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Management culture – identifying absorption due to an acquisition.
Case: Ford's acquisition of Volvo

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Foreword

This foreword intends to express our gratitude to those that have participated and helped us in the making of this dissertation.

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Abstract

The accelerating globalisation has led to an increased number of acquisitions and mergers. This implies changes within the organisation and problems with the implementation process of the new organisation that is taken form. The integration of the companies involved makes it essential to identify and to be aware of the characteristics of different management cultures. Management culture is the way a company is managed influenced by the surrounding culture. Management culture is something that has often been developed since the origin and is permeating the company spirit. This dissertation focuses on the characteristics of American and Swedish management cultures. Ford acquired Volvo Cars in 1999 and in this study Ford is representing the American management culture whereas Volvo is representing the Swedish management culture. The two companies are considered to possess typical characteristics of the management cultures examined. The intention was to analyse how a company's management culture is affected by an acquisition and if the possible effects are reflected outside the organisation. Examined theories were concentrated into the Management culture model containing five dimensions; Relations, Orientation, Decision-making, Motivation and Loyalty. Hypotheses were developed from the model and the perceptions of Volvo's suppliers were evaluated through a survey. The results show conformity with the Management culture model, which indicates that Volvo has absorbed distinctive elements of Ford's management culture. This might indicate that acquisitions between a bigger American company and a smaller Swedish company would imply consequences in the management culture.

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1. Introduction

Management culture is the way a company is managed influenced by the surrounding culture. Management culture has often been developed since the origin and is permeating the company spirit.

1.1 Background

At the end of the 20th century several great acquisitions and mergers took place within the automotive industry. Many independent automotive manufacturers got together to gain advantages through large-scale benefits and shared costs of the product development. The expected synergies of mergers and acquisitions are to generate high-volume production, to share market and distribution costs, and to co-ordinate product development activities. (Dussague and Garrette, 1999)

Volvo cars, as from now named just Volvo, had at the end of the 20th century searched for a suitable partner. Far-reaching negotiations with Renault were finally terminated in 1993. (Hökerberg, 2000). Volvo and Mitsubishi had an alliance during the nineteen nineties where they shared a factory in Holland and developed cars in the middle-segment. Also Audi was brought up as a potential ally but the far-reaching negotiations were eventually broken down due to different opinions of the valuations of the two companies.

On the 7th of May in 1998 the executives of Mercedes Benz and Chrysler, Jurgen Schrempp and Bob Eaton, announced that a merger was going to take place between the two companies and the new company name became Daimler-Chrysler. The merger Daimler-Chrysler suddenly made it obvious for everyone within the business that few, if anyone, could face the future alone. This could be seen as the final event to convince the board of Volvo that they could not cope alone on the market and needed help to maintain the business and not to lose market shares. It would make it hard for Volvo to compete as a single actor on the automotive scene and it became more

obvious that they could no longer remain independent. Volvo needed a big owner, which might be the definite reason why the deal between Ford and Volvo was settled.

Volvo had at the end of the 20th century developed a new product-strategy, whose main target was to seriously compete with car-manufacturers such as BMW and Mercedes-Benz. The issue for Volvo was to find the right partner to succeed. Several manufacturers appeared interesting, but in the early 1998 Ford, which declared that it wanted to continue its investments within the European luxury car manufacturers, contacted Volvo. In 1999 Ford bought Volvo. At that time Ford was the second biggest car manufacturer in the world (Automotive news, 2003), owner of several brands in different car segments and Volvo was bought as a complement to Ford's luxury portfolio, Premier Automotive Group (PAG), which contains brands such as Jaguar, Aston Martin, Lincoln and Land-Rover.

Acquisitions and mergers in general often lead to problems in the implementation process when the new organisation is taken form. Different management cultures is a common factor that implies an obstacle in the implementation process. When two different management cultures are mixed in an attempt to form a well functional organisation, there are often problems in the implementation process.

Ford early pointed out that Volvo should be given independence and continue to live its own life. (Hökeberg, 2000). The acquisition made it interesting to analyze if and to what extent Volvo has absorbed Ford's American management culture. The two companies constitute typical examples of different management cultures, where Ford represents the American management culture and Volvo the Swedish management culture. Ford and Volvo have from the beginning developed different strategies, representative and characteristic for the two cultures respectively.

The event itself not only made it interesting to make the study on a company basis, it also gave the opportunity to see to what extent management culture,

from a general point of view, is affected under such circumstances. The acquisition makes it possible to analyse the meeting between the American management culture and the Swedish management culture. Can the American management culture bring new ideas into the Swedish management culture? Is it possible for two different cultures to act within the same corporation, or has Volvo absorbed Ford's management culture? Can changes within management culture after an acquisition be reflected outside the organization?

This survey can be conducted in different ways, both within the actual organisation but also from outside the organisation by using an external source. Making the study within the organisation could be argued not being the best way because it might be difficult to admit negative experiences and defectives within the own organisation. Because of what is believed to be a relatively sensitive area the focus was turned to the suppliers and their points of view, to study if the suppliers have perceived any observable changes at Volvo within the management culture due to the acquisition. Suppliers are believed to have a direct insight of possible changes due their regular contact with Volvo. If external parties perceive that they can distinguish effects or differences of an event, in this case the acquisition between Ford and Volvo, we assume it is possible to indicate that there actually has been a change.

1.2 Problem

How is a company's management culture affected when being acquired by another company with a different management culture? Is it possible to see if an acquired company is being permeated by an acquiring company's management culture? This also leads to the issue how Swedish management culture is affected by American management culture.

A change within management culture might be difficult to discover within the actual organisation, but is it possible to observe management culture changes by examining the relation with its suppliers? How are cultural

management changes reflected throughout the organisation to the suppliers, and also is it possible to study management cultural changes by studying the perception of the suppliers?

1.3 Purpose

From a general point of view the purpose of this dissertation is to study to what extent management culture is affected due to an acquisition. The more specific purpose is to study the consequences on management culture when an American company acquires a Swedish company. The intention is to conduct the study by examining the perception of the suppliers.

1.4 Limitation

This study is limited to Swedish suppliers to Volvo. Each company is represented by one person participating in the study.

2. Method

This chapter will discuss the method chosen for this dissertation. Research philosophy, practical approach and the choice of theory will be considered.

2.1 Research philosophy

There are three views on how to conduct a research, positivism, interpretivism and realism. These different views differ in the way in which knowledge is developed and judged as being acceptable. The three different aspects of mirroring knowledge lead to different ways of doing research.

Positivism means that the researcher takes the role of a scientist, “working with an observable social reality and that the end product of such research can be law-like generalisations similar to those produced by the physical and natural scientists”. (Remenyi et al., 1998:32; ref. by Saunders et al., 2000). That is to say that the researcher can transfer the knowledge from the research into law-like general principles.

The Interpretivistic philosophy argues that the knowledge and collected data are far more complex than the positivists perceive, so complex that if the researcher chooses to make laws or theories it is nothing more than generalisations. Interpretivists rather like to study details behind the actions and from these answers try to explain the reality; this is called constructionism (Saunders et al., 2000).

Realism argues that reality exists and is independent of any human thoughts and beliefs. Social forces and processes affect the behaviour and interpretations of humans without their knowledge (Saunders et al., 2000).

2.2 Choice of Method

When deciding on a method for a study there are two main possibilities, a deductive and an inductive method. With the deductive approach the researcher creates hypotheses from already existing theories and then these hypotheses are tested empirically (Saunders et al., 2000). The inductive approach is based upon the reality one chooses to analyse; theories are created to try to explain the collected samples. The deductive approach tends to be more connected to positivism and the inductive approach tends to be connected to interpretivism (Saunders et al., 2000).

This dissertation is dominated by the positivistic approach; consequently a deductive approach will mainly be used. Using a deductive approach is suitable when it comes to examining already existing theories concerning cultural differences.

2.3 Practical approach

When putting the research into reality there are a couple of possibilities. One way to perform the study would be to make the research directly at Volvo. This alternative, to collect the information from the prime source might be an obvious way to do research. Although two dilemmas were discussed, one dilemma was how impartial this information might be, the other dilemma that arose was the problem of finding relevant employees as respondents.

The idea that changes could be reflected in the external relations was also brought up since Volvo has got many external relations, for instance suppliers and retailers. We argue that the relation between Volvo and its suppliers are close and the suppliers have a good insight of the organisation with frequent contact. Another aspect is that by making the survey on the suppliers you will get independent answers from outside the organisation. By doing this experiences from more than one source will be received.

Considering this it was decided to focus on the relationship between Volvo and its suppliers. Volvo's suppliers constitute an interesting target to examine and would show the situation from an outside perspective. The suppliers' perception is of significant value since they constitute an important external partner of Volvo, and are able to see changes from a different angle. It might be difficult to discern a change if you are in the middle of the process as the case would be if the survey were done directly at Volvo. Therefore, this study will not examine the issue within Volvo's own organisation, but instead concentrate the study on the experiences of Volvo's suppliers, and based on these results show if and to what extent there has been a change of management culture within the organization.

