

# Core Values, Critical Issues:

## The Role of National Culture in Adopting and Implementing Common Corporate Values in a Multinational Company

### Abstract

Globalization has put pressure on many companies to enter foreign markets in order to stay competitive. While some choose acquisitions as an internationalization strategy, data indicates this often results in substandard performance. As insufficient understanding of *cultural* differences has been identified as a critical issue in acquisitions, managers often respond by looking towards homogenizing factors such as common values. Multinational companies however face the added dilemma of potential differences in *national culture*.

This case study explores the role of national culture in the process which one international company, IBS, undertakes in order to adopt and implement common corporate values across regional units. Hofstede's *cultural dimensions* and a theoretical framework are used to identify potentially critical issues of national incongruence on three levels in this process: *executive management*, *multinational teams* and in *local organizations*. The main findings are that there indeed is a risk for considerable national cultural issues in this process on all three levels, however they can be significantly dampened through appropriate management approaches. In some instances however these management approaches may compound the issues. This case study is not prescriptive in nature; it provides insight into the issues which one company faces and addresses, with potential to serve as a foundation for longitudinal as well as further comparative studies.

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# 1 Introduction

## 1.1 Background

*Globalization is a fact of life. But I believe we have underestimated its fragility.*  
- Kofi Annan, World Economic Forum, January 31<sup>st</sup>, 1999

In light of rapid technology developments, inexpensive communication and receding financial barriers, many companies face the dual challenge of developing business opportunities abroad while simultaneously defending their home markets from increased foreign competition. With globalization comes a growing pressure on companies to act “as if the world were one large market” (Levitt, 1983:92). In some industries, changing patterns of competition have made an immediate response to these developments on the global market less of an option and more a matter of survival (Palmisano, 2006).

For many companies, a viable solution to the imperatives posed by globalization is foreign acquisition. They gain near immediate access to international markets, valuable insight to local conditions and trends, as well as potentially improve their competitive position (cf. Hitt et al., 1991; Gaughan, 1999). In spite of the general attractiveness this strategy, its prior track record proves far from foolproof: research shows that between 50 to 80 per cent of acquisitions result in substandard performance (Marks and Mirivis, 1998; Ashkenas and Francis, 2000; Henry, 2002). Thus acquiring another company is not a guarantee for success; there are clearly other factors which have a direct impact on post-acquisition performance. One critical issue identified in poor performance has been insufficient understanding of the difficulties in managing the *cultural differences* in acquisitions (Lane, Greenberg, and Berdrow, 2004).

When companies are dependant on acquisitions as their key to global markets however, successfully managing these differences is paramount. In doing so, managers often look for *homogenizing* factors (Schneider and Barsoux, 2003), such as a common set of values, symbols, and ideology (Adler, 1986; Begley and Boyd, 2003). Yet Schreyögg (2005) warns that attempts to implement common values in transnational acquisitions can be hampered by differences in *national culture*. When companies try to adopt and enforce company-wide values or practices which are incongruent with national culture, they can expect to face

resistance on the local levels which can ultimately jeopardize the success of the integration (cf. Madura, Vasconcellos, and Kish, 1991; Begley and Boyd, 2003).

On one hand, in order for companies to successfully compete on the global market after acquisition, it is imperative to identify and adopt common cultural values between the units. At the same time, potential conflicts between corporate and national values may counteract the ability of companies to adequately integrate. Thus companies that answer the demands of globalization through acquisitions face the dual dilemma of implementing a common set of values while simultaneously recognizing and managing differences of national culture in the process. To avoid these pitfalls companies need to recognize *where* there are potentially critical issues of national culture and *how* these issues can be managed.

## 1.2 Purpose

Academic research conducted thus far underscores both the importance and the difficulty in implementing common corporate values among companies in light of international differences. There has been limited examination however as to how companies actually translate this theory into practice. Thus it would be beneficial from an academic as well as practitioner standpoint to examine how a company which has internationalized through acquisition attempts to implement a common set of company-wide values while maintaining sensitivity towards the local national cultures in their regional subsidiaries.

In light of the gap identified, this thesis examines the process which one such international company undertakes in order to identify and implement a common set of values across its business units. In doing so, it will provide an opportunity to address two questions:

- 1) Where do national culture issues present potentially grave concern in this process?
- 2) What steps does the company take in order to manage the impact of national culture within the framework of the process?

## 1.3 Study Subject – IBS International Business Systems

The subject of this study, IBS (International Business Systems), is a Swedish-based software and business consultancy company with offices in 22 countries and over 3,700 employees. Founded in Stockholm in 1978 and listed on the Stockholm Stock Exchange, it has

experienced steady international growth over the past two decades through a series of acquisitions of foreign firms as well as a limited number of international partnerships.

In response to growing pressure from the global market and what management considered substandard financial performance, a there recently was a significant strategy shift towards becoming an internationally cohesive company (IBS, 2006). In recognizing the importance of integration in this strategy, the company's General Management team decided that a common set of values should be identified and implemented throughout the organization. The resulting project was called "IBS Corporate Culture 2.0."

## 1.4 Delimitations

A number of delimitations are necessary in order to conduct a thorough cultural study within the constraints of this Master's level thesis. This study is limited to one company and a unique project centered solely on the implementation of common corporate values. This delimitation is necessary due to the size of the project as well as the level of breadth and depth required for a thorough study. Further, this study addresses only the initial phases of this process and as such the ultimate success or shortcomings of the chosen strategies can not be judged. This delimitation is necessary due to both time constraints for this thesis, as well the slowly changing nature of culture (Hofstede, 2003). The desired results of this study are by no means intended to be prescriptive. Instead, this thesis is intended to tell the story of one company and its choices, and evaluate these in light of the relevant cultural theory.

## 1.5 Disposition

In order to guide the reader through the structure of this study, a model has been constructed illustrating the theory, organizational levels and stages relevant for this process. Chapters 2 and 3 will establish a theoretical framework around national culture and its potential impact on the three organizational levels in this process, *executive management*, *multinational teams* and *local organization*. The methodology used to complete the cultural study in this thesis will be presented in Chapter 4. The empirical data collected during the three main stages of this process, *conceptualization*, *identification* and *implementation*, will be presented in Chapter 5. Chapter 6 will apply the theoretical background to analyze the process from a

cultural perspective. Chapter 7 will provide a summary of the conclusions and a discussion of the results.

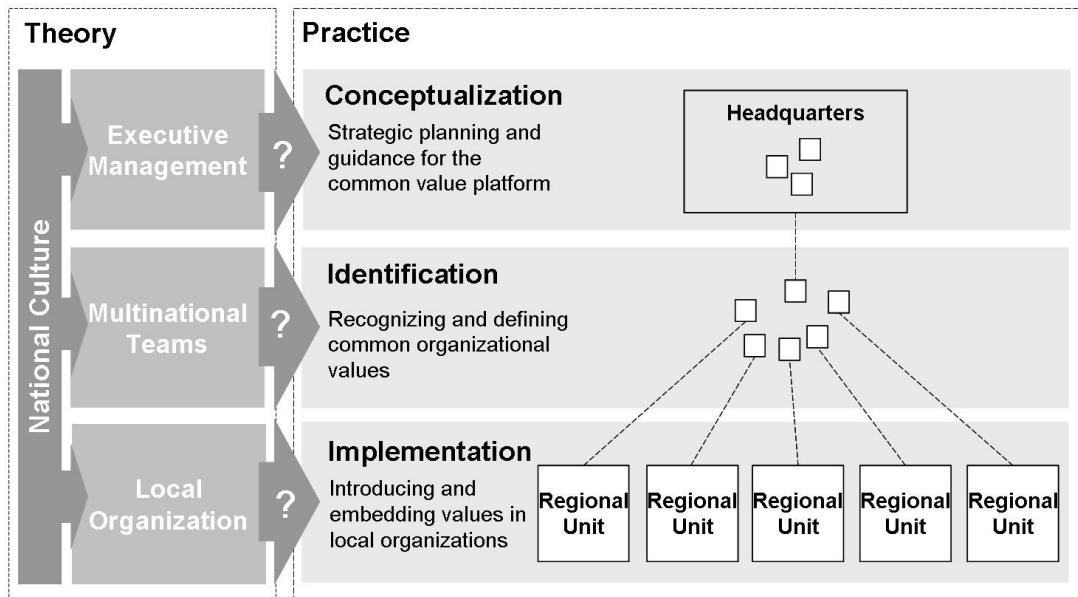


Figure 1 – A Model: Theory and Practice in IBS Corporate Culture 2.0

## 2 Culture

*If you see in any given situation only what everybody else can see, you can be said to be so much a representative of your culture than you are a victim of it.*  
– S. I. Hayakawa

Culture has been examined and defined by a variety of disciplines, from sociology to music, from linguistics to anthropology (cf. Hofstede, 2003). Given the abundance of definitions already formulated, the purpose of this section is not to add yet another submission to the discussion thus far. Instead, this section is intended to introduce culture, a relevant model for understanding it, as well as a tool for analyzing national culture.

### 2.1 Defining Culture

When beginning to develop an understanding of culture in general terms, Hofstede (2003) suggests turning to a definition rooted in social sciences may be appropriate. As such, the International Encyclopedia of the Social and Behavioral Sciences provides the following definition of culture as “[...] the beliefs, patterns of behavior, and physical objects shared in

common by members of a group and passed from one generation to the next through education and daily experience” (2001:4197). Hofstede provides a useful expansion for this definition as: “...the collective programming of the mind that distinguishes the members of one group or category of people from others” (2005:4). Culture is thus inherent to a group of people, as well as something which can be seen as delineating one group from another.

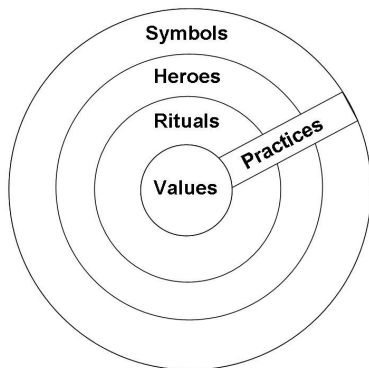
While there are a variety of definitions which are subtly nuanced from others, this thesis adopts a definition provided by Schein (1985):

“A set of basic assumptions – shared solutions to universal problems of external adaptation (how to survive) and internal integration (how to stay together) – which have evolved over time and are handed down from one generation to the next.” (adapted from Kluckhohn and Strodtbeck, 1961).

This definition captures the essence of Hofstede’s programming, while emphasizing the *cohesive* nature of culture necessary for the survival of a group. This definition opens up the understanding of culture as an overarching concept, and sets the stage for an examination of various facets of culture.

## 2.2 Understanding Culture

One drawback to adopting such a broad definition in business contexts is that the concept runs the risk of being seen as something too soft, intangible and immeasurable in the results-driven business world (Schneider and Barsoux, 2003). Due to this, oftentimes researchers use models in order to help facilitate a better understanding of culture and its influence. Models can be useful in illustrating how culture interplays with human interaction, and such



**Figure 2 – Hofstede’s Cultural Layers (2001)**

a framework can also serve as a valuable tool for guiding cultural research.

In building such models, a number of researchers have identified culture through *layers*. Hofstede along with other cultural experts share a view of culture as an onion, saying that it can be understood by *unpeeling* it, or examining it layer by layer (cf. Trompenaars, 1993; Schneider and Barsoux, 2003). Culture can be manifested on

many different layers, each with a varying level of deepness. There are a number of evident manifestations of culture, such as through *symbols*, *heroes*, *rituals* and *practices*. In order to obtain a further understanding of culture however, one must reach past these layers down to the *values*, or core of the group's beliefs. Thus Hofstede's model encompasses not only what is readily visible, but also what lies under the surface ultimately forming the foundation.

One feature of the model presented is that the values form a platform for a general understanding of culture in groups, and as such they are extremely difficult to change. While the outer layers of these models may shift and adapt more rapidly, norms and values of a culture change only very slowly – if at all (cf. Hofstede, 2003).

## 2.3 National Culture

*A nation's culture resides in the hearts and in the soul of its people.*  
– Mahatma Ghandi

This section will establish an understanding of culture along national lines. It provides a brief overview of *national culture* and then introduces an analytical tool for examining national cultures, Hofstede's *cultural dimensions* (1980).

