fast and organically, but they also state that the change sometimes is dramatic and do not follow the initial pace. Resistance to change is common in the psychological field and many people resist change because of the uncertainties and ambiguities that follow. Organizational learning is much connected to the evolutionary process. This process is based on know-how, therefore initially slow and accumulated over time.

5.4   Leadership and management

During daily meetings leaders at Offshore AS typically deal with *putting out fires* and solving emergency situations. Hence according to the interviewees the CEO's knowledge and experience allow them to have the situation under control, in spite of their apparent difficulties with planning and thinking ahead. Offshore AS has been in a long *firefighting* strategic situation mainly due to persistently high oil prices. This has pushed the organisation to build vessel after vessel, which in turn has lead to extreme growth and a type of leadership that needs to constantly focus on problem solving. Offshore shipping companies need to realise that there is need for different types of leadership in different situations. If it is to survive potentially *down* periods, which in the past have been long, the company needs to have clearer structure, plans and efficiency measures. According to the OPEC Basket price both the *down* and *up* periods are cyclic, not only in terms of oil price but also with regards to tonnage and rates in general.

Shipping, compared to other industries, works under very harsh conditions, i.e. fluctuating oil

BOX 19. During the mid-term seminar the work was perceived by someone as being a method thesis. A lot of effort has been put into finding the perfect method that could follow us in the back of our mind and help us through to reach vital knowledge. We often see how we, through our choice of methodology, subconsciously act and do according to the rules of this methodology.

price, short/long contracts, extreme amount of investment levels. This study deals with a particular emergent situation within the offshore/shipping sector and calls for new ways of conducting research, namely the Problematization of research questions, Systematic Combining and Single Case Studies.

From the research it became apparent that the CEO swings between two leadership styles, although the *selling personality* often prevails over the *delegating personality*. What happens to those styles when Offshore AS goes into "strategy mode" rather than *fire fighting* mode? This is an interesting questions for the future research. Which strategic mode is the most appropriate depends on an organisation's social characteristics as well as the context it operates in, hence no theory or model fits all.

Generally speaking managers are to avoid uncertainty but by taking certain decisions new uncertainties arise, particularly as the oil price is highly unpredictable. Not knowing where decisions lead sometimes might even result in positive outcomes such as new policies or guidelines. Two of the interviewees stressed that this is something they would like to do more but the constant uprising of fires is in their way. On the one hand decisions are supported by subjective information and lessons learnt from past experience, which both suggest that uncertainty could be avoided. On the other hand less information could lead to better decisions, as sometimes decisions are based upon incomplete or skewed pieces of information that can potentially cause even more uncertainty.

5.5   Organizational processes

If resources such as dedication, time, emotions, and cognitive thinking are considered within Offshore AS's organizational structure and its working processes, we have an input of resources that lead up to work processes starting from the Micro level, passing through Meso level and ending up at Macro level. The Output is thus resources refined and developed towards solving the task of the common goal for the company. In the example of Offshore AS these Output of Human processes could be defined as the measurement of Sick leave, the development of the KPI´s, Staff Turnover and Employment satisfaction. Offshore AS has made continuous improvement in their KPI system. Up until not long ago it had too many KPIs who have now been reduced in order to have a better overview of the company's financial development. From what has been encountered from the interviews Offshore AS's staff are satisfied with their work environment and overall employment conditions. However, there are concerns about the workload and worries about the future.

Cognitive and social processes create the internal environment in which the organisation is structured and both decide and impact on the success of the organisation. Emotions are important for all cognitive thinking processes as the two are closely interlinked and both positive and negative emotions are important to understand and develop the organisation's ability to think and problem solve. Certainly there is a tension between the need to have spare time for one's family and the fact that the social group is very important and provides positive feedback. The way emotions are processed individually by each employee is causing clashes at Meso level, where people mix in group dynamics. Middle managers need to handle this process very carefully in order to encourage positive thinking and improve the work environment. There is clear evidence of such a positive group dynamic from the

interviews. When the balance is right between the difficulty in performing a task and individual abilities (the hunt for intellectual and experienced personnel), and between spare time, joy, group socialisation and feeling of responsibility and feedback, people might experience *the flow* (Csikszentmihalyi, 2008).

The interviewees state that they work extreme hours, but at the same time really enjoy what is happening at Offshore AS. Nobody has stated they feel *the flow* nor is there any full awareness of this possibility, yet the right balance is obviously apparent.

> **BOX 20 A.** During the discussion process and work with our 8 "discussion boxes" where answers from interviews are being matched with the analysis of these answers with the help strategic theories, leadership theories, psychological theories, and organizational theories, there are findings that point towards different directions. There are sometimes contradictions in the statements, where both statements reach a point of validity based on the angle from where it is being viewed. This fact could be explained with the underlying assumption that time and manoeuvrability is in a constant change.

5.6   Analysis, a summary

Offshore AS is positioned in a market where unpredictable oil price along with short-term horizons of net-cash flow investments depict the rules of the business game. Volatility and uncertainty lead to a situation where the organization is working in a *fire-fighting* mode at the expense of pursuing a long-term strategy. The structure of the organization in Offshore AS is under change, and the management has made attempts to make it more efficient, with mixed result. The interviewees claim that the lack of strategy implementation within the organization is the reason for the "work in silo" phenomena, which in turn results in the previously mentioned communication problems.

In this respect there is clear evidence of how important leadership is for Offshore AS. The top Management and founders possess a high degree of exper knowledge that is crucial for the organization. The *selling personality* of the leaders prevails over the *delegating personality* and ultimately it is the top-manager's responsibility to ensure the implementation of whichever strategy was chosen. The issue here is that the strategy is not clearly defined and a lot of the employees do not share the same perception of the strategic map.

