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# 1 Introduction

*In the first chapter the authors will give a description to why this topic is an interesting subject to study. The introduction chapter will start out with a background of the topic, in order to describe the setting for the following problem discussion and purpose.*

## 1.1 Background

Companies of today face markets which are getting more competitive for each day and they have to find new strategic directions in order to keep pace with their environment. Johnson & Scholes (2005) argues that an acquisition of another company can lead to achieving economies of scale, increased efficiency and fast access to new markets. Together this enables an instant growth and this solution is getting increasingly common. Between 1991 and 2001 the number of firms acquired by other firms tripled. (Johnson & Scholes, 2005).

As a result of the growing globalization of businesses many acquisitions do not stay within borders. Sweden is no exception and the Swedish business industry is getting increasingly integrated with the surrounding world. Statistics show that 689 Swedish companies were acquired by foreign companies between 1989 and 2004. During the first five years of the study 29 companies were acquired each year on average, compared to the five last years when the number was 54. (Nutek, 2007).

Companies based in the U.S. are the ones that acquire most Swedish companies. In 2004 the number of companies in Sweden owned by a U.S. company was 1215. This is an equivalent of 12.3% of all Swedish businesses with foreign owners. (Nutek, 2007). Hence, acquisitions made by U.S. companies will presumably influence managerial issues in Sweden in different ways, and thus, creating an interesting area of research.

An acquisition that in recent times attracted a lot of publicity is Ford Motor Company's (FMC) purchase of Volvo Car Corporation (VCC) in 1999. This is a good example of an acquisition where both companies are typical practitioners of U.S. and Swedish management types respectively (Hökerberg, 2000). A fusion like this, between two companies with diverging ways of handling managerial and organizational issues, presents a number of possible clashes (Johnson & Scholes, 2005).

An area where a potential clash might occur is in the company's relationship with the labour union. Huzzard (2000) argues that the union's members, the employees of the company, give them a collective bargaining power and a legitimate relation to the company. This makes the labour union a stakeholder to the company (Huzzard, 2000). In Sweden, and on VCC, the labour union have a close collaboration with the company, often represented when important decisions are to be made. When acquired by FMC, several conditions within the company changed. This might have affected VCC's relation with the labour union to some extent.

## 1.2 Problem Discussion

Can U.S. management behaviour bring new ideas into the Swedish way of managing a company? Is it even possible to mix two different types of management within an organisation? What are the possible effects when management from two different countries are mixed? There will obviously be consequences. Who will these affect? Every organization has stakeholders which are associated with the organization. Hatch (2004, p. 121) defines stakeholders in the following way. "Stakeholders are individuals, groups, and other organizations that have interests (their stake) in the activities and outcomes of the organization".

The stakeholders are associated with each other through their involvement in the company; however, they all have different stakes in it. This implies that the effects would be different for every stakeholder. They all have different importance and degree of possible influence in their relation to the company. This is based on the level of involvement. Some might experience positive effects from an acquisition and see new opportunities to increase their stake in the company. For others the acquisition may mean worse conditions and a reason to exit and withdraw their pledge to the company. (Hatch, 2004).

What are the effects for the employees as changes are implemented? Restructuring of a production process, as a result of an acquisition, might mean a reduction in the number of employees. The employees that kept their job may have to accept a cut of their salary. The conditions of employment might change due to the new ownership and has to be renegotiated. The labour union is the stakeholder which represents the employees when negotiating the terms with the company. The labour union's stake in the company is the wellbeing of its members (Huzzard, 2000).

FMC's acquisition of VCC meant the creation of a situation where the labour union, in this case IF Metall, began negotiations in order to secure the conditions for its members. The degree of influence the labour union posses is based on the number of members it has. In Sweden the level of worker membership in labour unions is very high. In this case 97-98 % of the employees in VCC were members of IF Metall by the time of the acquisition (S. Kjellander, personal communication, 2007-05-15). This makes it a force to consider when negotiations regarding implementing changes affecting the members begin.

What role does a new management type play in regards to the relation between the company and the labour union? FMC's acquisition of VCC is an example where the companies involved are symbols and representatives of the management type associated with each country. Is it possible to mix the two types of management? Will there be directives from the new ownership which is not compatible with IF Metall's demands for its members? There is a possible conflict in this kind of situation if the new owner and the labour union differ significantly in their opinions. In what way would the implications affect the relation between VCC and IF Metall? One possible outcome is that an acquisition changes the conditions for the members to such an extent that the labour union's relation to the firm is affected negatively. Another possible outcome is that the acquisition is viewed as a positive event if it increases the member's conditions of employment and as a result improves the labour union's relation with the firm.

### **1.3 Purpose**

The purpose with this thesis is to examine how the relation between a labour union and a company is affected when U.S. and Swedish types of management are mixed as a result of an acquisition.

## 2 Frame of Reference

*In this chapter the authors discuss the relevant theories used as a framework for this thesis. It functions as a basis for the empirical and analytical sections in order to fulfil the purpose of this thesis.*

The frame of reference chapter contains three different sections. The first section describes the term acquisition and its implications on the management conducted within a company. Throughout this thesis the authors refer to the term acquisition. Hence, we have included this section with an overall definition of the term to aid both the authors and the reader an understanding of the topic discussed. The second section deals with the labour union's interest as a stakeholder and its objectives within a company. The last section discusses how management is conducted within the two countries. It starts out with a study on cultural dimensions which presents an overall background of cultural differences in general between the U.S. and Sweden. We find this important to include since the following theories on how companies in the two countries are managed are based on societal culture.