While culture can be understood on many levels as illustrated in section 2.1, Hofstede (2001) considers culture on the national level as unique due to the *completeness* of a national society as a cultural unit. Although a nation may be comprised of many groups, these groups still share common characteristics and traits, and thus can be considered part of one cohesive entity. Moreover, the parameters of national cultures are relatively stable over long periods of time, and as such can serve as an appropriate denominator for classification (Ibid.).

Hofstede's seminal work on national culture research (1980) has had a significant impact on cross-cultural studies, and served as a platform for national cultural studies for over two decades (Sivakumar and Nakata, 2001). By examining differences and similarities in cultural patterns in a quantitative study with a large empirical base, Hofstede presents a framework based on cultural dimensions. These dimensions are polarized, value-based constructs which can be seen throughout all levels in the society, from basic units such as families, economic units such as companies and national units such as governments. The relationships between these dimensions and society have been analyzed on extremely detailed levels; however for purposes of clarity it is important to provide a brief overview of Hofstede's four original

dimensions as used in this thesis: *Power Distance*, *Uncertainty Avoidance*, *Individualism/Collectivism* and *Masculinity/Femininity* (1980).

*Power Distance* is the extent to which less powerful members of group or organization are willing to accept inequality of power distribution within society. The higher end of the spectrum indicates a sentiment that certain individuals should have more power than others, and as such one would expect a higher level of hierarchy and intricate patterns of interaction between levels. The lower end reflects a more egalitarian view of power distribution, and subsequently less formalization and minimal hierarchy in interactions.

*Uncertainty Avoidance* refers to the how comfortable members of a society are with uncertain or ambiguous situations, and to what extent these members will go in order to avoid them in looking for *absolute truths* and attainment of expertise in specific areas. The higher end of this scale reflects a desire to look for formal rules and stability while rejecting deviant behavior (Dickson, et al., 2003). The lower end indicates a more accepting atmosphere with fewer rules and guiding truths.

*Individualism/Collectivism* refers to the extent to which individuals are integrated into groups and society. On the lower end of the spectrum, individualism, ties within society are loose and there is a strong focus on protecting personal and immediate family interests. On the higher end, collectivism, there are strong integrative ties between people within an *in-group*. Loyalty is expected and rewarded within these groups. This has a strong connection to how societies and organizations function in general terms, either loose- or tight-knit.

*Masculinity/Femininity* is arguably the most controversial of Hofstede's dimensions. Masculinity is characterized by a focus on assertive values within a society, such as competition and acquisition of material goods. On the other end of the spectrum, femininity entails a focus on personable relationships, caring and general quality of life. This dimension is linked to gender roles and as such can also be seen as reflection on their division within a society. In general terms, countries with a higher score on this dimension can also be traced to a separation of roles while lower scores indicate an equal distribution between the sexes.

Hofstede's work has undergone a substantial amount of scrutiny in academic circles. Some of the criticisms are that a dimensionalized view of culture is too simplistic, and that the data sample was gathered from one company. Other researchers claim cultures are not static over time, while some take issue with the fact that the respondents were mainly Caucasian males

on a management level (cf. Sivakumar & Nakata, 2001). Hofstede responded to a number of these criticisms in later work, such as by elaborating on his masculinity/femininity dimension in a separate book. In spite of criticism however Hofstede's cultural dimensions have withstood 20 years of academic debate and as such may be deemed a reliable analytical tool for the purposes of this thesis.

## 2.4 National Culture and Corporate Culture

One of the growing areas of research in management literature focuses on examining the shared values and ideologies which are inherent on a company level, or *corporate culture*. Just as was illustrated when examining culture in section 2.1, there are a number of ways which researchers have attempted to define this concept. While some have referred to it as a meta-concept within a company that is simply "how things are done" (Cartwright and Cooper, 1992), others use the idea of a *normative glue*, or common set of values that holds a company together (Tichy, 1982). Hofstede (2003) presents corporate culture as, "shared perceptions of daily practices." For the purposes of this thesis however it is helpful to gain an understanding of corporate culture in a similar manner to the definition of culture presented in section 2.1. As such, Schein's definition seems fitting: "Culture is the deeper level of basic assumptions and beliefs that are shared by members of an organization, that operate unconsciously and define in a basic 'taken for granted' fashion an organization's view of its self and its environment" (1985). Schein's definition focuses on the organizational level, while integrating aspects of Hofstede's and Cartwright and Cooper's suggestions of visibility and cohesiveness.

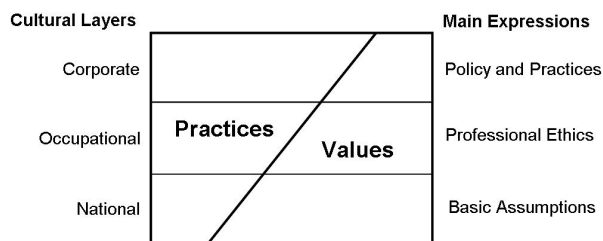


Figure 3 – Hofstede's Cultural Layers (1991)

Hofstede (2003) argues that corporate culture may never reach the richness and deepness of a national culture. While national culture is based on deep-seated values developed through history and time, corporate culture draws on values inherent to national cultures, and

develops over a much shorter time. As such, it may be argued to be subordinate to national culture. The relationship between cultures and expressions and the duality of practices and values is illustrated in Figure 3 (adapted from Hofstede, 1991).

At the base of this hierarchy of cultural layers lies national culture, and due to its embedded nature it is the most difficult to change. It is more value based, whereas the corporate culture has less of a link to values but rather is expressed to a greater extent through *practices* in the company.

## 2.5 Summary

Due to the generally broad definition of culture, it is important to develop a methodological understanding in order to effectively determine its impact in this study. By viewing culture through layers, it becomes clear that a superficial examination of culture is insufficient. The true nature of culture lies in probing what forms the foundation a culture. To recognize differences between national cultures on this values level, Hofstede's cultural dimensions provide a framework for an analytical basis. In order to appropriately understand national culture's effect within an company, it is imperative to understand the close link between national culture and corporate culture.

## 3 Theoretical Framework

*Managers who readily accept that the cuisine, the literature, the music and the art of other countries run parallel to one another, must also learn to accept that the art of management differs in other countries.*

*- André Laurent, Professor INSEAD*

After having established the concept of culture and models for its identification, this section will introduce a framework for recognizing the impact of national culture within this process, as well as introduce potential methods to address these issues.

Due to the complex, systemic nature of culture, Hofstede (2003) suggests using a examining cultural issues on levels. For the purposes of this thesis, it logically follows to identify theories of national culture along the three distinct layers of organization in the process examined: *executive management, international groups and the organization.*

### 3.1 National Culture and Executive Management

Zander and Romani (2004) divide the current view of research on matters of national culture within management into two different schools of thought. The first assumes that national culture plays an integral role in formation of *value references* and *preferences*. The second asserts that national culture is of lesser importance in these issues, and that rather an increase in globalization has led towards a more distinct link to other influencing factors such as tenure and demographic. Zander and Romani's empirical research supports the former rather than the latter, illustrating that national culture indeed transcends other groupings, and as such forms a guideline for this thesis.

Laurent's statement underscores this concept, and asserts that management, like culture, differs across borders. As such, when one accepts that people embedded in a given cultural context generally tend to share similar cultural values (Alderfer and Smith, 1982), one must also accept that these values in turn are manifested in how people from these cultures manage. The connection for this statement is not illogical; those charged with making the executive decisions within a company are, in fact, human and as such are affected by deeply rooted national values (Hofstede, 2003). Gannon's work (1994) indicates that between 25 to 50 percent of the variation in differences in management approaches such as addressing conflicts, dealing with issues of authority and communicating can be explained by national cultural values (cf. Triandis, 1997). National cultural values affect what leaders view as appropriate, and cultural norms affect attributes and behaviors of executives. By the same token, these societal and cultural values affect how employees expect to be treated within an organization (cf. Kopelman, Brief and Guzzo, 1990; House and Aditya, 1997).

In examining the effect of national culture within the management of international companies, one important aspect to address is the role of senior executives. As they are a key factor in developing international strategy (Roth, 1995), the policies and management practices they adopt can arguably be intertwined with their own national culture. An implication of this is that when a senior management team shares common national cultural values, there may be a distinct effort to generalize policies based on these values throughout the organization (cf. Hedlund, 1986). One possible explanation for the drive for generalization is that executives who share a common cultural background may engage in *groupthink*, or sharing a common outlook or opinion which may or may necessarily be

shared by other individuals or groups (Janis, 1982). Though this may not necessarily be controversial in a company that is relatively homogenous, research supports the notion that these generalizations and universal management practices across an international company may not be effective (Hofstede, 2003).

### 3.1.1 Management Approaches to Multicultural Issues

The importance of management styles that are congruent with national cultural preferences has been empirically supported through a number of studies (Earley, 1994; Newman and Nollen, 1996; Zander, 2002). In tailoring management practices to address issues of national culture, Schneider and Barsoux (2003) present three potential strategies, namely to *ignore*, *minimize* or *utilize* cultural diversity.

When choosing to *ignore* differences of national culture, there is an underlying assumption of “business is business” and a focus on other commonalities. As such, professional or industry culture takes precedence over national culture. Communication normally comes in a top-down format and there is a general assumption of transferability of management practices throughout the company. While this may provide standardization and integration opportunities, the strongest challenge in this option is gaining acceptance from employees within the organization.

*Minimizing* cultural differences would indicate that a company recognizes that there are inherent diversity among cultures within its units, and deem this as an issue to be managed. The company attempts to homogenize by focusing on similarities rather than differences. There is a two-way communication between headquarters and subsidiaries, but there may be nuances of cultural segregation as well. Though companies may be quicker to respond on a local level, there may be issues with maintaining organizational coherence.

In companies which choose to *utilize* the cultural differences, cultural diversity is seen as an opportunity rather than an obstacle. By striving towards *global integration* and *local responsiveness*, there is a strong potential for building a *synergy* based on the cultural differences. These companies attempt to focus on the vast learning and development opportunities which can be reached through multicultural interactions, however achieving the level of integration and appropriate mix of local versus global focus necessary to reach this level may prove difficult.

While the management strategies of ignoring and minimizing may seem comparatively straightforward, the strategy behind achieving cultural synergy may prove more complex for executives to implement. One such approach suggests that managers' decisions should "reflect the best aspects of all members' cultures in...strategy, structure and process without violating the norms of any single culture" (Adler, 1997:108). This three-step course of action begins by *describing the situation* to be dealt with from all cultural backgrounds involved. The next step is to *culturally interpret* the situation, analyzing and addressing the issues from each cultural background. The final step is to *develop a culturally sensitive and creative solution* to the issue without violating any cultural norms within the group. While this approach may work for culturally heterogeneous management teams, it may prove more difficult in situations of cultural homogeneity due to lack of input from other cultural backgrounds. A possible solution to this problem would be using *cultural ambassadors*, or representatives from the national cultures to provide the appropriate input (Hofstede, 1991).

### **3.2 National Culture and Multinational Teams**

In any international company, there are inevitably times when employees from different nations find themselves working together. While this interaction can take place in a number of ways, one of growing forms is through a multinational team (Chevrier, 2003). Though the tasks and structures of these teams may vary, they generally share a common bond: they are composed of people from different nationalities and inevitably involve a number of cross-cultural interactions (Ibid.). The role of these teams within a company however may be more involved than just dealing with one specific project or task. Bartlett and Ghoshal (1992) assert that this form of project-based organization may be one way for companies to deal with various conflicting external and internal forces, while others say that these teams may even facilitate the a generally deeper level integration and cohesiveness of international companies across national units (Evans, 1992).

### 3.2.1 Performance of Multinational Teams

The normal distribution curve (Adler, 1986, based on Kovach, 1976) for group effectiveness indicates that multicultural groups have the potential for performing either significantly better or significantly worse than their culturally homogenous counterparts.

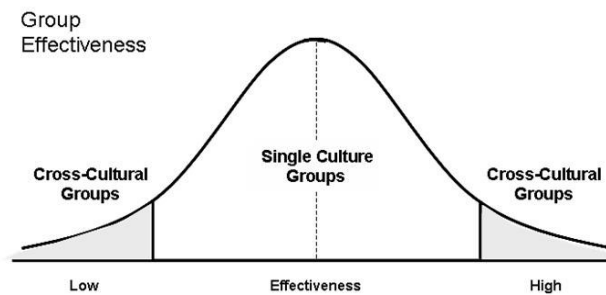


Figure 4 – Group Effectiveness

Research indicates potential competitive advantages can be realized through cultural diversity (Hitt, Harrison and Ireland, 2001). Culturally heterogeneous groups are shown to be more open and flexible to new ideas than their culturally homogenous counterparts (Adler, 1986), and a great deal of creativity and innovation can come from multicultural interactions (Schweiger, Atamer and Calori, 2003). On the other hand, there may be potential for significant underperformance of these teams if coordination is not achieved (Adler, 1986).