> **BOX 20 B.** The reality is showing how this manoeuvrability is being switched on and off, rather arbitrary. The conclusion is that both Mintzberg and Porter are assuming this "continuum or void for manoeuvrability is always present. There is also no clear definition from Mintzberg when this assumption of maneuverer room starts and ends. We believe that the conflict between Mintzberg and porter view of strategy, (deliberate or emergent) should instead be looked upon as being different "scenarios" that happens during the same period of manoeuvrability. Indeed, we understand that porters are much longer than Mintzberg, however, none of them talks about a non-existing manoeuvrability! This non-existing manoeuvrability is where time as we know it, stops to exist.

6   Discussion

The painting we have made so far of Offshore AS shows a sometimes murky and gloomy horizon. Contrary to what one might think, the company is not only performing really well but is also extremely successful in the face of both their owners as well as their internal/external stakeholders. The majority of all companies though struggles with some particular aspects of their business, and Offshore AS is no exception. Striving for perfection takes a lot of effort and the metaphor *time is money* could not be more appropriate in this context, as it clearly emerged throughout the interviews. In addition to that, the company has not yet matured and is in constant state of development.

Throughout this research process numerous explanations about Offshore AS´s work with strategy have been discussed, heard, pondered or discovered in one way or another. Different views on how Offshore AS works with strategy from its current position in the market and how the market is affecting Offshore AS were inferred from the interviews. The interviewees had their own views, which the authors have perceived and interpreted in their own way.

In previous sections of this report it was showed how diverse strategies are presented within academia. A question that arises from this is - is it even possible to follow one strategy? Should strategy be seen as a framework and a guide towards a different way of thinking? On these grounds it is argued that there is no strategic recipe but a very clear step-by-step approach.

> **BOX 21.** In the final work with the theory part, we have realized that many of the theories we have chosen came to us after the 1st and 2nd interview, which is in perfect line with how we wanted to conduct this report. We also realized that some theory material had to be taken away in order to not make the report become too wide in its theoretical structure.

As Niamie and Germain (2014) claim, the shipping business uses Porter's "old" theories as their main guide towards achievement - on paper, academic thinking seems to have taken precedence over real practice. Arguably it is believed that some academic literature is simply a mirror of what has been stated in the past. 79 % of all articles in Niamie and Germaine's study (2014) were published after 2004, which means that they deal with companies from a different business environment than that which Porter bases his Five Forces Model on. Anna Dubois, but also Mats Alvesson point out how academic formality and the need to refer to old literature often comes to the expense of developing new and unique ideas.

As stated before, the interviewees expressed their views and perceptions of their reality - Table 9 proposes solutions to some of the everyday tensions they are confronted with.

Table 9 Major tensions expressed the interviewees

Problem	Defined tension	Proposed solution
External factors (oil price)	The oil price is unpredictable which makes decisions harder for the future Q: Where will the company be in 2020? A: Do you know the oil price?	As long as there is congruence between the volatile market and the awareness and/or realistic understanding of this volatility, there is potential for continuous financial performance. In other words, uncertainty at a strategic level should be avoided, as should the tendency to be risk averse. Instead, efforts should be made to understand volatility, as uncertainty could be an advantage.
Work 'in the moment' (firefight)	New unpredictable events that need constant attention make it difficult to take a step back and reach a more holistic view of the situation.	A better management and IT system, internal education and clear job descriptions should be implemented.
Where to?	They have contracts up until 2017. Predictions beyond this point are very difficult for each year. The aim is to have 100% utilization at all times.	Full utilization might be achieved by actively looking for maintenance and drilling/construction contracts.
Communication / leadership	Vision, mission and goals are not communicated across the entire organisation.	Better communication should be implemented throughout the company. New employees need to be informed about the direction of the company and what part the person will play in this long term goal.

From the empirical material and analysis it becomes evident that Offshore AS has one obvious leader who focuses on promoting task-based work rather than building structures which would enable social relations and collaborative work. Lack of planning and organizational structure are a direct outcome of this. Highlighting these issues would help employees to reduce the pressure they put on themselves in terms of expected workload, which potentially could reduce negative long-term effects on

the working climate. These matters will need to be clearly addressed by the organization, should there be a change in leadership and management. A time will come when the company's growth rate reaches a plateau - arguably this is when it will move away from constantly shifting between fire-fighting mode and normal strategy mode towards a more calm and predictable strategic work environment. The organization would thus start to address issues concerning internal organizational structure that will help it work in the long run.

When looking at the strategy theories presented in this thesis, it becomes evident that a true change of the literature with new bold theories has not yet emerged. As previously stated, the current situation in the academic field of strategy is very much based on well-tested theories that rely on major findings from the past and is actually not really "revolutionary". Since this situation is prevailing in the present world of academia and MBA communities, it becomes understandable that many businesses of today have problems with communicating strategy and truly lack the ability to clearly describe what their strategy really means. This should not be confused with the strategic statements found on folders and Annual reports, which highly differ from their implementation and a deep knowledge of the business concept. In other words, what the world of strategy needs today, is a Porter or Mintzberg 'version 3.1'. Based on the result from the interviews, evidence points towards the need to adopt "any" strategy. This approach runs the risk of resulting in organizations dressed up as "Porter-companies" but where internally the strategy processes being executed leans towards Processual and Emergent. In turn this could inhibit the process of dealing with the strict and formal *silo work* that is now present. These two evidently large contradictions are interesting and substantiate the need for a new strategic guru. In their absence organisations will continue using Porter's model as their pram dress, whilst dancing merengue at the prom night.