### 2.1 Acquisitions and its Implications on Management

According to Gaughan (1996, p. 565), the term acquisition is defined as “the purchase of an entire company or a controlling interest in a company”. However, Gocke (1997) dispose a more detailed explanation concerning the definition of this term. He claims that an acquisition has to attain three requirements. The first is that the acquiring company at least needs to hold a majority stake in the acquired company. Secondly the acquisition can vary in degree from a majority stake to a full merger. Finally, the acquisition leads to strategic interaction between the companies involved. (cited in Hanna, Paradzik & Vladislavjevic, 2002)

These definitions clearly illustrate that the acquisition implies a takeover, where a buying company acquire and gain management control over the other. This is commonly a case where a larger company acquires shares of a smaller company in order to attain competitive advantages by accessing unique assets. Gocke (1997) stress that there are four different motives for acquisitions; efficiency, growth, asset value and power (cited in Hanna et al., 2002). However, deeply routed routines, habits and traditions acts as resisting factors when trying to achieve these motives.

In essence the management conduct changes due to the adaptation of the cultural differences between the companies. The cultural clashes within a cross-country acquisition are a complex issue. Research indicates that 60 to 80 percent of all merger and acquisitions are viewed as financial failures compared to their stock market value. The high failure rates are indicators of how complex and risky the process of merger and acquisition is. (Hanna et al., 2002). The high rates are due to new behavioral guidelines which aim is to integrate two self-sufficient organizations together. Examples of these are the implementation of new decision making processes, reporting systems, procedures, policies and control systems. (Hökerberg, 2000).

A change in the organizational environment or context often leads to a change in the management behavior. The changes in management are determined by the implementation process where the new owner induces new objectives, values and assumptions, which consequently create new behaviors. (Hanna et al., 2002).

## 2.2 The Labour Union as a Stakeholder

In the following section the labour union's connection to the firm is established. It starts with a description of the stakeholder theory and the stakeholder's part in the company in general. It then moves on with describing the labour union's role as a stakeholder specifically. Finally we will give a description of IF Metall, which is the labour union chosen in this case of study.

### 2.2.1 Stakeholder Definition

“Stakeholders are individuals, groups, and other organizations that have interests (their stake) in the activities and outcomes of the organization” (Hatch, 2004, p. 121). There are different stakeholders involved in the company. Their role and impact on the company is rarely of equal importance. Rhenman & Stymne (1968) say that there are conflicts of interest between the different stakeholders. There are not enough resources in order to secure and fulfil every stakeholder's interest, and the ability to secure the interests can be limited by the guidelines from the owners (Rhenman & Stymne, 1968).

*Figure 1* illustrates how the company interacts with its stakeholders. The arrows show that there is a relation between the firm and the stakeholder going both ways. According to Donaldson and Preston (1995), it also shows that all persons or groups with legitimate interests participating in an enterprise do so to obtain benefits. In this thesis the stakeholder of interest is the labour union, IF Metall, and its relation to the company, Volvo Car Corporation (VCC).

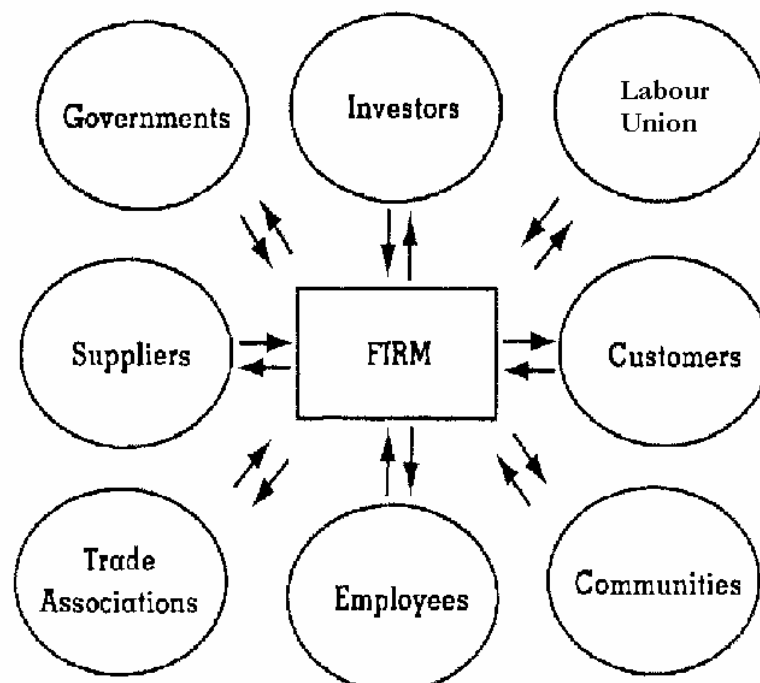


Figure 1: Stakeholder-model (Donaldson & Preston, 1995, p.69), modified by the authors.



## 2.2.2 Stakeholder Classification

Mitchel, Agle & Wood (1997) illustrate the types of possible stakeholder classifications in *Figure 2*. Three main attributes and how they differ between each type of stakeholder are shown. The influence on the definition of the stakeholder from any of the three attributes is illustrated by how large of an area each has in the different fields.