The team's success however is dependent on various factors. Snow et al. (1998) observe that this can be seen as a combination of the extent of the national cultural diversity within the group, such as through *cultural distance*, and the type of task which a group is given. Adler (1986) indicates that multinational teams are more effective when the task or project at hand is *innovative* and *non-routine*, and less effective with *routine* tasks. Communication differences can also have a direct impact on how a team is able to work together. Inability for participants to effectively communicate can act as barriers to managers being able to effectively understand situations at hand, as well as to make informed decisions as to steps to take (Thomas and Olsand, 2004).

An added difficulty may come when multinational teams are geographically dispersed. With teams spread across locations it may not always be possible to meet and build understandings and relationships with other team members in a face-to-face environment. Some argue that within such *virtual teams* there may be difficulties in building cohesiveness (cf. Handy, 1995; McLeod et al., 1997; Hallowell, 1999). Others argue that this may be less of a problem as there may be fewer clues as to cultural differences, and that there are other

methods to overcome this lack of close proximity (cf. Walther, 1997). While there are clear benefits and drawbacks to having such virtual teams, oftentimes due to financial and time constraints there is little choice but to rely on these teams for multinational projects.

### 3.2.2 Managing Multinational Teams

Recognizing the potential issues that can be present in multinational teams, Adler states, “[o]nly if well managed can culturally diverse groups hope to achieve their potential productivity” (1986:118). There are a number of suggestions as to how teams should be managed in general however multicultural teams are also subject to extenuating issues presented by cross-cultural management. They share the same issues of potentially incongruent national values, management styles, and communication preferences, but these are compounded by a short time frame and often limited working relationships. Research suggests various methods for overcoming differences in national culture and working towards common goals. While groups may not share the same national cultural values, they may be able to build up an understanding based on other denominators. Chevrier (2003) suggests that by using a *collective process* when working on solutions, teams are able to build an understanding of others in the group. This understanding can prove a powerful tool for group integration, as suggested by Kilduff (1992), in terms of building support for a common set of values. Common professional culture or corporate culture may also play a pivotal role in achieving cohesiveness (Snow et al., 1998). Another tool for facilitating a smoother integration could be the use of a *cultural mediator* in order to help group members achieve mutual understanding of the respective cultural systems and to reach adequate decisions for all parties involved (Chevrier, 2003).

The role of the manager in these groups is crucial. Javidan and House (2001) present arguments for the necessity of global managers to have *cultural acumen*, or a high level of cultural awareness. Moreover, a person who is an adept, intuitive and influential *interpersonal communicator* is key in facilitating a good working environment for team members (cf. Smith and Peterson, 1988; Chevrier, 2003). The ability to coordinate group activities while focusing on appropriate communication methods is essential towards creating a high level of performance.

### 3.3 National Culture and Local Organization

Oftentimes companies are inevitably linked with the nationality of their headquarters (cf. Perlmutter, 1969). Theory presents a variety of explanations for this phenomenon on the organizational level. Hofstede (2003) asserts that organizations are formed by people, and as such have an inalienable connection to national culture. Further, the values which form an organizational culture are derived from the values which form a national culture. The norms and attitudes which affect the glue of a company, such as to appropriate relationships between colleagues, and acceptable policies to name a few can be directly tied to national culture (cf. Janssens, Brett and Smith, 1995; Hofstede, 2003). Hofstede summarizes this relationship as “nationality constrains rationality” (2003:381).

Additionally, the values of the people in power will have an impact on the forms of communication, structures and power relationships in the company, and ultimately guide the corporate culture (Hofstede, 1991; van Oudenhoven, 2001). Research has also identified other organizational dependencies on national cultural values, such as the link between companies and their *administrative heritage* (Calori, et al., 1997) as well as the embeddedness of a company in national institutions (cf. Porter, 1990). This concept is further illustrated Hofstede’s original study (1980) where there are strong variations along national cultural lines despite an established corporate culture.

#### 3.3.1 National Culture and Organizational Structure

The values, beliefs, and assumptions developed among people within an organization take place within the framework of the organizational structure. As such, it is helpful to examine national culture’s influence on how international companies organize themselves, which in turn can provide a better understanding of potential areas for cultural incongruence between headquarters and international offices.

Perlmutter’s (1969) influential study of internationalized firms shows a permeation of national culture through to organizational structure and strategy, distinguishing between *ethnocentric*, *polycentric*, and *geocentric* firms. How companies organize themselves in this respect has a direct impact on how an international company structures internal relationships as well. Companies with an ethnocentric approach develop and make decisions on the headquarters level and filter them through the organization. In a polycentric approach,

headquarters adopt policies which are then left to be implemented locally by the regional units. A geocentric approach entails mutual input from regional and headquarters (cf. Schneider and Barsoux, 2003). As each of these structures provides distinct formats for interaction between headquarters and international offices, this relationship may subsequently be seen as having an impact on the culture within the company (Heenan and Perlmutter, 1979).

How companies form these structures and establish relationships with international offices can be tied closely to national preferences along Hofstede's cultural dimensions (Schneider and Barsoux, 2003). Clashes between headquarters and subsidiaries based on differing preferences towards these tactics can potentially lead to difficulties in interactions as well as implementation of strategies. Companies may attempt to alleviate problems through strategic planning however Kilduff (1992) asserts that there may be an inherent clash between managers of regional units and headquarters' managers. This claim is based on the assertion that international companies still keep power in the hands of a *cultural elite* at headquarters level, and without further management on a cultural level these clashes may be inevitable.

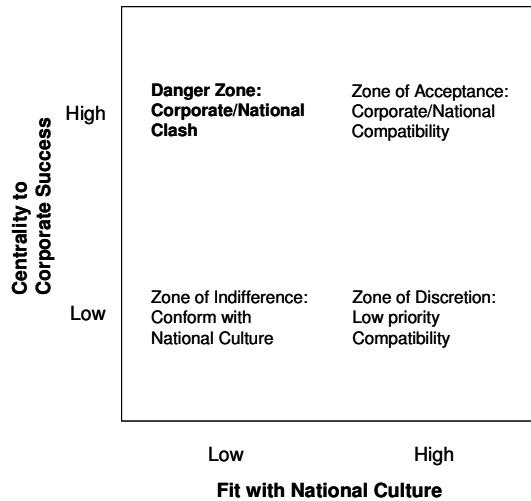
### **3.3.2 Managing National Culture in Acquisitions**

Successfully managing cultural aspects in an acquisition clearly represents a unique dilemma. Not only are the companies faced with potential issues of corporate culture incongruency between companies, theory has indicated that there may also be inherent national cultural issues present. With two companies from similar value backgrounds, there may be a potential for control of national cultural issues via common values as opposed to rules (Schneider and Barsoux, 2003). However, when there is a large cultural distance between the firms' national culture, one can expect disparities with regards to how company processes are established and run, how policies are enforced and ultimately received (Ibid.). This in turn may cause distinct problems for integration and cooperation (cf. Jemison and Sitkin, 1986). As such, careful management of the emerging corporate culture is imperative. A number of researchers have proposed that companies use corporate culture to control some cultural clashes in international companies (cf. Milliman, von Glinow and Nathan, 1991; Kale and Barnes, 1992). Adler's (1986) view of corporate culture as a *climate creator*, and ultimately a strong *socializing influence* within companies supports this possibility. By

promoting a common corporate culture with shared values, companies may be able to improve control and simultaneously integrate foreign subsidiaries (Schein, 1989).

There may also be a distinct economic incentive behind use of culture as a control as well. When examining the potential gains through a common corporate culture, Black, Gregersen and Mendenhall (1992) claim that *second-order* control mechanisms such as encouraging common values and behaviors, as opposed to *first-order* such as monitoring, reporting and evaluating, are less costly to companies. In order to implement these values however there needs to be significant periods of direct contact with managers who are able to transmit these values to others. Selmer and de Leon's (1996) research supports the notion that such a transmission is possible through skilled foreign managers, or *cultural transfer agents* (Edstrom and Galbraith, 1977). There are however researchers who disagree with corporate culture's homogenizing potential. Laurent (1986) admonishes the concept of a supra-culture as "seductive" but flawed, claiming that it may not be possible for companies to deep-seated national values. Instead, they may work on more changes at more superficial levels, such as norms and practices, in order to achieve more cohesion.

In identifying an appropriate strategy for managing cultural differences, there are some vital factors for a company to take into account. As the *administrative history* of a company will have a significant impact on the cooperation with headquarters (Bartlett and Ghoshal, 1989), companies will have to carefully plan integration strategies in order to facilitate successful cooperation. Moreover, Schein indicates that when a corporate culture is built on values that are inherently contradictory to national values, companies can expect strong resistance (2003). Resistance or incongruence may not only cause internal issues within the company, but could potentially translate into financial and functional difficulties (cf. Hofstede, 1991; Newman and Nollen, 1996; Schuler and Rogovsky, 1998).



**Figure 5 – Fit of Corporate Culture Components with National Culture (Begley and Boyd, 2003)**

In order to help illustrate the problems faced in making these strategic decisions, Begley and Boyd (2003) provide a model illustrating this concept.

When there is a close fit between national values and company success, gaining acceptance through projects and tools within the organization should encounter less resistance than when there is significant incongruence national culture.

A clear understanding of the reasons behind potential resistance may help

companies better predict the potential outcome when attempting to implement values.

### 3.4 Summary

Having examined potential effects of national culture along the three organizational levels relevant for this study, theory predicts a number of possible areas for of concern for companies. At the same time, theory also identifies a number of methods to manage these issues as well. The results of the theoretical framework are summarized in Table 1.

	Potential National Culture Issues	Potential Management Approaches
<b>Executive Management</b>	Strategy influenced by national culture of executives Groupthink in culturally homogenous groups Generalized policies and practices incongruent with regional units	Ignore/Minimize/Utilize cultural differences Culturally synergistic approach Cultural ambassador for increasing variety
<b>Multinational Teams</b>	Risk of substandard performance - Difficulties due to cultural distance - Task-dependent Geographic distance compounding cultural difference Communication Issues	Collective decision and working processes Importance of an Appropriate Team Manager - Cultural Mediator - Interpersonal Communicator Innovative, non-routine tasks
<b>Local Organization</b>	Conflicts due to headquarters/local structure Incongruence with administrative heritage Cultural distance between units Clashes between corporate/national values	Corporate culture controls - first/second order Recognizing cultural fit of policies

**Table 1 – Summary of Theoretical Framework**

## 4 Methodology

One of the basic tenants of academic writing can be summed up in the adage, “you don’t plan to fail, you fail to plan.” As such, setting a rigorous methodology for a thesis is an integral part to conducting a thorough and valid scientific study. This section will provide an explanation for the choice of scientific method, research strategy and data collection as well as research quality.

### 4.1 Method Choice

#### 4.1.1 Research Strategy - Case Study

Yin (2003) suggests five potential research strategies for social sciences: *experiment*, *survey*, *archival analysis*, *history* or the *case study*. In order to choose between the methods in order to find the most appropriate for a given situation, Yin provides three criteria for choosing the most appropriate research strategy: 1) the form of the research question, 2) if the research requires control of behavioral events and 3) if the research focuses on contemporary events. As this thesis addresses exploratory questions, does not require control of behavioral events and focuses on a contemporary event, Yin’s criteria would suggest that a case study is appropriate. Schneider and Barsoux (2003) indicate that field research is the most effective form for cultural studies, and a case study allows for a broad amount of information gathered in field research to be explored and analyzed (Yin, 2003).

Another fundamental decision is whether to conduct a single or multiple case study. In doing so there is a distinct trade-off: a multiple case study may provide a stronger background for arguing the empirical validity of a study, however a single case study offers the opportunity to have a thorough, in-depth analysis of an isolated event or situation, and allows the opportunity for a broader exploration of the topic (Ibid.). Due to the uniqueness of this project as well as the desire for a rich, full case description within the limits of this thesis, the choice of this topic was a single-case study.

