

SUCCESS FACTOR: CORE VALUES

Managing national differences in a Multinational Company

Abstract

Expanding a business across borders has become more of a rule than an exception in the globalized world of today. One overlooked dimension in the internationalization strategies of companies is however how they can create cohesion among the different cultures existing within such a multinational corporation. This study examines one value creating strategy of a Swedish company to its subsidiary in Barcelona, Spain and the possible impediments they have experienced through the change process. Swedish based NFS has been the study subject of choice and it is their implementation process of a set of guiding principles as an extension to their original core values that has been investigated.

It is a qualitative case study building the analysis on a thorough theoretical review and gathered empirical data made through a field study, with the purpose to explore how the implementation process of the values has functioned, how the present national differences have affected the process and what have been the main difficulties. With the analysis, various results have been identified through four sub-categories found crucial for the success of the implementation process. A lack of presence in all the four dimensions has been observed that subsequently has led to a non-completion of the implementation cycle of the values. This could partly be explained by the prevailing national differences between head quarters and subsidiary. Although the format of a single case study, the results can be generalized to some extent, giving some insights to companies looking to expand their business across borders.

Keywords: core values, change process, national differences, corporate culture, MNC, Sweden vs. Spain

Author: Johanna Tyréus (19464)
Advisor: Associate Professor Lena Zander (IIB)
Presentation: 15:15 – 17:00, May 27th 2008, Room C606
Examinator: Anna Nyberg
Opponents: Foed Hagström (20100) and Caroline Kennergren (20303)

Acknowledgements:

I would like to express my outmost gratefulness to my advisor Lena who not only raised my interest to the topic in the first place, but also have provided support throughout the writing process, although on the other side of the globe. Without my parents Yvonne and Göran and their endless support and patience, this thesis would not have been possible, thank you! Lastly, I would like to thank my friends, and in particular Lisa, Carolina and Linnéa, for always believing in my work and giving me energy when mostly needed.

1. INTRODUCTION	3
1.1 BACKGROUND	3
1.2 PROBLEM AREA	3
1.3 PURPOSE	4
1.4 STUDY SUBJECT – NFS.....	5
1.5 DELIMITATIONS	6
1.6 CONTRIBUTION	6
1.7 DISPOSITION	7
2. AN INTRODUCTION TO CULTURE	8
2.1 WHAT IS CULTURE?	8
2.2 WHAT IS NATIONAL CULTURE?	9
2.3 WHAT IS CORPORATE CULTURE?	10
3. THEORETICAL FRAMEWORK.....	12
3.1 NATIONAL CULTURE VS. CORPORATE CULTURE.....	12
3.1.1 SWEDEN VERSUS SPAIN	13
3.2 CORPORATE CULTURE AND ORGANIZATIONAL PERFORMANCE	14
3.3 VALUES.....	15
3.3.1 MANAGEMENT BY VALUES.....	16
3.3.2 CULTURAL CHANGE	17
3.4 TRANSFER PROCESS – OMPLEMENTATION OF VALUES	18
3.4.1 SUCCESS FACTORS.....	18
3.5 THEORETICAL KEY TAKE-AWAYS	22
4. METHODOLOGY	23
4.1 THE INITIAL WORK.....	23
4.2 METHOD CHOICE	23
4.2.1 RESEARCH STRATEGY – RASE STUDY	23
4.2.2 A QUALITATIVE STUDY	24
4.3 SUBJECT CHOICE	24
4.4 THEORY	25
4.5 DATA COLLECTION	25
4.5.1 INTERVIEWS	25
4.6 RESEARCH QUALITY	26
4.6.1 RELIABILITY	26
4.6.2 VALIDITY	27
5. EMPIRICAL DATA – TASE STUDY.....	29
5.1 BACKGROUND - PRE-IMPLEMENTATION	29
5.2 CHANGE PROCESS.....	32
5.3 POST-IMPLEMENTATION STATUS	34

6. ANALYSIS	37
6.1 THE IMPLEMENTATION PROCESS.....	37
6.1.1 MANAGEMENT	37
6.1.2 HUMAN RESOURCE MANAGEMENT	38
6.1.3 SOCIALIZATION.....	39
6.1.4 EVALUATION	40
6.2 NATIONAL DIFFERENCES.....	41
6.2.1 MANAGEMENT	41
6.2.2 HUMAN RESOURCE MANAGEMENT.....	42
6.2.3 SOCIALIZATION.....	43
6.2.4 EVALUATION	44
6.3 CHANGE PROCESS - OUTCOME	45
7. CONCLUSIONS AND IMPLICATIONS	47
7.1 THE IMPLEMENTATION PROCESS.....	47
7.2 NATIONAL DIFFERENCES.....	47
7.3 CHANGE PROCESS – DISCUSSION OF OUTCOME.....	48
7.4 IMPLICATIONS	49
7.5 FURTHER RESEARCH	51
8. WORKS CITED.....	52
9. APPENDICES	56
9.1 THE GUIDING PRINCIPLES	56
9.2 NFS' CORE VALUES	57
9.3 THE 'ETIC' VALUE DIMENSIONS – A SUMMARY (BELL, 2007).....	57
9.4 EXCERPTS FROM AN EMAIL FROM THE CEO, ADDRESSED TO ALL NFS STAFF.....	59
9.5 INTERVIEW BASIS	60

1. INTRODUCTION

1.1 BACKGROUND

"Companies must learn to operate as if the world were one large market – ignoring superficial regional and national differences". This phrase is from the famous article by Theodore Levitt (1983), where he coins the concept of *globalization*. Since then, years have passed and many experiences lie behind us. Probably, not even Levitt did expect the globalization to have such an impact on the world as we now know. Technological boundaries are history and companies operate in a global arena, doing business across eliminated borders and growing through mergers and acquisitions like never before. When one company starts growing, others have to follow to stay competitive. This boom of flourishing businesses might seem wonderful, but there are several obstacles behind the scenes, that expand beyond the original beauty of the Levitt idiom.

In the daily press we can read about the increasing number of deals closed (Buono and Bowditch, 2003). Still, not as often are we made aware of that as many as 50-80 percent of all mergers and acquisitions actually fail in succeeding (for example, Marks and Mirvis 1998). The promised synergy effects oftentimes remain non-existent and the growth in profitability that was wished for is lost. Consequently, a large disappointment among companies' stakeholders is produced.

One naturally subsequently wonders; why is the failure rate so high, where does it go wrong and, more importantly, what can be done to succeed?

1.2 PROBLEM AREA

Several explanations have been suggested as an attempt to solve the issue of failures in postmerger integration processes (Buono and Bowditch, 2003). Failures in these processes might derive from a lack in the preliminary work with a narrow focus, a deficient plan of structure by management or building momentum to close a deal, to name a few. However, one explanation that has not been recognized by people dealing with these processes is the clash of national culture (Schneider and Barsoux, 2003). The concept of culture has simply been seen upon as too soft, not suitable for the global economic forum. Responsible executives have instead tended to favor the economic rationality assumption, i.e. that individuals will do what seems best in their best economic interest (Adler, 1991). Today, more and more research results have demonstrated that managing the cultural differences is a crucial element for succeeding in a postmerger process (for example, Newman and Nollen, 1996). One aim is to search for

homogenizing factors that will help to integrate the different parts of the new global company through creating a global corporate culture (Schneider and Barsoux, 2003). Another aim is the need for managers to be aware of their own ethnocentrism¹ when understanding why others take different perspectives (Calori et al, 1995). Additionally, earlier academic research has proved the link between a common global corporate culture and corporate performance and even that it is what separates the winners from the mere survivors (for example, Schneider and Barsoux, 2003). The integration process is however exceedingly complex as it contains various dimensions to take into account. Differences in national culture need to be overcome with a collective process towards a common goal (Chevrier, 2003) and the company thus faces the paradox of trying to integrate the different parts of the company while adapting to differences in national culture (Begley and Boyd, 2003).

Creating a set of *organizational values* or *core values*, i.e. a company's underlying values and beliefs, is indeed considered to be fundamental for the organization in achieving success (Buono and Bowditch, 2003). Whatever company's website one visits, it clearly states their values under e.g. the headline; "What we stand for" or "Our values" or "Our Culture". In spite of this, the action or execution of these values and how they have been implemented remains unclear. In cross-border merged companies, this issue becomes exaggerated and failing this process might lead to impeded efficiency of the Multinational Company (MNC) and a subsequent failure of the merger. Literature and articles covering the importance of managing the postmerger integration process have increased steadily. These books and articles stress the objective of creating a common goal through a shared corporate culture and of overcoming existing national differences, (Sackmann, 2006a). Nevertheless, there is still a gap in the research on *how* the *implementation* is actually executed and also empirical evidence on *what* should be the success factors.

1.3 PURPOSE

With the above introduction, the purpose of this thesis is to investigate what obstacles might have been encountered in the implementation process of a set of core values in a subsidiary based in a country other than that of the parent company. More specifically, I will address *how* the implementation of a Swedish company's core values to its subsidiary in Spain has worked, focusing on the difficulties of managing the national differences in

¹ An ethnocentric company is home-country oriented, with a tendency to evaluate or interpret other cultures in terms of its own (Perlmutter, 1969).

contrast to the aim of a common corporate culture. With the result, I will touch upon possible suggestions in the discussion, given the obstacles possibly encountered, for *how* such a process could be made successfully enough for the performance of the company to remain stable or even increase. Hence, I will try to answer the following questions:

1. How has the implementation process of one Swedish Multinational Company's core values worked in its subsidiary in Spain?
2. Can the difficulties possibly encountered in the implementation process be explained by the present national differences between the Swedish parent company and its Spanish subsidiary?

Given the results from the two questions above, the outcome of the change process will first be discussed. Thereafter, an examination of the practical implications for how a Swedish Multinational Company can possibly create a common corporate culture successfully and whether it can have an impact on its performance will follow. This last part, however, will only be speculative.

1.4 STUDY SUBJECT – NFS

NFS (formerly 'Nordic Financial Systems') was founded in Gothenburg in 1993 when the founder saw a business opportunity within the corporate treasury industry at an early stage. Since then, it has grown steadily to a global level, and its Swedish management is now operating the business consultancy services with around 60 people of diverse ethnic origin (Sternér, 2006). It now has a global presence with offices in Gothenburg, Barcelona, Singapore and New York they with the ability to serve customers in more than 30 countries worldwide (NFS, 2008). As the consultants of NFS work very closely to their customers, it has the implication of the employees spending a large part of their time outside the office (interviews).

Many major NFS units started off as business partners, but as they became more successful, closer ties were established. The office in Spain was established during the second half of 2003 (interviews).

With NFS's increased global presence in a competitive arena and identified further room for growth, it was decided to formulate a platform and a strategy for the NFS Group as a unifying recipe (interviews). They formulated a set of guiding lead words for how the code of conduct within the company was supposed to translate. The main goal, besides re-confirming the Mission, Vision and Business Idea, was to establish NFS's Guiding Principles (see appendix 9.1) and the project began during 2005 with the

subsequent implementation phase starting off shortly afterwards (Sternier, 2006). Below you can find a table including the main headings of the guiding principles.

Table 1. NFS Guiding Principles (see further, Appendix 9.1)

Client value	Problem Spotting
Partners	Performance
Respect for each other	Meeting Etiquette
Accountability	Document Maintenance
Teamwork	Working Hours
Dress Code	

1.5 DELIMITATIONS

Because of the complexity of the cultural context, there has to be several delimitations in order to stay within the scope of a Master's thesis. Firstly, the study is limited to the implementation process of core values of one single company and more specifically, one Swedish Multinational Company and its implementation process of their guiding principles to its subsidiary in Barcelona, Spain. Since the company chosen is of small size it further limits the study to only treat small MNCs, with the positive implication of having the advantage of getting closer to the company. How the core values have been established will not be discussed, only how they have been implemented. Further, as there are many dimensions to culture, focus will be on an anthropological view rather than other academic disciplines including e.g. psychology that can for instance include emotional processes of employees due to cultural change.

Lastly, the intentions of the study is not to be normative, as culture, although it changes slowly (Trice and Beyer, 1991), comes to expression very differently depending on the given context. The study will describe only the outcome of one single case, as mentioned above, but still with its tone being both normative and descriptive. Nonetheless, my hope is that the results could be generalized to some extent. Practical implications could for instance include small companies that are growing or Swedish companies in Spain.

1.6 CONTRIBUTION

As mentioned above, much academic research has been done covering the postmerger integration process, and how companies should go about to achieve the synergy and performance effects wished for. However, little *empirical* evidence shows how the

implementation process of, in particular, core values actually has worked out in reality and what the major obstacles have been. Thus, the contribution of this thesis would be to fill this gap through looking at one example of real life execution of an implementation process of core values in a postmerger integration phase of a Multinational Company and what might have been the success factors, but also their major obstacles in contributing to their wish for higher financial performance.

1.7 DISPOSITION

After this introduction to the thesis, a basic introduction to culture will follow. Thereafter, the existing theory of the topic will be presented in Chapter 3, starting off from a larger viewpoint with the intention to approach the core of the theory relevant for the implementation process step by step. My thought is to see it as a large funnel, leading us to the essential part where the theory subsequently starts lacking. Thus the theory leads in to the following methodological part describing the study method in Chapter 4 and will also assess the reliability and validity of the research. After that, the empirical findings will be presented in Chapter 5, leading to Chapter 6 where the results will be analyzed using the presented theory. Continuing with Chapter 7, a summary of the drawn conclusions will first be provided, but then the funnel will be turned the other way around to broaden up again for a discussion of the results, and possible implications. Finally, some critique to the study is covered and suggestions for further research are made.

2. AN INTRODUCTION TO CULTURE

In this chapter the concept of culture will be explained to provide the reader with a framework for the ongoing reading. Culture has been defined and covered in many variations of anthropologists and is the underlying foundation when trying to analyze organizations (Adler, 1991). For the purpose of this thesis, it is essential to understand these basic conditions before moving forward with the investigation.

2.1 WHAT IS CULTURE?

Starting off with defining what culture is, Kroeber and Kluckhohn (1952) have contributed with a generally accepted definition that is also seen as the most comprehensive one (Adler, 1991):

“Culture consists of patterns, explicit and implicit of and for behaviour acquired and transmitted by symbols, constituting the distinctive achievement of human groups, including the embodiment in artifacts; the essential core of culture consists of traditional (i.e., historically derived and selected) ideas and especially their attached values; culture systems may, on the one hand, be considered as products of action, on the other, as conditioning elements of the future.”

Nonetheless, reading this definition one easily notices the complex nature of culture and how hard it is to really grasp. Thus, it seems important to uncover the concept of culture a bit further. Schein (2004) adapts the above definition to become more understandable:

“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 handed down from one generation to the next.”