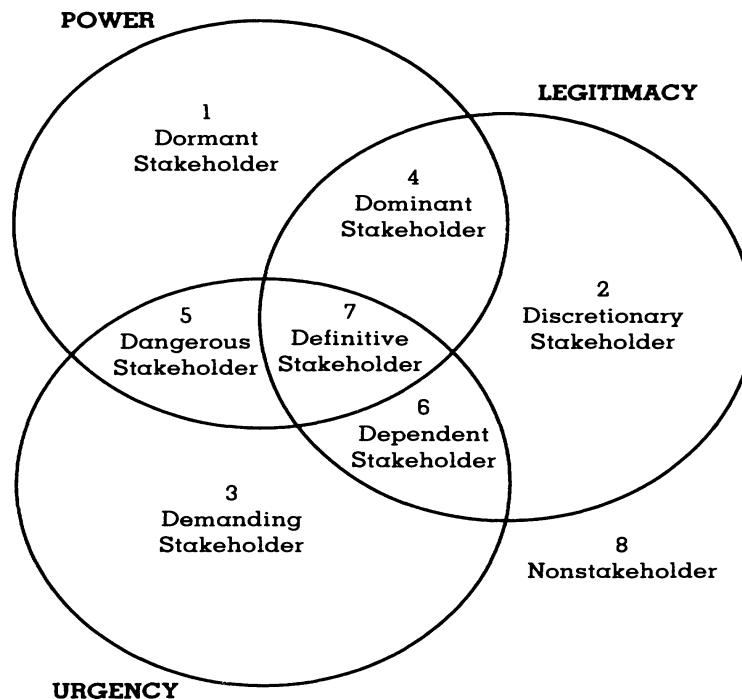


Figure 2: Stakeholder typology (Mitchel et al., 1997, p.874)

Mitchel et al. (1997) classifies stakeholders based on three attributes and the level of interaction between them. The first is the stakeholder's power to influence the company. The second is the legitimacy of the stakeholder's relationship with the firm and the last is the urgency of the stakeholder's claim on the firm. To what extent the stakeholders consist of the three attributes classifies them as certain types of stakeholders and what kind of relation they have to the company. (Mitchel et al., 1997).

Latent stakeholders are the ones in the model that only consist of one of the three attributes. Managers might not even recognize them as stakeholders. Latent stakeholders are not likely to give any attention or acknowledgement to the company. The stakeholder salience will be low since there is only one attribute present. *Dormant stakeholders* are for example stakeholders with monetary or media power. *Discretionary stakeholders* do not possess anything that can influence the company. They are related when receiving charity from the company. *Demanding stakeholders* only act on the urgency attribute. Riots demonstrating against a company might be one example. (Mitchel et al., 1997).

Expectant stakeholders are different from the latent stakeholders given that they consist of two out of the three attributes. This puts them in a position of either active or passive

stance, with a corresponding responsiveness from the company. The salience of the stakeholder increases and the interaction between the company and the stakeholder is likely to be higher. *Dominant stakeholders* are both powerful and legitimate, and thus, they should be considered by the manager. Examples of this kind of stakeholders would be representation of owners and creditors in corporate boards. This group also includes labour unions and community leaders. *Dangerous stakeholders* are the ones that have the sense of urgency and the power to influence. Examples of actions that are dangerous to the company are strikes, employee sabotage and terrorism. *Dependent stakeholders* are the ones that lack the power attribute. They have the legitimacy and the urgency attributes. They rely on others with power to work their cause. Examples of dependent stakeholders are employees that rely on their labour union to make their case against the employer. This becomes evident in times of restructuring of the organization or mergers and acquisitions of companies. *Definitive stakeholders* are the ones with an equal and considerable part of all three stakeholder attributes. The salience of this kind of stakeholders is the highest one. This is a definition which suits the labour union in times of an acquisition where negotiations regarding its members are apparent. *Nonstakeholders* are those that have no association to the three attributes, hence, no association at all to the firm. (Mitchel et al., 1997).

### **2.2.3 The Labour Union's Objectives**

The labour union works as the employees' representative in negotiations with the employer. It often represents a large number of employee members and its power of influence is based on the number of members. This puts it in a position of collective bargaining power. (Huzzard, 2000). According to Dunlop (1950), the union's reason of existence is to maximize its members' income (cited in Huzzard, 2000). This rather narrow view is not supported by everyone. Flanders (1970) means that the union's basic purpose is to maintain or improve the conditions for its members (cited in Huzzard, 2000). This is similar to the Swedish labour union IF Metall's (2007c) view. They stress that the bargaining agenda should be extended to include the issue of improving the work environment, competence development, gender equality and environmental issues.

### **2.2.4 IF Metall**

The Swedish labour union IF Metall was founded in 2006. It was a merger of the two labour unions Industrifacket and Metall, which both had a long history. Currently IF Metall consists of around 440 000 members (IF Metall, 2007a). There are 130 district organizations which each consists of the members within its geographical area. The districts' task is to ensure that agreements are fulfilled. Every two years there is a congress where the chairman is elected and resolutions are debated and voted on.

According to IF Metall (2007b) they work for a "democratic and equal society where everyone has the right to good and safe jobs." They also work for a safe working environment, good insurances, influence politicians and take part in international labour unionized work (IF Metall, 2007b).

*Solidaristic Work* is something that IF Metall works for to enable. It is a model of how a continuous competence development and high paid workers contribute to the society and to the welfare state. The model has its base in what IF Metall refer to as the *Good Work*. It consists of three elements they consider to be the most important. For the workers it means that the job should include wage development, competence development and work organization development. These three elements form the conditions for the company to

improve its competitiveness. Increased competitiveness of the firm means generation of tax revenues which in turn helps to defend the welfare state. (Huzzard, 2000).