Few studies have been made with focus on the supplier's perception. In 2001 Jonsson & Svensson examined the effects on Volvo's suppliers after the acquisition. The study took place short after the acquisition, which as mentioned in their conclusion, was too early to see any considerable difference. One reason for this might be that the product-life-cycle for a car usually lasts between three to five years. (Jonsson & Svensson, 2000). The recently launched Volvo S40 is the first model developed in cooperation with Ford, and shares many technical solutions and components with other Ford owned brands. This means that the effects of the acquisition might be developed and visible at this time, and also reflected in the relationship with external suppliers.

The method of examining the perception of the suppliers, which in this case can be seen as an external independent source, means that it might be possible to receive more honest answers from respondents outside the actual organisation, than it would be to examine the issue internally. This will be further explained in the empirical method.

2.4 Choice of theory

A number of sources were used in the collection of theory. To get an overview of the issue contact was taken with a former member of the board at Volvo. He provided us with information concerning the acquisition. Contact was taken with two lecturers at Robert Gordon University in Scotland. Also Nils Kinch, the senior lecturer and author of the book “Hur formas den Skandinaviska ledarstilen”(1993) was contacted to sort out some questions. Literature and articles within the area were examined and summarised into two different management culture theories. From the two different management cultures a model with five dimensions was created, the Management culture model, which will be further explained in chapter three. The research results were developed into hypothesis and a questionnaire based on statements was made.

2.5 Summary

The research in this dissertation was made from a positivistic view and tested in a mostly deductive approach. During the research process existing literature and theories were studied and concentrated into a model, the Management culture model. In line with the deductive approach hypothesis were created from the model and tested through a survey on a sample of Volvos' suppliers.

3. Management culture – a theoretical framework

This chapter will describe management culture, its origin and characteristics. A general overview of country specific culture will be followed by a description of American and Swedish management culture respectively. Ford and Volvo's management culture will then be evaluated and followed by a management culture model.

3.1 Background

Adler writes that the heritage between culture and management-style is commonly accepted. (Adler, 1986). Management-styles are a reflection of culture. Therefore this dissertation will be based on commonly accepted theories concerning cultural differences to reach a descriptive model of American and Swedish management cultures.

3.2 Country specific culture by Hofstede

Geert Hofstede, a Dutch anthropologist, conducted several detailed interviews with thousands of IBM employees in 53 countries. Through his work he was able to determine patterns of similarities and differences among the interviewed employees. He came with the conclusion that world cultures vary along certain dimensions. Hofstede identified five dimensions; masculinity vs. femininity, power distance, collectivism vs. individualism, uncertainty avoidance and long- vs. short-term orientation. He normalised the dimensions to values of 0 to 100. (Aaron & West Gould, *Crosscurrent cultural dimensions and global web user-interface design*. 2000)

Masculinity:	USA 62	Sweden 05
Power distance:	USA 40	Sweden 31
Individualism:	USA 91	Sweden 71
Uncertainty avoidance:	USA 46	Sweden 29

3.2.1 Masculinity and Femininity

Masculinity characterises the dominant values such as success, money and things. Femininity is characterised by caring for others and the quality of life. Concerning masculinity Hofstede focuses on the traditional assignment to masculine roles of assertiveness, competition and toughness, and to feminine roles orientation to home and children, people and tenderness. Traditional masculine work-goals can be seen as earnings, recognition, advancement and challenge. Traditional feminine work-goals on the other hand can be seen as good relations with supervisors, peers, good living and working conditions and employment security. (Hofstede, 1997).

An organisation in a masculine country lives by the rule “let the best man win”, conflicts are to be solved by fight, whereas conflicts in a feminine country are solved by compromises and discussions. Hofstede’s most important differences concerning masculinity and femininity within an organisation are:

<u>Masculinity</u>	<u>Femininity</u>
<i>You live to work.</i>	<i>You work to live.</i>
<i>Money is important.</i>	<i>Human and relations are important.</i>
<i>Managers are expected to be determined and self-assertive.</i>	<i>Managers use their intuition and seek consensus.</i>
<i>Businesses and organizations are signified by fairness between employees and performances.</i>	<i>Businesses and organizations are signified by equality, solidarity and good working-conditions.</i>
<i>Conflicts are solved through fights between parties</i>	<i>Conflicts are solved by compromises and discussions.</i>

3.2.2 Power-distance

The extent to which a society accepts the fact that power in institutions and organisations is distributed unequally. A power distance corporate culture is characterised by employees expecting their superiors to consult them before decisions are made, but autocratic decisions are accepted. The initiative is to be taken by the manager. The lower part of the organisation expects the top-level managers to consult them but accept autocratic decisions, which will be further explained under “Vroom & Yetton”, (3.6). Laws and rules within the organisation are equal to everyone but a certain level of privileges for the superiors is accepted. (Hofstede, 1997). America has, according to Hofstede, a higher degree of power-distance than Sweden.

3.2.3 Collectivism vs. Individualism

Collectivism pertains to societies in which people are integrated into strong in-groups that continue to protect them in exchange for loyalty. Individualism is characterised by people who are supposed to take care of themselves and their family only.

Scandinavian countries are according to Hofstede’s theories characterised by individualism, which means:

- Importance of freedom and challenge.
- Needs to create specific friendships.
- Independency.

Though, it is important to notice that even if Swedes tend to be individualistic, they can accept rules and regulations, as long as they seem fair. (Bjerke, 1998)

3.2.4 Uncertainty avoidance

The extent to which a society feels threatened by ambiguous situations and tries to avoid them by establishing more formal rules and procedures. Uncertainty avoidance is concerned with the extent to which a society attempts to avoid uncertainty. There is not an extreme difference between Sweden and America but an indication of the difference could be seen. America has short-time employment with a turnover of staff rate that is higher than in Sweden, both on factory and management level. (Ouchi, 1982).

3.2.5 Long- vs. short-term orientation

The fifth dimension was invented later than the others and is interpreted as dealing with a society's search for virtue. It shall not be mistaken for the long- and short-term strategic thinking that will be discussed later in this dissertation. This dimension will not be further examined in this dissertation because it was invented later.

According to Hofstede's dimensions of culture, America and Sweden seem not to vary much. Sweden is said to be "the most Americanised country". Only the dimension masculinity vs. femininity seems to be of considerable difference. Although, differences can be discerned within the other dimensions as well but the differences are considered to be less stated.

3.2.6 Criticism of Hofstede

Hofstede states that world cultures vary along certain dimensions, which have been shown above in this chapter. Though, some defectives discovered could be mentioned. Although the studies made by Hofstede show that Sweden is a country of high femininity Sweden still has a rather high level of individualism. This means that Swedes are team players but there have to be possibilities to do solo-performances, which might be seen as a contradiction. (Jönsson, 1995). Another objection to the study might be that

Hofstede's results are based on interviews from only one company, IBM. Is one study within one company representative for all corporate-cultures?

3.3 American vs. Swedish management culture

American and Swedish management culture have many similarities. Sweden is even said by some to be the most Americanised country. Though, considerable differences can be found within the management culture area, which will be shown through a comparison between the two management cultures.

American business philosophy: *“If we are profitable, then the company can buy new equipment”.*

Swedish business philosophy: *“Let us give the people the tools necessary to do a professional job, and then they will do it”.*

Both statements above show differences of the two management cultures which will be described under this chapter.

www.trsa.org/industry/history/0183/cover.htm

3.4 American Management culture

American managers have a tendency to be more focused on the future and less concerned on what is in the past or today's issue. (Ferraro, 1994) The importance of efficiency, time and practicality is what permeates the American way of management. Winston Churchill described the evolution of American management in the post war era as being “clear cut, logical, mass production style of thought”. (Locke, 1996).

3.4.1 Formal organisational relations

Americans are informal and tend to be expressive. Though, the American organisational structure is more formal and clearly identified and developed than the Swedish one. The management system is built on equality, is tasks oriented but at the same time impersonal. American managers are more involved in the strategic process and see questions as opportunities instead of threats as managers generally tend to do. A goal-orientated way of managing is believed to be the best way of managing American organisations. A study made by Trompenaars in 1995 showed that the company is seen as a system rather than a social group. (Bjerke, 1998)

America is a country of high masculinity according to the study made by Hofstede, as described earlier. He means that independence, individual decision-making, determination and the importance of being tough influence the American management culture. This will be discussed later in this dissertation. The American managers very seldom show emotions. (Bjerke, 1998).

3.4.2 Short-term orientation

American managers value change more and carefulness less as well as they usually have more short-term strategies, (Bjerke, 1998) they are constantly searching for the new and better. (Sarnik, n.d). The Americans value target goals, profits and they have higher expectation of time limits, policies and procedures. (Bjerke, 1998). Speed is of such importance that it matters more to get the things done than giving detailed descriptions and necessary information to do a perfect job. You are only getting information in the simplest way possible. The value of speed is more important than the assurance that everything will be performed the best way possible or that the implementation will work. Decisions can be adjusted along the way and first comes the task and second the people. (Sarnik, n.d).

American managers tend to believe they can manage anything, and think in terms of “nothing is impossible” (Lawrence & Spytbey, 1986). Some critics mean that American managers are obsessed with mergers, acquisitions and short-term profits.

American managers focus on having a straightforward system and efforts are made so information existing in a company will be available for everyone within the company.