This definition provides a suitable platform for the purpose of this study, but the concept of culture still remains wide. In a world that is driven by numbers, such a blurry concept as culture might seem very soft. To further understand culture and to put it in an economical context it seems to be a good idea to visually illustrate the concept to make it tangible for the purpose of this study. One model, that is frequently used, explains culture as if it were an onion with layers (for example Trompenaars 1993, Hofstede, 2001).

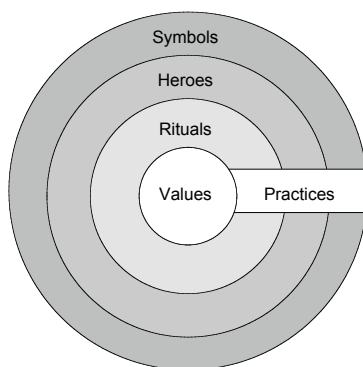


Figure 1. Hofstede's Cultural Layer's (2001)

Unpeeling the onion you go beyond the more visible layer of symbols indicating them the most superficial, such as artifacts. Passing heroes and rituals you reach the deepest layer of culture; values, that are the core of culture and are “broad tendencies to prefer certain states of affairs to others” (Hofstede, 2001). Hofstede recognized symbols, heroes and rituals as being manifested or practiced by members of society and can therefore be observed by outside observers. Cultural values, on the other hand, cannot be observed but can only be felt, as

they are settled within the innermost of one's beliefs and mind. Taking these values further, continuing with national culture, we approach the focus of this study.

2.2 WHAT IS NATIONAL CULTURE?

Hofstede laid out the foundation of culture when conducting a major research project in the 1980s and that is still used as a basic condition when analyzing organizational culture and national characteristics (Hofstede, 1980/1984 and 1983). He empirically identified four common dimensions of values for national cultures that are polarized. They are:

1. *Power Distance*: "The extent to which the less powerful members of institutions and organizations within a country expect and accept that power is distributed unequally".
2. *Uncertainty Avoidance*: "The extent to which the members of a culture feel threatened by uncertain or unknown situations".
3. *Individualism vs. Collectivism*: "The extent to which people prefer to act as an individual rather than as members of a group".
4. *Masculinity vs. Femininity*: "The extent of clarity and distinctiveness of gender roles".

Hofstede suggests that although culture comprises of many levels, the groups of a society still share common characteristics to such an extent that these four dimensions sustain the power of being generalized. Thus, using these dimensions, one can generalize about behaviour, attitudes, reactions etc. for people from different countries and hence predict where possible clashes between people with different nationalities might arise. It is important to note, however, that individuals within a group might stick out from the crowd. Yet, it has been shown reliable to view national culture through the lens of Hofstede's dimensions. For example, Latin American countries are seen as collectivistic countries while the US is the most individualistic country in the world. They are each other's antithesis and hence a large clash is present between them.

Hofstede has received critique from many academics, some that are valid and others that are not. To mention one of the most recent debates, one group of researchers started a project called GLOBE in 1991, which has just recently been finished, to add on to Hofstede's original findings (House et al, 2001). They extended the four original dimensions to nine, suggesting that there was more to it, e.g. the relationship between national wealth and culture (House et al, 2002). Hofstede on his side sticks to his original dimensions saying, "*GLOBE instruments reflect researchers psycho-logic reveals an ignorance of psychometric methodologies designed to ensure reliability and construct validity*" (Javidan et al, 2006).

For the purpose of my study, I will stay out of the debate and have decided to rely upon Hofstede's dimensions to analyze my results as it has been and is still widely used. Moreover, the results of Hofstede have been confirmed by more recent studies and there are no indications that the mapped cultural diversity is in a process of disappearing (Smith, 1996).

With the differences in national culture calling for homogenizing factors (Schneider and Barsoux, 2003), we move on with explaining corporate culture.

2.3 WHAT IS CORPORATE CULTURE?

Corporate culture is what companies lean on to hold the company together (Bartlett and Ghosal, 1987). Schneider and Barsoux (2003) even state that it is "*the glue that holds geographically dispersed units together*". Thus, the corporate culture is fundamental for a global company with units in different parts of the world if they want to work towards a common goal. It is something that all companies have, although it might not be explicitly written down. It evolves over time, just as the national culture of a country, since the group of people constituting the company share actions, feelings and attitudes typical for that company. Nevertheless, although the corporate culture creates itself, managing it to be used as the driving force of the company is what is the real challenge (Laurent, 1983). Having gone through both culture and national culture in the previous sections, corporate culture does not seem as hard to grasp, but it is still such a complex concept that a visual facilitates the understanding. Sackmann (2006b) uses the metaphor of an

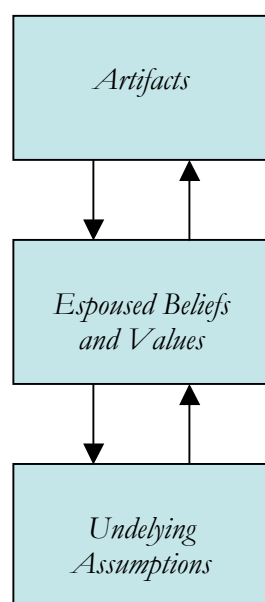


Figure 2.
Schein's Levels
of Culture

iceberg to illustrate the corporate culture. Deepest down are the Characteristics that are hidden, unconscious, based on experience, habituated and attached with emotion. Just below the surface are the Basic Beliefs regarding priorities, processes, causes and improvements/adjustments. Above the surface, visible to all, are the Manifestations, i.e. artifacts and behaviour. This way of seeing it is also very similar to the way Schein (2004) explains it when describing the levels by how visible they are to the observer; see Figure 2. The underlying assumptions are those unconscious values that are taken for granted by group members, and hence are not visible. Moving to the next, more visible layer, the espoused beliefs and values are open to discussion and people can agree and disagree about them. At the highest, or most visible, level

are the artifacts, which are visible organizational structures and processes. Although they are visible, they are hard to decipher. The evolved corporate culture reduces complexity and serves as a coordinating action, which gets evident particularly when people from different cultural groups work together. It provides a source of meaning through the underlying assumptions and holds the key to a company's purpose by answering the questions of: *Why does the business exist? What is its main objective? What sets it apart from other companies? What makes it truly special and unique?* The corporate culture also provides continuity developed from the learning of every day behaviour (Sackmann, 2006b). Thus, more explicitly, corporate culture can be defined according to Schein (2004):

"the pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that has worked well enough to be considered valid, and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to these problems"

Having laid out the basic framework for understanding culture, national culture and corporate culture, we move on with the theoretical framework isolating the purpose of this thesis.

3. THEORETICAL FRAMEWORK

In this chapter, the relationship between national culture and corporate culture will be further developed. That leads to the explaining of how corporate culture and corporate performance are linked. Thereafter, the method of using values as a homogenizing factor will be shown, followed by the subsequent implication of cultural change in a postmerger integration process. Lastly, the transfer process of the implementation of the core values and how to implement them successfully are presented.

3.1 NATIONAL CULTURE VS. CORPORATE CULTURE

There are numerous studies and researches made covering the interaction between national culture and corporate culture and the possible clashes that might exist, making it harder for MNCs to integrate their globally dispersed units. Zander (2002a) states that national culture influences corporate culture and views the companies with a parent to sibling relationship. Laurent (1983) says that corporate culture is strongly shaped by the national culture and that it does not reduce the differences. Adler (1991) even suggests that corporate culture actually enhances the national differences and goes on with saying that two groups cannot possibly see the world the same way. The apparent clash between corporate culture and national culture thus calls for differences in how to manage different subgroups within an MNC. There is a need to adapt the management practices to national practices (Newman and Nollen, 1996; Zander and Romani, 2004). Zander (2002b) suggests that better performance is achieved with management practices

High Centrality to Corporate Success	Danger Zone: Corporate - National Clash	Zone of Acceptance: Corporate - National Compability
	Zone of Indifference: Conform with National Culture	Zone of Discretion: Low Priority Compability
Low	Low	High
	Fit with national culture	

Figure 3. Begley and Boyd (2003)

congruent with national culture since the employee behaviour gets more predictable. Subunits thus need to be managed as distinct national groups (Schein, 2004). Begley and Boyd (2003) provide a good visual over how nationality and corporate culture are related and when the two together might impact the corporate success (see Figure 3). As can be clearly seen, being in the upper left box, the corporate culture and nationality clash might have dangerous impacts on the corporate

success. Thus, the interaction between national culture and corporate culture have been shown and also, the greater the cultural distance the less value created and the lower the life expectancy of the company (Schneider and Barsoux, 2003). Congruency between the two is therefore imperative for the performance of the company. How this congruency is related to the performance will be discussed in the following section, but first we will

have a closer look at the national differences present between Sweden and Spain/Portugal.

3.1.1 SWEDEN VERSUS SPAIN

When comparing the differences in nationality between Sweden and Spain, we start off with the framework provided by Hofstede² (see Chapter 2). From this comparison we

Dimension	Sweden	Spain
Power Distance	31	57
Uncertainty Avoidance	29	86
Individualism/Collectivism	71	51
Masculinity/Femininity	5	42

Figure 4. Hofstede's Cultural Dimensions (1983)

can easily see that Sweden is much lower in both the Power Distance and Uncertainty Avoidance dimension than Spain. This implies that people in Spain prefer hierarchical organizations more than do Swedes, and they tend to feel more threatened by uncertain situations than Swedes, preferring more control over ambiguous situations. Further,

Swedes are more individualistic than Spanish people that are more collectivistic, preferring to act more as members of a group rather than as an individual. The masculinity/femininity dimension reveals the same; Sweden is far apart from Spain. Thus, Swedish people tend to be more caring and soft whereas Spanish people are more assertive and competitive.

Another way to compare two countries is to look at their 'etic' value dimensions (see appendix 9.3). Some of these dimensions are the same as Hofstede uses, while others approach a new set of attributes. The 'etic' value dimensions can be defined as the "the observed behaviour or belief" and the dimensions can therefore facilitate a comparison of two distinct cultures in that they enable an objective measurement. Consequently, the dimensions do not exist in isolation and many are inter-related. (Bell, 2007).

When using these approaches to compare two cultures, one must also be cautious not to overgeneralize and stereotype as, mentioned before, culture is not a static phenomenon. Hence, the comparison should be supplemented with local knowledge referring to specific features of a culture in order to enrich the analysis (Bell, 2007).

² The index stretches from 0 to 100, where 0 is low and 100 is high (Hofstede, 1983).

3.2 CORPORATE CULTURE AND ORGANIZATIONAL PERFORMANCE

We have already mentioned that growing internationalization and globalization has led to increased cultural diversity (Sackmann, 2006) and that nationality influences the corporate culture. Now, the link between corporate culture and organizational performance will be presented.

The period following a consolidation is often characterized by “we-they” tensions, power struggles and turnover and this is enhanced in a cross border consolidation where the national cultural differences play a great act (Buono and Bowditch, 2003). These differences are identified to be the biggest source of difficulty in European acquisitions (Schneider and Barsoux, 2003) and they need to be recognized and confronted. A company’s ability to develop such a capability and management mentality within the context of their corporate culture is therefore a key factor for the company success (Bartlett and Ghosal, 1987). Indeed, growing empirical evidence has proved the link between corporate culture and performance (Sackmann, 2006a) and an MNC that manage to adapt and manage the cultural differences will achieve high business performance (for example, Newman and Nollen, 1996; Schein, 2001; Zander 2002b; Schein, 2004, Sackmann, 2006a). Managing the diversity, balancing the internal

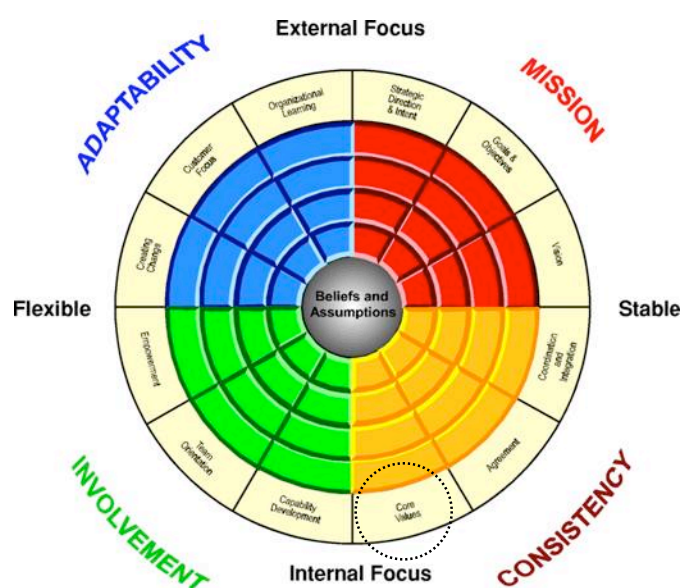


Figure 5. Denison's Culture-Performance model

integration and external adaptation, will further increase the MNC performance (Martinsuo, 1999). One model that helps to understand this relationship better has been developed by Denison (Fey and Denison, 2003). The model is used as a validated method to measure a company's effectiveness through its corporate culture with four cultural traits; involvement, consistency, adaptability and mission, and like

many other models it focuses on the contradictions involved in simultaneously achieving internal integration and external adaptation. The consistency trait emphasizes that effective organizations tend to have a “strong culture” that is highly consistent, well coordinated and well integrated, and that the behavioural norms are rooted in the core

values. Also a recent study by Sackmann (2006a), identified the following characteristics in financially successful companies:

1. *A strategic vision*
2. *A regular review of organizational culture and core values against business strategy*
3. *Recruitment, orientation, and initial training procedures designed to communicate core values to employees*
4. *The use of communication systems to transmit core values to all employees*

In light of the above, core values can be identified as a key to corporate performance. Before moving on with the section explaining values more explicitly, a caution needs to be raised about a unified corporate culture; it can often be perceived as imposed by the parent company acting ethnocentric (Schreyögg, 2005). Management awareness of that fact is needed (Calori et al, 1995) and a more geocentric³ approach will facilitate the corporate culture acting as the engine for organizational performance (Schreyögg, 2005). Now we move on with the concept of values as a tool for managerial intervention.

3.3 VALUES

In the previous section we identified corporate culture as a fundamental for corporate performance. Now we will look at how values can create a strong corporate culture. First values will be more explicitly explained, then how they can be used as a managerial tool and finally how this can cause the process of cultural change.

The anthropological view emphasizes values as the essential core of culture (McDonald and Gandz, 1992), and this was also identified in Chapter 2. McDonald and Gandz (1992) also provide the following definition of values:

“An enduring preference for a mode of conduct (e.g. formality) or end-state of existence (e.g. freedom.”