#### 4.1.2 A Qualitative Study

In selecting an appropriate research method, it is important to take into consideration the possibilities for a researcher to quantify the subject to be studied (cf. Merriam, 1994). The

more defined and developed theories are, the greater the possibility for creating a quantitative study. When the study is intended for explorative purposes however a qualitative study may be more beneficial (Yin, 2003). Lundahl and Skärvad (1982) indicate that a qualitative approach is appropriate when data is difficult to estimate, built on a loosely constructed investigation with limited respondents and not adequately addressed with short answers. Moreover, a qualitative study allows for a richer, more in-depth analysis of an actual situation rather than a superficial overview of a number of projects (Holme and Solvang, 1997).

While relevant literature provides a theoretical basis, there are comparatively few studies examining how companies address issues of the role of national culture in attempting to implement corporate values on a practical level. Literature thus far is generally based on successful experiences, and as such is compiled with the benefit of hindsight (cf. Begley and Boyd, 2003). This case study however has been conducted concurrently to the process, and without the ability to predict its ultimate outcome. As the case at hand is an intricate, unique study based on a single company, a qualitative analysis proves a suitable choice. While this format potentially limits applicability of this study to implementation on a general level, it provides an opportunity for evaluation, analysis and comments on a project-specific level which is seldom examined in current literature.

## **4.2 Subject Choice**

In order to gain a broader, comparative understanding of the role of national culture in such a project, there are a few key criteria which a company should fulfill in order to be a suitable subject. First, it was important that the subject chosen is active in a number of regions in order to provide a possibility for a comparative study. By choosing a subject with multiple countries rather than just two countries, there was a possibility to gain richer evidence of cultural dimensions as opposed to dichotomies (Morris et al., 1998). Further, it was important to identify a company which would allow access to a large number of employees as well as internal information. This enabled an arguably more comprehensive qualitative study, and provided a variety of data sources for greater accuracy (Yin, 2003).

## 4.3 Data Collection

Yin (2003) indicates six sources of data which are most commonly used in case studies, 1) documentation, 2) archival records, 3) interviews, 4) direct observations, 5) participant observation, and finally 6) physical artifacts. In order to provide a broad empirical base, data was collected through all methods whenever possible. Due to the nature of the author's involvement in this project however direct observation and documentation, supplemented with formal interviews, provided the majority of the data used in this study.

Data collection was conducted continuously through the three stages of the process, notes were transcribed when deemed relevant and appropriate for this study.

### 4.3.1 Interviews

As a portion of the data collected for this study, sixteen interviews with IBS employees have been conducted. Respondents were selected by the contact person at IBS, and were chosen from varying levels in the organization in order to provide a diverse interview base. In order to represent as many national cultures as possible, subjects were chosen from offices from varying regions. The interviews were semi-structured, leaving the respondent to elaborate on answers and provide additional background information where deemed necessary (Ibid.). This method provided an opportunity to avoid leading respondents into answers while maintaining a general direction of the interview (Svenning, 2003). Revalidation questions were also posed during the interview in order to check internal accuracy of the interview (Yin, 2003). Resource constraints and sheer practicality dictated that many interviews were conducted via telephone, however when possible they were held in person. In order to encourage open and honest answers as well as free-flowing information, the interviews were made semi-anonymous, reporting only the respondent's country region and general level within the organization.

Interviews were held in English and Swedish. There are distinct risks however in relying on a foreign language for respondents' communication and expression of opinions. In order to avoid misinterpretations and ensure that information was correct, interviews were transcribed directly after completion and sent back to the subjects for review. Moreover, as tape recorders were not used as they may sometimes be seen as inhibiting to some respondents, the transcripts were a means of quality assurance (Ibid.).

### 4.3.2 Participation in Project Group

Participation in the project provided an opportunity for *active observation* (Kets de Vries, as quoted in Schneider and Bardoux, 2003). As this study is part of a thesis guided under the auspices of the subject company, participation provided the opportunity for both a scientific study as well as meaningful feedback for the company (Schein, 2003). Contributing in the various groups offered direct access to project materials (documentation and archival records), as well as opened up the possibility for frequent communication with key staff. Observations drawn from a frequent presence at IBS offices also provided a strong background for observing physical artifacts (Yin, 2003). Material shared among the project team representatives as well as disseminated through the employee intranet has also been vital in establishing an empirical base.

## 4.4 Cultural Clusters

Empirical data collected during the study was divided along *cultural clusters*. Using clusters in cultural studies allows for a reduction of countries to a manageable number while maintaining strong predictive powers (Zander, 2005). These countries generally have ties based on a common history, language, religion or geography; how researchers draw these parallels however can vary. The clusters used in this study are illustrated in Table 2.

Nordic	Anglo/American	Latin European/American	Central European	Asian
Norway	USA	Spain	Germany	China
Sweden	UK	Columbia	Poland	Malaysia
Finland	Australia	Brazil	Switzerland (German)	Singapore
Denmark		Mexico	Belgium (Flemish)	
		Portugal	Netherlands	
		Italy		
		France		

**Table 2 – Cultural Clusters for IBS Countries**

The clusters, referred to as here regions, are drawn from Ronen and Shenkar's (1985) model with slight modifications based on the empirical results achieved during this study. In order to more accurately reflect national cultural issues, these regions did not directly coincide with IBS' current regional structure based primarily on geography but rather were selected based on cultural factors. Poland has been included with the Central European region due to

similarity of results. Similarly, the South American units have been incorporated with the Latin European region and are referred to jointly as the Latin European/American region. For explicatory purposes, representative quotes and information along these delineations were taken from the data set for the empirical presentation. It is important to note however the analysis on a whole was based on the entire empirical data set.

## 4.5 Research Quality

When testing the quality of research completed in the thesis, it is important to look at two different factors, namely *reliability* and *validity*. In order to gauge the quality of social research, Yin (2003) recommends an examination of case studies along four criteria: reliability, *internal* validity, *external* validity and *construct* validity.

### 4.5.1 Reliability

When researching a topic, reliability is identified as the accuracy, or lack of controllable and or foreseeable errors within a study. A high level of reliability would indicate that should another researcher conduct the same study along the same guidelines, he or she would be able to replicate the original results (Yin, 2003). One key aspect of this study which was included in order to ensure a higher level of accuracy was documenting and gathering data through a number of resources and research methods. In doing so, there was a larger data set which could be used in order to look for consistency and dependability of the results.

Some methods however may have contained aspects which could lead towards lower reliability. While all efforts were made to ensure that respondents felt comfortable with the language during interviews for example, there were clear risks for decreased reliability in using a foreign language for interviews. When a researcher is personally involved in a study, there is a risk for *personal bias* (Becker, 1958 as quoted in Yin, 2003) as well as for a *parochial bias* based on national culture of the observer (cf. Hofstede, 2001; Adler, 1986). These occurrences may be, as Hofstede argues, an inevitable part of cultural research and as such must be recognized as a potential difficulty (2001). Moreover, the participant-observer role included a potential risk for decreased reliability. Through this may potentially have affected the study to a significant degree, there was a concerted effort to recognize and subsequently address these issues whenever possible.

### 4.5.2 Validity

*Construct validity* refers to identifying and using correct measures for the concepts studied (Yin, 2003). As such, a careful examination of the data collected during the study was necessary. In order to achieve a higher level of construct validity in this study, numerous resources were used, and when possible, the data gathered was validated by participants and those involved in the study. Thus it can be concluded that construct validity is fair in this study.

*Internal Validity* is related to how accurately the results of a study reflect the actual situation being studied (Ibid.). There is a focus on establishing logical and valid causal relationships within a study. For this study it is important to examine the relationship between national culture and the organizational level and stages within this process, and to be able to exclude other variables which could potentially explain these relationships. The nature of cultural research however makes this level of control between variables difficult. As such, following established models for understanding culture and its influences provide an opportunity to achieve a reasonable level of internal validity.

*External validity* refers to the ability of a study's findings to be applied on a general level (Ibid.). When using a single case study as a research subject, there is inevitably a question as to the applicability of these findings to other areas of research. Though there is a potential however for an *analytical generalization*, Yin indicates that in case studies in general there is a great difficulty when trying to identify *representative cases*. As such, it is difficult to determine the level of external validity in this study.

## 5 Empirical Data

The empirical portion of this study will first provide a brief introduction to the project studied, IBS 2.0 Corporate Culture. It will then follow the same model introduced in Chapter 1, presenting the process in three distinct stages: conceptualization, identification and implementation. In doing so it will focus on presenting background information as well as describing the various activities involved in each stage of the project through practical examples and quotes from employees involved when possible.

## 5.1 Conceptualization – IBS Corporate Culture 2.0 Project

### 5.1.1 Background

*This is a major transition...we need to create one company. We need to use our new geography and be part of globalization. It is nothing to be afraid of; it is the future of IBS.*  
– CEO, Working Group Meeting

After having grown through a series of international acquisitions, IBS had a relatively decentralized organization among units. Interviews with employees who had worked for regional units during these acquisitions indicated that newly acquired companies were generally permitted to maintain a number of their own internal processes and administrative heritage, provided financial performance was generally deemed acceptable. The IBS Corporate Culture 2.0 project was based on a decision made by the General Management team during July 2006. This was a response to what management deemed weaker financial performance, and intended as a strategic shift away from historical practice towards creating an integrated company. The first step in this project was to define a common set of core values for IBS, answering the question of “who we (IBS) are” on a company-wide level. These values in turn were to form the basis for formulating a common brand platform and strategy. The values, brand platform and strategy were to serve a number of functions such as “(a) foundation for all internal and external culture-and brand building,” “contributing to building a strong global brand,” and establishing “the IBS way” (IBS, Initial PM, 2006).

While there had previously been no similar company-wide initiative, some units in the Central European and Latin European/American regions had independently attempted to define core values on a unit-level prior to this project. The need for the project and creating “one company” was recognized throughout the business units: “Historically, [our office] has acted as an autonomous unit, so this is a big change in how things have been done” (Middle Manager, Anglo-American).

### 5.1.2 Steering Group

A Steering Group was formed in order to provide strategic guidance and planning for the project. This group consisted of three members of executive management from headquarters, the President and Chief Executive Office, Senior Vice President Legal Management and Human Resources, and the Senior Vice President Communications and Investor Relations.

The three members of the Steering Group have a Swedish national background. Meetings were held at IBS headquarters, and while the working language of the group was English, the majority of the internal documentation and meetings were conducted in Swedish.

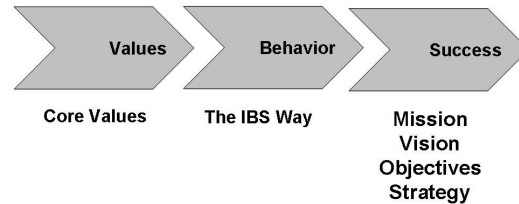
The Steering Group worked closely the Project Manager, a Swedish national, who has extensive experience in leading international projects within the company. They also retained a UK-based external consultant with Swedish national background, specializing in international brand and design strategy for large, international companies in Sweden and the UK. The author, a dual Swedish/American national, was also present for a number of Steering Group meetings.

The group was responsible for the strategic development and implementation of the project. They reported directly to the General Management board of the company, comprised of the Executive Officers of IBS.

### **5.1.3 Corporate Culture 2.0 Strategy**

The strategy in planning this project had a strong focus on involvement in the process: "...I know we are a Swedish company and run things in a certain way, but we did try to do things in a way that covers all areas... we involved employees..." (Project Manager). This was deemed necessary to address internal nationality differences in the initial strategy: "Including people from different (national cultures) definitely helped. We wanted to get to a decision that all cultures can accept, otherwise we couldn't come to a decision that all could accept" (Project Manager). Communication and openness with regards to the processes and progress of the project were also clear messages which were emphasized during initial strategic planning. It was also important to the Steering Group to define and narrow the results into a limited number of values which were both reasonable and clear: "These values should be very specific; we don't need a large number of values, we need a clear, properly defined set that all (...) can understand" (Senior Executive).

In order to illustrate how these values are linked to the company's strategy, a model was developed by the Steering Group with assistance from the external consultant (see Figure 6). In this model, *Values* are identified as the underlying core beliefs that are expressed in *Behaviors*, or the expected way which employees who share this value will act in given situations. These in turn lead to *Success*, or achievable and tangible corporate results, in this case as presented through the company vision, mission and goals (see Appendix). This model served as a strategic guide for subsequent processes in identification and implementation.