3.4.3 Summary

To sum it up American management culture might be said being based on four characteristics: competition, profit orientation, individualism and professionalism. American management culture is permeated by short-term thinking and characterised by a more formalised organisational structure than Sweden. Their high level of individualism might explain the competitiveness that exists among the employees and the emphasis on the own career ambition.

3.5 Swedish management culture

“Scandinavians live in very equal countries with equality between the gender-roles, between professions, between generations, between everything.” (Phillips-Martinsson, 1992, p 19)

Swedish management has a strong focus on the employees and a great ability to motivate them. (Tollgerdt-Andersson, 1989) As a result of Scandinavian equality, companies put as much effort in quality of life as making profit. (Thygeson, 1988).

3.5.1 Informal organisational relations

Swedes have a tendency to “keeping a low profile” (Trixiel, 1992) and it is seen as negative to “act uppity” (Lawrence and Spytbey, 1986). There is openness and a willingness to discuss problems and share experiences, which seems to be the significant factor that is typical for Swedish management. Swedish management culture is mostly informal, which could be related to the openness you find in most Swedish managements. As mentioned above, the Swedish organisations are less centralised leading to less complex organisation forms. The Swedish management culture seems to be less hierarchical than most others are. (Phillips-Martinsson 1991).

A C.E.O at the Swedish company ESAB (a welding and cutting industry) once said, “We work very close and very personal. A lot is told and little is written”. (Jönsson, 1996 p 141). This can also be related to the Swedish decision-making process, which will be discussed further on in this dissertation.

A survey made by Björn Bjerke (1998) showed that Swedes are less concerned with not agreeing with their bosses as vertical communication is well developed. This can be seen as a result of equality that characterises Swedish companies. The fact that employees in Sweden value participation and also that Swedish managers are known as afraid of getting into conflicts, which is said by a number of different writers, show how a management culture with an informal structure and group-decisions is possible. (Jönsson, 1996). The Scandinavian management culture has made it possible to create less formal and more delegated managers. (Business week May 24, 1982, p79).

3.5.2 Family atmosphere

Sweden has a company tradition where everyone tends to know everyone. It is common that you find the same people in different company boards. This

is what creates a sense of family atmosphere. The traditional family-owned companies have in most cases created a network of contacts offering help or advice. Many of the top managers have already been working at other big companies in Sweden and have a good insight in the business. In that way Swedish companies are seen as very closely knit. The Wallenberg family is an example with influences in most of the big corporations in Sweden. (Lawrence & Spybey, 1986).

The Swedish law named “The Companies act” regulates that it is the C.E.O who has got the operational power and that it is the role of the board to act as a discussion partner. (Jönsson, 1996). Within the frame of its institutional role the board may very well form its role in a way that is adjusted to a specific situation and to the existing configuration of the staff. What is written in the law mentioned above shows another example of what is seen as a typical Swedish management.

3.5.3 Group based decision-making process

Managers are very concerned that everyone should be part of the decisions made and involve as many employees as possible. This makes the decision making process very democratic. The Scandinavian countries, Sweden included, have a very equal tradition. In Scandinavian companies, equality means the right for employees to participate in decision-making and co-determination. (Lawrence & Spybey, 1986). Swedish managers often conduct group-discussions to reach a common solution. All parts of the organisation have a right to state their points; there is an effort in creating job equality. Great trust is given to the individuals to make their own decisions on how a task should be performed. This is supposed to create involvement, loyalty and a positive attitude towards work. (Furusten & Kinch, 1993/7).

According to the writers Lawrence and Spybey, the factors mentioned above are what make the decision process so slow. This is also a common impression among managers in different cultures. (Lawrence & Spybey,

1986) There are several reasons why decision-making is considered to be such a time-consuming process in Swedish management.

1. The first and most obvious one is co-determination, involving everyone in the decision-making is time consuming, as well as the search for perfection and the perfect compromise.

2. Swedes value commitment and participation between managers and employees, which is an effect of Swedish egalitarianism.

3. Swedes are described as timid and if there is anything that worries them it is that people might think of them as if they were to set themselves above others and act uppity. Participation is seen as being a way of protecting themselves from being blamed for mistakes, and a response to their anxiety.

Also Phillips-Martinsson states that foreigners find the decision-making process in Swedish companies confusing. A lack of spirit adventures, the fear of taking risks, over cautioness and delay in making decisions are likely to be sources for complaints. (Phillips-Martinsson, 1991). According to Furusten and Kinch, Swedish subsidiaries are perceived as having an informal organisational structure and a slow, diffused decision-making process. (Furusten & Kinch, 1992/36)

4. The Swedish government is involved, intrusive and omnipresent.

3.5.4 Loyalty

At the same time as participation in decision-making is seen as a factor preventing effectiveness, it has also played a big role for the success of Swedish companies. Decision-making involving many people might lead to flattered employees feeling as a part of the organisation. They will make valuable contribution, feel bound and motivated by the decision result. A factor that makes a company successful is the importance of dedicated and

happy employees and by involving them into the process companies will create a better solidarity and the implementation of decisions made will be easier. (Lawrence & Spytbey, 1986). It is not unusual that an employee stay at the company during his whole carrier. (Ouchi, 1982)

3.5.5 Characteristics of Swedish management

Swedish businessmen describe themselves as being:

<i>Organised</i>	<i>loyal</i>	<i>polite</i>
<i>reliable</i>	<i>correct</i>	<i>private</i>
<i>effective</i>	<i>serious</i>	<i>highly educated</i>
<i>rational</i>	<i>punctual</i>	<i>diplomatic</i>
<i>structured</i>	<i>controlled</i>	<i>“lagom”</i>
<i>honest</i>	<i>calm</i>	<i>equal</i>
<i>ethical</i>	<i>quiet</i>	

The characteristics mentioned above are considered to be positive, and describe the behaviour expected from them. But these characteristics might also mean that Swedish businessmen have a tendency to be inflexible, over-cautious, unsociable, narrow-minded and shy. (Phillips-Martinsson, 1991, p19). Swedes are unlikely to perform more than one task at the time, they rather put their emphasis and concentration in completing a task the best way possible before starting a new one. They are careful and they will set time off to complete their task.

3.5.6 Summary

To sum it up, Swedes are described around the world as neutral and conflict avoiding. Co-determination is a matter of course in decision-makings. Focus is on the employees. Managers tend to be less aggressive, less individualistic and more equal than their American colleagues.

(Lawrence & Spytbey, 1986). Swedish management has a strong focus on the employees and much effort is put on the quality of life. The management culture has an informal structure, egalitarianism permeate the workforce. Swedish corporate organisations are considered to be informal.

3.6 The two firms' specific management culture

Ford and Volvo respectively are considered to be typical examples of what is seen as American vs. Swedish management. The companies constitute differences that go back in history. Both companies have a history of success within the automotive manufacturing industry, but the way they have achieved this have involved different management cultures and techniques. A good example of this is how the two companies have chosen to coordinate their manufacturing. The way decisions are made will also be discussed in this chapter since it shows significant differences between the two companies.

3.6.1 Ford's mass-production, "Fordism"

In the beginning of the twentieth century Ford built a new automotive plant in Highland Park, Detroit, which became a breakthrough for mass-production for standardised goods. The car that revolutionised motoring, the T-ford, was introduced, a car that everyone could afford. Henry Ford had a vision to manufacture the car in the cheapest way possible and developed a new plant in which each worker had one or only a few numbers of working operations during a limited period at the assembly line. This meant that the production-time dramatically decreased. (Johansson & Sandkull, 2000). Knowledge was no longer needed anyone was now able to manage the work required. Ford's assembly line epitomised the mass production technique. In 1926 Henry Ford calculated "the product cycle" and it took about eighty-one hours from the mine to the finished machine in the freight car. (Locke, 1996)

But Ford faced some problems with the new production. The employees did not accept that their work tasks were reduced to a few minor movements, monotonously repeated at the assembly line. The work did not create satisfaction or social solidarity. The solution to the problem forced Ford to raise the wages significantly and reduce the numbers of working-hours to motivate the workers. (Johansson & Sandkull, 2000)

“Fordism” is to some extent influenced by the theories of F.W. Taylor (1856-1915). Taylor might be said to be the founder of formality and performed time studies for different work operations to gain time efficiency. The Taylor theory could be summarised into two areas:

- There is one best way to perform something.
- The right man at the right place.

3.6.2 Volvo – the Kalmar plant

In 1971 Volvo built a new plant in Kalmar. It differed radically compared to what was expected of an industrial plant. The new plant was questioning the effectiveness and the superiority of the assembly line. Instead of an assembly line the Kalmar plant had different workstations where the employees had responsibility. According to the then C.E.O at Volvo, Per Gyllenhammar, the purpose of the plant was to organise the car-manufacturing in a way that would make it easier for the employees to find meaning and satisfaction in their work. (Sandkull and Johansson, 2000).

The Kalmar plant combined the psychological and social needs with new technique for the production. The Kalmar plant gained an enormous interest, and representatives from other car-manufacturers visited the plant to get an insight into the production.