Hofstede (1983) questions the difference between attitudes and values and suggests that values indicate desirables, not perceptions and that they reflect differences in mental programming and national character. Attitudes answer a question like: “How do you like your job?” whereas values respond to a question like: “Do you prefer one type of boss over another?” In later work he also emphasizes that employee’s personal values are not of interest from a management point of view, perceived practices are (Hofstede, 1993). Although Hofstede mentions values’ reflection of national characteristics, he also suggests that they vary less across organizational units, hence decreasing the national differences (Hofstede, 1998). Hofstede (1998) also provides a similar definition of values as the one above:

³ A geocentric company is world-oriented and involves a collaborative effort between subsidiaries and headquarters to establish universal standards (Perlmutter, 1969).

“A broad tendency to prefer certain states of affairs over others.”

With the above reasoning, values can be said to be relatively general beliefs that either defines right from wrong or that specify general preferences (Adler, 1991). However, for the values to function as a homogenizing factor for a company, they need to be recognized and articulated. Espoused values are by nature quite different from the traditional meaning as they are written down and communicated within and outside the organization (Martinsuo, 1999). Schein (2004) provides a more explicit definition of espoused values:

“The articulated, publicly announced principles and values that a group claims to be trying to achieve”

The more widely the values are shared across the organization, the more powerful they are (Buono and Bowditch, 2003), but as mentioned in the previous section, top management cannot simply invent values to be imposed in the subunits (Sackmann, 2006b). Such an ethnocentric approach will provoke resistance (Begley and Boyd, 2003), hence the present challenge for the management is to implement the same values all over their global units in a collaborative effort including all the organizational units. Indeed, the content of the values is as important as the way in which they are communicated; they need to be relevant and kept simple (Martinsuo, 1999). More explicitly, the values that meet the following criteria have a bearing on organizational success (Woodstock and Francis as quoted in Sackmann, 2006b). They must be:

- *Chosen from alternatives*
- *Consistent with each other*
- *A limited number*
- *Actionable*
- *Performance enhancing*
- *Attractive and “pride giving”*
- *Capable of being communicated*
- *Written down*

3.3.1 MANAGEMENT BY VALUES

The management plays the main role in the process through which the espoused values are expected to transform into behaviours and successful organizational performance (Martinsuo, 1999). This conscious process of corporate culture development starts with determining the basic beliefs and values of the company and thereafter taking steps to implement them (Sackmann, 2006b). The explicit statement of the values is consequently a conscious tool for managerial intervention (Martinsuo, 1999). As mentioned above, the subsequent period following an organizational consolidation is turbulent and allowing the process sufficient time, around 5-7 years, is important for the management (Buono and

Bowditch, 2003). Moreover, with an acquisition, the process implies a cultural change of the merged companies, which further increases the challenge for management.

3.3.2 CULTURAL CHANGE

Changing the culture through the implementation of values of an already existing subsidiary is difficult because of the resistance to change old, rooted behaviours and habits (Gómez and Ranft, 2003). If someone asks us to change our way of thinking and perceiving we will naturally resist (Schein, 2004). Indeed, cultures cannot be transferred mechanically from one system to another, cultures grow and requires more than e.g. simple brochures on what the new corporate culture now is (Schreyögg, 2005). Nonetheless, most change processes still emphasize the need for behaviour change, and it is important for everybody involved in the process to modify the way they think about others and also themselves (DeNisi and Shin, 2005), and for the values to actually become the basis of daily acting (Schreyögg, 2005). Managing to do that, demands a valid explanation and a goal as a justification, typically an underlying problem that needs fixing or a new goal to be achieved (Buono and Bowditch, 2003). Cultural change per se is not a convincing goal (DeNisi and Shin, 2005). One method of handling this is to first unfreeze the current behaviours, unlearn and implement the desired changes and then to

Critical	Committed			Uncritical
	Critical thinkers	Untouched Professionals	Evangelists	
	Open cynics	Sceptics	Actors	
	Uncommitted			

Figure 6. Typology of manager's responses (Turnbull, 2001)

the subsidiaries that play an intermediary role in the implementation process (Turnbull, 2001). The critical thinkers are highly committed to the organization, yet constantly questioning individuals with the confidence to speak freely, behaving in a manner congruent with their own beliefs and favouring a leadership style of involvement. The untouched professional are relatively committed to the organization, but are aware of their market value, and their involvement in the organization is therefore more calculative than moral. The evangelists have a devoted almost religious commitment to the organization and do not question the company line. The open cynics are less committed to the organization thinking that the organization needs them more than they need the organization, and their response to an implementation process of values is that

finally refreeze the behaviours (Buono and Bowditch, 2003; Schein, 2004). The method is not very explicit, but provides a framework on how to view the change process. Another model (see Figure 6) provides convenient labels when explaining the various responses of the middle managers in

it is a simple manipulative control tool. The sceptics are openly committed to the organization but respond to the process in a sceptical manner, yet they are afraid to deviate and only express their scepticism among their peer group. The actors are uncritical in their acting, driven by distrust to “play along” the process, and they therefore have little involvement in the organization. Having developed the concept of values as a base for the corporate culture, leading to a cultural change process, we will now move on with the actual implementation process.

3.4 TRANSFER PROCESS – OMPLEMENTATION OF VALUES

In this section the implementation process will be further developed, highlighting the success factors in four identified dimensions of the process and also what might be the biggest source of risks.

After the company has established the content of the values, the implementation process takes over. This phase is even more important since the values must be actually *lived on a daily basis* in the organization in order to function as intended and lead to success (Martinsuo, 1999). The success of a transfer process can be defined as “*the degree of institutionalization of the practice at the recipient unit*” (Kostova, 1999). There are therefore two sides of the coin, the headquarters and the subsidiary, but also management and employees. Employees’ beliefs to the process is a key-factor and the transfer is more probable to succeed with positive attitudes towards the parent (Kostova, 1999) and management taking their responsibility to stand behind the process (Sackmann, 2006b).

3.4.1 SUCCESS FACTORS

The implementation process and what factors are important for the process to succeed, can be better understood viewing it in four identified categories (Sackmann, 2006b):

- | | |
|---------------------------------|-------------------------|
| 1. <i>Management</i> | 3. <i>Socialization</i> |
| 2. <i>Human Resources (HRM)</i> | 4. <i>Evaluation</i> |

These four categories have in common that they must all bear in mind the importance of congruence between national culture and corporate culture in order for the implementation process to succeed. The fourth category of evaluation should naturally be present in the first three dimensions as well.

3.4.1.1 MANAGEMENT

Management personally stands behind the process of examining the culture continuously, maintaining it, and caring for it (Sackmann, 2006b). They have designed and they decide on the essential framing parameters for the values functioning as the foundation of the corporate culture. Thus, the managers represent the corporate culture in action and function as role models towards the rest of the organization (Sackmann, 2006b). To put

it another way, the managers must "say it" and "live it" and are therefore required to a wide commitment spreading over all parts of the global units (Martinsuo, 1999). It is hence not just enough to articulate the values; managers should visit various company locations, holding informal meetings with people from all levels of hierarchy and from different departments and countries (Sackmann, 2006b). A great complexity further lies in the managers' capability to adapt his or hers management practices to be compatible with that of the host country (for example Adler, 1991; Zander, 2002b; Gómez and Ranft 2003) towards the different subsidiaries. To sum the management dimension up, Sackmann (2006b) has listed 10 key sub-dimensions for leading the change process and they provide a good overview of what is expected by management:

- | | |
|--|--|
| 1. <i>Common goal orientation</i> | 5. <i>Participative leadership</i> |
| 2. <i>Corporate social responsibility</i> | 6. <i>Entrepreneurial behaviour</i> |
| 3. <i>Commonly held beliefs and values</i> | 7. <i>Continuity in leadership</i> |
| 4. <i>Independent and transparent corporate governance</i> | 8. <i>Ability to adapt and integrate</i> |
| | 9. <i>Customer orientation</i> |
| | 10. <i>Shareholder value orientation</i> |

This leads us in to the second category, treating Human Resources Management.

3.4.1.2 HUMAN RESOURCES MANAGEMENT

McDonald and Gandz (1992) emphasize the actions to recruit and select value-congruent candidates to the organization as one of the strategies in how to gain value from shared values. They continue with stating that today's employees, better educated and raised in a more compassionate environment, are looking for more than a calculative arrangement based on money; they are looking for a sense of belonging and shared meaning. Hence it is of importance for both the company and the employee to find a match for a lasting relationship. The above reasoning of management and HRM practices lead us to their counterpart, the employees and the importance of socialization.

3.4.1.3 SOCIALIZATION

The socialization dimension treats the importance of the integration process of the current employees, making them aware of the espoused values and for them to live by the values in their daily work environment (Sackmann, 2006b). Since the implementation process of the values typically implies that individuals need to change their old habits (see Section 3.3.2), socialization is necessary for the individuals not to use their own personal beliefs and possibly develop unsuitable responses towards the organization (Martinsuo, 1999). It is *"the process by which an individual comes to appreciate the values, abilities, expected*

behaviours, and social knowledge essential for assuming an organizational role and for participating as an organizational member” (Louis as cited in McDonald and Gandz, 1992). Through ongoing training sessions, seminars and workshops with the values as an underlying base, the employees are socialized into taking on the values in their daily behaviours. The aim is for the socialization to facilitate the implementation process of values in establishing them as a base of habits and attitudes that encourage integrity, communication, and cooperation (Pascale, 1985).

Buono and Bowditch (2003) further stress the importance of communication channels for the socialization and subsequent integration process to function well. Across countries, with language barriers this is even more important. Recognized in the above list of steps to socialization is that the integration is not only important for current employees, but also in the selection of new employees joining the organization. Now, these three established categories, lead us in to the important evaluation of the implementation process.

3.4.1.4 EVALUATION

For the espoused values to become integrated into the organization, making them the daily behaviour of every employee, it is imperative to continuously evaluate the ongoing process. A continual monitoring of the consistency between the developed and the current state and the goal and actual outcome requires constant relocation in the framework of the corporate culture (Martinsuo, 1999). The evaluation thus demands tools for conflict resolution, balancing of internal and external expectations, and action driven by the values. There must be regular checks of the organization as a whole and review of the goals that have jointly been set up. This includes meeting with employees, site visits by management, employee surveys, evaluating management behaviour, customer calls and customer surveys (Sackmann, 2006b). Hence, it is a collaborative effort made of the whole company, jointly identifying opportunities for improvement, both globally and locally (Sackmann, 2006b). Martinsuo (1999) has visualized the evaluation process in a model stressing exactly the importance of both global and local evaluation (see Figure 7). After the initial implementation of the values, follows the evaluation of the results, first locally, searching for congruency for the values at the subsidiary and then globally, continuing the awareness of the values and their implications, to formulate responses in how to improve the implementation. Indeed, it is an ongoing process with an infinite end as the world is constantly growing with customer preferences varying and new goals to be fulfilled (Sackmann, 2006b). When the

opportunities for improvement have been identified, it is a question of taking full advantages of these opportunities and then to start the evaluation process all over again. In other words, it brings about a continuous process of evolutionary cultural development (Sackmann, 2006b).

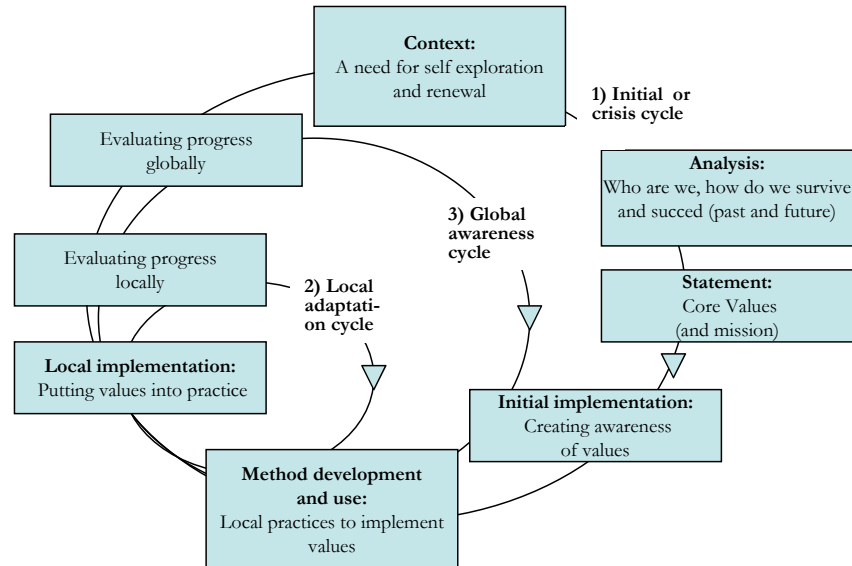


Figure 7. Cycles in the implementation process (Martinsuo, 1999)

With the above reasoning, some of the risks adjoining the implementation process will now be covered.

3.4.1.5 RISKS

In the above sections, the empirical findings that have shown to be critical for the success of the implementation of values in an MNC have been highlighted. One can thus also understand what are the risks. Martinsuo (1999), for example, raises a warning finger for that too much details in the statements hinders the message that is being implemented and that poor applicability to local culture impedes the process further. Accordingly, more explicit evidence is continuously found proving these transfers not always being smooth and successful (Kostova, 1999). In the foreign subsidiaries managers are oftentimes frustrated with headquarters' request for implementation of "yet another new programme". There is even evidence of subsidiaries that partly ignore the implementation of the values while reporting otherwise to headquarters (Kostova, 1999). As mentioned in Section 3.3.2, the programme must be justified and combined with an explicit common goal to function.

3.4.1.6 HIGHLIGHTS – SUCCESS FACTORS

To finally highlight the success factors in the implementation of core values in an MNC, Martinsuo (1999) provides the following checklist:

- *Repositioning values in the organizational belief context regularly*
- *Instituting global and local processes of implementing values*
- *Selecting and applying implementation strategies both globally and locally*
- *Developing a diversity of implementation practices to suit the variety of belief contexts*
- *Evaluating progress to redirect the implementation programme*

The more obvious truths frequently stressed in the above sections are not repeated, but does not mean that they are irrelevant, e.g. ensuring the commitment of management, involving people.

Lastly, Buono and Bowditch (2003) provide a checklist of tools and considerations that can reduce some of the tensions in the process (also mentioned in above sections):

- *Communication channels*
- *Workshops and counselling*
- *Newsletters and hotlines*
- *Survey feedback*
- *Presentations, realistic reviews*

3.5 THEORETICAL KEY TAKE-AWAYS

With the introductory chapter to culture, a basic understanding for what culture is was provided. This was made in order to facilitate the understanding for the subsequent theoretical chapter that is indeed more complex. With the more in-depth theoretical chapter, all the pieces are linked together in order to finally reach the theory that starts touching upon the implementation process relevant to the topic of this thesis. Although the theory leading to the last part of the theoretical section is for the most part not used in the analytical part, it provides the necessary foundation and explanation of how the pieces of theory are interrelated and is hence used fundamentally.