What much of the literature has in common when it comes to strategy is how all theories seem to define and teach strategy based on similar models. Arguably, this seems to be due to the fact that most studies focus solely on big, global companies with vast business units and functions. One could really question the relevance of this approach to the current strategic environment, as it seems futile to take large multinational firms strategy concepts and apply them to middle-size or small-size firm. Smaller firms do not have a clear hierarchy but instead deal with a fragmented small structure of strategic tasks, which makes it extremely difficult to compare to larger organisations and apply the same theories. A good example would be to imagine an academic strategic analysis of IKEA made in the spring of 1968. Who would have been interested in giving IKEA the central role in explaining good strategy at that time instead choosing large and successful companies like FACIT or Kodak? The lesson we need to learn is to avoid excluding small companies and their potential contribution to the knowledge of strategy. On the contrary, it is precisely by analyzing their work that one can begin to understand how strategy will develop in the future - as Burgelman (1983) points out, *"strategy is theory about the reasons for past and current success of the firm"*.

Strategy is discussed by the interviewees, who demonstrate a good knowledge on the topic and stress how their awareness of strategy is of great importance to the organisation. The paradox is that this is likely to work against the organisation according to whether a short or long-term perspective is taken into consideration.

What is witnessed here is a natural behaviour and seems to lead to the conclusion that Offshore AS's strategy simply fulfills the purpose of providing a framework that employees can relate to. This framework is thus fulfilling a goal that has no real correlation to how the organisation works in reality. The time frame is the other side of this ambiguous coin. The longer your horizon, the more the strategic *idea* changes. These changes are so hard to handle that one works in two strategic dimensions at the same time, without realising it. Researchers wanting to describe this phenomena in strategic terms are bound to do it based on convictions and beliefs that have come about on the basis of old inherited knowledge within the strategic field. Humans neglect and add facts in order to fulfill their desired picture and use pre-defined frames in a Pragmatic way to reach a point where things make sense. This goes both for those defining strategic theories and those executing strategies. With this in mind, this study tries to define and describe a strategic behaviour that is ambiguous in itself, by using the Anchoring and Availability effect, in "thinking slow and fast" by, Kahneman (2011), which makes the task very difficult.

Are managers in Offshore AS appointed to manage and control purely for the sake of giving someone responsibility from which top management can claim results? Or are managers appointed to lead a team of people, which together with the leader are pursuing a common goal? The fundamental requirement is to ensure that the group meets the demands of the organisation and the question is how that is being done in the best way.

When describing strategy factors and analysing results within Offshore AS, Porter and Mintzberg are taken into consideration along with a Pragmatic approach. Obviously their theories are important, although opposite within the research field, and are able to explain some of the strategic thinking within the organisation. As it has previously been pointed out, the implications of these theories have lead up to some paradoxes within academia, although these differences are not evident to the interviewees. If someone attempted to put on paper all the contradictions found in this study, and try to make sense of them, the result would probably very much look like the contradictions explained in academia. The reason for this is that the analysis and interpretation of the findings are done in retrospective, in the same structured pre-defined way as all valid strategic theories have been developed up until now. Interestingly, the people interviewed do not acknowledge such paradoxes, unless reminded about it. The evidence of the misalignment between academia and reality within this context is that knowledge and truth are dependent on the circumstances: (A) Time; (B) Goal; (C) Perspective (interviews own reality); (D) Perspective of the researcher. Offshore AS has successfully set out to have the most modern fleet, although it has focused less on safety and environmental performance.

As stated before, Offshore AS is successful and financially sound and the workforce on the whole seems to be proud to be part of the organisation. Some of the fire-fighting approach expressed in the interviews is a result of rapid expansion, new regulations and a CEO/top-management team that takes immediate action. One example of this is when the opportunity arises to extend an existing contract by a few days/weeks - because of the net-cash-flow environment within which they operate, the top management needs to act immediately. The market is regulated by a volatile and uncertain oil price, a factor governing the rules of the offshore game. These sudden changes delay planned projects and become a challenge for the organization - if future

strategies were to encompass the need for such a rapid decision-making process, changes could be handled in a better way.

From the analysis of the interviews, an Emergent strategy process seems to unfold both on a business and organizational level. Looking at the ongoing implementation of changes in the company, of which some had to be terminated because of lack of success, there are a few worth mentioning. A new IT-system and new learning process system for the personnel and the Management team are two potentially complex systems with high potential of failure or other misalignments with the overall strategy.

A vital organization requires a dynamic mix of established, experienced personnel with young new specialists. One of the interviewees addressed the fact that Offshore AS seems to heavily invest in new staff without considering the effects of a more mature and experienced work force leaving the organisation. A question that arises is whether the transition process is capable of maintaining a good mix of new and old employees. Organizational behaviours and specific circumstances surrounding them are two interesting parallel factors. Several questions arise in this respect - is *personal features* or the *situation* the variable that explains the organization's behaviour? Geir and Astrid Kaufmann (2010) ask one relevant question in this respect - *"Under what conditions have the personal dimensions (personal features, mood, hierarchical position) played a large part in explaining organizational behaviour and when is the situational circumstances more important?"*.

This study shows that Offshore AS ownership structure is an issue for the company. The second largest owner is a short-term investor who has not fully understood the basic business terms in which the company operates. Since Offshore AS is a project -based company, it cannot, like traditional companies, deliver exact numbers and figures as per a given budget. This particular owner actually requests this kind of information, in spite of Offshore AS inability to make future predictions like a traditional manufacture company. The organisation would need to nourish this business relationship and make them understand the benefits of a long term collaboration. The aim for Offshore AS would be to safeguard the access to money and avoid being floated on the stock market, thus exposing the company to a potential acquisition.

Moreover, the final strategic decisions should be agreed by the owners, although it is hard to take the right decision when one of the main owners fails to understand the business and the market within which the company operates.