Volvo was one of the first organisations in the world to develop a socio-technical view of organisations. Organisational responsibilities were

extended to each individual and the results were expected to come through efforts of all employees. (Engholm, 2000)

The beginning of the nineteen-nineties meant hard times for Volvo. For the first time since 1929 Volvo showed a negative result. A program to take actions against lowered profit called “Volvo 95” was presented. The most fundamental part of “Volvo 95” was, however, the shutdown of the Kalmar plant. The Kalmar plant, and also the similar Uddevalla plant, had focused on their employees without taking into consideration how their competitors had developed their productions. The production time for one Volvo car was considerably longer than for similar car manufacturers. (Hökerberg, 2000)

3.6.3 Summary of the manufacturing processes

The reason for mentioning these different production examples is not to put one production technique before the other. It is simply another way or at least an attempt to exemplify the basic differences between Volvo and Ford. It also indicates the differences between Swedish and American management culture where Ford stands for efficiency, time and practicality and Volvo stands for focusing on human resources, employees and co-determination. It might also to some extent explain the origin of the different organisational structures. As for Ford, the new mass-production made it impossible to organise the purchasing, manufacturing and marketing within the old administrative structure. Ford had to set up divisional organisations where each division consisted of a full set of functional department. (Locke, 1996)

3.7 The decision-making process

Vroom and Yetton came up with a model in 1973 where they divided the decision-making process into three categories; autocratic, consultative and group decisions.

Autocratic decisions are those the manager decides upon alone.

Consultative decisions are based on meetings held between the managers and subordinates where discussions are taking place and information is gathered; the manager then makes the decision.

Whereas **Group decisions** are discussed within a group and decided by the group.

Lundbäck and Hörte made a study in year 2003 concerning the organisational autonomy within the automotive industry. They showed through their own research together with the categories made by Vroom and Yetton, the differences between the decision-making at Ford and Volvo respectively. It should be noticed that the research made by Lundbäck and Hörte had a focus on the technical area and the decisions made within this particular department. But it still points out the differences within the Ford and Volvo organisation.

Lundbäck and Hörte stated that Volvo's unique value creation capabilities are contained within its ability to make fast decisions. A change in the directions towards Ford's procedures would slow down the process. These findings by Lundbäck and Hörte are considerably contradicting to other sources concerning Swedish versus American management within the decision-making process area. The common view is that the Swedish group decision tradition is more time consuming than the American consultative decision tradition. This might be interpreted as if it is the combination between Volvo's tradition with group-discussions and Ford's urge for control and tradition of information-systems that slows down the decision-making process within Volvo. It might also be the fact that many decisions at Volvo are made through verbal agreement. Ford on the other hand demands documentation and information of the decisions, which within Volvo's organisation is apprehended to slow down the decision-making process.

Ford has a well-developed organisational culture with emphasis on documentation and usage of databases. This leads to an information flow that runs through the whole decision-making process which then provides the

deciding managers with information. Managers at Ford are seen as professional, highly efficient and purposeful in their way of making decisions based on the control of information.

3.7.1 Consultative vs. Group based decision-making

A big difference between the two management cultures is the participation in the decision-making in Sweden and the more consultative process in American management culture. The American tradition is based on a formal structure while Sweden is used to the more flat organisational structure. The union boss of SIF (Svenska Industri Förbundet), Lennart Törnblad, means that the managing from Ford's headquarter is a threat to the creativity at Volvo. The hierarchy and urge for control within Ford could harm Volvo that is used to flat organisations and a team spirit. A manager within Volvo states that Ford's involvement has made decisions more complicated. Even small decisions such as conferences and trips have to be authorised by four different managers and a replacement of a broken computer-mouse is also an issue for several authorities. (Göteborgsposten 20030921)

3.7.2 The decision-making process at Ford and Volvo respectively

The figure below shows that Ford's decision-making process is seen as a highly formal process. People tend to address related information up in the hierarchy for a decision to be taken whereas the personnel at Volvo are more willing to make decisions, which can be seen as a more informal and flexible decision-making process. The decision-making process could also be apprehended as fast at Volvo as the employees were used to having the authority to make many decisions themselves. At Ford on the other hand, the decision-making process is more of a consultative process where employees meet with the manager, but the manager makes the decision. (Lundbäck and Hörte, 2000)

3.7.3 The decision-making process model: (Lundbäck & Hörte, 2003)

	FORD	VOLVO
<hr/>		
Decision control		
1. Collecting and processing the information	Highly formal and professional	Informal and flexible
2. Authorization and making the choice	Engineers not allowed taking the decisions. Managers authorize the decisions. Purposeful and clear	Engineers empowered to take decision. Vague
3. Executing	By managers	By the engineers
Decision style	Consultative with managers taking the decisions.	Group based, the team takes the decisions.
Decision speed	Apprehended as slow	Apprehended as fast
<hr/>		

The understanding among the personnel at Volvo is that the Ford personnel do not have the confidence to act and make decisions, which from Volvo's point of view is what slows down the decision process. (Lundbäck&Hörte, 2003).

3.8 Summary of Swedish and American management cultures

Above in this chapter differences between the two management cultures have been described. Below will follow a review of the most visible differences, divided into five dimensions, which will be used in the Management culture model.

Formality

The American organisational structure is clearly identified and more hierarchical compared to the more informal and decentralised Swedish organisational structure. Decisions are made further up in the organisation and routines and regulations are more common in the American management culture.

Short vs. long-term orientation

Due to pressure from the stock market and demands for quarterly reports, the Americans are forced to fulfil short-term financial objectives. In Sweden the combination of long-term industrial strategies and short-term financial objectives are linked to the dialogue between heads of firms and the government. (Management in Europe: Learning from different perspectives)

Decision-making process

The group based decision-making process in Sweden differs widely from the more consultative approach in the American organisations.

Motivation

Characteristic for the Swedish corporate culture is co-operation between individuals, that differs considerably compared to the American competitive atmosphere. (Thygesen, 1988). Americans are dedicated individualists and therefore individual managers are of high priority.

Loyalty

The link between managers and firms in America are weaker than compared to Europe. European managers are more loyal and it is not unusual that the manager stays at the firm during his whole carrier. (Management in Europe:

Learning from different perspectives) An American manager very seldom stays at one firm during his whole carrier. If they have not become successful quickly enough the managers usually move on to another firm. (Ouchi, 1982) Though power is of great importance, people are seen as successful when they reach a position high up in the hierarchy. (Bjerke, 1998).

As mentioned above, American managers are short-term orientated compared to the long-term thinking Swedish managers. Their short-term thinking is not only shown through chosen strategies but also in the American way of always looking for the “new and better”. The Europeans are more loyal and they rather stay attached to their firm as well as they are more afraid of the changes that lie ahead. They will not jump into conclusions before they have been secured improvements. The American search for the “new and better” also explains the fact that their workforce is constantly changing. The short-term thinking requires the best of the best, and they are selecting and targeting the best people necessary to perform the intended task. Sweden has got a legal protection system concerning employees which has not been adopted of America. America has as mentioned a mobile workforce leading to quick dismissal decisions as well as recruitment. You might find yourself being sent off just days after your dismissal while you in Sweden can rely on employment-protection. Americans do not have the same the legal protection system, they also have a lower degree of legislation protection for the managers, which means American managers run a higher risk of being sued than others. (Sarnik, n.d.)

3.8.1 Criticism to theory

When studying existing theories it is important to keep a critical standpoint. For this reason it was important to examine as many different advocates as possible to get a correct overview. Because some of the theories within this area were made decades ago, one could argue that these theories tend to be

obsolete. We argue that culture and characteristics are slow moving and therefore believe these theories still to be valid.

Today American management culture tends to be less focused on mass production and formal organisations. Emphasis is more concentrated towards employees and human resources. It should also be noted that Swedish management is similar to American management. Sweden is even said to be “the most Americanised country”. It can be assumed that the similarities between different management cultures are due to the globalisation. Multinational companies have penetrated into new markets with differences within the management culture, which has led to the former clear culture borders now being more vague.

It must be taken into consideration that America is a huge multicultural country with much diversity within the managerial culture. Literature contains contradictions and it is sometimes confusing to determine one specific American management culture.

Though, the two companies we will examine show considerable similarities with the two management cultures that have been described. Similarities between the companies and existing theories respectively might indicate the fact that the two companies can be related to the different management cultures described.

3.9 Management culture model

Although, there is a lot of literature written within this area no model focused on describing differences between the two cultures, American and Swedish management culture. After studying the two different management cultures a model was created, based on material and literature collected. The model is divided into five dimensions that are believed to show the most interesting differences within American vs. Swedish management culture.

Management culture model

Dimensions	America	Sweden
Relations:	Formal	Informal
Orientation:	Short-term	Long-term
Decision-making:	Consultative	Group based
Motivation:	Competitive	Co-operation
Loyalty:	One's own career	The company

4. Empirical Method

This chapter will discuss the empirical method for this dissertation. The way this study is conducted will be considered below.

4.1 Research strategy

Participant observation is when one makes a qualitative research and tries to discover the meanings that people attach to their actions. Structured observation on the other hand is the method to use when a quantitative research is made and one want to measure the frequency of the actions. (et al Saunders,. 2003). For this survey a quantitative research method was used.