Firstly, the relationship between national culture and corporate culture was highlighted, which secondly led us in to how a common corporate culture can affect the organizational performance. Thirdly, the way in which values can create a common corporate culture was investigated, finally leading us to the actual transfer process and implementation of the values. It is mainly this last part, with the four identified categories of success factors, which will be used in the analysis. These four categories should hence also serve as the key take-aways for the reader for the ongoing reading. However, it is important to note that all theory laid out before the key take-aways also has to remain in the conscience of the reader as the implementation process cannot be explained without it and also because the difficulties that might be encountered could be explained by the same.

4. METHODOLOGY

This Chapter starts with describing the initial work with the thesis. Thereafter the choice of method is discussed leading into the choice of study subject. After that, the chosen theory and the data collection are handled and finally, the reliability and validity of the thesis is considered.

4.1 THE INITIAL WORK

After having lived in Barcelona, studying and working, for a little more than a year and a half, I studied the course Cross-Cultural Management at Stockholm School of Economics. The differences that I had experienced between the Spanish people and the Swedish people suddenly got an explanation and my interest for how these national differences can be managed effectively in an MNC increased. The choice of topic for my thesis thus appeared to me naturally. After consulting my advisor, I started studying more of the literature covering cross-cultural management, and more explicitly literature and academic articles treating the link between corporate culture and performance in MNCs. Since I was going back to Barcelona the following autumn for an exchange, I decided to first finish the theoretical chapter in order to concentrate on my field study while in Barcelona where I had access to my study subject. During my time in Barcelona I continued studying the cultural topic through one of my master courses and this gave me more perspectives that I later decided to add in to the theory. Once back in Sweden I gathered all my empirical findings and started working on the analysis.

4.2 METHOD CHOICE

4.2.1 RESEARCH STRATEGY – RASE STUDY

When conducting a social science research, there are several research strategies to choose from: *archival analysis, survey, experiment, history, or the case study* (Yin, 2003). They all have advantages and disadvantages, but when deciding on which one is the most appropriate to a particular project, Yin (2003) suggests to look at these three conditions: *i) the nature of the research question, ii) whether the relevant behavioural events can be manipulated, iii) whether the focus is on a current or a historical event*. Since this thesis focuses on a current event that does not require any control over actual behavioural events and with research questions that are of the nature *how*, the case study strategy was chosen in accordance to Yin (2003). Further, as the aim of this study is to increase the understanding for a particular event it is of exploratory nature (Yin, 2003). Yin (2003) also labels case studies as single or multiple case studies, with the single case study being appropriate to a unique or extreme event that allows a thorough in-depth analysis, but with the drawback of weaker validity⁴.

⁴ See section 4.6.2

Thus, the choice for this thesis is a single case study, as it represents one unique case and also because of my wish to make a thorough investigation. The single case study can in addition be conducted using either a holistic or embedded design, where the former examines the global nature of an event whereas the latter gives attention to subunits within that event (Yin, 2003). For this single case study a combination of the two is appropriate, but leaning more towards the embedded design, since the interest lies both in NFS's subcultures, but also in the MNC as a whole. Lastly, a field study is suitable when the strategy of a single case study has been chosen, as it allows for a broad collection of data to later be explored and analyzed (Yin, 2003).

4.2.2 A QUALITATIVE STUDY

Since this study is of an explorative nature, Yin (2003) suggests that a qualitative approach is beneficial as it allows for a more in-depth analysis of a specific event as opposed to a more superficial overview of a number of events (Holme and Solvang, 1997). Moreover, although the literature found relevant to this case study provides a respectable theoretical platform, there are few empirical studies conducted on real-life execution and evaluation of implemented core values in an MNC. Hence, with this case study of a unique event, a qualitative approach is suitable. The down sides of such an approach are the limitations for generalization of the results⁵.

4.3 SUBJECT CHOICE

For the purpose of this thesis, it was important to find a Swedish MNC doing business particularly in Spain. Further criteria that had to be met was that they should have had experienced difficulties with their operating businesses that needed fixing. Moreover, the company had to be willing to accept a student investigating their ongoing process of handling these difficulties and also to give me access to interviewing employees and management from both headquarters in Sweden as well as the office in Spain. Thanks to my contact person that I had previously met in Barcelona, NFS was an appropriate choice for my study as the initial contact already had been made and they filled all the above criteria, which allowed for a comprehensive qualitative single case study (Yin, 2003).

⁵ See section 4.6.2

4.4 THEORY

When gathering the theory I critically chose from articles I had studied earlier when taking the course Cross Cultural Management.⁶ I thereafter broadened up, searching for relevant literature and articles using the search machine of the library and also with aid from already existing reference lists of theory already found. Most importantly I received propositions of suiting theory from my advisor that have been very useful when evaluating what theory to use. I have stuck to theory with an anthropological view and also relied on those authors recognized as the “big” names within organizational theory. Both more general theory treating organizational theory as well as more explicit theory discussing the link between corporate culture and performance has been used. As the thesis takes its stance in theory followed by logic reasoning to reach conclusions, it is a deductive approach that has been undertaken.

4.5 DATA COLLECTION

When conducting a case study like this thesis, there are various methods of collecting data. Yin (2003) indicates *i) documentation, ii) archival records, iii) interviews, iv) direct observations, v) participant observation and vi) physical artifacts* as five different methods to be used. In this study, the major part of the data collection was collected through interviews, but since the case subject was open for more involvement in the project, documentation, direct observations, participant and physical artifacts were also concerned to a slighter extent. All the data was collected after the work with the theoretical framework was completed.

4.5.1 INTERVIEWS

At the first stage, a preference-list of possible interviewees was provided to the contact person at NFS in order to get access to as many interview objects as possible from all different levels of hierarchy as well as different functions in the office in Barcelona, Spain. This was necessary in order to cover all the possible sources of the implications to the implementation process and to cover a diverse base. Hence, the list constituted my desired attributes of interviewees although the contact person at NFS thereafter selected the respondents that were later interviewed. The fact that it was an employee of NFS that selected the interviewees could indicate a possible bias, but this bias was however overcome, as all interviewees wished for were interviewed. Eight interviews were conducted, and they were designed semi-structured in order for the respondent to feel free to elaborate the answers and also for me to give information when needed (Yin,

⁶ See section 4.1

2003). Six of the interviews were done in person, however, due to financial constraints two were done by telephone. Telephone interviews could imply face-to-face observations being lost, hence acting as a bias. It was however only the interviews with the Swedish management that could possibly be affected by this bias, as they were the interviews conducted over telephone, and therefore, the quality of the majority of the interviews was thus never threatened by such a bias. Moreover, in order for the respondents to be open and honest, the interviews were conducted anonymously. Due to the promise of anonymity, the quoting in the empirical section will not reveal who has stated what, but will only show the nationality of the quoted person. All interviews lasted for about an hour and the language for the interviews was Spanish and English with Spanish interviewees and Swedish with Swedish interviewees. As Spanish and English are my third and second languages respectively, although I am fluent in both, the interviews were transcribed directly after being held and then sent back to the respondents for review to ensure the quality. All the respondents confirmed the accuracy of the transcripts by e-mail.

As of now, there are only four persons working in the office in Barcelona, all holding different hierarchy levels. With the number of employees being so small, I was able to get access to all persons currently employed in Barcelona. Two of the interviews were as a consequence made with former employees. These two employees were, however, employed during the change process and could therefore provide valuable information. The highest amount of people working in the office was 12 people, and this was the second half of 2005.

4.6 RESEARCH QUALITY

To assess the quality of the research in this thesis, two different factors must be analyzed: *reliability* and *validity*. Four criteria have been suggested by Yin (2003) to meet the wished quality of a social science research: reliability, *internal* validity, *external* validity and *construct* validity.

4.6.1 RELIABILITY

A high level of reliability refers to that if another researcher were to conduct the exact same study, the results should be the same as the original ones (Yin, 2003). The aim is thus to increase the reliability in order to minimize biases and errors. To ensure the reliability of the results one should perform as many actions as possible, conducting the research “as is if someone were always looking over your shoulder” (Yin, 2003).

One way of establishing a higher reliability is to rely on several sources for the gathering of data and this has been my intention to the highest extent possible by not only using the interviews as a source, but also through direct observation, documentation, participant observations and physical artifacts. This was possible due to the field study conducted and examples of this can also be found in the empirical section.

One aspect that might have decreased the reliability of the study is conducting the interviews in second or even third language. Efforts were however made to reduce this, by sending the transcribed scripts from the interviews back to the respondents for review to diminish misconceptions. All interviewees sent back their confirmation of the transcripts, and one of them also provided an extension in a returning e-mail to what had been originally sent to him.

Another aspect that might reduce the reliability is my own bias being a Swede acting with ethnocentrism, not being able to view things objectively. Although I am indeed coloured by the Swedish culture, I believe my earlier experience in Spain have made me more understanding of the Latin European cultures.

A third aspect that might risk the reliability of the study, is that Latin Cultures' have a large power distance⁷ which could imply employees not providing the whole picture regarding their managers. However, since the interviews were made anonymously this risk should have been diminished and also the fact that I tried my very best to make the respondents feel comfortable in the interview situations.

4.6.2 VALIDITY

Construct validity refers to ascertaining accurate measures for the concepts being studied (Yin, 2003). This implies that it is of high importance to critically assess the data collected for the study. Since multiple sources have been used and the sources also have been reviewed and validated subsequently from participants involved, the construct validity consequently seems fulfilled for this study.

Internal Validity treats how correctly a causal relationship can be established and is important for explanatory or causal studies only (Yin, 2003). Since my case study is of an exploratory art, internal validity is not an issue. However, the study assumes the relationship between corporate culture and corporate performance as given, and internal validity could therefore be said to imply on this case study. When assessing corporate culture, the context is very complex and control variables are thus hard to identify.

⁷ See section 2.2 for references

Relying on empirical evidence should however imply that the internal validity should be at a fair level for this study.

External validity refers to whether the results of the study can be generalized (Yin, 2003). For a case study, the external validity has long been questioned and even more so for a single case study. However, not all critique is valid: the results can be generalized to some extent and through analyzing the theory, moving it forward to some broader view (Yin, 2003). The level for external validity in this study is somewhat hard to determine since it depends on the subject choice. However, there will be room for generalizing thoughts in the discussion where possible practical implications for similar companies will be discussed. Although the practical implications can perhaps only apply to, for instance, small MNCs or MNCs with the Spanish-Swedish angle, my hope is that they will provide some useful insights for such companies.

5. EMPIRICAL DATA – TASE STUDY

This empirical part of the thesis will follow a chronological order with the intention to facilitate the structure and understanding for the reader. Hence, it is divided into three main parts; first, the state of NFS before the change process started; thereafter, the actual change process and lastly, the situation of NFS after the change process.

5.1 BACKGROUND - PRE-IMPLEMENTATION

Understanding the background and subsequent development of the company is an important first step in order to conceptualise the change process of NFS. NFS has grown a lot over time, especially during the last years,⁸ with the implications of the growth being several, ultimately leading them to react to an unbearable situation. Hence, their growth has led them to a deliberate implementation of the guiding principles. This unbearable situation will be further touched upon below, but in essence it concerns the impacts of the rapid growth rate that made them lose track and subsequently forced them to recover a recipe for how to deal with the situation of dissatisfied employees threatening to hurt the organization. NFS's solution had the aim try to reinforce their core values and corporate culture through the mentioned guiding principles, which were supposed to guide them in their daily work.

NFS started off small scale in Gothenburg, Sweden, when a married couple working together decided to set up the business. Today they are CEO and HR-manager respectively. The year was 1993 and the name of the company originally “Nordic Financial Systems”. The word ‘Nordic’ was used because of the ambition to conquer the Nordic market. One interviewee says: *“The original founders of NFS still influence the company a lot today through their personalities...it also matters that they are from Gothenburg as they see the staff they have recruited from the same city as good buddies”* (Swedish interviewee).

It did not take long before the Nordic market was conquered and NFS started growing outside the Nordic boundaries. The office in Barcelona was founded in 2003 and the method executed was to send a couple of the staff from the Gothenburg office that was trusted by the management and then to complement them by local people. NFS went from being local to global and their rapid expansion led them towards becoming a more typical consultancy firm. *“NFS was formerly a global organisation but has now turned into a more typical consultancy firm”* (Swedish interviewee).

At the beginning of the growth period of NFS, the people in the Barcelona office were about 30% Spanish and 70% Swedish, while there is a majority of Spanish people in the office now. The mix of both Spanish and Swedish people made the integration of the

⁸ Excerpts from an e-mail from the management addressed to all NFS staff (see Appendix 9.4)

Spanish office into the Swedish company somewhat smooth as the Spanish people learned about the Swedish culture through their colleagues. The employees also give the impression of that they perceived the atmosphere in the office as more Swedish than in a typical Spanish office and appreciate the reputation of the ‘Swedishness’ as something positive. Additionally, the ‘Swedishness’ was something they could and can still use as a good thing towards their clients.

The consultants in the office lived by the original thoughts or ‘core-values’ of the founders from Gothenburg; Fun, Fairness and Integrity (see Appendix 9.2). One of the former employees describes how all the people in the office used to socialize outside office hours and says it was a relaxed working environment, yet with a serious business tone behind it (Swedish interviewee).

However, as the company started growing, it was no longer enough to rely on friendly interactions, something more endurable was needed to keep the company together. One of the employees explains the importance of the nature of the consultancy business and how it impacts the working environment (Spanish interviewee). The nature of the consultancy business means plenty of journeys outside the office leaving less time both for in-house acquaintances, but also for family time. At an early stage, this was bearable, but as NFS became larger, the time spent outside the office increased. One employee says: *“A lot of mistakes were made and the hours only became longer, and the consultants felt that they did not receive any profits from all the time they spent for the client”* (Swedish interviewee). This both led to a conflict with the new main client, as they did not see any deliverables, and also sparked a lot of dissatisfaction internally among the consultants. The former core values of NFS (Fun, Fairness and Integrity) started to be questioned. *“People complained about that they got home late even on Fridays and they got an even more pressed schedule during the weekday”* (Swedish interviewee). With the rapid need of hiring more people, recruiting also magnified the problem with the core values, as people not fit with the NFS culture entered the company, leading to a weakened corporate culture. Another effect of the hiring of new people was the loss of the “team-feel”. *“People that didn’t match the NFS culture were hired”* (Spanish interviewee). The interviewee mentions this in combination with that he had noticed differences between the Swedish and Spanish offices. In Barcelona, the people get in to work very late and then they go for lunch during two hours. This was very different from the Gothenburg office where the schedules were very stable, working from 08-17. This led to several implications, one

employee explains: *“it was truly hard to get hold of people since the hours were completely different and it also created frustration that not all offices worked the same”* (Swedish interviewee).

All this led to a great frustration among the consultants and they started to whine about other, smaller things as well. The other interviewee concludes to himself *“It was the differences between the offices and the more and more squeezed schedule that was created and was the foundation of the large dissatisfaction among the people within the organization”* (Swedish interviewee).