The following nine principles are the result of breaking down the *Good Work* and the *Solidaristic Work*. The principles represent what IF Metall wants to ensure for its members. (Huzzard, 2000).

- **Job security**

This one stresses the importance of a stable work situation for the members in the long-run.

- **Fair distribution of the fruits of industry**

Fair salaries for the members are always beneficial. The terms are secured through national wage agreements.

- **Co-determination in the enterprise**

Co-determination involves both the members and IF Metall to play a role in different determination processes within the company.

- **Organization of the workplace to promote co-operation**

The organization of how work is being done is supposed to enable co-operation between the workers at the workplace.

- **Professional competence in all jobs**

This principle stresses that a well trained and competent work force is beneficial. Without sufficient competence the employee should not conduct the task.

- **Training as an integral part of one's work**

An integrated and continuous training in order to increase the workers' skills and competence is important.

- **Working hours according to social needs**

This one stresses the importance of a rich social spare time which does not suffer because of working hours.

- **Equality in the workplace**

Every member should be treated with the same respect no matter of gender, religion or origin.

- **A working environment free from risk of ill health and accident**

The company should provide a working environment where there are no risks for the worker to obtain any work related injuries.

(Huzzard, 2000)

These principles will be the base and further used for the analysis in order to establish the impact of the acquisition on the relation between IF Metall and Volvo Cars.

## 2.3 U.S. vs. Swedish Management

This part of the thesis will begin with a background-section describing Hofstede's research on cultural dimensions. With this as a basis the authors will continue with a more in-depth description of Swedish and U.S. management respectively. Differences and similarities between the two will be defined in order to get a general mould, which can be used to give the reader a picture over how management and organizational issues are addressed in the two countries.

### 2.3.1 Different Dimensions in a Nation's Culture

To get an in-depth understanding of how management is practised in the two countries we will use Geert Hofstede's research on cultural dimensions as a background to the other theories about cross-cultural management. Many management theorists and researchers contend that management styles are culturally determined and hence vary markedly from culture to culture. According to Hickson & Pugh (2001), societal culture is basic for understanding how the cultures of differing societies shape the ways in which organizations in them are set up and run. Furthermore, Adler (1986) claims that management styles are said to be reflections of culture, and he states that the term culture is commonly accepted as a heritage to management style. Hence, in order to fully grasp how management is conducted, the authors find it necessary to first understand the societal culture within a country.

Geert Hofstede identifies four different dimensions in a nation's culture, which he claims explain why cultures differ between countries. He developed these while studying large amounts of data from a survey conducted on people's values. The ones who were asked were all employees working in subsidiaries to the multinational company, IBM. They were from 50 different countries around the world, which gave Hofstede an opportunity to study how this special group of people answered depending on which country they lived in. (Hofstede & Hofstede, 2005).

While analysing the results Hofstede noticed that there were common problems, but the solutions differed. Frequent problems were found in the following areas:

1. Social inequality, including relation to authorities.
2. Relation between the individual and the group.
3. Conception of male and female.
4. How to handle uncertainty and ambiguity.

Hofstede argued that a dimension is an aspect of a culture that can be measured in relation to other cultures. The problem areas described above were given *Power Distance*, *Collectivism vs. Individualism*, *Femininity vs. Masculinity* and *Uncertainty Avoidance* as their dimensional designations. These designations make up a four-dimensional model of the differences between national cultures where a number roughly between 0-100 on each dimension describes the countries respectively. (Hofstede & Hofstede, 2005).

However, further research made by Michael Harris Bond founded a fifth dimension, which Hofstede choose to name *Long- vs. Short-term Orientation*. This dimension shows whether you focus on the future or the past and the present. (Hofstede & Hofstede, 2005).

All of these five dimensions will now be discussed in order to get a sufficient picture of how the cultures look like in the U.S. and Sweden.

## **Power Distance**

This dimension measures the extent to which people expect and accept that power is unequally distributed. In his studies, Hofstede calculated a Power Distance Index for each country represented in the survey. A number close to zero means that there is low power distance while a number around 100 implies that there is high power distance within the country. A societal culture with high power distance will have people that are dependent on their superiors. They expect to be told what to do. The emotional distance between them is big and it is not likely that you argue against your superior. However, in countries where there is a lack of power distance people feel less dependent. A more mutual dependence is common here where consultation is a frequent element. The emotional distance here is low and people usually do not have any problems with confronting a superior. (Hofstede & Hofstede, 2005).

When comparing the countries in our study (Sweden 31 and the U.S. 40) we can see that even if the U.S. shows a little higher degree of power distance than Sweden the two countries are still pretty close to each other when it comes to this cultural dimension. (Hofstede & Hofstede, 2005).

## **Collectivism vs. Individualism**

A culture where a group's interest is valued higher than an individual's is called collectivistic. In the same way as with power distance, Hofstede divided countries into an index where collectivistic countries received low values and individualistic got high values. (Hofstede & Hofstede, 2005).

People in a collectivistic country prefer to do things in groups. A strong solidarity where everyone shows loyalty to each other and work for the group will produce the best results. Individualistic countries, on the other hand, is distinguished by that each individual is responsible and decides over his or her own actions. There is a strong reliance on the individual and the task is more important than the relation between the people involved. These people receive a higher level of freedom and independence than those living in a collectivistic culture. (Hofstede & Hofstede, 2005).