The strategy for this dissertation is based upon a questionnaire. The hypotheses in the theory were tested through statements in a questionnaire and was together with a recommendation letter from the C.E.O of Fordonskomponentgruppen (the Swedish automotive industry's special interest organisation) sent out to the suppliers by mail. After a couple of days the companies was contacted by telephone and asked to deliver the answers. In this way the suppliers were given the opportunity to be more prepared when asked the questions and possible misunderstandings and questions could be solved.

4.2 Data collection

When collecting data there are two categories: primary and secondary data. Primary data is data collected particularly for the research in question. Secondary data on the other hand is data used in a research but originally collected for another purpose. In this research primary data has been used. The data was collected through mailed questionnaires where the answers were followed up and collected by telephone. The respondents were also given the possibility to send the questionnaires by mail.

4.3 The sample

This dissertation evaluates Volvos suppliers' opinion of change. As mentioned earlier in this dissertation the suppliers constitute an interesting target to examine. The suppliers have a good insight of Volvo's organisation and a frequent contact with Volvo. As a starting point we scanned the Swedish Automotive industry for information related to whom the suppliers actually delivered supplies. It was soon discovered that most of the information regarding the automotive suppliers was connected to Fordonskomponentgruppen. It was decided to contact them to get access to the database of registered members and moreover suppliers to the automotive industry. The database originally consisted of over 300 members. Discussions with the C.E.O at Fordonskomponentgruppen helped finding suitable companies that fulfilled our requirements. The requirements were:

- The company must be a supplier to Volvo.
- The company must have been a supplier to Volvo also before the acquisition.
- The company must be Swedish or have a Swedish organisation.

After these filters the sample finally contained 23 suppliers. When the sample was selected, the next step was to find suitable employees at the companies to participate in the survey. The requirement for these persons was that they should have a considerable part in the relations with Volvo.

After statements that refer to the hypotheses, which will be described later in this chapter, had been created and put in a questionnaire. The recommendation letter written by the C.E.O at Fordonskomponentgruppen was added to the questionnaire together with an introductory letter explaining the purpose of the survey. The questionnaires were mailed a couple of days before contact was taken and the answers to the statements were mainly collected by telephone. The thought was that the respondents should be given the opportunity to acquaint themselves with the statements before they were

contacted. The respondents who preferred to answer by mail were given the opportunity to do so.

4.4 The questionnaire

The four hypotheses were turned into 14 statements in an attempt to indicate changes within the management culture. The respondents were given a five-grade scale to take their position on the statements, where one signifies “completely opposed to” and five “completely agree”. There was also the possibility to answer “no opinion”. (Appendix)

4.5 Hypotheses and operationalisation of the hypotheses

The studies of existing literature, theories and the creation of the Management culture model have led to the development of four hypotheses. The underlying hypothesis is that Volvo will be affected by the acquisition. What consequences will this have? The Management culture model contains five dimensions. To test the Management culture model it was decided to examine the suppliers’ view of Volvo. It was believed that four of the dimensions could be examined through the suppliers because it is believed that the effects could be reflected also outside the organisation. The last dimension, *Loyalty*, is believed to be more suitable to measure directly within Volvo’s own organisation since we argue that the suppliers might not have full insight of this issue. Though, it is argued that if the staff-turnover, measured from the suppliers’ point of view, is perceived to have increased within Volvo, it might give an indication towards a more own carrier thinking. Therefore we chose to develop statement 14, which examines if the staff turnover within Volvo’s organisation is perceived to have increased, in an attempt to at least give an indication towards a change within the fifth dimension. As mentioned before, the link between managers and firms in America are weaker than compared to Europe where it is not unusual that the managers stay at the firm during their whole carrier. Considering this, the

dissertation will not fully examine the fifth dimension, focus will instead be on the first four dimensions in the Management culture model, *Relations, Orientation, Decision-making* and *Motivation*. To examine the effects four hypotheses were developed and are described as follows:

1. ***The acquisition has led to a more formalised organisational structure at Volvo Cars.***

This hypothesis was created to show if the suppliers' experience their relations with Volvo to be less informal after the acquisition. If the answers to this hypothesis show a change it might indicate a change towards a more Americanised management culture according to the first dimension in the Management culture model.

2. ***Volvo Cars has become more short-term orientated after the acquisition***

If the suppliers experience a change towards more short-term oriented strategies and agreements, the above hypothesis could explain the second dimension of the model, orientation. This might indicate absorption of Ford's management culture.

3. ***The acquisition has led to a consultative decision-making process***

If the statement shows that the suppliers experience changes concerning the decision-making process, indications of possible effects due to the acquisition could be shown and might be derived to the third dimension, concerning decision-making.

4. ***The acquisition has led to higher requirements on Volvo Car's suppliers.***

The above hypothesis would indicate whether or not there have been changes within Volvo's organisation since the acquisition in 1999, which might be derived to the fourth dimension. It is argued that a perception of higher requirements indicates a change towards a more competitive atmosphere within Volvo's organisation. A change within the third hypothesis might also strengthen a change within the fourth dimension since

it is argued that group-based decision-making is a co-operative way to perform decision-making.

The fifth dimension will only be measured through statement 14 due to the before mentioned reasons.

Below will follow the 14 statements that were created in an attempt to operationalise the four hypotheses that are connected to the Management culture model:

1. *The amount of forms has increased since the acquisition.*

If the answers to this statement show an increase in the number of forms it might be an indication that the organisation and management culture has become more formal since the acquisition in 1999.

2. *The contracts have become more detailed and extensive since the acquisition.*

Detailed and extensive contracts are according to literature examples of what is included in the more formal organisation structure. This statement would be another indication whether or not there has been a change towards a more formalised structure.

3. *The relation between Volvo Cars and you has become less personal since the acquisition.*

If it can be shown that the contact between the parties has become less personal it would be an indication towards a more formal management culture since it is believed to be characterised by less personal relations. This statement might also give an indication towards a more competitive atmosphere.

4. The instructions of Volvo Cars have been more extensive since the acquisition.

This statement was designed to study if the instructions of Volvo have become more extensive since the acquisition. It was believed to give further indications on the management culture of today.

5. The regular information to Volvo has increased since the acquisition.

A formalised organisational structure includes instructions and less personal relations, as well as a demand for more frequent information concerning different areas in the organisation. If one can say that the information flow has increased since Ford bought Volvo in 1999 it might be another indication towards a more formalised management culture.

6. The requirement on you as a supplier has increased since the acquisition.

The American management culture, permeated by demands on efficiency and time limits, might be mirrored on Volvo's organisation. A change within this area might be an indication of this.

7. The agreements have become more short-term orientated since the acquisition.

Since the American management culture is more short-term orientated a question concerning this was formed. The attempt was to show if there have been any changes towards short-term orientation.

8. Volvo requires more information since the acquisition.

The urge for control and documentation is a well-known phenomenon within American management. This statement tries to give an indication of this.

9. The prices have been forced down since the acquisition

Much focus within the American management culture is put on efficiency. The development of the assembly line at Ford shows a good example. Their ambition of creating efficient organisation has put focus on price-cutting functions.

10. *The demands on quality have increased since the acquisition.*

This is not a statement concerning the level of quality, rather an attempt to give another indication of the urge for control, and to give an indication if the acquisition has led to higher requirements, and a more competitive atmosphere.

11. *The demands on quality have become more specified since the acquisition.*

Also this statement might be an indication of the need for documentation and control, and might also be derived to the fourth hypothesis.

12. *The concentration of research and development has increased since the acquisition.*

The purpose of this statement was an attempt to explain the short-term thinking that often permeate the American management culture compared to the Swedish long-term thinking. The idea was that if there has been an increased activity within development it might be an indication of the ambition of the short-term thinking with more frequent changes of products.

13. *Contracts and agreements are considered as more difficult to draw since the acquisition.*

The decision-making process differs between the two management cultures. Decisions within the American management are made further up in the hierarchy and are seen as more efficient by some within the field. Although within Volvo it is seen as a slower process, where the employees are used to make their own decisions. A change towards the American more consultative thinking might be an indication through this statement.

14. *The staff turnover within Volvo has increased since the acquisition.*

America has got a staff turnover that is far more frequent than in Scandinavia. (Ouchi, 1982). Power is of importance and being successful is a priority. Americans are very individualistic and driven by the ambition of becoming someone. When Swedes tend to be more loyal to their company, Americans are more concerned with their own carriers. An indication of an

increased staff turnover would point in the direction towards a more competitively driven organisation.

4.6 Validity

Validity means to what extent the method accurately measures what it was intended to measure. (Lekvall & Wahlbin, 1993) and is concerned whether the findings are really about what they appear to be.

It was decided to measure possible changes through Volvo's suppliers and how they experienced the changes. Although the suppliers consider there have been changes, it does not prove that the changes they experience reflect the actual change at Volvo. It is believed though, that the research result shows what it was intended to evaluate, but one can argue that it might not be correct to generalise the suppliers' opinion as a comprehensive result.

The Management culture model was created from the existing theories and concentrated and summarised into five dimensions. The dimensions show differences within the two compared management cultures but it might not be accurate to state that this can be said to be a generalised model. The developed model tries to describe the management culture, although it could be argued that the model does not cover the whole area within management culture.