> **BOX 22**. Due to schedule misalignments we were forced to schedule and conduct a late interview meeting with a company that was originally one of our primary interests for this thesis. We decided to go along with this interview and use the outcome as a marker for the outcomes with Offshore AS. We wanted to see how the different answers were aligned with each other or how much they differed in a learning purpose. We found a company that even more so, were dealing with aspects as the people in the case company. This interview was conducted so late, that the results did not have the chance to influence the writing process of our master thesis, instead it just made us more convinced that we were on the right track about our investigations of strategy in the offshore industry. Many thanks to the CEO of this particular company; he did a great job in letting us in on how strategy works in reality!

The interviewees have a positive view of the organisation and seemingly gave coherent answers. Humans though both add and withdraw relevant facts to fit their desired picture and tend to create a pattern in which unexpected events fall into place. This might explain the consistency in their answers and therefore makes it even more important to question the strategic decisions described in Table 8, such as the plan of developing and implementing a new management system. Based on the theories that explains how humans make sense of complicated situations and try to fill the gaps of how reality, it is possible to infer that some past decisions, but more importantly, decisions still to come, could be the wrong one. Quick and fast solutions are often put into place within an organization to prevent the workforce from experiencing stress and negative emotions. Within this context it is fair to question the seemingly wise decision of establishing a new management system and wonder whether it will be for the better. Whether it is right or wrong, it will be evident much later, when it might be too late.

> **BOX 23.** When reading the book, Thinking, fast and slow, by Daniel Kahneman, it has helped with one of the more interesting possible explanations to the concept of "gap filling" among researchers. It becomes very interesting to find possible psychological factor behind the behaviour of "making sense" of complex things.

The base line here is, just as Kahneman argues, that we cling on to ways of solving problems in a very Pragmatic way which at the same time forces us in to committing to a biased decision and omitting relevant parameters. The anchoring effects and the availability concept within decision biased theory are examples of how one could describe these effects.

The idea of fire fighting as something negative should perhaps be questioned, as it might instead be the other side of the coin that is needed to achieve long term success. Seemingly, the oil price and its volatility that affect the business should also be questioned. Whereas all interviewees state that the oil price is the single most important factor affecting the business, top management claims that the oil price is cyclic in nature and that it fluctuates greatly, as it has always done.

Strategy awareness is part of the insights of our analysis. There are clearly different views on what is deliberate and emergent strategy. It is important to make decision makers as well as middle managers aware of the fact that their perception of reality, ideas and views on how to change unwanted situations are most likely biased and not necessarily in line with what could be defined as the *optimal* view (which in itself could be disputed). Acquiring such awareness is worth much more than any decision that brings about large strategic changes. There is a case for saying that the lack of implemented Vision, Mission and Goals throughout the organization is the result of an insight about the ambiguity between different realities of Offshore AS situation making the implementation futile. Personal view and past experiences are more present in people's decision-making process than we might realize, and intuition should play a significant role in this case.

6.1 Strategy as a tortuous river

When combining this approach to explaining psychology factors behind organizational behaviour with Dubois & Gadde and Alvesson & Sköldberg's research methods, the need for a richer and more detailed model that can handle these factors became evident.

We have tried to state and define these paradoxes both internally (company) and externally (academia) and believe that our conclusions, together with the model we developed to explain these paradoxes will be of use to other researchers who try to explain the strategic situation within the shipping business. This could be achieved by considering how the volatile factors in the background (oil price, net-cash-flow business, short term contracts) force reality to be even more "here and now" than Mintzberg advocates. It is believed that, if the Emergent and Deliberate strategies are applied to a situation in which the strategic stakeholders are acting at any given point in time, then they are essentially the same. Strategy in this sense just "captures a picture in time" and therefore is nothing and everything at the same time. The concept of "time" becomes the constant variable that is being used to define *room of maneuverability*. In our model we try to integrate both theories with the *room for maneuverability* concept as the main factor of interest.

By looking at the answers from the interviews and incorporating them into our model, a metaphor that seems to perfectly describe Offshore AS's situation springs to mind. We see that the conditions described in Table 8 make Offshore AS constantly sail across a river of steep waves and switch between *firefighting* and *strategy* mode. Firefighting takes place at the bottom of the waves, and strategy is performed when Offshore AS is riding the waves. From a distance, the observer standing on the sandbanks of the river perceives this rocky ride as being a steady process where the strategic goal is to take the boat from one side of the river to the other. But if the observer is given a pair of binoculars, they will see in detail a small boat rocking in the waves, with a crew working with something else than long-term strategies, as shown in Figure 8 below.
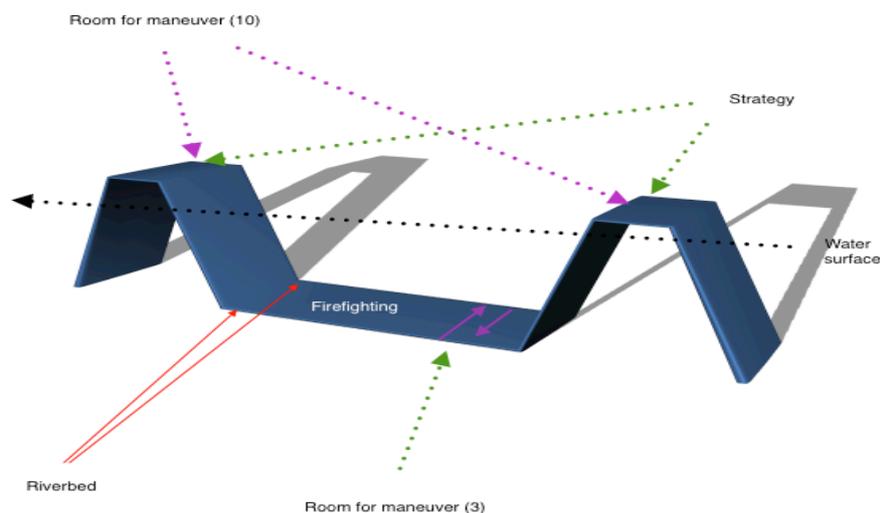