Both Sweden and the U.S. have individualistic cultures (Sweden 71 and the U.S. 91). The U.S. is in fact the country which received the highest index number of all in the study. This might imply that management in these two countries, and especially in the U.S., deals with ruling over individuals rather than groups. However, Daun (1989) argues that even if Scandinavian organisations are individualistic they can accept rules and regulations as long as they attempt to be fair. Lindkvist (1988) claims that the Swedish management culture, as a result of our history and religion, rests on equality and understanding. Thus, his implication is that Sweden has collective individualism (cited in Bjerke, 1998, p.27).

## **Femininity vs. Masculinity**

A person who lives in a culture that is characterized by masculinity tends to focus on goals such as income and recognition. It is important for people to have a challenging environment where there are possibilities to get appreciation for what they achieve. The atmosphere tends to be tougher and more competitive than in a feministic culture. (Hofstede & Hofstede, 2005).

A country influenced by a feminine view is more conversant with co-operation and security. People strive to reach good relationships to each other and it is important to seek contact and collaboration with others. (Hofstede & Hofstede, 2005).

The index for this dimension is called Masculinity Index. A high number indicates masculinity while a feminine country will have a number closer to zero. The two countries received totally different numbers (Sweden 5 and the U.S. 62). This shows that the two countries differ a lot regarding this dimension. People in the U.S. have more masculine views while the Swedes are very feministic. Sweden is in fact the most feministic country of all those presented in the study. This difference indicates that there are significant disparities in how leaders in Sweden and the U.S. manage their organisations. Swedes prefer small collaborative organisations where conflicts should be solved by discussion, compromises and negotiation rather than by fights and aggressive argumentation, which is more common in U.S. companies. (Hofstede & Hofstede, 2005).

### **Uncertainty Avoidance**

Uncertainty avoidance can be defined as the extent to which people feel threatened by ambiguous and unknown situations. But it is important to distinguish between uncertainty and risk avoidance. While risks are something that measures the probability of something specific to happen, uncertainty is more diffused. Uncertainty is a situation where anything can happen and you do not have any ideas of what it will be. People that are willing to take risks do not necessarily want to face uncertainty. (Hofstede & Hofstede, 2005).

Countries with strong uncertainty avoidance tend to avoid uncertainty and receive high numbers in the Uncertainty Avoidance Index, while those countries with less uncertainty avoidance obtain low numbers. Both Sweden and the U.S. received values below average in the study (Sweden 29 and the U.S. 46). This implies that neither of the two countries have a strong uncertainty avoidance. This might mean that managers in Sweden work more with strategic questions than with the daily business. They tolerate ambiguity and chaos, and they try to minimize the number of rules to those that are absolutely necessary. Since the U.S. also is a country with relatively low uncertainty avoidance, these conditions holds true also for them, but not to the same extent. (Hofstede & Hofstede, 2005).

### **Long- vs. Short-term Orientation**

This dimension points out whether you concentrate on future rewards, or if you think in a short-term perspective and focus on present results. Long-term oriented people often show tendencies of responsibility, honesty, ability to adapt and self-discipline. They do not rush into new things since it is more important for them to secure their future. Those people who are more short-term oriented are more interested in what is taking place at present, they are not as interested in making investments as long-term oriented people are. Factors that are valued high are freedom, rights and performance. (Hofstede & Hofstede, 2005).

In the Long-Term Orientation Index high numbers are equivalent to long-term thinking. Those countries with a short-term view receive numbers closer to zero. This is a dimension where Sweden and the U.S. are hard to separate. Their low numbers (Sweden 33 and the U.S. 29) show that both are more short-term oriented, but the close distance between them makes it hard to point out any differences. (Hofstede & Hofstede, 2005).

## **2.3.2 Criticism of Hofstede's Study**

“When comparing management and organization in different nations, it is all too easy to attribute too much to societal culture. Culture is a handy catch-all for explaining whatever is found” (Hickson & Pugh, 2001, p. 16).

According to Hickson & Pugh (2001), the most evident problem with Hofstede's study is that after defining the cultural dimensions within a country he uses the results to draw

implications on organizational features. By doing this he too easily jumps to the conclusion that every feature within a society arises from culture. Hickson & Pugh (2001) claims that it is almost impossible to, with any precision and clarity, try to disentangle what are due to a society's culture. They state that in any society, what might arise from societal culture might also arise from:

- *The specialist jobs people do, their level in the hierarchy and their training* – People at different levels and with different abilities do not see things in the same way.
- *The organisational culture* – Organisations that are in the same nation and societal culture will differ in their own sub-cultures.
- *The operating field* – The availability of for example resources and market shares can have a big impact on organizational decisions.
- *The scale of operations or size of the organisation* – A larger organisation usually construct formal control systems for e.g. budgeting and quality returns.
- *The institutional environment* – How organisations take shape under various ownership and legal provisions.

Another objection on Hofstede's cultural dimensions is that his results are based on a research conducted only in one company, IBM. It can be questioned whether one study on the employees within one single company is representative.

From the viewpoint of this thesis, a problem with Hofstede's study is that he concludes that the differences between the societal culture in Sweden and the U.S. are not so prominent.

### **2.3.3 U.S. Management**

Hickson & Pugh (2001) stresses that U.S. management sees time as something to control and exploit, and not just something to pass idle by. Managerially, time should be scheduled in detail. There must be clear, written plans, proposals and estimates. The country gave rise to "scientific management", in which time and effort were to be saved by giving the employees instructions on what to do, how to do it, and precisely when to do it. (Hickson & Pugh, 2001). Bjerke (1998) strengthen this by explaining that the U.S. management value targeted goals and profits, and there are high expectations on time limits, procedures and policies.