4.7 Reliability

A high reliability would be if the same results would be received if the empirical study would be repeated several times on the same person. (Saunders, 2003).

It was decided to first send out questionnaires in advance to give the respondents a chance to be more prepared and aware of the issue. By

phoning the respondents the risk of misunderstandings was reduced and the answer frequency was also believed to increase if using this method.

There is always a risk of getting answers that are not in accordance with the reality. Since the suppliers are dependent on the relationship with Volvo they might find the statements too sensitive and therefore answer the statements in a way that does not correspond to their real opinion. All respondents were informed that their answers would be treated anonymously.

When gathering answers by phone there is the risk of influencing the respondent to answer in a way that would be suitable for the research. They might also give the answers they believe the researcher wants. In an attempt to avoid this risk the statements were sent out before the respondents were contacted by phone. According to Saunders this helps to overcome interview bias. (Saunders et al., 2003).

4.8 Criticism of method

To state that the changes are effects of the acquisition solely may be difficult to secure. Some of the experienced changes could possibly be due to the competition and development within the market, which are forcing companies to become more and more alike. To increase the validity the number of participating companies could have been increased. Another problem might be that the interviewed respondent at each company had different positions, mainly C.E.O's or Key account managers, and due to different experiences and knowledge might differ in their opinions. Since the survey only examines the perception of the suppliers, the fifth dimension, loyalty, is not examined to the same extent as the other dimensions. It is argued that the suppliers are not the most suitable source to give an indication of change within this dimension.

5. Analysis

Below will follow an analysis of the statements and the correlation with the hypotheses.

5.1 Background

The selecting process led to 23 companies was being contacted and from this sample-group 17 answers were received. A short review of the respondents' opinion and comments given by the respondents will be highlighted below. The mean value from each statement will be shown and the standard deviation will be given for each statement as an indication of the variation among the respondents. The respondents were given a five-grade scale to take their position on the statements, where one signifies "completely opposed to" and five "completely agree". There was also the possibility to answer "no opinion".

It must be taken into consideration that this survey does not confirm nor reject the results found. The results can not be statistically liable or secured, but they give an indication of possible changes in accordance with the statements. In this survey, we argue that answers with mean values between 2 and 3 are considered as weak support to the statements, mean values between 3 and 4 are considered as support to the statements and mean values between 4 and 5 have strong support to the statements. Answers below 2 do not show a sufficient indication towards a change and due to the relatively small sample we choose not to support the statement. This survey only examines whether the respondents agree with the statements or not, for the purpose to test the Management culture model.

Mean values between:

0-2 No support	2-3 Weak support
3-4 Support	4-5 Strong support

5.2 Statement analysis

1. The amount of forms has increased since the acquisition.

The answers gave the mean value of 3.82 and the standard deviation was 1.38. The average perception of the respondents supports the statement of an increased amount of forms. One respondent was of the opinion that no change could be noticed at his company but instead he stated that the amount of forms had increased within Volvo.

2. The contracts have become more detailed and extensive since the acquisition.

The answers gave the mean value of 4.18 and the standard deviation was 1.38. The high mean value gives strong support to that the contracts have become more detailed and extensive. One respondent added that the entire chain from the submission of an offer until the contract can be settled has become more complicated. Two of the respondents stated that no change had been experienced.

3. The relation between Volvo Cars and you has become less personal since the acquisition.

The answers gave the mean value of 2.65 and the standard deviation was 1.58. The high standard deviation shows that the perception differs among the suppliers. The answers received indicate a weak support to the statement, 41 percent of the respondents did not agree on the statement. One respondent experienced the relation as still being intimate. Although others experienced the opposite and added that the relation had become less personal due to a higher rate of staff turnover within Volvo.

4. The instructions of Volvo Cars have been more extensive since the acquisition.

The answers gave the mean value of 3.88 and the standard deviation was 0.86. The lower standard deviation indicates that the respondents' experiences are unanimous, and the received mean value supports that

instructions have become more extensive. One respondent stated that he has experienced a higher degree of bureaucracy.

5. The regular information to Volvo has increased since the acquisition.

The answers gave the mean value of 3.18 and the standard deviation was 0.95. The answers supports the statement, the respondents tend to be relatively unanimous in the perception of increased information. It should be added that the information to Volvo has been extensive also prior to the acquisition, but the demands on regular information has increased, according to one respondent.

6. The requirements on you as a supplier have increased since the acquisition.

The answers gave the mean value of 4.12 and the standard deviation was 1.11. The mean value strongly supports that the requirements have increased. One of the respondents meant that the requirements have become more specified since the acquisition. Respondents also mentioned Q1, a quality certificate which focuses on all the activities within the company, which could be an explanation to the perceived increasing demands.

7. The agreements have become more short-term orientated since the acquisition.

The answers resulted in the mean value of 3.06 and the standard deviation was 1.20. The respondents supported the statement concerning more short-term orientated agreements. There were some of the respondents that described the agreements as more biased than earlier.

8. Volvo requires more information since the acquisition.

The answers gave the mean value of 3.82 and the standard deviation was 1.24. The mean value displays support of the respondents' perception that is pointing towards Volvo requiring more information. A number of the suppliers added that they experienced a higher level of bureaucracy and more forms to be completed.

9. The prices have been forced down since the acquisition.

The answers gave the mean value of 4.31 and the standard deviation was 0.87. The answers of the respondents' give a strong support to the statement, forced down prices can be discerned. Although, it must be taken into consideration that this might be related to market conditions as well as the situation within the automotive industry. Prices are constantly being forced down due to increased competition and it might not be correct to correlate this to the acquisition. One respondent chose the alternative not to answer.

10. The demands on quality have increased since the acquisition.

The answers gave the mean value of 3.18 and the standard deviation was 1.42. The average perception of the respondents gives support to that the demands on quality have increased. The relatively high standard deviation reflects the fact that the respondents differed in their opinion of increased demands on quality. A number of respondents consider that Volvo's demands on quality were high also prior to the acquisition, and may be the reason why the answers are spread.

11. The demands on quality have become more specified since the acquisition.

The answers gave the mean value of 3.41 and the standard deviation was 1.18. The average perception of the responding suppliers support that the demands on quality have become more specified since the acquisition. One of the respondents added that Volvo always have had high demands on quality but the quality certificate Q1 might have made the demands more specified.

12. The concentration of research and development has increased since the acquisition

The answers gave the mean value of 2.40 and the standard deviation was 1.12. The respondents' experiences indicate a small change, but the answers received only indicate a weak support to the statement. According to a number of respondents product development is to a greater extent transferred to the suppliers since the acquisition. Two respondents chose the alternative not to express any opinion of this statement.

13. *Contracts and agreements are considered as more difficult to draw since the acquisition.*

The answers gave the mean value of 4.53 and the standard deviation was 1.01. The relatively high mean value strongly supports that the respondents are of the opinion that contracts and agreements are more difficult to draw since the acquisition. One respondent described the process as "Earlier I expressed my opinion to one manager, now I tell it to 12". Another respondent chose to describe the decision-making process as being more complex and legally demanding.

14. *The staff turnover within Volvo has increased since the acquisition.*

The answers gave the mean value of 3.60 and the standard deviation was 0.83. The respondents' average opinion supports the statement that the staff turnover has increased since the acquisition. One respondent chose to explain this by the higher pace within Fords' organisation. Two respondents chose the alternative not to express any opinion of this statement.

5.3 Table of mean values

The table below illustrates the mean value received from the survey of each statement and which dimensions the statements correlates to.

STATEMENT	MEAN VALUE					DIMENSION
	1	2	3	4	5	
1				X		Relations
2				X		Relations
3		X				Relations/Decision-making Motivation
4				X		Relations
5			X			Relations/Orientation
6				X		Relations/Motivation
7		X				Orientation
8				X		Relations/Decision-making
9				X		Motivation
10		X				Relations/Motivation
11			X			Relations
12		X				Orientation
13				X		Relations/Decision-making
14			X			Orientation/Loyalty

5.4 Analysis of the Hypotheses

Below will follow an analysis to see to what extent the statements correlate with the hypotheses. The statements were constructed in such a way that if confirmed they might be derived to the hypotheses. Some of the statements could be derived to more than one dimension as described in the table in 5.3.

1. The acquisition has led to a more formalised organisational structure at Volvo cars.

The examined theories show that the American organisational structure is more formal than the Swedish organisational structure. The survey showed that paperwork has become more complex. The amount of forms has increased and contracts have become more detailed and extensive. The urge for control, routines and regulations are more common in American organisational structures. The results received support a turn towards a more formal organisational structure since instructions from Volvo have become more extensive. The formality might also be explained through the difficulties in drawing contracts. It could be interpreted as the decisions must be made further up in the hierarchy. Some respondents stated that they experience that decisions are made higher up in the organisation compared to before the acquisition. One respondent perceives a frustration among staff within Volvo's organisation since they no longer know what they are allowed to do or not.

Considering the received answers to the statements this supports hypothesis one, according to this study. The acquisition has led to a more formalised organisational structure at Volvo.