Besides the problem with the lost genuine belief in the core values, the original name of NFS, “Nordic Financial Systems” was perceived too restrictive or modest in comparison to what the company actually had become. *“Having ‘Nordic’ in our name proved to be a disadvantage, interpreted as NFS being only Nordic based, which on several occasions contradicted our international reach.”*⁹ The management felt it was only a name of what they were not and decided to change it to purely NFS and to make the website feel less Scandinavian.

Continuing the description of managerial actions and also how management was perceived in the Barcelona office, the communication between the two parts started declining as time went by. One of the employees described it as a development of a relationship where they had experienced ‘false expectations’. *“We have experienced problems with the information flow going up and down as well as the other direction”* (Spanish interviewee). This has led to a loss of credibility between the management and the office in Barcelona. The employee goes as far as using a romance-metaphor: *“When you have been deceived or tricked once, you are much more careful later on, before relying on the management. That’s exactly what has happened to us, we are much more careful now.”* Nowadays it is only the office manager who has constant communication with the management in Sweden, but we will come back to that later. Although there existed good communication with management and the environment in the office was perceived as very open, it was mainly through the Swedish people in the office or through the office manager that the communication with management in Sweden was made; the Spanish employees did not feel they had an easy channel for communication.

To conclude, there were a couple of things within the organization that led to the need for a development of the core values, a need for something that was well anchored within the organization and something that would create a common corporate culture throughout the organization. The main reason was the rapid growth and expansion of

⁹ Excerpts from an e-mail from the management addressed to all NFS staff (see Appendix 9.4).

NFS to a multinational corporation. This subsequently led to other effects; differences between offices around the world, more squeezed schedules for the employees, and the wish from management to be perceived as a genuine global corporation. They once had a common corporate culture that was formed through their core values "Fun, Fairness, Integrity: *"There was an NFS culture. We were like a family that had a lot of fun together, with a great fellowship with people being there for one another and with a great go-ahead attitude"* (Swedish interviewee). The great feeling of togetherness was however lost, as mentioned, through the rapid global growth.

All of these things ultimately led to enormous dissatisfaction among the employees and the new, 'guiding principles' were supposed to be a recipe against all this. It was supposed *"to join people together in times of expansion"* (Swedish interviewee).

We will now continue with what happened through the process of change within NFS.

5.2 CHANGE PROCESS

The situation of NFS just before the change process was indeed an organization with increasing dissatisfaction among the employees. This became evident during the annual global meetings as the meeting procedures had to adapt to the changing needs of NFS.

NFS has one global internal meeting per year. As the number of employees of NFS rapidly grew, so did the number of participants of the meeting as well. From just one year to another it grew from 25 to 50 attending employees and also the form of the meeting then had to change. In the beginning, they were all able to sit around one table to discuss things concerning the company. At that time, they did not have any 'middle' bosses either. However, as the number of employees grew, they started getting more levels of hierarchy and the meeting-form subsequently became more complicated. The participants were not as well integrated and the 'middle' bosses could apply strategies that had not been consulted with more senior consultants beforehand. One of the Swedes from the office in Barcelona comments: *"A lot of irritation was created and also accumulated. Naturally, this finally got evident during the global meeting. It all kind of came to a breaking point since there had been a lot of dissatisfaction about differences in procedures at different locations and also the rapid growth with new people and not least, the increased number of working hours"* (Swedish interviewee).

The Swede continues to describe how a lot of people were indeed expecting a change, but that the change that later came was not the one desired. *"People were expecting something totally different."* The change was directed more towards "code of conduct". *"It*

treated more how we were supposed to treat each other within NFS than targeting the real problem of the irritation. With that, people found themselves in an open conflict with the project leader. A lot of people were really angry with the management, but I tried to defend the management being a loyal co-worker" (Swedish interviewee). The head of HR was really upset with the situation and some sort of conflict management sparked off as they tried to come up with a recipe on how to solve the situation. *"The intention was to create a feeling of cohesion among all employees. Of course, this is a difficult task since consultants are seldom seen actually being in their offices. It is thus hard to create a common corporate culture"* (Swedish interviewee).

The guiding principles were introduced through a selected group at the yearly global meeting with the head of HR being in charge. *"It was during 2005 the guiding principles were established. It was a global effort engaging all people in a big company, meeting to bring forth those principles. Of large importance was to always look at the client perspective as a number one priority"* (Swedish interviewee). One problem, however, was that the HR manager was working part time through the change process and was, due to that fact, never really made justice. The HR manager simply did not have the necessary daily connection to the project. As mentioned before, the intention was to find and create a recipe for the underlying symptoms to the problematic situation.

Eventually there was a huge clash between the management and the project leaders dealing with a new large client. With the increased workload, together with the earlier dissatisfaction, less attention was paid to the guiding principles. *"The guiding principles were not as important in comparison to the project problem, and was therefore not taken seriously"* (Swedish interviewee). This statement was similar from all of the interviewees, another example being: *"we're struggling to survive, why implement this?"* (Spanish interviewee).

Still, the guiding principles were sent out to all offices and each office manager had the responsibility to implement them. *"The implementation was obviously difficult since there was hardly anyone present at the office because of the nature of the jobs"* (Spanish interviewee). Nonetheless, one of the Swedish employees says: *"The implementation was conscious and everybody were aware of the guiding principles from the beginning. They are occasionally brought up during presentations and meetings."* On the other hand, he then says: *"The values just 'stuck'"* (Swedish interviewee). Another employee in the office, this time Spanish, is of another opinion explaining they experienced two really bad years of business right after the guiding principles were implemented and had a hard time seeing the point of the project when they were busy making the business function. Nevertheless, he says: *"We fully agree*

with the guiding principles, but going through bad times in the company you change your focus and your full attention to that” (Spanish interviewee).

At this point, the frustration really started growing among the employees and people actually started leaving the company. *“The spirit of togetherness and to fight for a common goal vanished and the way to get back on track was supposed to be the guiding principles with the intention to get to the root of the problem. A way to cure the symptoms.”* (Spanish interviewee). The employee further reflects over that there was not a great plan to the implementation and that there was a lack of management presence and evaluation of the programme. *“People were too busy with the other problem to care about the guiding principles, although I think it was a genuinely good approach to create a common culture since we had grown so much”* (Spanish interviewee).

Now, the next section describes the current situation of NFS, what happened with the guiding principles and what the impact has been for the employees of NFS in Barcelona.

5.3 POST-IMPLEMENTATION STATUS

The corporate culture of NFS in the office in Barcelona is indeed still coloured by its Swedish heritage: *“The clients have always stated that NFS is perceived as a very Swedish organisation”* (Spanish interviewee). This does not only bring positive attributes to the office environment in the office, it can rather make it difficult for the employees in the office. *“The organisation is very flexible, but this can be hard for the Spanish people to understand and they need to learn that this is the Swedish way of doing things and that it is working”* (Swedish interviewee). Another Spanish employee emphasizes the strong belief that it is their Swedish brand that actually makes NFS a successful company: *“We deliver our results through our Swedish way of doing things”* (Swedish interviewee). Talking to yet a Spanish employee, he is on the same line: *“In relation to the outside world, we are quite Swedish.”* He goes on: *“For us it is a quality image and we use a mega-democratic approach to the problem solving. The location of the office makes differences appear when comparing to other offices, but we use the Swedish brand as a quality stamp for our standard of technology.”* (Spanish interviewee).

Referring to differences among the staff stemming from their different origins, the employees do notice that they are not from the same countries. For example, although the employees perceive the working environment as very open, when communicating with management, the Swedish people do not have a problem addressing them directly while the Spanish people communicate through upper management. *“Could you please talk to the CEO about...?”* (Swedish interviewee).

The fact that the Spanish people actually went through the different hierarchy levels makes one Swedish employee comment about the different reactions to things of Spanish people in comparison to those of Swedish people: *“There is a difference between Swedish and Spanish people in the way you react to certain things and this certainly has an influence in the work you do.”* Again he comes back to the importance of the ‘Swedishness’ of NFS: *“The people in the Barcelona office need to understand or learn that a certain way of doing things is Swedish and that it is therefore somewhat different”* (Swedish interviewee).

One employee also reconfirms the open working environment, especially in contrast to a Spanish one: *“A Swedish working environment is more open than the typical Spanish working environment. On the other hand, Swedish people can indeed be too “flat” in their way of working leading to the direction of the work becoming somewhat hindered during certain events.”* (Spanish interviewee). Another Spanish employee also discusses the flatness of the organization and some of the negative impacts and creation of some disadvantages of such a workflow. He mentions problems with decision-making; the environment not being flexible enough, and that there is too much discussion over a problem. He uses a metaphor of a shotgun to explain it better: *“When Swedish people shoot a gun they are afraid of the smoke, Spanish people are more direct and are not afraid of that smoke.”* He goes on: *“You can send a Spanish consultant with no clue or info to a new place, you just tell him to go there and do his job, while you could never send a Swede to a new place without any information as he gets blocked”* However, he says, *“when a Swede indeed knows, he delivers.”* Finally, he says: *“A Spanish lie to one person here to get info from another, a Swede would never do that”* (Spanish interviewee). He also sees upsides of the Swedish environment, as he feels really taken care of, noticing the caring side of the management and also the quality behind it.

When addressing the way people actually act around the office, one Swedish employee says: *“They (the Spanish) have had to adapt to our (Swedish) way”* And in a reflection why that might be, he says: *“The Spanish people have been in minority”* (Swedish interviewee). This also makes the employee comment on the way of communication in the office. He explains that the working language is English, but highlights that this might not be the best approach: *“Spanish people indeed appear to be more comfortable when speaking Spanish.”* Even with English training, it appears that English is a difficult language to learn for the Spanish people in general. *“The office manager has lived in Ireland for four years, but still encounters difficulties with the English”* (Swedish interviewee).

In reflection to this, the Spanish people uttered the need for more Spanish speaking people in the office as they identified a large problem with communicating with

local clients in any other language than Spanish. One Spanish employee says: *“When dealing with Spanish clients, there are communication problems...in the future, the offices have to become more independent by recruiting more Spanish people, and become more serious – not like ERASMUS”* (Spanish interviewee).

The last part refers to a lot of foreigners seeing the time at the Barcelona office more like a time of partying and not viewing it long term, hence, losing the continuity needed for sustainable business. When hiring new people, the selection process should identify a person fitting certain characteristics with NFS that need to be satisfied. *“We have to find people that are independent and can fly alone from day one...people that knows how to work within our team and that has fun along the way”* (Spanish interviewee).

The office in Barcelona currently tries to build on the integration of all employees in the office, e.g. through social events. However, it seems to be more occasional now than before. The office in Barcelona indeed wants ‘to be’ NFS and the staff believe they can really take advantage of the Swedish origin. Nevertheless, one employee says that they need to find a mix from the original NFS and their own best practices, to find a mix from both sides. Although they have not used the guiding principles to any larger extent as of now, they believe that they are important tools.

To conclude, all employees know when the guiding principles were implemented and what the reason thereof was. However, all (except one Swedish interviewee) admit that they have not been implemented well although they feel the guiding principles could be an important tool in bringing the company together in the future. Nonetheless, all of them rank the importance of doing business higher than “yet another management project”.

6. ANALYSIS

The structure of the analytical part will reflect the initial research questions in order to stay on track for the final conclusions. Each question will then be analyzed through four sub-categories identified through the theoretical part: a) Management, b) Human Resource Management, c) Socialization, d) Evaluation.

6.1 THE IMPLEMENTATION PROCESS

In this part, the four sub-categories will be analyzed keeping the actual change process in mind reflecting the first research question: *How has the implementation process of one Swedish Multinational Company's core values worked in its subsidiary in Spain?* Using the four different sub-categories will help us in the assessment of different aspects of one single process.

6.1.1 MANAGEMENT

The intention of the management seems to have been a reaction to the ongoing and increasing problem within the company. As NFS was an entrepreneurial start-up with the original founders still within the company, it is logical to state that management seems to be personally attached to the company. The perception in the Barcelona office also appears to be within the same procession, they feel taken care of by management. In line with Sackmann (2006b), the personal commitment of management to stand behind the process of development of the company is one important step when reaching a common corporate culture, throughout the global organization. However, although management was indeed standing behind the developing process, it seems they might have reached short in representing the desired corporate culture themselves, not successfully acting as role-models outside of headquarters. Before they started growing at a multinational level, they had managed to bring together all the employees of NFS by the former core values. Nonetheless, when NFS became larger, they grew with a speed making the people within the organization to lose track of the original core values that had indeed been holding them together. The opinion of the employees today, is that management has become less and less visible at the office in Barcelona, and they did not notice any personal engagement from the headquarters when treating the support of the new guiding principles of the company.

Comparing the former successful core values with the new, extended guiding principles, it seems the presence of management was a key issue of not fully succeeding with the latter. When implementing the guiding principles, they did not say it or live it, they just let them function on their own without any visible support. A global effort is required, as Martinsuo (1999) pointed out, and management should, to succeed, hence be visible at all global units of the organization, not just the local headquarters.

What needs to be discussed further, is the role of the local management in Barcelona and whether they have had any impact of the implementation. Perhaps they, with guidance from the management in Sweden, managed to communicate the message. It seems like the local management was left alone to do what they thought was appropriate in Barcelona. Analysing the reaction of the local office manager, one can easily understand, reading between the lines, that he did not take the guiding principles seriously although stating he thought them to be an important tool. Hence, the conclusion regarding the participation of the local management to implement the guiding principles was that it was close to non-existent.

6.1.2 HUMAN RESOURCE MANAGEMENT

At a first glance, the employees seem to be very aware of the importance of recruiting people matching the culture of NFS. Nevertheless, in the times of expansion they had done recruitment of people only based on the need of bringing more people to the office, thinking less of what kind of people they actually wanted or attracted. This fact seems to have had an impact on the company with an effect reaching further then in the near future. In fact, it seems like the recruitment policy they had at the time of when the guiding principles were first established, is hurting the company still today, i.e. it has had a long-term effect on the company. However, they seem to have noticed this shortcoming today, and when recruiting new people they actually think about future effects for the company. This also includes geographic recruitment to fit the needs of the local office, hence being in line with the guiding principles.

When asking one of the new employees about his first time with NFS, he states to be aware of the principles and he seems to be already well established in the office, although somewhat insecure in front of employees that have been with the company for longer time. The previous discussed things show positive effects with the implementation of the guiding principles and these effects seem to be considered for the future.

One fact that also needs to be discussed in this section is the lack of presence of the HR-manager through the implementation process. Although the HR-manager from the headquarters is one of the founders of the company and should be personally engaged in the project, she lost credibility as she was not present enough through the project, not acting as a role-model but rather signalling a “non-importance” of the project with her absence. In order for the guiding principles to stick, this is naturally not a positive scenario and NFS hence loses a large chunk of the aim to become, once more, a value congruent company that build lasting relationships with their employees.