Bjerke (1998) claims that the U.S. management is future-oriented. There is continues strive towards expanding the organization and become better in the future, and to achieve this, the company must improve what they have. In order to do this they see technology and time as two factors that are important to control. (Bjerke, 1998). According to Hickson & Pugh (2001), a future-oriented view demands that the company is prepared for change. New ideas are to be tried in case they do work, rather than regarded skeptically because there is no evidence that they will work. This more active management behaviour has a go to see what will happen rather than a "wait and see" approach. Problems are opportunities to do something, to learn, rather than difficulties to overcome. (Hickson & Pugh, 2001). Bjerke (1998) argues that U.S. management accepts changes. It is active and dynamic, and it appreciates the modern and the latest within its own working area. This implies that they are willing to take risks and that they do not try to avoid uncertainty. (Bjerke, 1998).

The U.S. management's way of preferring change of the present in order to expand, instead of carefulness and long-term planning, implies that it is short-term oriented (Bjerke, 1998). This corresponds to Hofstede's study on cultural dimensions which showed that people in the U.S. tends to be short-term oriented in general. They are constantly searching for the new and better.

Another feature to look upon is the degree of formalization in U.S. management. Bjerke (1998) argues that the organizational structure is more hierarchic and clearly identified than the Swedish. Procedures and policies exist for many cases and people within the organization have clearly defined roles. Furthermore, Hickson & Pugh (2001) declares that the U.S. is a low-context country. This implies that direct communication is commonly used and information should be available for everyone within the company. (Hickson & Pugh 2001).

One of the most important features of U.S. management is that it is especially oriented towards results, and sees profit as a measure of this (Bjerke, 1998). This urgent drive for achievement is what most clearly shows what Hofstede & Hofstede (2005) labeled as, the masculinity in the U.S. culture. According to Hickson & Pugh (2001), the high regard for those employees who succeed colors management discussions and policies to an extent which is unusual elsewhere in the world. The openness of information that usually characterizes a U.S. company does not include salaries. They are individually negotiated and confidential. This implies that the U.S. management is individualistically oriented, where achievements are estimated individually. (Hickson & Pugh, 2001). The level of individualism often results in competitiveness among employees. However, even if U.S. management is said to be individualistic, it is still characterized by equality and honesty. Appreciation and rewards should be based on achievements and not seniority. (Bjerke, 1998).

There is low power distance within U.S. organizations (Hickson & Pugh, 2001). This means that subordinates can speak readily and directly with those above them in the organization. Bjerke (1998) states that U.S. management favors co-operation between subordinates and superiors, and that subordinates often are consulted in different matters. It also supports individual initiatives and independence. According to Morris & Pavett (1992), employees are characterized as desiring participation in decision-making and as having the training to make those decisions. Furthermore, Hickson & Pugh (2001) explains that it was not by coincidence that Management by Objectives (MbO) started in the country. MbO requires superior and subordinate to together work out the objectives which the subordinate is to aim at. Thus, it assumes that the subordinate feels independent enough to discuss his or her future with the manager. MbO would not work in a society with high power distance, where superiors and subordinates find it more difficult to talk personally in an open, easy-going manner. (Hickson & Pugh, 2001). However, according to Hofstede & Hofstede (2005), even if the power distance is low in U.S. companies it is not as low as in their Swedish counterparts.

Finally, Bjerke (1998) claims that the U.S. management sees work as something important, but they drew a line between work and private life. The company is a system rather than a social organization.



### 2.3.4 Swedish Management

Hofstede & Hofstede's (2005) states that Sweden and the U.S. are close to each other when it comes to short-term oriented views on planning. However, the study concerns societal culture in general. When we look at managerial issues Swedish management tends to be fairly long-term oriented, according to Bjerke (1998). He claims that it takes time to make decisions and implement changes in Sweden, and a common way to solve problems is to work them through systematically and in detail. Hickson & Pugh (2001) declares that managers feel the need to obtain and analyze all relevant information. There is no pressure to show an assertive management style by driving decisions to an early conclusion (Hickson & Pugh, 2001). Swedish management is also said to be conducted in a rational and practical manner (Bjerke, 1998). This statement is supported by Daun (1996), who argues that "Swedish rationality" is marked more by moderation than by logic. This originates from the Swedish mentality when it comes to choosing the "middle-way" or the "reasonable" rather than making insecure, radical changes.

Hickson & Pugh (2001) says that Swedish management has a high tolerance of uncertainty. Bjerke (1998) has the same opinion and declares that even if Swedish companies are long-term oriented and rationale they are not trying to avoid uncertainty. On the contrary, among the most essential motivational factors is the willingness to progress and change. The difference compared with U.S. management is that it is more carefully conducted. Swedish companies do not want to carry through fast changes that might or might not become successful in the future. (Bjerke, 1998).