**Figure 6 – IBS' "Values-Behavior-Success" Model**

#### 5.1.4 Initial Project Plan

Based on a project plan developed by the Steering Group, Project Manager and external consultant, the process was to take place from August 2006 until October 2006. During a pre-workshop meeting, the Steering Group made an initial selection of twenty-five potential values for the company from a large set of value-related concepts. A series of company-wide activities such as surveys and interviews were then scheduled, and intended to serve as a benchmark for the current cultural climate in the company, as well as to provide the basis for a selection of values. In addition to ad hoc meetings of the Steering Group, three scheduled meetings, Corporate Culture Workshop, Global HR Meeting and Senior Management Meeting, were to provide opportunities to further define the core values based on research collected through the activities. The values are presented in the Appendix.

#### 5.1.5 Employee Survey

A company-wide, internet-based employee survey was conducted as a first strategic step to verify which values were deemed potential core values, and to provide an empirically tested basis for subsequent meetings. Employees were presented with twenty-five potential values and definitions, in English, and all responses remained anonymous. The employees were then asked two questions for each value: "How important is this value to fulfill the IBS Group's goals?", and "To what extent is this value practiced in your local IBS unit today?"

At the end of this survey, employees had the opportunity to provide general feedback as to values which may have been missing from the list. The survey had 1,148 responses of 1,847, or a 62 per cent response rate. The results were analyzed on the parameters *relative strength* and *relative importance* within the organization. Relative strength represented the current presence of a value within the organization; relative importance was how vital this value is to the success to the organization.

The survey was intended to encourage company-wide involvement in the process of establishing core values. The outcome of the survey was intended to be shared with the various units: “The results of the survey have to be communicated quickly – the employees will [definitely ask] for them...” (Senior Executive). A number of employees took the opportunity to provide anonymous feedback as opposed to additional values in the free-text section of the survey. Some reactions to the survey were extremely positive: “...all the key issues were hit. Excellent!!” Others expressed skepticism as to how the results would be beneficial for the organization: “...I doubt the results from this survey will be even remotely useful.”

### **5.1.6 Story Collecting and Similes**

As part of the effort to internally benchmark the current culture, the Steering Group planned to collect stories and similes in regional units. The stories, both positive and negative, were to illustrate a value within the organization by explaining an actual or representative event in a regional unit. Respondents were then asked to use a simile of either a car or animal to describe the culture of their local IBS unit and then IBS on the group level. Respondents were able to provide their answers in their native language when possible however the results of the interviews were presented in English. The results were for descriptive and presentation purposes, and functioned as a barometer of the current corporate culture to guide the decision making processes at these meetings.

The Steering Group, Working Group (See Section 5.2.1) as well as interviews and ad hoc respondents expressed that these results gave richness to the survey and were helpful in understanding the current cultural situation. Employee reactions in the regional units to this form of research however were mixed: “‘Compare IBS to an animal or car.’...so much

money for so much [that is unnecessary]...such highly-paid people spending their time talking about IBS as an animal...” (Senior Manager, Central European).

## 5.2 Identification – IBS Core Values

*Life changes, business changes, marketing changes,  
but what doesn't change is what's deep inside – our values.  
– SVP Legal Management and HR*

### 5.2.1 Working Group

The Working Group consisted of eleven members from headquarters and regional units, selected based on recommendations from the Steering Group and Project Manager. Participants from all regions were selected in order to give maximum nationality variance, as well as to divide the project into manageable amounts of work. Members had three responsibilities: 1) to serve as an *ambassador* for the regional units, ensuring information about the project and information on the intranet, 2) to act as story hunters, or to interview employees in various regions (see Section 5.1.6). The group was also intended to function as a multinational expert group, giving input as to the project plan as well as to help ensure the validity of the results.

The Project Manager served as the leader for this group, and was responsible for maintaining coordination and ensuring participation from group members. Their involvement however was somewhat difficult at times due to the geographic diversity of the members. When it was not possible to include the Working Group directly in decisions, they served as a sounding board for Steering Group decisions: “We couldn’t involve [the Working Group] all the time; there were times that we [the Steering Group] made decisions and bounced them off the [Working] Group” (Project Manager). The Working Group had an initial planning meeting through a conference call and a virtual link-up called Sametime in order to discuss the initial plan for value identification and the internet survey questions. Background information and a general progress report for the project were linked from the front page of the employee website, and contained a text that was updated by the Project Manager.

As English is the official working language of IBS, all subsequent meetings with international participants were conducted in English. In some circumstances this posed communication difficulties, however attempts were made in first-line by the Project

Manager during the meetings to assist those who were uncomfortable with the language or felt unable to adequately express themselves.

#### **5.2.1.1 Corporate Culture Workshop**

The Corporate Culture Workshop provided the opportunity to review the results of both the online survey as well as the regional interviews. This meeting was attended by both the Steering Group and the Working Group, and provided a chance for a face-to-face meeting for the team members. An initial presentation of the project by the CEO was followed by informational presentations from the Steering Group, Project Manager and external consultant. Participants were asked to work with the results in two separate tasks which were intended to narrow the results of the surveys into ten candidate values to present at the annual Senior Management Meeting (see Section 5.2.3). The results of this workshop compiled and then reviewed by the Steering Group in an ad hoc meeting.

#### **5.2.2 Global HR Meeting**

In conjunction with the annual IBS Global HR meeting, employees from a number of regions participated in workshop related to the core values. Many participants in this workshop were members of the Working Group, and as such were already familiar with the project. The participants were provided with the original twenty-five values from the initial survey and asked to place them into groups based on similarity. They were then asked to create a *meta-value*, or a label which embodies a number of related values simultaneously. The results from this meeting, in conjunction with the results from the Working Group meeting, were used in creating the final descriptions for the core values.

As part of this meeting there was also a separate lecture by a cross-cultural management expert entitled “Cultural Aspects of International Business”. Topics such as “Cultural differences across IBS countries” and “Business across international borders” were discussed, and participants were provided with a pack of information broken down onto a country level, containing suggestions and tips for culturally sensitively conducting business in various IBS countries. Working Group members who were not present at the Global HR Meeting were invited also to attend this session.

### 5.2.3 Senior Management Meeting

During the annual Senior Management Meeting, attended by the 100 senior managers of IBS, participants were presented with a description of the process for identifying values by Steering Group members as well as the results of the survey and workshops. They then worked in small, multinational groups selected by the Steering Group in order to rank the ten values selected as potential core values for IBS during the Corporate Culture Workshop. The five top values each group selected were to be defined in one to two sentences. While the task was intended to encourage senior management participation, the limited timeframe of the meeting and focus on other business aspects may have conflicted with participation in completing the task: “I think they were focused on results, figures – they had other business matters they needed to take care of...other meetings scheduled during the workshop” (Project Manager).

There were noticeable difficulties in transcribing the results from this meeting due to language issues. Some of the results strayed from the original task provided, and instead offered new values or concepts which groups felt were relevant.

### 5.2.4 The CORE Values

During Steering Group meeting, the top three values identified from the results of the Senior Management Meeting were identified and further defined. These values were *Customer Focus*, *Openness*, and *Respect*. There was also a focus on how these values could be presented to the units in a way which would be both engaging and easy to remember. The values along with their descriptions, behaviors and successes (see Section 5.1.3) were presented to the General Management team for review.

The General Management team determined the values selected were missing a nuance and came to the conclusion that a fourth value was necessary. After evaluating the results from the various meetings again, the meta-value of *Excellence* was suggested. Some employees who compared the selected values to those presented in the initial survey indicated during subsequent meetings that they were aware of the final addition of Excellence. When they questioned why a value was included which was not on the original list, Excellence was identified as a meta-value encompassing a number of the other values which were included in the initial survey. The General Management team approved this choice of the additional

value, and as such Customer Focus, Openness, Respect and Excellence, or *CORE* Values, were adopted.

### 5.3 Implementation – IBS CORE Values

*IBS is a company with a proud past. Strengthened by our CORE values, we are also a company with an exciting future. Our CORE values guide us towards better understanding our stakeholders' priorities, delivering the finest solutions, promoting development and innovation, pursuing excellence, and creating added value.*  
– CEO, CORE Values Brochure

#### 5.3.1 Local Focus

Early in the process, a strategic decision was made to implement these values on the local level. The reasoning behind this decision was explained by the Project Manager: “We can’t come up with a solution from headquarters and say, ‘here you go!’ To make it happen you have to anchor it with the people out there.”

Members of the Steering Group expressed the rationale behind a local implementation as to encourage a strong anchoring in regional units as well as to provide the opportunity to tailor each implementation to local needs. For administrative purposes, headquarters assumed responsibility for company-wide information material, including group intranet information, presentation templates and employee kits. This allowed for a certain level of consistency in the messages communicated as well as a possibility to control that the local implementations were completed within a common timeframe. The regional units which had already undertaken substantial work in defining corporate values were encouraged by the Project Manager to incorporate this work into planning local activities.

#### 5.3.2 Value Ambassadors

The Managing Director (MD) of each regional unit was asked to assign one employee as a Value Ambassador. This employee would be responsible for ensuring that the values were implemented and understood fully in each regional unit, and serve as a communication link between headquarters and the regional units. Value Ambassadors were not required to come from a particular function however MDs were encouraged to identify someone who would be appropriate for communicating on a local level. Thus the individuals selected varied in background, level and position.

Management Level	Nordic	Anglo American	Latin European/American	Central European	Asian
Senior	1	2	4	1	
Middle	3			1	
Junior	3	2	2	3	
Assistant					1

**Table 3 – Value Ambassadors’ Management Level by Unit**

Value Ambassadors in general seemed aware of their responsibilities however some had initial questions as to how to begin: “I am sure that's a great action to do within IBS to make the group stronger...but sometimes difficult to know how to start exactly” (Middle Manager, Latin European/American).

In the regional units, having a local employee responsible for implementation was well-received: “...there is a need for someone who understands the project, who understands the background and can be an ambassador. Someone who can talk to people and continuously update and show the results” (Senior Manager, Nordic).

### 5.3.3 Tool Kit

During the identification stage, the working and Steering Groups compiled a *tool kit* consisting of various methods and media for communication and presentation during the implementation process.

Tool	Description	Tool	Description
<b>DVD</b>	A DVD with messages from the senior executives on the CORE values.	<b>Posters</b>	Large, branded posters illustrating CORE values, behaviors and successes.
<b>Brochure</b>	A short brochure with the CORE values and their importance for IBS.	<b>Forum</b>	An opportunity to discuss and pose questions in an open format.
<b>Brand Book</b>	A description of the IBS brand, with rules and Group standards.	<b>Exhibit</b>	A collection of materials, posters and information in the office.
<b>Presentation</b>	Standard presentations to serve as a basis for Value Ambassadors.	<b>Values in Practice</b>	An award for employees seen as exemplifying a specific value.
<b>Values Card</b>	A credit card sized presentation of the CORE values, behaviors and successes.	<b>Workshop</b>	Small groups completing a task focused on the CORE values

**Table 4 – Tool Kit and Descriptions**

The tools were designed to support the Value Ambassadors during implementation as well as to provide an opportunity to tailor the message to the individual. There was also a strong message from executive management in the process, with DVDs including presentations by senior executives. The material and example presentations were produced in English

however presentations were encouraged to be in the local language, and slides translated when necessary. Some units expressed concern as to language difficulties and asked if it would be possible to subtitle the executive presentations.

### **5.3.4 Local Employee Interviews**

In preparation for implementation as well as for empirical purposes for this thesis, interviews were conducted with employees from various regional units. The questions focused on general understanding of the project and its goals, as well as preferred implementation and management styles. Comparing these results between regions served as a general barometer along cultural parameters, providing background as to internal variations. Respondents were informed about the specific attention towards cultural differences in these interviews, and reaction to this was generally positive: “[It is a] very good idea (to take into account) the cultural aspects and change management. The implications on the organization level are massive” (Senior Manager, Anglo-American). There was some skepticism as to how this information would serve beneficial to the implementation however: “I am curious about how headquarters will use the information...” (Senior Manager, Central European).

#### **5.3.4.1 Local Project Awareness**

Although the project was intended to encourage employee involvement, the level of actual awareness in regional units varied. Some respondents were well informed of the progress of the process: “It is a very important project for IBS, and I think it is going very well...so far [the process] has been good” (Junior Manager, Latin European/American). Other comments indicated that the process was less clear than intended: “The ordinary people sitting in offices haven’t heard about it – it has been very much on a management level. I know there have been individual interviews, questionnaires, but they haven’t seen the outcome of it yet” (Middle Manager, Nordic). There are indications however that the presentation of the intranet information may partially have been to blame for the awareness level: “It is good to have a link from the first page as a picture, but it may be better to have new flashes. Better too much rather than too little information...” (Middle Manager, Nordic).