6.1.3 SOCIALIZATION

When the Barcelona branch of NFS was founded, they did not have any problem of finding activities for the employees to be integrated. Both local Spanish people and Swedish expatriates were taking part in various social events, showing the upsides of a business that was blooming at the time. One of the original core values, to have fun, was very much lived by all employees and they all seemed to be aware of the importance of the core values of the company. Not surprisingly, it is easier to have fun when the business is going well and the core values were not really tested until the company grew and problems were encountered, with dissatisfied employees as an effect. It was no longer that easy to have fun, be fair and keep the integrity, when times became tougher. The focus of the employees, including management, shifted towards task oriented rather than process oriented, something that probably makes the long-term vision of a common corporate culture less achievable.

The purpose of the guiding principles was to find a recipe to the dissatisfaction of the employees, but as people were leaving the company and new, not well-matched people entered instead, it seems as though they did not prioritize spending time with each other any longer. Rather, it seems like people were more or less fed up with the entire organization and therefore did not have the desire to spend time with one another.

No time was set aside for any social events during the implementation process, and people rather spent the little time they had left during weekdays with their family instead of with colleagues. This might have led to the guiding principles of NFS to be set aside as there was close to no interaction between the employees outside of office hours.

As integrating processes can be created through other socializing attributes than outside the office, one could consider that they might however have developed some kind of behavioural patterns through the routines in the office. Evidence could in fact be seen of this as the employees mention going through the hard times of business together, relying on each other's abilities, and building trust through their different roles. The guiding principles were a routine during presentations according to one employee, but he is also the same person stating that there was no effort what so ever when implementing them. When asked about explicit examples on how the principles were made a routine, he cannot recall any. This fact makes me believe that they might want to seem more conscious regarding their corporate culture than they actually are.

As touched upon in the previous paragraph, there is more to socialization than just social events that the employees can take part in. Visiting a client locally or abroad could be another example of times where employees interact and build habits and

attitudes, although not as consciously as when making a special social event designed for the implementation of corporate values. Indeed, it seems like the current employees of the Barcelona office seem quite integrated, although more independent from the rest of the company than before. They seem to have a “local corporate NFS-culture” where they have brought together a mix of the old NFS and the office in Barcelona where they now focus more on re-establishing their business locally than growing globally.

6.1.4 EVALUATION

Now, for the guiding principles to really become integrated within the organization, it is not enough with the above three dimensions. They need to be evaluated through every step of the process according to Martinsuo (1999). Actually, the guiding principles can be said to be born through an evaluation process as they were formed as a reaction to create a tool for finding the way back to the original core values for the globally expanded NFS. The annual global meeting was the forum during which all thoughts and ideas of the staff were discussed and can therefore be said to have served as an evaluating tool for the state of the corporate culture of NFS. It can further be stated that the evaluation of the guiding principles was, based on the previous paragraph, not conscious, but did work on an unintentional level. As Sackmann (2006b) says, it has to be a collaborative effort. In the times of trying to survive, one can say that they brought themselves together to manage to overcome their problem and hence acting in a collaborative manner. The problem seem however to be that they lost their corporate identity along the way, as the business started to become more important than to hold the company together.

Although they did evaluate the guiding principles unintentionally on a global level, they misjudged the positive effects that could have been gained through a thorough local evaluation as a complement to the global evaluation. As they did not deliberately evaluate the guiding principles, it can be said that they also lost the prospect of identifying opportunities for improvement of their business. The employees were indeed aware of the principles, but did not understand their importance. With awareness of a good evaluation process, they would probably have been able to use the guiding principles as a tool for overcoming the mentioned difficult years of the business in a smoother way. They could probably have leveraged on the gained effectiveness stemming from a created common global corporate culture – reaching a sustainable business as a foundation for a long-term growth of the company.

6.2 NATIONAL DIFFERENCES

In this part, the four sub-categories will be analyzed highlighting the national differences present in the process reflecting the second research question: *Can the difficulties possibly encountered in the implementation process be explained by the present national differences between the Swedish parent company and its Spanish subsidiary?* As in the previous section, the focus will be to assess the differences using the distinct aspects of the four sub-categories.

6.2.1 MANAGEMENT

The most evident issue regarding national differences that could create a less smooth process of the integration of the guiding principles naturally is the different attributes of the Swedish and Spanish nationalities concerning preferred management styles. The question is whether they have been able to overcome these differences and more importantly whether the guiding principles acted as an enabling tool. At headquarters, the management is Swedish and the former manager at the office in Barcelona was also Swedish, but was later switched to a Spanish manager. The reaction of staff to signals from the headquarters appears rather ignorant and it does not seem that they take them too seriously. Theoretically, this proves the existence of large power distance in the Spanish office, as a more directing leadership style would probably have gained more respect. Indeed, one of the employees does not have any problem explaining how he has lost the trust for the Swedish management, although he also reflects over how they can take advantage of being perceived as Swedish by their clients. It almost seems like the office in Barcelona wants to act independently of what management in Sweden says yet benefiting from their reputation. Hence, this does not give the feeling of mutual understanding, rather the feeling of two units without the same underlying values or behaviour. This is further proven through the almost non-existing communication between the two units. The reason for why this is the case might exactly be the different views on how management is best executed, in general Swedish style being more towards empowerment of the staff, while Spanish is more directing. Had the management in Sweden been more directing in how they also wanted the guiding principles implemented, they might have gained a better result.

Further, switching the managers at the office in Barcelona seems to have collided with the implementation of the guiding principles, reflecting the need for change to Spanish management in the Barcelona office. Thus, one conclusion could be that the former Swedish manager was not suited for the job and hence a Spanish manager with a more Spanish managing style in the office was preferred. Whether this is a consequence of the guiding principles or just occurred randomly is difficult to ascertain.

Although the perception of the environment at the office through the above analysis seems rather Spanish, there is also evidence of Swedish attributes indicating that a mix of the two cultures could indeed be the case. Hence, based on what is perceived through a management point of view, an NFS culture could be present using the reasoning that a corporate culture of NFS probably would contain basic features from both Swedish and Spanish cultures. One important thing pointing against this is, however, the frustration among the employees of the mega-democratic problem solving approach. Indeed, as mentioned above, this is a typical Swedish way of dealing with consensus building and the employees in Barcelona explicitly indicate the non-appreciation of this method and express a demand for more direct leadership. Perhaps, this is also reinforced by the poor communication between Barcelona and Swedish management.

These ‘etic’ differences in management discussed above, might indicate the existence of two distinct cultures within NFS, proving the guiding principles cannot have been implemented to any larger extent. In parallel to this, one important observation was the assumed advantage of having a local manager implementing the guiding principles. This should have facilitated the implementation, as the office was more perceptive towards a Spanish management than a Swedish, as discussed above. Nonetheless, the advantage seems not to have been fully exploited as the focus of the manager was other than that of implementing the guiding principles.

6.2.2 HUMAN RESOURCE MANAGEMENT

Before the guiding principles were implemented, it seems like most of the recruitment was managed from the HR-manager in Sweden who sent people already value-congruent with the original founders, i.e. they sent Swedes similar to themselves to the Barcelona office. This fact however seems to have changed and when trying to scratch the surface on current recruitment policies, it seems as they do in fact consider the guiding principles when hiring new people to the office, although unintentionally. One fact supporting this is the immediate response from one new employee in that he knew what the principles were and what the intention with the principles was. However, one might question whether value-congruent recruitment policies really is the case since the Spanish boss seemed to be more interested in people that could “fly alone” from the first day, than that they fit with the NFS culture. Also, it seems like a long-term approach was more important now than it was before, proving the willingness of management to build long-lasting relationships with their employees rather than something short-term. This indeed supports the intention with the guiding principles.

Further, one observation important in this sub-category is the similarity between HR-management regarding nationalities. There does not seem to exist any larger differences, but the focus lied and lies in finding appropriate people congruent with the people already in the office. In contrast, this was the opposite to the strategy when NFS was growing at their most, but it seems they have found their way back to only hiring the people they truly want.

On the other hand, the statement regarding the need of more Spanish-speaking people in the office constitutes strong evidence against a successful implementation of the guiding principles. This is due to the fact that the official language of NFS is supposed to be English. With that, there is further proof of the branch in Barcelona wanting to act as an independent unit of NFS, using own norms and perhaps people congruent with a Spanish national culture rather than the corporate culture of NFS.

6.2.3 SOCIALIZATION

Looking at the socialization patterns of the office in Barcelona, the way in which the communication is performed could perhaps impede the possibilities of an efficient interaction between headquarters and the local office and also within the multi-cultural office in Barcelona. As one would expect, this in turn affects an efficient socialization process integrating the employees. Both the Spanish and the Swedish employees mention the difficulties with communicating in English. The Swedish, on their hand, points out the poor English familiarity of the Spanish employees, while the Spanish is asking for more people speaking the Spanish language. It is thus proof of a confusion of what should be the official language at the office and further, there seem to exist difficulties with the lack of comprehension for the two languages currently in use. With an existent language barrier, the socialization process that is needed for a competent implementation of the guiding principles might have impeded the implementation-process further.

Furthermore, one can note a clash between the Spanish employees' and the Swedish employees' point of view, with an irritation towards the Swedish for acting unprofessional, more being on a short-term vacation than being within the organization for doing business. The Swedish on their hand speak about the Spanish employees as if they were less competent and that they should learn the Swedish way of doing things. Statements proving the existence of two distinct national cultures are common and in this sense, while the Swedish were still in majority in the office, there also seem to have been more social events than when the majority of them left. This further reflects the unwillingness to put effort into the implementation of the guiding principles since the

different views are more based on national differences than aspects of successful socializing events and integration processes of the employees in the office.

The ‘etic’ dimensions in the socialization category are many, and all plays a part when determining whether the culture seem to be leaning more towards the local Spanish or not. For instance, alcohol-consumption as a way to increase the communication and interaction with clients would probably not be accepted in a Swedish environment, especially if it were for lunch. In Spain, however, this is common procedure and is still the same for NFS in Barcelona although the guiding principles have been implemented. Speaking of lunch, the norm in Spain to have a two-hour lunch seem to function also for the NFS office, although explicitly stated in the guiding principles that only one hour for lunch is acceptable. Other examples include employees in the office coming in late (social use of time) taking a phone call while in a meeting (social use of time) or by displaying emotion when communicating (high context). All these patterns were perceived in the office Barcelona during the interviews.

Furthermore, the perception of the office-environment in Barcelona is, indeed, like any other Spanish entrepreneurial office yet different comparing to a typical Swedish one, i.e. somewhat disorganised, not too tidy, a bit loud, people chatting loudly everywhere and the employees seeing two-hour lunches as natural. Of course, this is highly generalizing, but also the perception I experienced when in the office, keeping in mind my Swedish bias. Unsurprisingly, had the implementation of the guiding principles been done thoroughly, there would not have been such an evident difference between the office in Sweden and that of Barcelona.

6.2.4 EVALUATION

The unintentional¹⁰ global evaluation process of the guiding principles was probably affected by the present national differences with the headquarters, both at a global level as well as at a local level. Firstly, the empowering management style with a mega-democratic problem solving approach, perhaps made the evaluation lose credibility because it lacked a directing attribute. While this seems to be the reason on a global level, the local management perhaps did not experience any issues with lack of credibility, but rather ignorance for the whole project, hence dragging the employees with them.

The ‘etic’ differences identified in, and as an effect of, the guiding principles also reveal present national differences in the office creating an attitude among the employees of reluctance towards the guiding principles. When confronting them about the lunch

¹⁰ Discussed in section 6.1.4

policies they laugh at the principle of only one-hour lunch. Differences in the 'etic' dimensions are further enhanced by the observed synchronous use of time during the interviews as well as working hours and face-systems.

With the above discussion, it seems as an ongoing evaluation process of the guiding principles is missing and the office in Barcelona is hence missing out on the development of the corporate culture congruent with NFS as a whole. The cause seems to be both a lack of credibility to the global meeting based on national differences, and also the local reluctance to the process mainly based on the focus of 'surviving' as well as a noticeable will of maintaining independence from the headquarters. While the former might not have too much importance in practice, at least not at a first stage, the latter definitely makes it harder for the guiding principles to make a difference for the organisation. To anchor the values on a local level is indeed the first step of the evaluation process according to Martinsuo (1999).

6.3 CHANGE PROCESS - OUTCOME

In this last section of the analytical part, the four sub-categories will not be used, as it is the outcome of the unit in Barcelona as a whole that will be analyzed given the results of the two previous questions, that were: "How has the implementation process of one Swedish Multinational Company's core values worked in its subsidiary in Spain?" and "Can the difficulties possibly encountered in the implementation process be explained by the present national differences between the Swedish parent company and its Spanish subsidiary?"

Comparing the development of the implementation process to Figure 7 in section 3.4.1.4, the office in Barcelona seem to only have reached partly through the cycle, hence not having a complete circle fulfilling the need of a successful implementation of the guiding principles. Going through the steps of the circle, NFS has firstly gone through a crisis, forcing them to analyse who they are and how they will survive and continue to succeed. The focus has however lately been more on surviving rather than on succeeding. Thereafter, they restated their core values through the enhanced guiding principles and later started the initial implementation through local management. All this follows the implementation cycle very well. NFS even managed to create awareness of the guiding principles among the employees, but thereafter they seem to have come nowhere further.

With the above two sections covering the two research questions, we can notice why that might be the case. First, the presence of the headquarters facilitating the anchoring of the guiding principles was not what it could have been. Rather than increasing the communication with the site in Barcelona and visiting them more, it seems

as the contact between the two has declined, partly due to a loss in credibility perceived by the Spanish side. Second, due to the focus on 'real' business rather than the human dimension in the office, socializing events to facilitate the integration of the employees and helping the implementation of the guiding principles have been declining instead of increasing. Third, the evaluation process has been poor and rather unintentional on a global level than intentional on a local level.

Speaking to the employees in the Barcelona office, they do perceive the environment as more Swedish than Spanish and they are aware of the importance of hiring value congruent people, stating that they do have an existing NFS-culture that is important to them. However, under the surface, there seem to be a lot of dissatisfaction towards the Swedish management at headquarters and it even seems that the Spanish rather want to function independently, yet collaborating with the global NFS benefiting from their Swedish reputation. This could be due to the national differences observed, stemming from a different view on management and what is important within the organisation. As of now, doing business and surviving is more important than yet another project from the Swedish management. Although aware of the value-project, they just do not seem to recognize the importance of it. Hence the implementation process does not seem to have been successful due to the missing presence of the important success factors identified in the theoretical part, analyzed as sub-categories in the analytical part, and this seem to be partly explained by prevailing national differences between the Swedish headquarters and the subsidiary in Barcelona. Another possible explanation could be the format of the guiding principles being too detailed. This reason is indeed identified as a risk by Martinsuo (1999) in the theoretical review (see section 3.4.1.5). In combination with not being adapted to the local culture, the risk is also enhanced. Ultimately, NFS in Barcelona seem to be fighting for their existence rather than building on the important corporate culture through the implementation of the guiding principles that have been considerably ignored up to this point. Hence, in contrast to the wished effect of bringing the company together again, they are declining their business trying to survive, at least on short-term. In a long-term perspective this might be turned around, as there is a perceived motivation among the employees and local management to try to implement the guiding principles better.