Swedish management seems to be informal and less hierarchical than many other cultures' (Phillips-Martinsson, 1991). Companies are often decentralized and organizational pyramids are flat (Bjerke, 1998). This is a reason to why the power distance within Swedish companies is very low and why those in power are fairly close to their subordinates (Hickson & Pugh, 2001). There is a belief in vertical communication and in the participation of subordinates, which is bigger than in the U.S., says Bjerke (1998). He claims that it is common that managers in Sweden seek collaboration, compromises and mutual agreements with subordinates. Hickson & Pugh (2001) claims that this value commitment and participation between managers and employees often results in time-consuming decision-processes, as more people take part in the negotiations. However, this brings several positive consequences. Things are done properly, employees feel that they matter and cannot be overlooked, and the activities of working with and supporting cooperative colleagues are most often valued in themselves. It creates a qualitative working life which is highly valued in Sweden. (Hickson & Pugh, 2001). The participatory approach in Swedish companies is encouraged by the high standard of education in the country. The consultation with different labour unions is also of great importance. There are often worker representative members in companies' board of directors. (Hickson & Pugh, 2001).

What distinguishes Swedish management most from the U.S. is its position at the extreme "feminine" end of Hofstede's scale (Hickson & Pugh, 2001). The companies' concern for improved working conditions, equality, a conflict-free work environment and more satisfying personal work experience is part of the feminine aspect of Swedish management. It is held that the quality of working life should be as attractive as that of non-working life. (Hickson & Pugh, 2001). Furthermore, Phillips-Martinsson (1992) argues that equality between gender-roles, professions and generations is a very important feature in Swedish companies.

### **2.3.5 Summary of U.S. and Swedish Management**

A summary of the most important differences between Swedish and U.S. management will now follow. The authors will use these disparities along with the principles for IF Metall's activities in order to analyze how the relation between IF Metall and VCC has been affected after the acquisition.

To begin with, management within these two countries differs in formality. The organizational structure within U.S. companies is clearly structured and more hierarchical compared with the Swedish companies which are said to be more informal and decentralized. Decisions are made further up in the organization and strict procedures, rules and regulations are more frequent in U.S. management. In Sweden, decisions are often group-based. Vertical communication is important and the manager often seeks collaboration and opinions from subordinates.

Another prominent difference is the view on planning and change. While the U.S. management is short-term oriented, Swedish companies plan much more in advance. They prefer secure and careful changes that are consistently analyzed and discussed before being conducted. U.S. companies are more active. They try new ideas in case they work and are not afraid of implementing changes quickly.

The atmosphere in U.S. companies is much more competitive compared with Swedish companies. There is a strict result-oriented view and a constant drive for success which results in a high degree of individualization within the organization. Promotions and rewards are based on individual achievements and efforts, and employees that do not fit certain undertakings are often fired. Swedish companies are also individualistic, but not to the same extent. They contain more co-operations between employees and are often seen as very "feministic". Equality, good working conditions, a qualitative work life, a conflict-free work environment and more satisfying personal work experience is what characterizes the feminine aspect of Swedish management. According to the Swedish companies, these issues are something to strive for rather than just concentrating on profits and financial goals.

We have summarized the most legible differences in *Table 1*.

Table 1: Summary of the differences between Swedish and U.S. management

	<b>Sweden</b>	<b>U.S.</b>
<b>Degree of formality</b>	Informal management. The organizational structure is flat and superiors collaborate with subordinates in the decision-making process.	Formal management. The organizational structure is hierarchic. Decisions are made high up in the organization.
<b>View on planning and change</b>	Long-term oriented. Changes are carefully analyzed before implementation.	Short-term oriented. Changes are conducted quickly and by chance.
<b>Degree of result-orientation</b>	Low degree of result-orientation.	High degree of result-orientation. There is a constant drive for success.
<b>Degree of individualization</b>	Pretty high degree of individualization. However, not as high as in the U.S.	High degree of individualization.
<b>Working conditions</b>	Focus a lot on achieving good working conditions for the employees.	Not so important with good working conditions. Financial goals are valued higher.

## 3 Method

*This chapter intends to disclose the method the authors used to fulfil the purpose of the thesis. In the final section there are reflections regarding the method.*

### 3.1 Research Approach

There are two available research methods used for collecting and sampling data namely qualitative research and quantitative research. The qualitative researcher will try to answer *why?* or *how?* rather than *what?* *where?* and *when?*, questions which are mostly of quantitative characteristic. (Maylor & Blackmon, 2005).

The selection of data collection approach within this thesis will be based on the qualitative school of research. This approach is selected due to the nature of the purpose formulation of answering the *how*, which the authors argue makes the qualitative approach the most appropriate tool. The authors also stress two other reasons for selecting a qualitative approach, where the first is the thesis's intention to explore and describe a certain case. The other is that we use this approach with the objective to increase our understanding regarding this topic. (Creswell, 1997).

The quantitative research focuses on the correlation between variables. It means that quantitative studies concern measurements of numbers while the qualitative approach of research deals with processes, such as analysing non-numeral information. The qualitative researcher focuses on analysing text or transcripts and through this process present a meaning of the data collected. Finally, the authors stress that the selection of the qualitative approach is a more appropriate tool than the quantitative approach when it comes to looking at the interaction between the acquired firm and the union. (Creswell, 1997).

### 3.2 Case Study Strategy

The case study approach is today a commonly used approach and the definition of the research strategy has been widely discussed. Some researchers, e.g. Stake (1995), defines it as *the case* as an object of study while other stress that the case study approach basically is a methodology (Merriam, 1998) (cited in Creswell, 1997). In addition, a case study is often defined as an exploration of a *bounded system*. This can be denoted as a case (or multiple cases) over time through the collection of in-depth data involving multiple sources of rich information within a certain context. (Creswell, 1997). Furthermore, a case study has its pros and cons when it comes to fulfilling the purpose of the thesis. However, the notion of stressing which factors that are seen as pros and cons clearly depends on the author. E.g. the bounded system is restricted to the time and place, and in addition it is a certain case that is being studied – a program, an activity or an event. (Creswell, 1997). In this thesis we have a narrow focus within a certain environment and time, with the aim to draw generalizations.