#### **5.3.4.2 Desired Tools**

Respondents were given the opportunity to discuss preferred implementation tools, or resources to learn about the values. One consistent suggestion from employees in all regions was holding meetings: “I think it is best with meetings. Knowing people and meetings – you can learn a lot from the people. In order to learn important things, I need to hear it personally. In a [multinational company] there can be an institutional message – but then after this you need to go to the field with meetings” (Senior Manager, Latin European/American). Some respondents indicated that these meetings should have an interactive nature: “Interactive meetings with Q&A, even if it breaks down to multiple meetings. [They should be] frequent and short – not too much information at once, but they should be appropriate for when the time they need it” (Senior Manager, Anglo-American).

Others indicated that intranet information was a strong possibility for informing employees, but they are generally second-best to meetings: “Of course face to face meetings are better, but it is a question of cost. You should avoid email information. [Try] to have a meeting, phone conference with a PowerPoint presentation...” (Senior Manager, Asia). In this situation, cost and convenience became a strong issue for units.

The information on the intranet however was not as convenient as other forms, as another manager noted, “‘...send me the information, don’t make me go get it...’ Human nature comes into play [here], people are very busy and don’t have time to look for information on the intranet” (Senior Manager, Anglo-American).

#### **5.3.4.3 Desired Methods**

Consistent in all units there was a strong focus on having the message delivered personally: “From [our regional] point of view, it needs to have a personal touch – either delivered in person or from a person, such as for example senior management, headquarters or country managers” (Senior Manager, Anglo-American). Openness and transparency were indicated as important by the majority of respondents, however some indicated that there are times when this is not entirely necessary: “It’s hard to indicate the best way, because some need to be formal, and sometimes hidden – with only a few people. It depends on the phase of the project though” (Junior Manager, Central European).

There was also a strong indication across all units that management endorsement of the project was instrumental in gaining support: “[The CEO] is a person who a lot of people have a great deal of faith in. The project is very much associated with him as a person, and he is the one who has the drive to bring this forward” (Middle Manager, Nordic).

One aspect which was emphasized by Latin European/American units was that successful implementation would be based on having strong control over the entire implementation process: “Organization is very important – the plan. It is important to control all of the process. We need to have commitment, organization and control over the processes” (Senior Manager, Latin European/American). This was also highlighted in subsequent casual conversations with group members and Value Ambassadors from this region.

### **5.3.5 Local Implementation Plans**

In preparation for implementation, two Sametime presentations were held providing background information on the project as well a summary of the results of the local employee interviews. Value Ambassadors were provided the opportunity to pose questions to the Project Manager and the author with regards to what should be considered in regional units during implementation. Value Ambassadors were then asked to develop their own local implementation plans. They were instructed that they would be provided with the tool kit as well as general guidance and assistance from the author in potentially appropriate implementation plans. “You [the Value Ambassador] are the person who knows best how to communicate in the most efficient ways with your colleagues...” (email, Project Manager).

Although the implementation process is currently underway in the units, some general observations can be presented based on the data collected thus far. Reaction to the local implementation process was mixed; during meetings, respondents from some regions such as Nordic and Anglo-American indicated a preference for having the freedom to decide implementation on the local level. Latin European/American respondents however expressed some uncertainty in this regional-based implementation without a plan from headquarters:

“...I feel that since this is a project with no previous history in the group it generates a higher level of risk that I would like to assure it is managed in the right way... [these] are some doubts that I have and the reason why I asked if we would have from HQ any draft for the implementation plan...” (Senior Manager, Latin European/American)

## 6 Analysis

In order to allow for a systematic examination of the process, the analytical section of this thesis will closely follow the model introduced in Chapter 1. The understanding of culture and cultural dimensions will be used in conjunction with the theoretical framework in order to examine potentially critical issues posed by national culture as well as methods used by management to counter these issues.

### 6.1 Conceptualization

#### 6.1.1 Background

The conceptualization stage involved planning on an executive management level, with tasks of a mainly strategic nature. In light of the location of the company as well as the Nordic background of the executive management, it is beneficial and interesting to examine where the Nordic region falls within Hofstede's cultural dimensions (see Appendix). One of the most noticeable issues is that the Nordic region shows fairly polarized towards femininity relative to other regions. This could be illustrated for example through signs of *consensus building* or *building of relationships* as opposed to entering into conflict. Thus when looking for evidence of national cultural influence in the stage process, such traits may be expected in general when influence from the executive team's national culture is present.

#### 6.1.2 Steering Group

The Steering Group was relatively *culturally homogenous*, and as such decisions made within this group may tend towards adopting *practices* such as policies and processes that reflect national culture. In this case, the management decision to focus on a strategy which encouraged involvement and consensus-building can be considered a sign of a Nordic national culture influence. Given the cultural distance between the Nordic region and, for example, Latin European/American on dimensions such as masculinity and uncertainty avoidance, some of the resulting decisions may not be congruent with regional offices.

As the group shared a common national background, there was also a distinct possibility for them to engage in *groupthink*. The empirical evidence indicates however that there were numerous opportunities to draw on internal experience from other cultural backgrounds. For

example, the international experience of the external consultant, the Project Manager's prior experience with leading multinational projects as well as the author's participation brought an additional level of national cultural diversity to the group. As such, the actual risk for groupthink thus does not appear to be the case.

When formulating policies, the consensus-based nature adopted by the Steering Group had strong deterrents to creating *generalized policies* that would be incongruent with regional units on a general strategic level. The Project Manager also noted that there were times that the Working Group was able to function as a sounding board, thus adding a further dampening effect.

### 6.1.3 Corporate Culture 2.0 Strategy

The inclusive nature of the project illustrates a shift from *ignoring* national cultural differences to *utilizing* them. In this respect, national differences were to be seen as providing potential gains through competitive advantage for the company, as indicated by executive statements and in printed material. Achieving such a shift towards international cooperation would require a substantial change in practices within the company, which may be facilitated by focusing on incorporating regional units into the project. By adopting practices through a consensus-based process, there is a lesser chance that these values will share a strong link one particular national culture.

In determining this approach, Steering Group adopted a strategy which likens Adler's *culturally synergistic* approach. By focusing on gaining input from employees in regional units, there was a distinct effort to *describe the situation from all cultures involved*. This provided an opportunity to test if decisions taken would *violate norms* of other cultural groups within the company, as well as act as a gatekeeper on cultural issues from a native perspective. The Steering Group then *interpreted and analyzed* the issues surrounding the cultural issues with the help of the external consultant as well as the author. Finally, there was a clear focus on *developing a culturally sensitive solution*. As indicated by the Project Manager during meetings as well as on a working basis with the Steering Group, there was careful attention paid to creating a solution that would be acceptable across the units. This was further supported through encouraging the direct involvement of a student completing a thesis on cross-cultural studies. Introducing the Values-Behavior-Success model as a starting

point indicates an understanding of the link between values and their impact on the success of the organization, suggesting an underlying understanding of the importance of this synergistic approach.

#### **6.1.4 Initial Project Plan**

The initial plan focused on involvement across the units and reaching consensus in order to provide an accurate picture of the shared values across the company. By involving people from various cultures through project teams, this plan again underscored the culturally synergistic strategy and more utilizing approach. Although this was the case, collecting input from across hierarchical levels within the organization indicated a strong egalitarian influence is indicative of a national culture with low power distance and low masculinity. As such, this may be incongruent with some of the regional values centered on higher power distance such as Central European, or higher masculinity, such as Latin European/American, and thus pose potential issues in acceptance and anchoring in regional units.

Including multinational teams provided the opportunity for contributions from the regional cultures and encouraged input and feedback on the Steering Group's decisions. This in turn enabled a more culturally sensitive end-product, and served as a strong sign to the organization of a focus on utilizing cultural differences as opposed to *ignoring* them. During these meetings the team had a focus on the local fit of the decisions taken, and made valuable input as to what would and would not be acceptable in their regional units, supporting *local responsiveness* and creating an opportunity for *global integration*, enabling greater congruence between group values and unit expectations.

#### **6.1.5 Employee Survey, Story Collecting and Similes**

The Employee Survey was an opportunity to carry out an internal benchmarking as to the values present within the company. By keeping in line with the objective of promoting involvement and identifying values which are shared by the company, the survey provided the empirical background to support these goals. While this was an integral part of a utilizing strategy, there are some potentially critical national cultural issues with this strategy.

Employee skepticism towards this method was noted in employees from regions high on the uncertainty avoidance and power distance indices, such as Latin European/American. This can be explained by general uncertainty as to what some national cultures view as

appropriate involvement in executive-level processes and decisions across the organization. These units may feel that making such decisions falls within the remit of senior management, and as such would be skeptical towards the project in those regions. Moreover, while the participation of an external consultant in the process may appeal to regions with high uncertainty avoidance, interviews indicate that Latin European/American employees wanted more of an expert, external input in the project than was already present.

While the Steering Group and a number of participants in the meetings indicated that the similes and stories added level of richness and robustness to the quantitative data gathered in the surveys, respondents from Central European and Latin American/European countries indicated that this method was incongruent with some national values in the units. In regions high on the masculinity dimension, these “softer” activities can be seen as difficult to incorporate into executive decisions. This is a strong indication of a potential clash between policies and practices decided on the executive level which are incongruent with the organization.

One potential explanation for these attitudes may be found in the view of corporate culture among some executives as a loose concept. By using similes and stories as opposed to the number which the survey statistics provided, this may have underscored this notion and thus had a negative effect in this respect.

## **6.2 IBS Core Values – Identification**

The identification stage was structured on a variety of levels throughout the organization, and involved a number of multinational teams. The tasks involved were mainly group-based in nature, and focused on encouraging participation from across the organization. Thus each of these groups had the potential for varying performance, communication issues as well as coordination difficulties due to national culture.

### **6.2.1 Working Group**

The Working Group was culturally heterogeneous, and as such the group’s performance could be correlated with two factors: the cultural distance between regions of group members and the type of task they were assigned to complete. Based on cultural dimensions,

there is significant distance between the various regional units' national cultures, which could potentially pose a risk for low group performance.

Overall performance of the group however was relatively strong. This is supported by the empirical research as well; the suggestions which came from the meeting were generally innovative, and were used to form the basis for the employee tool kit. Subsequent interviews and ad hoc discussions with the participants afterwards indicated that the meetings were enjoyable and seen as productive in general.

There are some clear factors which may have enabled this strong group performance. The consensus nature of the identification phase of the project had an outspoken focus on *collective decisionmaking*. Moreover, the Project Manager's experience in leading multicultural teams was an asset based on general *cultural acumen* and communication background, and seems to have facilitated a cohesive, cooperative environment. The Steering Group and Project Manager also included a certain level of imaginative freedom in the workshop, and as such the tasks were *creative* as opposed to routine. Thus with proper management in these tasks the group had the potential to perform on a higher level than culturally homogenous groups.

While a great deal of the correspondence took place electronically, the Corporate Culture Workshop provided the opportunity for the Working Group to meet in person, build relationships across the units and form a team of people who are representative of various levels throughout the organizational hierarchy. This helped alleviate some of the difficulties caused by working in a *virtual team*, including for the author. For example, as a direct result of the initial contact and personal relationships built with the group members at the workshop, receiving information from the regional units and status reports was greatly facilitated. While a number of these relationships could have been formed outside of this Working Group such as through other groups or professional contact, the meeting was an opportunity to form further group cohesiveness based on the task at hand.

### **6.2.2 Global HR Meeting**

The Global HR Meeting allowed another multinational group to participate in the identification process, and as such was an important factor for revalidating the results of the previous Working Group meetings from another cultural perspective. This group also ran the

same risk for potentially substandard performance however this was again not evident in examining the results of the meetings. As there were some of the same participants from the Working Group, this may have had an impact on the ability to quickly form working relationships with colleagues, lending to easier integration.

Including a session on cross-cultural management during this meeting served as an opportunity for discussion and reflection on cultural issues at the Working Group level. This is again reflective of the company's utilizing strategy; they recognized the differences across cultures and are attempting to help employees work with these differences. In attending this session there was an opportunity for the participants themselves to become *cultural ambassadors* for their own cultures during this meeting, and potentially during other interactions with other units abroad. In the longer term, one could argue that employees who have attended this session may have the potential to become cultural ambassadors in their regional units. By building up interpersonal and cross-cultural communication skills, they may be able to help facilitate a general cultural understanding in local offices.