7. CONCLUSIONS AND IMPLICATIONS

7.1 THE IMPLEMENTATION PROCESS

“How has the implementation process of one Swedish Multinational Company’s core values worked in its subsidiary in Spain?”

In the analytical part, the implementation process has been highlighted through the four sub-categories that were identified as success factors in the theoretical review. With that assessment, one can draw the general conclusion that the implementation of the guiding principles has not been successful for NFS in Barcelona. First, they lacked the engagement of the management from headquarters leading to that it is harder for the integrating values to be anchored well within the organization. Second, the recruitment policy has partly been improved towards a more thoughtful process of hiring new staff, but there is still no evident impact on the policy stemming from the guiding principles. Third, less effort of socializing activities for the employees have been observed compared to before the change process. Going through a change process, making a new set of values stick to the organization requires even more integrating efforts than before and NFS could probably have done more in this aspect. Fourth, an evaluation of the implementation at the local office has not taken place, but an unintentional evaluation is made yearly during the global annual meeting.

To conclude, through the four sub-categories there is a recognized shortcoming in the implementation process of NFS. Since these four categories seem to highlight important factors for success, a lack of presence of the same throughout the implementation process will then not surprisingly lead to a failure of the ultimate goal to create a common corporate culture.

7.2 NATIONAL DIFFERENCES

“Can the difficulties possibly encountered in the implementation process be explained by the present national differences between the Swedish parent company and its Spanish subsidiary?”

Reviewing the change process with a focus on national differences, one can draw the general conclusion that there are indeed differences present that have had an impact on the practice. Although the environment in the office has developed due to a change in the amount of Swedes relative Spanish in the office, it can be concluded that it is more Spanish than Swedish through the observations highlighted in the analysis. This

conclusion is made in contrast to some of the employees expressing the office to be Swedish. First, the preferred management style in the office is clearly Spanish as the employees respond better to a directing style rather than an empowering method. Hence, the reluctant attitude of the employees towards the guiding principles could be an effect of the empowering management style from headquarters signalling unimportance of the project. Second, although they claim to have the intention of hiring people value congruent with the culture of NFS, they also seem to prefer Spanish-speaking people above English-speaking, hence showing evidence of prevailing national culture in contrast to the desired NFS corporate culture. Third, the existing language barrier impedes the communication between Spanish and Swedish due to a lack of knowledge in English of the Spanish staff. Thus, a lack in communication hinders the implementation of the guiding principles. Further, evidence of Spanish attributes is found in the socialization processes proofing the existence of a Spanish culture in the office and also impeding the implementation of the guiding principles. Fourth, the evaluation process was never started at a local level, probably due to the ignorance of the local management and its subsequent effect on the local employees of being reluctant towards the guiding principles. Therefore, the evaluation process could perhaps have been impeded by a present Spanish national culture instead of a will for a common corporate culture.

To conclude, in all four factor dimensions there is evidence of a presence of the local national culture, perhaps implying an impediment of the implementation of the guiding principles. The reason for the non-successful implementation could also be other than the national differences to the mother company, but through the analytical reasoning one can see evidence of the impact of the Spanish culture acting stronger than the intended corporate culture of NFS through the core values.

7.3 CHANGE PROCESS – DISCUSSION OF OUTCOME

The change process in general has not really had any impact on NFS since the implementation was never successful. In all four sub-categories constituting possible success factors for change within a company, they seem to have failed on all four. Evidence of this is also reinforced when comparing the development of the change process' outcome to the cycles in an implementation process (see Figure 7). NFS has only made it half way through the implementation cycle and therefore it is hard to really evaluate the true outcome of the process. Partly, this could be due to the lack of presence of the four identified success factors, which on their hand could have been impeded by the encountered national differences, although this can be further discussed. However,

first, they have not had a strong management through the change process, second, the HR management has not fully been keeping the guiding principles in mind probably due to a lack of visibility of the HR-manager, third, there has been a lack of socializing experiences for the employees and fourth, there has not occurred any local evaluation of the implementation process of the guiding principles. These four reasons can, with the above reasoning, be partly explained thorough the existent national differences. Too much detail in the guiding principles in combination with the national differences enhances the difficulties with the implementation process.

To conclude, the outcome of the implementation process is difficult to evaluate due to the failure of the same, which can probably partly be explained by national differences and also the format of the guiding principles being too detailed.

7.4 IMPLICATIONS

As touched upon in the above concluding sections, the only half finished, or unsuccessful, implementation process makes the analysis and evaluation of the same difficult. Consequently, it might be difficult to draw any generalizing conclusions that could serve as a framework and learning tool when analysing other similar cases. However, learning from mistakes can serve as an equal good tool as learning from success stories. The analysis has accordingly explained possible answers to why the implementation process has not been fully completed and what the main difficulties have been, and these results could probably be generalized making other companies learn from the mistakes of NFS, reaching further into the implementation cycle. Appropriately, the study has shown the importance of the four different sub-categories, treating the implementation of a value-program into a company. More explicitly, I possibly see either Swedish MNCs looking to expand internationally or smaller MNCs in general expanding abroad that could benefit learning tools from the conclusion of this case study. These types of companies could thus possibly learn from the insights by keeping them in mind when designing internationalisation strategies moving into new cultures of the world. In conclusion, these companies should highlight the four sub-categories in order to fully complete the implementation cycle that subsequently could lead to a better performance of the company as a whole.

In light of the analysis, some thoughtful conclusions have also been made regarding the national differences and the impeding, among others, attributes they can have on an organization. In essence, the hindering elements of the national differences have a

negative effect on the creation of a corporate culture through the implementation of core values. For instance, contradictory tastes of management style originating from differences in national culture have been shown to partly work against the company, and different national traditions not being overcome could serve as another example. Valuable insights for other companies looking to integrate a subsidiary could therefore be obtained through this example. Although different impediments may be experienced given the particular context, the four sub-categories should again be taken into consideration of the headquarters in order to assess and foresee probable difficulties with the integrating process due to differences in national culture. One could thus generalize these results through the above reasoning and the results could therefore have practical implications on companies similar to NFS.

Due to the fact that the guiding principles have not been implemented completely, the impact on the performance of the company thanks to the project is impossible to assess. What can be said is that not implementing the guiding principles has not helped the company through their crisis. Rather they have experienced bad performance, although the cause has not been assessed in this thesis. One could however speculate that the reason might be failing coherence within the company and a feeling of “not belonging” of the employees leading to negative output effects for the company. Thus, an aggressive insinuation could be that the performance could have increased through a more value-integrated work force willing to give to the organization where they feel like members. Companies wishing to increase their chances of improving numbers could thus use and keep in mind the value-integrating approach with the implementation cycle and the four sub-categories used in this case and leverage from the same.

Lastly, although not proven in this thesis, one could speculate how a Swedish Multinational company could create a corporate culture to increase its performance. Through the results, the importance of the four sub-categories has been shown and also how they stay important throughout the entire implementation process and its different cycles. If a company does keep these sub-categories in mind, a common corporate culture generating cohesion at all sub-units of the company should be easier to obtain. It does seem, however, that the national differences present in different countries cannot be set aside completely, instead the corporate culture must be created through a balance or a mix between the different nationalities of the countries where the company operates.

Succeeding with the aim of a common corporate culture through the creation of core values, should accordingly facilitate the ultimate goal of the company; to increase its financial performance.

7.5 FURTHER RESEARCH

As the study did not get the chance to see the process of change fully completed, it would be interesting to go back to NFS in Barcelona after some time has passed too see whether the guiding principles have been made more room and also whether they have made it further in the implementation cycle. With such a study, the four sub-categories could be fully assessed and the focus could be on what the change has actually obtained rather than, as in this case, what have not been obtained. It would also allow for a further study of analyzing whether the performance can actually be affected by such a value project as the guiding principles.

Furthermore, as the study only treated one office in Barcelona, it would be interesting to study the other offices of NFS around the world to see whether they have made it further in their implementation processes and also whether there are any differences depending on in what country the office is located. This could also be further explored by comparing the results with results of another company originating from a country other than Sweden.

A quantitative study treating performance of companies that have implemented core values would be of interest, especially since many managers of large corporations only are convinced through numbers when confronted with softer issues like culture.

8. WORKS CITED

Adler, N. (1991), *International dimensions of Organizational Behavior – 2nd edition*. Belmont, CA: Wadsworth.

Bartlett, C. and Ghosal, S. (1987), "Managing Across Borders: New Organizational responses", *Sloan management Review*, Fall 1987: 29, 1, pp 43-53.

Bartlett, C. and Ghosal, S. (1988), "Creation, Adoption, and Diffusion of Innovations by Subsidiaries of Multinational Corporations", *Journal of International Business Studies*, Fall 1988; 19, 3, pp 365-388.

Begley, T. and Boyd, D. (2003), "Why Don't They Like Us Overseas: Organizing U.S. Business Practices to manage Culture Clash", *Organizational Dynamics*, 32 (4): 357-371.

Bell, R. (2007). *A summary of 'etic' value dimensions*. Lecture documentation, Doing Business Across Cultures. ESADE Business School, Barcelona.

Björkman, I., Tienari, J. and Vaara, E. (2005), "A Learning Perspective on Sociocultural Integration in Cross-National Mergers", in Stahl, G. and Mendenhall, M (eds.) *Mergers and Acquisitions: Managing Culture in Human Resources*, pp 108-125. Stanford Business Books.

Buono, A.F., Bowditch, J.L. (2003), *The Human Side of Mergers and Acquisitions*. Washington, D.C.:Beard Books.

Calori, R., Steele, M., and Yonemaya, E. (1995), "Management in Europe: Learning from different Perspectives", *European Management Journal*, Vol 13. 1. pp 58-66.

Chevrier, S. (2003), "Cross Cultural Management in Multinational Project Groups", *Journal of World Business*, 38: 141-149.

DeNisi, A.S. and Shin, S.J. (2005), "Psychological Communications Interventions in Mergers and Acquisitions", in Stahl, G. and Mendenhall, M (eds.) *Mergers and Acquisitions: Managing Culture in Human Resources*, pp 108-125. Stanford Business Books.

Dutton, J.E., Dukerich, J.M and Harquail, C.V. (1994), "Organizational Images and Member Identification", *Administrative Science Quarterly*, 39: 239-263.

Fey, C and Dension, D. (2003), "Organizational Culture and Effectiveness: Can American Theory Be Applied in Russia?", *Organization Science*, Vol. 14, No. 6: 686-706.

Gómez, C. and Ranft, A.L. (2003), "The influence of Organizational Variables on the Transferability of Management Practices: An Examination of Traditional and Learning Manufacturing environments in Mexico", *Journal of Business Research*, 56: (2003) 989-997.

Hofstede, G. (1980/1984), *Culture's Consequences: International Differences in Work-Related Values – Abridged edition*. Newbury Park, CA: Sage.

Hofstede, G. (1983), The Cultural Relativity of Organizational Practices and Theories, *Journal of International Business Studies*, Fall, pp. 75-89.

- Hofstede, G. (1998), "Attitudes, Values and Organizational Culture: Disentangling the Concepts". *Organization Studies*, 19 (3): 477-492.
- Hofstede, G. (2001), *Culture's Consequences: Comparing Values, Behaviors, Institutions, and Organizations across Nations – 2nd edition*. Newbury Park, CA: Sage.
- Holme, I., and Solvang, B. (1997); *Forskningsmetodik – om kvalitativa och kvantitativa metoder*. Lund: Studentlitteratur.
- House, R., Javidan, P., Dorfman, P. (2001), "Project GLOBE: An Introduction", *Applied Psychology: An international Review*, 50: (4), 489-505.
- House, R., Javidan, M., Hanges, P., Dorfman, P. (2002), "Understanding Cultures and Implicit Leadership Theories Across the Globe: An Introduction to Project GLOBE", *Journal of World Business*, 37: (2002) 3-10.
- Javidan, M., House, R., Dorfman, P., Hanges, P., de Luque, M.S. (2006), "Conceptualizing and Measuring Cultures and their Consequences: A Comparative Review of GLOBE's and Hofstede's Approaches", *Journal of International Business Studies*, Washington: Vol. 37, Iss. 6; p. 897.
- Kostova, T. (1999), "Transnational Transfer of Strategic Organizational Practices: A Contextual perspective", *Academy Management review*, Vol. 24, No. 2, 308-324.
- Kroeber, A. L., and Kluckhohn, F. (1952), "Culture: A Critical Review of Concepts and Definitions", *Peabody Museum Papers*, Vol. 47, No. 1, p. 181.
- Laurent, T. (1983), "The Cross Cultural Puzzle of International Human Resources Management", *International Studies of Management and Organization*, 13(1/2): 5-96.
- Levitt, T. (1983), "The globalizations of markets", *Harvard Business Review*, 61(3):92-100.
- Marks, M.L., and Mirvis, P.M. (1998), *Joining Forces: Making One Plus One Equal Three in Mergers, Acquisitions and Alliances*. San Francisco, CA: Jossey-Bass.
- Martinsuo, M. (1999), *Promotion of Values in a Multinational Enterprise*, Helsinki University of Technology, Industrial Management and Work and Organizational Psychology Working Papers, Report No. 10. Espoo, Finland: Libella.
- Newman, Karen L., Nollen, Stanley D. (1996), "Culture and Congruence: The Fit Between Management Practices and National Culture", *Journal of International Business Studies*, Vol. 27, Issue 4.
- McDonald, P. And Gandz, J. (1992), "Getting Value from Shared Values", *Organizational Dynamics*, 20(3), 64-77.
- NFS, 2008. *NFS-Group.com*, Available [online]: <http://www.nfs-group.com> [2008-05-05].
- Pascale, R. (1985), "The Paradox of 'Corporate Culture': Reconciling Ourselves to Socialization", *California Management Review*, Vol XXVII, No. 2, Winter 1985.

Perlmutter, H. (1969), "The Tortuous Evolution of the Multinational Corporation", *Columbia Journal of World Business*, 4:9-18.

Ronen, S. and Shenkar, O. (1985), "Clustering Countries on Attitudinal Dimensions: A Review and Synthesis", *Academy of Management Review*, 10: 435-454.

Sackmann, S.A. (2006a), *Assessment, Evaluation, Improvement: Success through Corporate Culture*. Gütersloh, Germany: Verlag Bertelsmann Stiftung.