2. Volvo Cars has become more short-term orientated after the acquisition

According to literature American managers value change more and they usually have more short-term strategies. They are constantly searching for the new and better. The result from the survey supports that the agreements have become more short-term orientated, which can be derived to theory. American management has short-time employment with a turnover of staff

that is higher compared to Sweden. The respondents have experienced a raise in staff turnover within Volvo's organisation since the acquisition. According to one respondent the higher staff turnover could be the reason why contact has become less personal.

Americans are forced to fulfil short-term financial objectives due to pressure from the stock market. The respondents experiences of increased demands of information is another indicator of a more short-term thinking.

Considering the recieved answers to the statements this supports hypothesis two, according to this study. Volvo has become more short-term orientated since the acquisition.

3. The acquisition has led to a consultative decision-making process

Swedish managers are concerned that everyone should be a part of decisions made and group discussions are often conducted to reach a common solution. It was earlier discussed in this dissertation that great trust is given to the individuals to make their own decisions. Respondents perceive that contracts and agreements are more difficult to draw since the acquisition. According to Lundbäck and Hörte this might indicate that Volvo's organisation has become more consultative and is seen as an indication of a less efficient decision-making process. Literature shows the opposite, as it describes group based decision-making as more time consuming. But the average perception of the respondents is that the decision-making process has become more complex with decisions more difficult to draw. Therefore this study only supports that a more consultative decision-making process has been developed within Volvo's organisation, but this dissertation does not handle whether this is considered to be less efficient or not.

Considering the recieved answers to the statements this supports hypothesis three, according to this study.

4. The acquisition has led to higher requirements on Volvo Car's suppliers.

American managers are focusing on having a straightforward system where information existing should be available for everyone in the company. Routines and regulations are more common in the American management culture compared to the Swedish management culture. The respondents have noticed a change in the direction towards more requirements. For instance it has been shown that the regular information to Volvo as well as the required information has increased. Quality demands have increased but some respondents stated that Volvo always have had high requirements on quality. Another way to measure if the requirements have increased would be to analyse if the prices have been forced down. The answers received shows that a high level of the respondents is of the opinion that prices have been forced down since the acquisition. Though, it is important to take into consideration that this might be due to other factors as mentioned before. The concentration on research and development show signs of a change but many respondents did not fully agree with the statement, and can not be fully supported according to this survey. But still, what has been discussed above confirm management culture theory. Considering the received answers to the statements this supports hypothesis four, according to this study.

5.5 Criticism of the analysis

The results received from the survey indicate changes within management culture. Though, it is important to make clear that this dissertation does not prove or reject the results, it only gives indications and is not statistically liable. The participating respondents might be too few to statistically secure the study. Another aspect to take into consideration is that two of the seventeen respondents chose to answer by mail and not by phone. Theoretically they did not get the same opportunity as the respondents answering by phone. The respondents that chose not to participate in the survey could be of other opinions that if participating might have affected the mean values.

Our intention was to see if the suppliers did agree on the statements. The purpose was to test if our Management culture model was valid and confirmed. It is not secured that the perceived changes are solely effects from the acquisition, they might be results of other factors.

6. Conclusion

This chapter will conclude the correlation between the results and the dimensions in the Management culture model. This will be followed by the final conclusions of how the acquired company has been affected within its management culture.

6.1 Summary of the dissertation

The increasing internationalisation and globalisation made it interesting to study the effects of an acquisition within the management culture area. Two companies, recently involved in an acquisition were chosen, each representing typical examples of the different management cultures studied. Theory showed differences within the two management cultures, Swedish management culture and American management culture. The differences in theory collected was concentrated and a model was created, the Management culture model. The model consists of five specific dimensions, where each dimension represents significant differences. The fifth dimension was not examined to the same extent as the other dimensions. To apply the model on the case chosen, hypotheses were developed and statements were made to test the validity of the hypotheses. To test the hypotheses a survey was conducted, and for the purpose of receiving impartial results the survey was conducted with the chosen suppliers to the acquired company.

6.2 Management culture model

Below will follow a conclusion to see to what extent the hypotheses correlate with the Management culture model. In this study two companies representing typical country specific characteristic within the management culture area were chosen. In this study Ford represents the American management culture whereas Volvo represent the Swedish management culture. The hypotheses in this study were developed from and based on the Management culture model.

Management culture model

Dimensions	America	Sweden
Relations:	Formal	Informal
Orientation:	Short-term	Long-term
Decision-making:	Consultative	Group based
Motivation:	Competitive	Co-operation
Loyalty:	One's own career	The company

6.2.1 Relations

Theory shows that America has a formal organisational structure while Sweden tends to have an informal organisational structure. In an attempt to determine whether Swedish management culture has been affected by American management culture and become more formal, hypothesis one was developed. The answers received from the participating respondents support a certain level of conformity between the first hypothesis and the first dimension in the Management culture model created.

6.2.2 Orientation

The short-term thinking permeates the American management culture. The conformity among the received answers and the theory behind the second dimension in the Management culture model correlates with the second hypothesis concerning orientation.

6.2.3 Decision-making

The decision-making process in Swedish management culture is according to theory permeated by group based decision making, whereas the American management culture is dominated by consultative decision making. The fact that contracts and agreements among the respondents are considered as being more difficult to draw is an indication that the decision making process has changed towards a more consultative behaviour. The third dimension in the Management culture model correlates with the third hypothesis created to examine any changes in the Swedish decision making process towards a more consultative decision process.

6.2.4 Motivation

The fact that the requirements are perceived to have increased shows an indication towards a turn from co-operation towards a more competitive atmosphere. Also the fact that prices tend to have been forced down and that demands on quality shows signs of having increased strengthen the support towards a more competitive and efficient atmosphere.

6.2.5 Loyalty

This dimension might be difficult to measure from the suppliers' point of view. Nevertheless, the suppliers experienced an increase of the staff turnover, which might be interpreted as a turn towards more own career thinking. As theory shows it is not unusual within the Swedish management culture that an employee is loyal to the company and remains within the organisation. Although, one statement is not enough to determine a change within this dimension, therefore this dissertation does not give an answer to the fifth dimension.

6.3 Final Conclusion

The purpose with this dissertation was to study to what extent management culture is affected by an acquisition and to distinguish the consequences when American management culture and Swedish management culture are integrated as an effect of an acquisition. It was also of considerable interest to find out how changes within an organisation are reflected to the suppliers. The Management culture model was created to show differences between American management culture and Swedish management culture. The results received from the survey indicate changes in the five dimensions towards a more Americanised management culture. As earlier mentioned, the fifth dimension has not been examined to the same extent as the other dimensions and therefore it must be taken into consideration that the fifth dimension can not be fully examined through this survey. It is important to make clear that this dissertation does not prove or reject the results, it only gives indications and is not statistically liable.

The validity of the first dimension concerning relation supports a turn towards a more formal organisation. The second dimension concerning orientation indicates a more short-term thinking, and is supported. The third and fourth dimensions concerning decision-making and motivation indicate a change within decision-making and a turn towards a more competitive atmosphenen and are both supported. Concerning the fifth dimension the received result are not sufficient to state that a change has occurred. Though, considering statement 14 it might be interpreted as an indication of possible change.

The differences discerned could be connected to theory and the developed hypotheses corresponded with the Management culture model, but to different degrees. The results analysed were received from external parts, the chosen suppliers to Volvo. As changes have been experienced in conformity with the dimensions, a certain level of veracity can be discerned. Volvo's organisation shows signs of becoming more Americanised within the management culture. The suppliers are believed to have a good insight of

Volvo's organisation because of their close co-operation and frequent contacts, and the results received showed a clear indication of a change within the management culture at Volvo. Since the changes have been reflected to the suppliers, it strengthens the veracity of a change of management culture within Volvo's organisation. The results of this dissertation consequently indicate that Volvo has absorbed and has been influenced, to some extent, by Ford's American management culture. This dissertation shows that acquisitions involving American and Swedish companies will most likely lead to some changes for the companies' management culture. The smaller acquired company absorbs and is influenced by the bigger company and the changes are reflected outside the organisation.

6.4 Suggestions for further studies

Interesting further studies within the management culture area would be to use the Management culture model on other acquisitions concerning an American company acquiring a Swedish company, to confirm the correlation with the model. The merger between the Swedish car manufacturer SAAB and the American car manufacturer General Motors would be an interesting target to examine. According to one respondent, also a supplier to Saab, the same pattern could be discerned within Volvo and Ford as in the merger between Saab and GM. Though, as he stated, Volvo seems to have kept its integrity longer than Saab. Another suggestion would be to make a survey the opposite way in an attempt to examine any possibly effects when a bigger Swedish company acquires a smaller American company. A third alternative that would be interesting is to apply the model partly direct on Volvo or on other external partners to Volvo.

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Appendix

Till den det berör,

Relationen mellan Volvo Personvagnar och dess underleverantörer sedan sammanslagningen med Ford.

Vi skriver just nu vår kandidatuppsats på institutionen för Ekonomi, Högskolan Kristianstad. Ämnet vi behandlar är olika länders traditioner då det gäller företagsledning och vårt huvudsakliga syfte är att studera om Volvos leverantörer uppfattar om Volvo har annammat Fords amerikanska sätt att leda företag.