### **6.2.3 Senior Management Meeting**

By encouraging participation at the Senior Management Meeting, there was a strong opportunity to gain executive support on the unit level throughout the organization. Thus the importance of having high group performance in this instance is self-evident.

Although the team did have a creative and non-routine task, which could indicate potential for high performance, the data and interviews indicate that the outcome was less than desired. There may be a number of contributing factors responsible for this result. While the groups were multinational, due to the sheer diversity of managers from all of units as well as the intentionally high cultural variance created, there may have been distinct coordination and communication issues due to cultural distances. Due to scheduling constraints there may have not been adequate time in order to build group cohesion in such a short time frame. Moreover, each group was created without explicitly designated leaders, and as such there may have been issues where a cultural mediator would have been able to facilitate. There were also communication issues due to language, as was seen while interpreting the results from the meeting. Managers may have not appropriately understood the task, or may have not been able to adequately express their thoughts on the matter.

There may be however other non-cultural factors which may have had an effect. For example, executives in attendance indicated felt that a tradeoff was necessary between valuable interaction time with colleagues they see only once a year and completing the task. When making this decision, the inherent difficulties seen in defining culture in a business setting may have resulted in some executives focusing on maximizing their time in other ways as opposed to participating. Thus it is difficult to ascertain precisely what the causal factor was however there are several potential sources.

Interesting to note however is some managers' deviation from the task at hand. This deviation could be seen as imaginative, which is indicative of a well-managed multinational team and is contrary to the findings of poor performance.

#### **6.2.4 Identifying the CORE Values**

Working from a collective decisionmaking background was key in facilitating strong performance within the multinational groups. The addition of the final value which was not included earlier in the process was perceived by employees the Nordic region as contradictory to the notions of involvement and consensus. They indicated that in spite of an inclusive nature, the work was altered by senior management. While this stage of the process was not completely transparent to all employees, employees could note that the value excellence was not included in the initial twenty-five values presented.

The response to this was to explain in subsequent presentations that this was created out of a meta-value which was compiled based on the work created by previous meetings. As such, this may be less controversial than it appeared on the surface to employees looking for involvement and collective decisionmaking in the process. For employees from regions where a more decisive management role is expected, such as in those with a high uncertainty avoidance and high power distance, this may be seen as a signal that executive management is genuinely interested in the project and thus can further facilitate acceptance. It is important to note however that meetings, interviews and general employee responses from all regions consistently indicated that an active participation on the executive level was crucial for the project's success. As such, the final executive decision on the values may be considered to be a valuable addition to the process.

## 6.3 Implementation

Due to the local focus of the implementation stage of this project, it is important to examine potential issues of conflict between headquarters and regional units in order to ascertain potential for national cultural issues. It is also necessary to examine organizational aspects to ascertain further compounding of national differences.

### 6.3.1 Local Focus

Through successive acquisitions, IBS as a group maintained an administrative history as a *polycentric* organization, where each unit functioned independently. The autonomy of the respective units' values and administration was respected and maintained, and thus there was little potential conflict between national values and any *imposed* organizational values. Symptomatic of the lack of international cooperation, observations suggested that there was little to no concerted attempt to attain any gain from the cultural diversity in the organization. Respondents frequently referred to units by their national location, indicating a strong delineation linked to national identity within the company.

While this provided the opportunity for management strategies and practices on a local level to be congruent with national values, this resulted in time consuming and costly *first-order control* methods from headquarters such as through financial reports and monitoring. This does not mean that national culture was not an issue between headquarters and regional units; to the contrary. Respondents indicated that national differences occasionally resulted in misunderstandings with headquarters as well as with other units.

IBS Corporate Culture 2.0 marked a culturally strategic shift towards a more *geocentric* organization, with common structures and understandings that are reached through the consensus process. While the units may lose some autonomy in terms of local management potential, there was an outspoken goal of creating an inclusive environment as indicated through the Steering Group strategies.

There was careful attention paid to respecting the *administrative heritage* of the units, as exemplified by the Project Manager encouraging incorporation of regional unit values with the new CORE Values. Employees pointed out that it was important careful attention should be focused on the cultural differences due to historical relationship between units on national levels, and as such interviews indicated the author's involvement was appreciated in the

project. There may still be issues that come forth later during in the implementation stage which are incongruent with local administrative heritage of the units, though there was no clear sign of this in the empirical data collected.

### **6.3.2 Value Ambassadors**

Using a local facilitator for implementation provided an opportunity to present the values in a culturally sensitive manner for each unit. The potential for feedback directly from the individual units also helped indicate potential issues between corporate culture and national culture in the regional units. Additionally, this offered the possibility for a potential *cultural transfer agent* role. While this seems to be an appropriate tool for finding culturally appropriate solutions and lessen conflicts between units and headquarters, there are some inherent risks evident in using this method. Value Ambassadors were chosen by local MDs with the specific instructions of choosing someone who would be appropriate to present and represent the values. In some situations, the Value Ambassador selected may not necessarily have been the most appropriate candidate for gaining employee acceptance. For example, in regions with a high power distance, such as Latin European/American or Asian, the most appropriate employee for presentation and ownership of the implementation stage would be a more senior manager in order to facilitate an acceptance and respect for the importance of the project. If the seniority of the Value Ambassador is not congruent with the expectations of the regional unit, this may result in a difficult implementation for the Value Ambassador as well as a longer anchoring time within the regional unit. In one such situation, this discrepancy was quickly recognized by the Value Ambassador, and to remedy the situation stronger involvement of the local senior management was suggested.

There are a number of potential explanations as to why this may have happened. In some regions, a local MD may not share the same cultural background as employees and thus not understand the effect of choosing an inappropriate candidate. Another explanation may be that some local MDs may not have adequately understood the importance of local implementation, and treated the task as more routine or clerical in nature. This may indicate that while headquarters placed a strong focus on inclusion and fit with local implementation, MDs of some regional units may have not shared this attitude, indicating a clash between corporate and national values.

### 6.3.3 Tool Kit

The tool kit was designed to be used on a company-wide level, and was intended to address as wide a variety of communication preferences as possible. This would provide an opportunity to avoid conflicts between regional units and headquarters, while having a common set of tools would help anchor a more geocentric approach. There are however inherent risks associated with producing a tool kit which is to be used throughout the organization. If local tools are not congruent with national values, Begley and Boyd's model predicts a potential clash. Feedback collected from the Steering Group and Working Group indicated they were aware of the importance of a *cultural fit* within the tool kit, and subsequently attempted to include a variety of tools to encourage this fit.

In order to see if the tools indeed fit with national cultural values, analyzing the tools based on Hofstede's cultural dimensions provides an appropriate starting point. An initial analysis in Table 5 was completed in order to ascertain where on the dimensional spectrum each tool may be most effective. For example, a DVD with a presentation from senior executives may be most appropriate in regions with a higher power distance, while less effective in regions where there is a stronger individual focus. An open forum

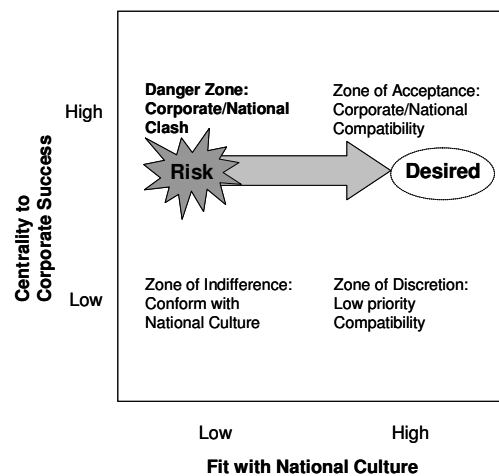


Figure 7 – Cultural Fit and Tool Kit

where employees are free to discuss the values may be extremely effective in regions where active employee participation is expected such as in low power distance regions, while this tactic may be less welcomed when employees would like to have stricter guidelines set out as to how things should take place, such as in regions with higher uncertainty avoidance. When looking at all of the tools with regards to their potentially most appropriate audience, the tool kit appears to provide a robust selection to allow for a fit with national culture across a majority of the cultural dimensions.

Tool	Power Distance	Individual/Collective	Uncertainty Avoidance	Masculinity/Femininity
DVD	High	Low	High	High
Brochure	Mid/High	Low/Mid	Mid/High	Low/Mid
Brand Book	Mid/High	Low/Mid	High	Low/Mid
Presentation	Mid/High	Low/Mid	Mid/High	Mid/High
Values Card	Mid/High	Mid/High	Mid/High	Low/Mid
Posters	Mid/High	Low/Mid	Mid/High	Low/Mid
Forum	Low	High	Low	Low
Exhibit	Mid/High	Low/Mid	Mid/High	Low/Mid
Values in Practice	Low	High	Low	High
Workshop	Low	Low/High	Low	Low/High

**Table 5 – Tool Kit and Hofstede’s Cultural Dimensions**

The tool kit also provided opportunities for local adaptations in order to increase the potential for anchoring within the units. Suggestions have been presented such as subtitling in regions where English may not be as effective. Moreover, the presentations could be tailored to local preferences, depending on the most appropriate method for delivery and information necessary. For example, in units with a higher power distance, senior executives would be integral in implementation, potentially resulting in a higher acceptance. In regions where uncertainty avoidance is high, meetings could be held with a separate Q&A session afterwards, giving employees time to formulate thoughts around issues. This would thus dampen the risk of potential clash between national values and the tools introduced.

At the same time as the tool kit allows for adapting to local culture, it provides a certain level of homogeneity across the units with regards to implementation. All Value Ambassadors have the same background material and information, and as such this may help alleviate some of the initial concerns raised by Value Ambassadors based on uncertainty avoidance.

Local offices were encouraged to order enough employee presentation kits for potential new hires as well. Interviews and observations indicated on the executive plan for using these values as a *climate creator* among the units. As such, the shared values are to be used as a *socializing influence* for new employees across the company.

### 6.3.4 Local Employee Interviews

The local employee interviews provided an opportunity to examine the extent that employees throughout the organization felt that the process encouraged involvement, as well as to examine in general terms the cultural distance between the regions. Throughout the empirical presentation of the empirical data, there were strong indications of significant

cultural distance between regions. It is interesting to note however that there were also a number of consistent, common responses which indicated some viewpoints which are shared across the company. These could be indicative of potential areas where corporate strategy should have a common focus, and thus be able to take advantage of commonalities.

Employees in all regions indicated three important aspects within the project, namely a strong leadership on the executive level, fairly open communication, and information in various forms. While these responses may be expected in some regions, they were somewhat unexpected from other regions. In the Nordic regions, where there is a focus on consensus and relationship building, the majority of respondents indicated the importance of decisive executive guidance. As interviews and observations made by employees in conversations indicated that IBS had a history of weaker leadership, the desire for a strong, decisive leader may be found in the administrative history of the company. Regions which according to theory do not generally have a desire for open communication between hierarchical levels, such as those with high power distance, consistently indicated the importance of the ability to hold open discussions with regards to the values.

### **6.3.5 Local Implementation Plans**

By implementing on a local level, Value Ambassadors were provided with a large amount of freedom in order to adapt to methods which they felt would be appropriate for their specific unit. In many cases, this could serve as a tool for abating potential clashes between headquarters and regional units. It is important to note though that while local responsiveness was intended to allow units to implement in a way which would not violate local cultural norms, there are indications that in some regions this may not have been the most culturally fitting solution. Value Ambassadors from regions with high uncertainty avoidance, such as Latin European/American, requested clarification as to expectations from headquarters, and subsequent communication with them indicated a distinct uneasiness with the potential success or failure of the project due to this freedom in planning. This indicates that although intended to avoid clashes on the local level, loosely guided implementation plan may not necessarily be congruent with all regional units' expectations and thus cause significant issues.

## 7 Conclusions and Discussion

*In the business world, the rearview mirror is always clearer than the windshield.*  
– Warren Buffett

This thesis set out with the premise to examine the potential effect of national culture in creating a common set of values across international units, as well as how a company ultimately manages these aspects. After an extensive examination of the process, it is quite evident that variances along national cultural lines indeed played a substantial role in all three stages of the project. Though by no means exhaustive, this study touches on a number of areas where national culture is both present and managed during this process. These findings are summarized in Tables 6 and 7.