Figure 8 Strategy as a river

As we continue with Figure 8 the crew is fighting hard to keep the boat on a steady course while the boat is rocking in the wave bottom as the water sprays. The crossing of the river requires strategic skills of different nature and scope depending on whether you are in a shallow area with a lot of hidden rocks creating waves on the surface or if you are positioned in a calms area of the river. As the speed of the river (which could for example reflect a radical change in the oil price) is dependent on the amount of rain and the season, the crew crossing the river will never know how far down the stream they will be taken and what underwater rocks, with subsequent waves, have to be avoided or dealt with. Thus, some parts of the strategy behind the crossing become emergent, and some planned and deliberate. At the bottom of the waves the crew is *firefighting*. The aim is to row the boat out of the wave bottom, try to get to the top of the calmer river surface and "surf" for as long as possible. The boat ride thus goes from *firefighting* in the wave bottom into *strategy* mode while being on the calmer river surface. The sandbanks of the river determine the width of the river and constitute the boundaries, which symbolize how a business strategy holds a business in place. For those who stand ashore and make observations the wide river and its sandbanks make up the illusion that a "real strategy" is being performed.

Strategy gurus within academia could act as the *Accident Investigation Authority* that uses old salvaged logbooks from *strategic shipwrecks* as their point of reference when trying to recapture those ships that sunk on difficult strategic journeys from point A to point B. The readers of the accident report are the ones standing on the shore of the Amazon River, watching boats, seemingly calm, sail away towards the other side of the river. Little do they know about the ride that follows.

6.2 Generate a research question through problematization

One of our research questions was to generate a new research question through problematization in accordance to Alvesson and Sandberg (2011). In Table 10 an underlying assumption is problematized and a research question generated from it. The latter could potentially be the base for future research.

Table 10 Problematization of underlying assumptions

	Underlying assumption	**Research question**
1	Identifying a body of literature for assumption-challenging investigations	Porter emphasises deliberate strategy while Mintzberg argues for an Emergent strategy. Deliberate strategy is centrally controlled, with clear and shared goals being achieved with no external interruptions. Emergent strategy should be gradually shaped, that is - you should learn as you go.
2	Identifying and articulating assumptions underlying the chosen body of literature	Both Mintzberg and Porter use the same assumptions when explaining how strategy works, in that time and room for maneuverer are available (the latter varying greatly between the two). This is true despite the fact that theoretically both professors are rather distant within the

		sphere of strategy.
3	Evaluating articulated assumptions	To challenge the concept of time would be inappropriate. However room for maneuverer is worth questioning as both professors believe that they are very different from each other but in reality they rely on the same underlying factors when building their strategy theories.
4	Developing an alternative assumption ground	Shipping works within an extreme environment in which it is very hard to estimate when such volatile markets change. The new assumption needs to address the fact that strategy-making and the execution process ought to encompass both a more extreme "now" and a very traditional *long- term plan* at the same time. Regardless of how extremely different strategic theories are, what they all have in common is that there is a past, a present and eventually a "tomorrow", which work on strategic theory should actually focus on. Space for maneuver needs to be defined in time. It needs to acknowledge that sometimes the idea of "time" does not exist and that time could be 'put on hold'. Afterwards the process could be started again and the concept of room for maneuver would become relevant again. **There is always a notion that we need to go somewhere.** Hence, here we can connect that assumption to our research question: Should the concept "future" along with the concept "history" actually affect how Shipping CEOs take their decisions? Q: *How should "time" in connection to room for maneuverability be seen?*
5	Considering assumptions in relation to the audience	The major audience that hold the assumption are strategists that do not work with a defined room for manoeuvrability and research students who criticize strategy and reflect upon the most basic underlying assumptions from different angles.
6	Evaluating the alternative assumption ground	It is believed that the manoeuvrability where strategy is being performed is actually even more governed by the "moment of time", so that the concept of time is not that important regardless from what angle you look at it.

6.3   A pragmatic view on different realities

All processes, interactions and practical and theoretical outcomes arising from firefighting should be treated as a very important ground for learning. The "doings" involved in firefighting should be treated as a means to understand how to deal with problems as they arise. When this is performed on a regular basis in an ambiguous

and volatile environment it leads to constantly new experiences which could be seen as generating pure knowledge. To gain new knowledge is to embrace development.

The oil price is an ever-present factor for Offshore AS and has an impact on all stakeholders in the industry. The industry could be seen as a homogenous entity where stakeholders interact according to different social rules in a large web of threads. Business interactions become social structures in the sense that whenever a part is affected, it changes the rules of how the business group socialises internally. Oil price is the largest impacting factor on this *social* structure since **these changes could be seen as transportation of knowledge.** This is why the oil price and its effects on the social structure are the single most important factor Offshore AS needs to focus on to learn how to deal with the future, in spite of it being so unpredictable. It is believed that Offshore AS should take a Pragmatic stance, evaluate the situation and avoid drawing conclusions based on principles or theories about oil price fluctuations.

The immediate access to capital from powerful and reliable owners is absolutely necessary if Offshore AS is to deliver on the goals it has set for itself. It is also equally important to find a balance between tangible and intangible assets in order to both fulfill the owner's requests on profit and develop and secure the business in the intangible part of future investments. To maintain both stakeholders and owners interest the company needs to solve problems as they arise and continuously assess and evaluate its own work and the consequences that result from running a project. The initial intention is not so important although one needs to show good intentions to source the needed capital.

From this study it is clear that the communication between office departments, as well as onshore and offshore personnel has been difficult. The severity of this issue should be openly stated and discussed if communication is to flow without hinders and exploit all available channels.