Sackmann, S.A. (2006b), *Success Factor: Corporate Culture*. Gütersloh, Germany: Verlag Bertelsmann Stiftung.

Scalabre, J. L. (2005), *Executive Commentary* to Greenberg, D., Lane, H. and Bahde, K., *Organizational Learning in Cross-Border Mergers and Acquisitions*, in Stahl, G. and Mendenhall, M (eds.) *Mergers and Acquisitions: Managing Culture in Human Resources*, pp 108-125. Stanford Business Books.

Schein, E. (2004), *Organizational Culture and Leadership – 3rd edition*. San Francisco, CA: Jossey-Bass.

Schein, L. (2001), *Managing Culture in Mergers and Acquisitions*, Research Report R-1302-01-RR, New York, NY: The Conference Board.

Schneider, S.C. and Barsoux, J-L. (2003) *Managing Across Cultures – 2nd edition*. Harlow, England: FT Prentice Hall.

Schreyögg, G. (2005), "The Role of Corporate Cultural Diversity in Integrating Mergers and Acquisitions", in Stahl, G. and Mendenhall, M (eds.) *Mergers and Acquisitions: Managing Culture in Human Resources*, pp 108-125. Stanford Business Books.

Stahl, K. and Sitkin, S.B. (2005), "Trust in Mergers and Acquisitions", in Stahl, G. and Mendenhall, M (eds.) *Mergers and Acquisitions: Managing Culture in Human Resources*, pp 108-125. Stanford Business Books.

Smith, P. (1996), "National Cultures and the Values of Organizational Employees", in Joynt, P. and Warner, M (eds.) *Managing Across Cultures: Issues and Perspectives*, pp 92-104. International Thomson Business Press.

Sterner, T.D. (2006), *NFS Brand Analysis – An investigation of the Internal, External and Judicial Strength of the Brand*. Master Thesis Report. CIP – Center for intellectual Property Studies. Chalmers, Göteborg.

Trice, H. and Beyer, C. (1991), "Cultural Leadership in Organizations", *Organization Science*, Vol. 2, No. 2, 149-169.

Trompenaars, F. and Hampden-Turner, C. (1997), *Riding the Waves of Culture: Understanding Diversity in Global Business – 2nd edition*. London, Brealey: McGraw-Hill.

Turnbull, S. (1999), "Emotional Labour in Corporate Change Programmes – The Effects of Organizational Feeling Rules on Middle Managers", *HRDI* 2:2, pp. 125-146.

Turnbull, S. (2001), "Corporate Ideology - Meanings and Contradictions for Middle Managers", *British Journal of Management*, Vol 12, 231-242.

Yin, R. (2003), *Case Study Research: Design and Methods*. Thousand Oaks, CA: Sage Publications.

Zander, L. (2002a), "Cultural Families: Reflections on the Relationship between National and Organisational Culture", *in*: Ramberg, I. (Ed.), *Reflections on Diversity and Change in the Modern Society*, Botkyrka, The Multicultural Centre, pp. 159-180.

Zander, L. (2002b), "Empowering Europe: Empowerment, National Culture and Cultural Congruence", *In*: M. Warner and P. Joynt (eds) *Managing Across Cultures: Issues and perspectives*, London: Thomson Learning.

Zander, L and Romani, L. (2004), "When Nationality Matters: A Study of Departmental, Hierarchical, Professional, Gender and Age-Based Employee Grouping' Leadership Preferences across 15 countries", *International Journal of Cross Cultural Management*, 4(3): 291-315.

9. APPENDICES

9.1 THE GUIDING PRINCIPLES



NFS is a global and multicultural organization aiming at continuous controlled growth. These Guiding Principles aim to direct us all in our daily work and assist us in embracing the values and behavior upon which NFS is built.

<p>Client Value</p> <ul style="list-style-type: none"> • Always act in the best interest of our clients and try to exceed clients expectations • Work with our clients in the spirit of long term relationships • Always provide clients with documentation • Never leave a client without ensuring the client is satisfied with our deliveries • Ensure that the client is prepared to pay for your services and efforts <p>Partners</p> <ul style="list-style-type: none"> • In every interaction whether in writing or words be positive about our partners • Find solutions in collaboration with our partners • Manage the clients' expectations on the partner <p>Respect for each other</p> <ul style="list-style-type: none"> • Always presume that any NFS person is performing according to capacity and in the best interest of NFS • If there is need for improvement speak directly to the person involved • Always stand up for colleagues in front of clients and partners <p>Accountability</p> <ul style="list-style-type: none"> • You are expected to assume full responsibility for the tasks assigned to you • Act proactively to avoid delays, delivery defects and bad results • You have the full responsibility for being aware of all information required to perform your tasks and deliver the expected results • Keep stakeholders properly informed • If you discover you cannot deliver as agreed you shall immediately inform all relevant parties and suggest mitigation • We shall meet our deadlines <p>Teamwork</p> <ul style="list-style-type: none"> • It is our combined efforts that determine our level of client value generation and results • Strive for balance between respect for each other and challenging each others opinions • If your colleague is in need of assistance you are obliged to deliver it to her or him • We always share our knowledge and information yet we must respect confidentiality • Think and say "We" instead of "I" 	<p>Problem Spotting</p> <ul style="list-style-type: none"> • Strive to focus on opportunities instead of problems • When you detect a problem, either in a project or internally at NFS, start by evaluating if it is a problem that is significant to be solved at this time • Never presume that your problems are solved by others, you own the problem until it is resolved • It is not added value for NFS to highlight a problem without presenting a realistic way forward <p>Performance</p> <ul style="list-style-type: none"> • It is accepted to fail, it is the most common way of learning, however you must ensure you learn from your failures so that you do not repeat them all over again • It is better to fail by making an incorrect decision than to fail by staying passive • Always strive to give feedback <ul style="list-style-type: none"> - Give positive feedback in public to promote creation of excellent results - Give negative feedback face-to-face and in a spirit of assisting your colleague to learn from the mistake <p>Meeting Etiquette</p> <ul style="list-style-type: none"> • Arrive on time and properly prepared to meetings and other appointments • Take notes during discussions and meetings • Agree and document conclusions after a discussion or a meeting • Write minutes after meetings and distribute it to the participants <p>Document maintenance</p> <ul style="list-style-type: none"> • Store all information and documents in a project on www.treasurysupport.com • Store all sales and account management information on clients in SuperOffice <p>Working Hours</p> <ul style="list-style-type: none"> • Adapt to the business hours of the client but never arrive later than 0900 local time unless it is your travel day • Avoid lunches longer than one hour <p>Dress code</p> <ul style="list-style-type: none"> • Always dress for the occasion • Default dress code is business suit • You should always dress neat and clean without any prejudice of biased messages and appearances
--	--

9.2 NFS' CORE VALUES

"NFS is a global and multi-cultural organization aiming at continuous and controlled growth. Our Guiding Principles aim to guide us all in the daily work and assist in embracing the values and behavior upon which NFS is being built." (NFS, 2008)

FUN – learn and perform. Totally engaging clients, colleagues, partners, and yourself in the process

FAIRNESS – trust yourself and act in the best interest of our clients, NFS and partners

INTEGRITY – act empowered and be fully accountable. Respect clients, colleagues and partners

9.3 THE 'ETIC' VALUE DIMENSIONS – A SUMMARY (BELL, 2007)

Control over nature (master or subjugation): Mastery cultures tend to see problems as solvable, nature as masterable and control over their future as being in their own hands; they are likely to be individualistic and goal-oriented. Subjugation cultures take the view that control is largely outside their power, are more fatalistic and less likely to assume that solutions will be found and goals achieved.

Uncertainty Avoidance: High uncertainty avoidance is the tendency to prefer a structured vision of life, absolute truth rather than interpretative approaches, stability in social order, to favour deductive rather than inductive approach to problem solving and to shun ambiguity, while low uncertainty avoidance is the opposite.

Doing/Being: The mode of activity seen as basic to human life: belief in quality of life or achievement and work as a major value in life.

Masculinity/Femininity: Behaviour ranging from the more masculine goal seeking to the more feminine social concern.

Difuseness: The extent to which a clear distinction is made between work, leisure, family and other areas. Individualistic low context countries tend to be more specific, as opposed to diffuse and have a more atomistic approach to problem solving.

Power Distance: The acceptance of normality of power differences in society. Manifested in e.g. accordance of status or different treatment of people according to their power.

Individualism: The tendency to see the individual as the central reference point in society as opposed to the family, tribe or other non-voluntary group. Manifested in e.g. reward for individual initiative, decision-making with little regard to the family.

Gender specificity: An extension of the Masculinity dimension because of the non-fit out of the western countries.

Universalism: The extent to which a general principle is considered to outweigh the merits of particular cases in importance. It is thus the abstract rule in opposition to the concrete. High universalism is associated with individualistic low context countries.

How status is accorded: Ranging from attribution to achievement. Manifested in social recognition given to 'who' a person is in the sense of family, clan or tribal, inherited wealth and class or length of service in an organisation as opposed to 'what' he or she achieves such as individual success in business or competitive activities. Status by attribution is stronger in traditional, hierarchical, stable, uncertainty-avoiding societies.

Long term orientation: Long-term values are thrift, persistence, concern for ordered relationships and hence shame at disturbing this order. Short-term values include respect for tradition, and correct social forms of greeting and favours.

The below dimensions deal with communication and discourse systems in society and are a reflection of underlying values in the culture.

Expressiveness: To what extent emotion is expected to be displayed as a norm in social circumstances. Manifested in expansive gesture and expression of emotion.

Rhetorical use of language: The tendency to use language in phatic terms for persuasion and relationship maintenance rather than functionally for the transmission of facts.

Proxemics: The conventions in use of space in social situations. May be more or less close in distance and frequency of physical contact.

Context: Discourse or communication convention of communicating by implicit understanding in high context cultures to explicitly in low context ones. Low context is manifested in directness, preference for the written over the spoken and for the spoken over the unspoken, and intolerance of silence, which is not felt as meaningful.

Codification: Materialistic and quantitative tendencies in society as opposed to a propensity for the spiritual and qualitative reflected in preferences for structured and often abstract communication of information.

Opaqueness: Absence of transparency in exchange of information as perceived by an outsider. A society is likely to be more opaque to the outsider the more harmony seeking, concerned with face, spiritual rather than material, uncertainty avoiding, homogeneous and closed it is. It is perceived, rather fuzzily, as a communication characteristic by anyone who is not an in-group member.

Social use of time: From sequential to synchronous and from rigid to flexible. The extent to which time is seen as a commodity to be measured and accounted for as opposed to being a dimension in which life is lived and relationships are developed. Individualistic countries tend to be highly sequential, putting high value on punctuality, having and keeping to agendas, not "wasting" time and disapproving of interruption and simultaneous transactions. Time is always a dimension used socially to mark respect. Rigid making of time or flexible expansiveness are alternative ways of doing so.

9.4 EXCERPTS FROM AN EMAIL FROM THE CEO, ADDRESSED TO ALL NFS STAFF

NFS vs Nordic Financial Systems

NFS has grown a lot over time and especially during the last years. With the growth we have also changed considerably in many respects. Each and every one of us is specialising more and more, which increases our combined competence levels and competitiveness. We have in a few years positioned us in the treasury market as the expert provider. Our clients praise our work and our offerings are widely spread and preached.

The name "Nordic Financial Systems" was born in 1993 when we had our only site in a cellar in Partille outside Gothenburg (Annica's and my home). "Systems" because we strived to combine man/machine into one integrated system (a bit naïve, I admit), actually it has never referred to "Application". "Financial" because "treasury" in Swedish is "finans" and I was not aware of the difference between Finance and Treasury in the English language at the time. "Nordic" because our ambition was to conquer the Nordic market someday. Well you know the rest, we are now a worldwide company with only treasury focus and Systems is interpreted as Applications despite the fact that we do not develop any. Having "Nordic" in our name has proved to be a disadvantage, interpreted as NFS being only Nordic based, which on several occasions contradict our international reach. Many times when meeting customers and employment candidates etc for the first time we have therefore been required to change their expectations/perceptions in this area.

So "Nordic Financial Systems" is basically a description of what we are not. We must therefore drop it. We have decided to call ourselves "NFS". Nothing more, nothing less. What else by the way? So we should answer the phone with "Welcome to NFS" from now on. Consequently we need to take away the name "Nordic Financial Systems" from our logotype. Unfortunately using the present logo would leave us with a green "N" and a peculiar shaped "S" and if we are lucky someone might detect the hidden "F" in between. This turned out to be a dead-end and was the first trigger for another logotype and profile.

At the same time we had an urgent need to develop our web-site (www.nfs-group.com) to become a more professional site containing relevant information and functionality for swift and efficient management. The previous colourful look and feel felt very Scandinavian and was extremely time consuming to maintain and develop further. Each page had to be created by hand literally and everything was hard-coded. Keeping the old graphical and technical set-up would have been too expensive. Our costly and malfunctional corporate profile was the second trigger for the change of profile.

We started the process by setting up requirements of the logo and graphical profile:

1. International look and feel
2. NFS should be regarded as a big company so we can cater for customer expectations
3. Multicultural in the sense that the logo could not be traced to any one particular region/culture
4. Only containing the three letter word "NFS" with a possibility to add strap lines
5. Cheap to develop and maintain
6. To be used in all situations and backgrounds

9.5 INTERVIEW BASIS

1. What is your title/function within NFS?
2. For how long have you been with the company?
3. What is your national background?
4. What do NFS's values mean to you?
5. Do you feel your view of NFS's values is the same as the view of the company?
6. Can you tell me about NFS's guiding principles?
7. What do NFS's guiding principles mean to you?
8. Do you know why they were implemented?
9. Do you feel they have been well implemented into the company?
10. What have been the steps when implementing them?
11. Do you evaluate whether the guiding principles are effectively working? How?
12. Do you feel they have made a difference? Why, why not?
13. Do you know the goal/purpose of implementing the guiding principles? How did you find out?
14. Has the corporate climate at the office changed after the implementation? If so, how has it changed?
15. Do you feel the same when at the office in Sweden as at the office in Barcelona? What is the difference?
16. Do you feel the guiding principles are coloured by Swedish values? How?
17. Do you feel like NFS's culture is Swedish or Spanish? (when in the Barcelona office)
18. Do you organize social event for integrating purposes? What types of events?
19. When hiring new people, is a personality match with NFS important? How is that ensured?
20. What has been the role of management, both global and local, through the implementation process? Do you agree with their managing style? What is it like?
21. Do you feel like the management lives by the guiding principles? How can you tell?
22. Do you feel comfortable when talking to management? Why, why not?
23. What do you expect from fellow colleagues when working on a project?
24. Do you feel the company's Swedish origin is impeding or helping the growth of the Barcelona office?