Därför är det av stor betydelse att få reda på Era erfarenheter sedan samgåendet 1999, då vi tror att Ni besitter relevanta kunskaper inom detta ämne.

Vi kommer inom ett par dagar att kontakta Er via telefon. Vi bifogar även ett frågeformulär så att Ni har möjlighet att förbereda Er.

Alla svar kommer att behandlas anonymt och konfidentiellt.

Tack på förhand för Er medverkan.

Med vänliga hälsningar,

Jakob Lundin

Emma Petersson

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2003-12-01

Till den det vederbör

Jakob Lundin, Mikael Olsson och Emma Petersson genomför ett examensarbete, kandidatuppsats, vid Institutionen för Ekonomi vid Högskolan i Kristianstad. Examensarbetet avser att beskriva om och i så fall hur leverantörernas situation har förändrats i och med Fords övertagande av Volvo Personvagnar.

I examensarbetet ingår att genomföra intervjuer med ett antal leverantörer. Fordons Komponent Gruppen tycker ämnesvalet är intressant och att examensarbetet är ett led i en kunskapsuppbyggnad som vi anser värdefull och som gagnar branschen. Vi vill därför tacka alla som ställer upp och hjälper studenterna och oss i denna kunskapsuppbyggnad.

Med vänlig hälsning
Fordons Komponent Gruppen

Svenåke Berglie

Här nedan följer en rad påståenden som berör relationen mellan Er som underleverantör och Volvo Cars och de eventuella förändringar som skett sedan samgåendet mellan Volvo och Ford. Vi önskar att Ni besvarar dem genom att välja det svarsalternativ som bäst stämmer överens med Er åsikt.

Vi kommer att kontakta Er via telefon de närmaste dagarna för att ta del av Era svar. Vi bifogar det frågeformulär Ni kommer att besvara för att ge Er möjlighet att ta ställning till påståendena.

Svarsskala

1	2	3	4	5	
Tar helt avstånd					Instämmer helt

Påstående 1: Mängden blanketter har ökat sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 2: Kontrakten har blivit mer detaljerade och omfattande sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 3: Kontakten mellan Volvo Cars och Er blivit mindre personlig sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 4: Instruktioner från Volvo Cars har blivit mer omfattande sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 5: Den löpande informationen till Volvo har ökat sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 6: Kraven på Er som underleverantör har ökat sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 7: Avtalen har blivit mer kortsiktiga sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 8: Volvo efterfrågar mer information sedan samgåendet.

1 2 3 4 5 ingen åsikt

V.G vänd =>

Påstående 9: Priserna har pressats sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 10 Kvalitetskraven har ökat sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 11: Kvalitetskraven från Volvo har blivit mer specificerade sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 12: Satsningen på forskning och utveckling har ökat sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 13: Kontrakt och avtal upplevs som svårare att ta form sedan samgåendet.

1 2 3 4 5 ingen åsikt

Påstående 14: Personalomsättningen inom Volvo har ökat sedan samgåendet.

1 2 3 4 5 ingen åsikt

Tack för Er medverkan

Jakob Lundin Emma Petersson Mikael Olsson

Om hinder föreligger för att vi ska kunna nå Er inom de närmaste dagarna via telefon ber vi Er om möjlighet finns att skicka besvarat frågeformulär till:

Jakob Lundin
Olastorpsvägen 38
291 39 Kristianstad
0706-279723

Contacted companies:

ABA of Sweden

Arvika Gjuteri AB

Autoliv Sverige AB

Borgstena Textile Sweden AB

Consilium Components

EBP i Olofström AB

Elmo-Leaer AB

Faurecia Exhaust Systems AB

Finnveden AB

Fundo AB

Fehrer Sweden AB

Haldex Traction Systems AB

Kendrion Holmbergs

Kongsberg Automotive AB

Mitsubishi Electric Automotive Europe

National Gummi AB

Nolato Lövepac AB

Plastal AB

Saint-Gobain Sekurit Scandinavia AB

SAPA Profiler AB

Segerström Automotive AB

Semcon AB

Trelleborg Forsheda AB

Means

STAT1	3,82
STAT2	4,18
STAT3	2,65
STAT4	3,88
STAT5	3,18
STAT6	4,12
STAT7	3,06
STAT8	3,82
STAT9	4,31
STAT10	3,18
STAT11	3,41
STAT12	2,40
STAT13	4,53
STAT14	3,60

Frequencies

		STAT 1	STAT 2	STAT 3	STAT 4	STAT 5	STAT 6	STAT 7
N	Valid	17	17	17	17	17	17	17
	Missing	0	0	0	0	0	0	0
Mean		3,8235	4,1765	2,6471	3,8824	3,1765	4,1176	3,0588
Std. Deviation		1,3800	1,3800	1,5788	,8575	,9510	1,1114	1,1974

		STAT 8	STAT 9	STAT 10	STAT 11	STAT 12	STAT 13	STAT 14
N	Valid	17	16	17	17	15	17	15
	Missing	0	1	0	0	2	0	2
Mean		3,8235	4,3125	3,1765	3,4118	2,4000	4,5294	3,6000
Std. Deviation		1,2367	,8732	1,4246	1,1757	1,1212	1,0073	,8281

Frequency Table

STAT 1

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	2	11,8	11,8
	2,00	1	5,9	17,6
	3,00	2	11,8	29,4
	4,00	5	29,4	58,8
	5,00	7	41,2	100,0
Total	17	100,0	100,0	

STAT 2

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	2	11,8	11,8
	3,00	2	11,8	23,5
	4,00	2	11,8	35,3
	5,00	11	64,7	100,0
Total	17	100,0	100,0	

STAT 3

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	7	41,2	41,2
	2,00	1	5,9	47,1
	3,00	2	11,8	58,8
	4,00	5	29,4	88,2
	5,00	2	11,8	100,0
Total	17	100,0	100,0	

STAT 4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	3,00	7	41,2	41,2	41,2
	4,00	5	29,4	29,4	70,6
	5,00	5	29,4	29,4	100,0
	Total	17	100,0	100,0	

STAT 5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	5,9	5,9	5,9
	2,00	2	11,8	11,8	17,6
	3,00	8	47,1	47,1	64,7
	4,00	5	29,4	29,4	94,1
	5,00	1	5,9	5,9	100,0
Total	17	100,0	100,0		

STAT 6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	5,9	5,9	5,9
	3,00	3	17,6	17,6	23,5
	4,00	5	29,4	29,4	52,9
	5,00	8	47,1	47,1	100,0
Total	17	100,0	100,0		

STAT 7

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	5,9	5,9	5,9
	2,00	5	29,4	29,4	35,3
	3,00	6	35,3	35,3	70,6
	4,00	2	11,8	11,8	82,4
	5,00	3	17,6	17,6	100,0
Total	17	100,0	100,0		

STAT 8

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1,00	1	5,9	5,9	5,9
	2,00	1	5,9	5,9	11,8
	3,00	5	29,4	29,4	41,2
	4,00	3	17,6	17,6	58,8
	5,00	7	41,2	41,2	100,0
Total	17	100,0	100,0		

STAT 9

		Frequen cy	Percent	Valid Percent	Cumulati ve Percent
Valid	2,00	1	5,9	6,3	6,3
	3,00	1	5,9	6,3	12,5
	4,00	6	35,3	37,5	50,0
	5,00	8	47,1	50,0	100,0
	Total	16	94,1	100,0	
Missing Total	System	1	5,9		
		17	100,0		

STAT 10

		Frequen cy	Percent	Valid Percent	Cumulati ve Percent
Valid	1,00	3	17,6	17,6	17,6
	2,00	3	17,6	17,6	35,3
	3,00	2	11,8	11,8	47,1
	4,00	6	35,3	35,3	82,4
	5,00	3	17,6	17,6	100,0
Total		17	100,0	100,0	

STAT 11

		Frequen cy	Percent	Valid Percent	Cumulati ve Percent
Valid	1,00	2	11,8	11,8	11,8
	2,00	1	5,9	5,9	17,6
	3,00	4	23,5	23,5	41,2
	4,00	8	47,1	47,1	88,2
	5,00	2	11,8	11,8	100,0
Total		17	100,0	100,0	

STAT 12

		Frequen cy	Percent	Valid Percent	Cumulati ve Percent
Valid	1,00	4	23,5	26,7	26,7
	2,00	4	23,5	26,7	53,3
	3,00	4	23,5	26,7	80,0
	4,00	3	17,6	20,0	100,0
	Total		15	88,2	100,0
Missing Total	System	2	11,8		
		17	100,0		

STAT 13

		Freque cy	Percent	Valid Percent	Cumulati ve Percent
Valid	1,00	1	5,9	5,9	5,9
	4,00	4	23,5	23,5	29,4
	5,00	12	70,6	70,6	100,0
	Total	17	100,0	100,0	

STAT 14

		Freque cy	Percent	Valid Percent	Cumulati ve Percent
Valid	2,00	2	11,8	13,3	13,3
	3,00	3	17,6	20,0	33,3
	4,00	9	52,9	60,0	93,3
	5,00	1	5,9	6,7	100,0
	Total	15	88,2	100,0	
Missing System		2	11,8		
Total		17	100,0		