The personnel's overall view and perception of how leadership develops and operates within the organisation is of outmost importance. What was discussed in this regard during the interviews is considered to be absolutely true and valid, in spite of any external opinion on the matter. Positive statements about the company/leadership about Offshore AS are very important signals for the management. If they succeed in living up to this opinion future reality becomes a self-fulfilling process. By focusing and building on this perceived reality and nourishing it, the leaders and followers together depict their own future by developing it together.

Strategy itself needs to be *social* in that it should be naturally embedded in people's work. The stakeholders have a major role to play in pursuing this goal by fostering its shared awareness, not simply by stating it on paper or instructing personnel. Strategy as Science, as Porter advocates, is an interpretation process rather than anything dynamic or real, whereas Mintzberg stresses the importance of the learning process, which is much more aligned with a Pragmatic view of strategy.

The pros and cons of a Flat Organization like Offshore AS are only obvious when it's functioning is closely observed. The shape of the organization is the result of the processes and events that take place within the organisation and should not be bent,

changed and elaborated just for the sake of it. If an organization structure is viewed in a negative way, one has to review the processes and tasks as well as the organizational structure itself, as one cannot exist without the other.

The cognitional term of human thoughts, i.e. *Ideas* are in psychological theories looked upon as a result of social construction. This means that all ideas and inputs derived from the *work in silos* put both the viewers and actors in a bewildered state. An immediate reaction to this is to hire more people and solve an issue that might be looked upon as being a resource allocation problem. The issue should instead be solved within the group and the organization and social constructions should be changed to such an extent that the silo work disappears.

Human emotions are the core of an organization's behaviour. All emotions, both positive and negative are natural bearers of knowledge and they define the behaviour of the organization. Positive emotions help the work force to be creative and construct innovative solutions and developments, whereas the negative ones are there to test how one can solve problems and complicated issues. All emotions end up in cognitive thoughts becoming the tools for human cognition. This is why it is important to make space and room for expressing and allowing emotions within the organization.

6.4   Methodology discussion

When the authors decided to use the present method, they agreed to strictly avoiding filling up theoretical holes with concepts from related theories in order to make sense of cognitive problems. Alvesson and Sandberg define this academic behaviour 'gap filling'. In order to achieve valid and more reliable results when analysing Offshore AS strategic situation, Alvesson and Sandberg's theories were combined with Dubois and Gadde's studies on Systematic Combining. However, by using the methods of *Systematic Combining* and *Problematization of Research Questions* together with a model that fully explains relevant research questions is in fact a form of *gap filling*. Finding the gap between these theories was not intentional, and there was no attempt to simply *fill* the end product (the analysis and discussion part of the thesis), although it is believed that this process helped to reach a more valid end result. In fact, this could not be defined as *gap filling* since it came across in the work of finding understandable literature and theories useful for the readers. Under the assumption that Dubois, Gadde and Alvesson, Sandberg's theories are correct, and their concept models are being followed in the right manner, by using these methods the authors are in fact automatically checking, with the help of the inherent control mechanism, the validity of the used research theories.

Flyvbjerg (2006) and his interesting take on the research process prompted the authors to work on a single case study. However, researchers who state or define a case from the very beginning of a process are often criticised as being biased in their results and conclusions - the so-called

> **BOX 24.** During a TED talk that we saw in Gothenburg, Laura Schultz Associate Professor of Cognitive Sciences at MIT held a presentation about her research, which concludes that a child can draw conclusions about its surrounding from a very small sample. Generalisation from small samples is possible and makes a child figure out the world. Then we (researchers) are ought to be able to figure out, at the least make some sense from a small sample. That's one more reason to why we think single case study is valid. You do not need a large sample to draw conclusion. You simply need an open, unswayed mind of a child to see what has been there all along.

Deductive Approach. On the other end of the spectrum of the academic world the *Hypothesis* group advocates the Case Study concept. The *Case* itself is stated last in the research process, which is the equivalent as following an abductive approach.

Alvesson & Sandbergs's theory is rather distinct, since it is a clear and defined tool rather than a philosophical way of thinking. Their ideas about research questions have been conceptualised with tools that could be used in a straightforward way. The challenge is of course to use this tool wisely, since its the implementation is not a guarantee for valid assumptions but only assists in creating and developing valid research questions.

An open mind and the ability to discuss issues on a broad spectrum are necessary to produce new knowledge. Dubois and Gadde have not defined what specific knowledge production they advocate for, although they seem to concentrate on the *unit* or *functional* level (social) within an organization, rather than the individual. In other words they have not focused on individuals' unquestionable ability to interpret and act upon their own perception of reality as a mean to gain knowledge. The limitation of this approach is that there is no focus on how individuals influence the production of knowledge. The other criticism is about the inherent basic concept of abduction. In effect they have not clearly stated or referred to any credible source in the field of methodology, which on the other hand could be argued as not being required in the spirit of true abduction. There is no attempt in this study to further investigate the truthfulness of this critique. Instead this ambiguity was clearly stated and kept in mind throughout the research process. Despite this ambiguity the authors liked their theoretical concepts and decided to apply them to this thesis.

> **BOX 25.** When talking about challenging underlying assumptions, we understand that our own suggested model needs to be challenged in the spirit of Dubois and Alvesson. We see that there is certain issue that is being taken for granted when applying strategic thinking in this thesis. Our main concern is if there are more hidden things that are yet to be discovered.