	Potential National Culture Issues	Actual National Culture Issues
<b>Executive Management</b>	Strategy influenced by national culture of executives Generalized policies incongruent with regional units Groupthink in culturally homogenous groups	Strong Low to Moderate Low
<b>Multinational Teams</b>	Internal cultural differences Risk of substandard performance - Difficulties due to cultural distance - Task-dependent Geographic distance compounding cultural difference Communication Issues	Mixed Moderate in all groups - Mixed - Low/Moderate, Strong - Low to Moderate Low to Moderate Moderate in all groups
<b>Local Organization</b>	Conflicts due to headquarters/local structure Incongruence with administrative heritage Cultural distance between units Clashes between corporate/national values	Moderate/Strong in some units, Low in others Moderate/Strong in some units, Low in others Moderate/Strong, some commonalities present Limited in many, Strong in some

**Table 6 – Summary of National Cultural Issues**

	Potential Management Approaches	Actual Management Approaches
<b>Executive Management</b>	Ignore/Minimize/Utilize Culturally synergistic approach Cultural ambassador for increasing variety	Utilizing cultural differences Adopted Culturally Synergistic approach Included various cultural backgrounds
<b>Multinational Teams</b>	Collective decision and working processes Importance of an Appropriate Team Manager - Cultural Mediator - Interpersonal Communicator Innovative, non-routine tasks	Present in most, but not all processes Strong team management when possible - Cultural mediators when possible - Strong, when possible Generally non-routine tasks
<b>Local Organization</b>	Corporate culture controls - first/second order Recognizing cultural fit of policies	Strong, some incongruence with regional units - Moving from first to second order control Recognition of fit, sometimes counteractive

**Table 7 – Summary of Management Approaches**

### 7.1 Conceptualization

The empirical research showed that the process exhibited initial signs indicative of a Nordic national culture, promoting involvement, inclusion and consensus. As such, this may not

have been congruent with the national cultural values all regional units and as such could pose a potential risk for the organization. There were however chances for the Steering Group to utilize individuals with different cultural backgrounds and experiences, which had a dampening effect on the extent of the ultimate national cultural influence as well as potential for groupthink. Further, by relying on multinational teams as well as a local implementation further in the process, there were also significant opportunities to avoid clashes with the regional units.

Although the policies which were developed in a group with a national cultural influence would generally have potential towards incongruence with regional units, the inclusive nature of the strategy and the projects abated this to a significant degree. There were however some regions, such as Latin European/American, which indicated that this approach may be incongruent with national values.

The Steering Group chose a strategy which was indicative of a utilizing approach to national cultural differences. The process that in turn developed from this strategy allowed for significant input from other units as well, which added potential for avoiding choices which would be inherently incongruent with regional units. In this strategy there are distinct signs of adopting Adler's culturally synergistic approach in the process. The steering group made a conscious effort to include various cultural backgrounds and nuances into the project, which could ultimately help increase general acceptance of the process. The drawback to this approach is that it may be incongruent with local unit expectations as to appropriate strategies.

## **7.2 Identification**

The identification stage relied on a number of multinational groups and workshops. Due to the sheer diversity of these groups, there was potential for national cultures to have a strong impact on the ability of these groups to effectively work together. Though it is difficult to identify exactly what role incongruence between national cultures played, it is possible to look at the group's performance and communication abilities in order to make some conclusions as to this effect.

In two of the groups observed, the Working Group and the group at the Global HR Meeting, the results showed signs of strong performance. This could be due to a variety of factors,

however some could be the collective nature of the decisionmaking process as well as the general cultural acumen of the Project Manager leading these two meetings. While communication posed a difficulty in all three groups due to language, the groups where there was a manager able to facilitate the process seemed to overcome these issues satisfactorily. The tasks were also generally creative and non-routine, which may have contributed to this result. In spite of considerable geographic distance between members of the Working Group, this appeared to pose a low to moderate risk in the group.

The Senior Management Meeting however had varying results, in spite of the potential for higher performance. There are a number of potential reasons behind this, however there are signs that it could be due to language or communication issues, lack of a leader with strong cultural acumen, or inability to build substantial group cohesion during the short meeting time. There could however be other outside factors which compounded this result, such as conflicting priorities or general view on culture.

### **7.3 Implementation**

A local focus on implementation was part of a key shift from a polycentric to a geocentric organization. This in itself poses a significant potential for national cultural clashes between units and headquarters. By taking a flexible approach to implementation however, there was a strong potential to avoid some of these conflicts on the local level. While the local implementation was intended, among other things, to ease problems of national culture there were some inherent risks in this strategy. Choosing Value Ambassadors from each unit was a strong possibility to avert clashes between regional units and headquarters, as well as to help alleviate incongruence between corporate and national values, when possible. The Tool Kit served as a means to tailor the respective messages to the units on a level sensitive to national culture while keeping a certain level of homogeny across units.

Some regions however found the flexible nature of the local implementation plan less than ideal, preferring guidance from a central source in order to ensure homogeny in the process. Thus the attempt to manage this issue could in effect ultimately compound difference between the national cultures.

## 7.4 Discussion

For a company that has grown through international acquisitions, posing the existential question of “Who are we?” clearly leads to a number of issues. One of the most pertinent ones however is how to go about tackling this issue. When a company has employees from varying nationalities and backgrounds, how can they attempt to appease the majority while still accurately reflecting the history, and nuances that make the company what it is?

While there were a number of ways to go about answering this question, IBS chose to look from the inside-out, including employees from all units, all regions and all levels in the organization. Though this approach can arguably be linked to the Nordic culture of the company itself, the Steering Group realized the national cultural differences early. They took a head-on approach towards tackling cultural issues of a multinational company. Though it is difficult to say whether IBS’ choice is the most *effective* approach, it is arguably one of the most *reflective* approaches the company could have taken.

There are some important aspects to take away from the results of this case study. The conclusions illustrate that even when companies consciously take a synergistic approach towards issues of national culture, there are inevitably circumstances when aspects of this approach may be incongruent with national values. Efforts to manage these differences may result in further discrepancies, leading to an iterative process. Some of the theories presented may sound promising on paper, but can prove difficult to implement in reality. A culturally synergistic path may be admirable, but is clearly not an easy road to go at times.

While this thesis does not conclude with a prediction as to the potential outcome of this project, it is important to note that that was never the intention. The process for implementing the CORE Values will be long-running, and any judgment as to the effectiveness for the choices made during this process can only be passed at a later stage, with the benefit of hindsight. And as Buffet suggests, perhaps this thesis may serve as a rear-view mirror for the company to use as a learning tool.

## 7.5 Critique of the Study

As with most studies, there are bound to be a limited number of inherent weaknesses. This study has addressed a topic which is extremely difficult to put within the confines of an all-inclusive framework. Culture can be seen on many levels, and clearly in a project of this

magnitude there are many aspects which are unobserved – and thus unreported. This is may be symptomatic of cultural research, as it builds on the ability to create a rich, nuanced report of what has happened in a specific incident. Due to the breadth of the study, there were a variety of theoretical angles which may have proven appropriate, however the theory chosen was deemed most befitting both this situation as well as the reasonable confines of this thesis. Moreover, as an active participant in this case study, there was also a potential for drawing conclusions based on one's own cultural background and potential biases.

Finally, this study addresses only the beginning of a long, challenging process which IBS has undertaken to implement a common set of corporate values. As the process is currently underway, there may be significant changes during its development within the organization. In light of the difficulties presented both in terms of topic as well as scope however, all efforts were made to conduct a thorough, well-grounded study.

## **7.6 Further Research**

Based on the results from this study, there are a number of opportunities for further research which would be of interest. From a practitioner's standpoint, an interesting quantitative study could be performed on the data collected during the Employee Survey. As the importance of corporate values which are congruent with national values is fairly clear, a study across the units comparing the results of the initial survey on a national basis could provide interesting information as to potential incongruence in regions. A follow-up study on the embeddedness of the CORE values could prove interesting for the company as well as from an academic standpoint, and could form the basis for a more prescriptive description as to how companies could approach this task.

It would be also be interesting to see how this process would be approached by a company which does not have a Nordic administrative heritage. While this viewpoint of synergy and inclusion may arguably be linked to inherently Nordic traits such as low masculinity and low power distance, how would this be received by executive teams and companies located in regions where this may be incongruent with local national values?

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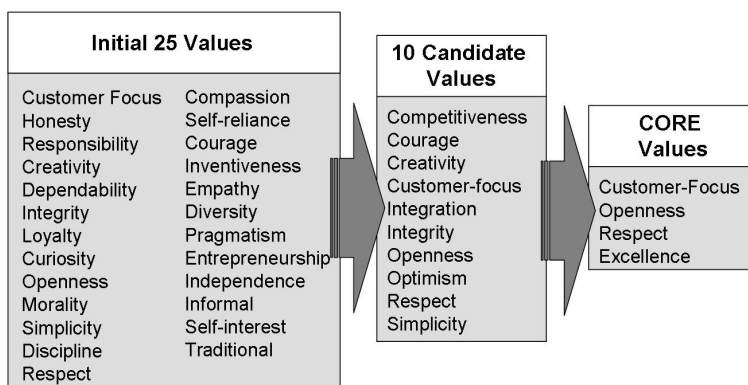
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## 9 Appendix

### 9.1 Hofstede's Cultural Dimensions by Country

Country	Power Distance	Individual/Collective	Uncertainty Avoidance	Masculinity/Femininity
Australia	36	90	51	61
Belgium	65	75	94	54
Brazil	69	38	76	49
China	86	10	37	50
Colombia	67	13	80	64
Denmark	18	74	23	16
Finland	33	63	59	26
France	68	71	86	43
Germany	35	67	65	66
Italy	50	76	75	70
Malaysia	104	26	36	50
Mexico	81	30	82	69
Netherlands	38	80	53	14
Norway	31	69	50	8
Poland	50	57	74	60
Portugal	63	27	104	31
Singapore	74	20	8	48
Spain	57	51	86	42
Sweden	31	71	29	5
Switzerland	34	68	58	70
UK	35	67	65	66
USA	40	91	46	62

### 9.2 Value Identification Process



## 9.3 Employee Interview Guide

### Personal Details

Position

Length of time with company

National origin (optional)

### Project Background

*These questions are intended to examine briefly how the subject perceives the link between the planning process behind the project and how it may be received.*

When thinking back to a successful project, how important was the *background* development of the project to its success?

Are you familiar with how the IBS 2.0 Corporate Culture Project was conceived and developed?

- If so, could you list three adjectives to describe how you view the process?

### Implementation

*These questions are intended to examine how the subject perceives a successful project plan, as well as what tools or methods may be most effective for roll-out.*

Thinking back to a successful project, can you list off three adjectives which described the management style in this project?

When faced with a project which could result in significant (corporate) change, what do you feel would be three important factors to be considered with regards to implementation vis-à-vis employees?

What tools would you consider most useful when learning about a new project or corporate initiative, and why?

What forms or avenues do you feel would be best suited for you to be able to make a contribution to a successful project, i.e. meetings, forums, stylized feedback, etc.?

When presented with a project that you feel could be improved or further developed, what do you feel are effective methods to communicate this point to other group members?

### Implementation Management

*These questions are intended to examine how the subject views the processes by which projects are implemented, as well as the roles of both employee /group member as well as manager.*

Briefly, how would you describe the role of a *team member* in a successful project implementation?

Briefly, what would you describe as the role of a *manager* (or management) in a successful project implementation?

When leading/managing a project or task, could you list off three adjectives which you feel are critical for its success?

When working as a *member* of a group, could you list three adjectives which describe your preferred method of being managed?

## 9.4 Project Manager Interview Guide

### Background

How long have you been with IBS?

What positions have you had within the company?

How was your involvement decided with CC project?

At what stage did you become involved with the project?

### Development of Project

How was the process behind the project development decided?

- How would you *describe* the process?

How was the decision made as to who would advise the organization?

What types of direction were given as to the project's development?

- Management (ie top-down)
- bottom-up?

On what level were decisions made with regards to the development CC project?

How were initial plans made for the development of the project?

Who would you identify as the *leader* for this project?

### Working Group

What was the thought behind selecting a team from across the organization?

Who was responsible for selecting the members of the Working Group?

- What types of criteria were used?

What was the intended role of the team?

What do you see your role as in the team?

Can you describe what you think would be the most difficult obstacle to overcome in this process?

What role do you see national background playing in the teams?

### Management involvement

What was the intended outcome of involvement at the Management Conference?

How would you describe the general attitude towards this involvement?

### Value Ambassadors

What was the original intention of having value Ambassadors?

How were the Value Ambassadors selected?

What do you see the role of the Value Ambassador as in the implementation phase of this project?

### Future

What do you foresee as the major challenges in this project?