7   Conclusion

The aim of the thesis has been to look at how strategy is and has been executed in Offshore AS and how this could be linked with strategy theories in academia. We have attempted to, along with existing models, analyse the strategic focus and present both our own learning process and the present situation in a conceptualized model we developed. Offshore AS's future plans and aspirations have been critically analysed and potential pitfalls identified, with a view to raise awareness of the complexity entailed in pursuing a strategy without considering the parameters identified in our model. In addition to this, the thesis has developed a new research question through a methodological process called, *Generating new research questions through Problematization*. The new research question, based on the above-mentioned model, is: *How should time, in connection with room for manoeuvrability be seen?*

Shipping strategy according to Lun, Y.H.V et al. (2010) is used as a references point when analysing Offshore AS. Niamie and Germain (2014) show that strategy-making within shipping literature leans towards Porter which is the reason why both Porter and his counterpart Mintzberg are chosen as the two major strategic players in this thesis. Deliberate and Emergent strategies are used to help explain some of the contradictions expressed by the interviewees on what strategies are being executed. Theories on psychology are also applied to understand the factors behind perceived reality in the organisation's strategic work. A strategic theory called *Blue Ocean strategy* has been used to understand the past and present factors behind Offshore AS position in the Offshore market and employed as a guide to what needs doing in the future. The interviewees' answers on challenges and obstacles lead the authors to chose several theories to analyse the organisational structure, namely - the theory of *Strategy as Science or as Art*, theories about induced *change*, and different takes on leadership inside an organization. Equally these theories were used to support and structure the conclusions, which resulted in the creation of a model of advice.

It is essential to address the choice of methodology. This might be more crucial than researchers are willing to accept, as the method is one of the strongest factors that determine the successful outcome of a study. This could be linked to what was previously stated about human cognitive social inadequacies, expectations and preconceptions about "here and now" and how the future unfolds. This is linked to what Dubois and Gadde state, in that *"the outcome has an effect depending on what you start with as a researcher"*. *Systematic Combining* addressed by Dubois and Gadde and the *problematization* of theories are the two methods that allowed the authors to understand the specific context in which Offshore AS's strategy is applied. The purpose is to get detached from the traditional way of formulating research questions in favor of a new and more distinct way.

By following these principles, it was possible to generate better and far more interesting research questions and at the same time show how the study and its learning process evolved. It is believed that, by using these methods, researchers automatically come close to a *Pragmatic* way of conducting research and therefore Pragmatism is being used throughout the thesis. Pragmatism is the concept of being self-reflective and self-conscious about what is at hand. There is no real truth and the theories within academia are based on the reality in which they were constructed. The

goal must then be to learn and understand the questions arising from investigated problems.

The volatile market with unpredictable oil prices in which Offshore AS is working causes the employees to employ *firefighting* rather than follow a strategy. Communication problems prevail inside the organisation but there are also positive examples of how the unstructured communication path is actually contributing to direct and fast actions. Leadership is important for the company since the top management possesses a high degree of vital knowledge and expertise. The CEO swings between two leadership styles, although the *selling personality* often prevails over the *delegating personality*.

The structure of the organisation is apparently posing challenges to the company and the lack of strategy implementation is leading to work in silos. Offshore AS's corporate strategy is not unified and the strategic map is not shared across the organization. The interviewees stressed that they see strategy as an art but they would also like it to be more of a science. The growth of the company, which comes from a very high oil price during a long period of time has pushed the organisation to build vessel after vessel. In addition to this, the somewhat particular form of ownership is both helping and disrupting Offshore AS's long term business plans.

The fact that Offshore AS needs to generate an income and deliver good and safe service to their clients is obvious to the majority of the top/middle managers. In spite of this, Offshore AS evidently has two different views on the best strategy to reach these goals. There is no congruence between middle and top management's view of what strategy is, and how important it is. One of many plausible explanations that justifies these differences emerged during the interviews and was identified as being the widespread belief that Vision, Mission and Goals are not fully communicated throughout the organization. In addition to this, it appears as if the pursuit of a strategy as they see it, is constantly disrupted by sudden changes in the daily work. During this research we have found a tendency towards an emergent strategy within the organisation.

From a Pragmatic view the company deals with major reality implications (described in Table 8) and much could be learned from this. For example, *firefighting* is essential as it provides the employees with the opportunity to be part of a constant learning process. Oil price is also omnipresent in the company business reality and Offshore AS needs to be reactive to the constantly changing terms brought about by fluctuating oil prices.

There are clear contradictions in the answers given by the interviewees about the importance of firefighting and long-term strategy. They acknowledge *firefighting* as being important, but at the same time wish the phenomena as such would disappear totally. They also state that the employees are not embracing the whole concept of strategy, but in reality the organisation is currently outperforming all competitors. It is reasonable to wonder whether this is possible without an implemented strategy and the conclusion is that it is just a matter of what point of reference is considered when describing reality. The Boat ride explained above is a good example of how a pair of binocular changes the viewer's perspective on reality. Humans add and withdraw facts (as can be seen from the interviewees' contradictory answers) in order to fit and make

sense of the situation they are in. They describe strategic behaviors differently because of psychological Anchoring and Availability effects. The main takeaways from our River model are:

- Offshore AS constantly switches between *firefighting* and *strategy* mode. At the bottom of the waves the crew is *firefighting*. The aim is to row the boat out of the wave bottom, try to get to the top of the calmer river surface and "surf" for as long as possible.

- As the speed of the river (which could for example reflect a radical change in the oil price) is dependent on the amount of rain and the width of the river itself, water streams faster in tight rather than wide sections.

- For those who stand ashore and make observations the wide river and its sandbanks make up the illusion that a *real strategy* is being implemented. In reality the room for manoeuvrability is limited, especially when the crew is dealing with firefighting. However, this only becomes obvious when the observer changes viewpoint.

- Without acknowledging the importance of the chosen viewpoint when assessing strategic decisions it is not possible to make adequate assumptions. The same could be said for the notion of "time". In certain instances, it is futile to think that a future plan could even be valid. The ambiguous "here and now" comes into expression in the constant but unpredictable *firefighting*.

If the concept of *change* is considered, the future seems very interesting. Offshore AS has an interesting period ahead and its major challenge is to better formulate and share its strategy throughout the whole organization. These challenges are similar to those faced by the organisation object of our post study, for further explanation (see box nr. 23), which had not formulated a strategy at all. Despite having no clear strategy this post study company expanded rapidly and is now very successful in the niche they operate in.

This conclusion is based on the analysis of inputs from interviews, strategy theories, research methodologies and Offshore AS's current market position. It is important to clarify that the authors are not suggesting that cherry picking and putting together some of the theories used in this study would result in a recipe for good strategy. Such an approach would only be a fortuitous attempt to state the "impossible", and could thus be defined as *gap filling* in the absence of real strategic ideas.

7.1   Recommendations

The understanding of what strategy is about should be communicated to and adopted by everyone. In the case of Offshore AS strategy is about being *social* and applying the concept of *knowledge and learning process* and the managers should create and enable an environment where this is possible. The perception of the leadership in the organisation is positive. It is important to nourish this positive attitude and changes should not be introduced as a quick way to solve an issue. A focus on socialisation could be a potential way to minimize the work in silos, as it might be a key factor in reaching an ideal work environment. This becomes even truer when looking at the

social environment in which the stakeholders express and handle their emotions. The emotional environment is important if Offshore AS is to be successful in the future. To secure the owners' interest in the company, Offshore AS should continue following its chosen strategic path, irrespectively of whether its strategy is, as defined by Mintzberg and Waters (1985) as *Deliberate* or *Emergent*. What is clear is that sudden problems with volatile oil prices and so-called *firefighting* are a natural part of the business of Offshore AS. The personnel will in this respect, need to resolve problems as they arise and deal with the different consequences, behaviors and changing processes that come with it.

If we were to look at Offshore AS and its future business development as a growing cell in a microscope, we would see a few interesting facts. By inducing any type of external *change* in the environment of the cells, (such as temperature, light, humidity) the cell's growth process could be unintentionally disrupted. Such changes could in the case of Offshore AS symbolise a new Vision, Mission and Goal, a new management organization, or new integrated IT-systems.

The growth rate and the shape of the cell may adjust itself as times passes providing the induced changes are being accepted by the cell itself. However, with reference to Hagedorn-Rasmussen et al. (2003), there is a possibility that Offshore AS could end up in the same scenario as the BPR case mentioned in chapter 3.6. We suggest that induced change, due to its nature, needs to be sequential, which means changing one thing at the time. The change needs to be very well thought through and one should carefully consider all potential consequences.

In order to capture the complexity of all aspects of strategic thinking, we have developed our own River model that encompasses a variety of parameters that need to be taken into consideration when trying to understand and describe the strategy within a volatile, unpredictable business such as the offshore sector. Its purpose is to aid practical strategy by providing a better perspective on what room for manoeuvrability (time horizons) really exists and to what extent that happens. The model also demonstrates that the view from which the strategy is looked upon plays a significant role.

> **BOX 26.** The work with these boxes has enabled us to, in one sense have a relaxed approach to the research process. We believe that it has enabled us to have a professional approach to the official aspect of the research process.
>
> We have learned that we should state the following, in order to show what we actually have learned:(A) We have not become more cognitive smarter;(B) We cannot say that we know everything about strategy theories;(C) We have not taken any shortcuts regarding the methodology;(D) We cannot give any suggestions of what a shipping company in general should do in its pursuit for successful strategy;(E) We don't know what should be there instead, if you take away the concept of strategy. **What we have learned is:** (A) That it is not important to know what strategy is, or relentlessly try to implement strategy, in order to be good at it; (B) We think we know that the definition of what strategy is in the academia, is actually the same thing, it all depends on the viewpoint of the observer.

7.2　Future research prospects

The theories used in this thesis, together with the conclusion from the empirical results, cannot fully explain the complexity of strategy in the offshore industry and need to be developed further. Our model of this company´s perceived situation with regards to strategy will provide the reader with a good starting point in their quest to find interesting takes on shipping strategy. We suggest that the model should be used in other case studies or re-developed into a model that encompasses qualitative data. In this thesis, the authors touch upon the owner's influence over strategy which, together with its subsequent complications and/or advantages could be better elaborated and explored further.

In the scope of this study we state the organisation's short term life and its being a new player on the offshore market as deciding factors in choosing Offshore AS as the focus of this thesis. Some of the factors that support the emergent strategy approach could potentially be the same factors explaining the very creation of the company. The timing, market circumstances and expertise of the founders add an interesting dimension to the study and it would be interesting to investigate the reasons for the prevalence of these circumstances. One of our research question was to generate a new research question through problematization; *How should "time" in connection to room for maneuverability be seen?*. This new research question presented and developed in this thesis could be the base for future research within shipping. But in our view the room for maneuverability or "time to act" when planning and implementing strategy only exists in theory and certainly not to the extent Porter and Mintzberg assume it to be.

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APPENDIX 1 – Assumptions open for problematization

A typology of assumptions open for problematization				
In-house: Assumptions that exist within a specific school of thought	*Root metaphor:* Broader images of a particular subject matter underlying existing literature	*Paradigm:* Ontological, epistemological, and methodological assumptions underlying existing literature	*Ideology:* Political-, moral-, and gender-related assumptions underlying existing literature	*Field:* Assumptions about a specific subject matter that are shared across different theoretical schools

APPENDIX 2 – Principles for identifying and challenge assumptions

Principles for identifying and challenging assumptions					
1. Identify a domain of literature: What main bodies of literature and key texts make up the domain?	*2. Identify and articulate assumptions:* What major assumptions underlie the literature within the identified domain?	*3. Evaluate articulated assumptions:* Are the identified assumptions worthy to be challenged?	*4. Develop alternative assumptions:* What alternative assumptions can be developed?	*5. Relate assumptions to audience:* What major audiences hold the challenged assumptions?	*6. Evaluate alternative assumptions:* Are the alternative assumptions likely to generate a theory that will be regarded as interesting by the audiences targeted?