One of the greatest strengths of the case study approach is that the research strategy supports the idea of multiple sources of information, which for example includes observations, interviews, audio-visual material and documents (Creswell, 1997). This

implies that there is not a universal way of conducting a case study, but instead a selection of various methods.

The authors' intention was to select a company that recently had experienced an acquisition by a company with U.S. origin for this case. Another requirement was that the selected company had been acquired within a certain time span. The time limit in our case was between the years, 1998 – 2000, which helped us to narrow down the selection stage.

The first step for the authors after selecting the qualitative case study approach was to establish a research focus. This implies that we needed to narrow down our research purpose towards a certain situation or problem. (Lantz, 2007). In this case the authors have decided to conduct a single case study of Volvo Car Corporation (VCC), in order to fulfil the purpose of this report. The case study deals with the issue of addressing how the relation between the company and the labour union, IF Metall, has been affected due to new management behaviour after the acquisition.

In order to look into this subject we have decided to include seven qualitative interviews. The population size narrowed down to this limited group due to two requirements in the selection process. The first was that the participants must have a work position related to both VCC and IF Metall. The second was that the participants were working with this occupation during the acquisition.

### 3.3 Data Collection

Figure 3 is in this thesis used as a guide to store and make use of the empirical data collected. The model gives a pattern to follow when it comes to data collection, storage and processing, and furthermore, it helps the authors to draw conclusions based on data that has been collected in an appropriate way (Lantz, 2007). This model is a way for the authors to reduce many of the pitfalls which can occur when you do a qualitative study, such as self-delusion and unreliable or invalid generalizations (Lantz, 2007). We have reduced these issues by following Lantz's guidance of processing the information in a systematic way.

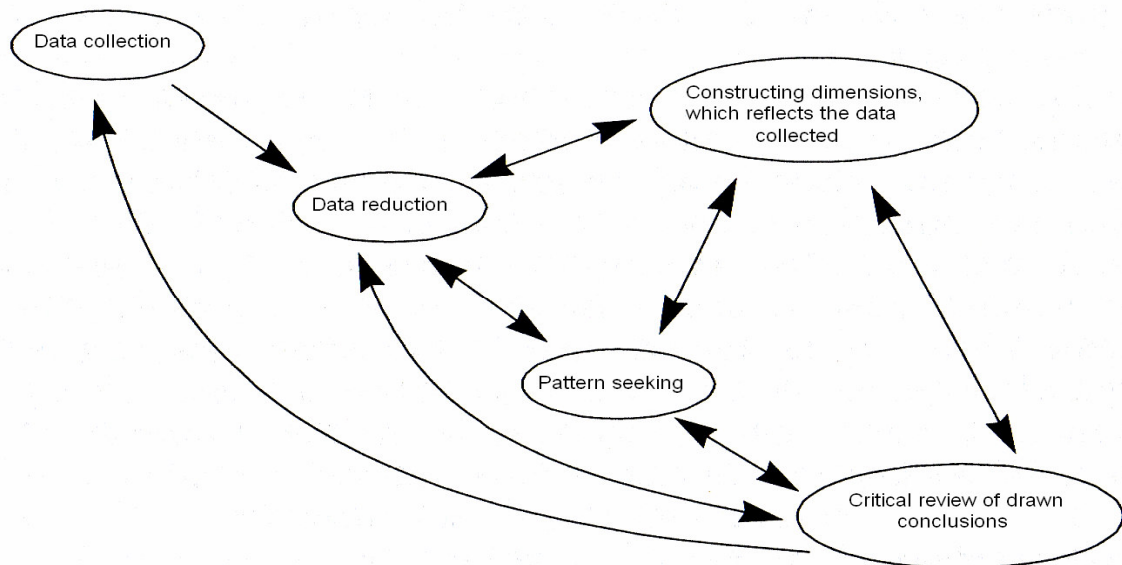


Figure 3: Model for qualitative data revising (Lantz, 2007, p.104), modified by the authors

### **3.3.1 Primary and Secondary Data**

The case study approach gives the author a lot of methods for collecting the samples. This is one of the great strengths of this particular approach, at least from our point of view. The data collection modes that are available within this strategy are both primary and secondary. Yin (1989) stresses that there are six types of modes for collecting information: documents, archival records, interviews, direct observations, participant observations and physical artefacts (cited in Creswell, 1997). In the next section the authors demonstrate which different kinds of primary and secondary data that was selected for this thesis.

In order to fulfil a thesis purpose or research question, data has to be collected. It can be primary, secondary or a combination of both. This thesis is based on a combination of both primary and secondary data. The secondary data is data that already have been collected for some other purpose while primary data is a matter of collecting new data for a specific purpose (Saunders, Lewis & Thornhill, 2000).

The primary data for this thesis is based on seven interviews conducted during May 2007. These interviews were divided in three telephone interviews and four questionnaires. The questionnaires included a follow up interview by telephone. The follow up process implied that we had personal communication with all the participants.

The secondary data for this thesis was used as a literature review and background for our case design of VCC. Furthermore, it simplified the process of analysing our data collected from the interview. The secondary data in this thesis is collected from AB Volvo's annual reports, academic articles, literature and news articles. The search engines used were mainly E-Julia, Google and Google Scholar. The nature of secondary data is that it is time saving, cheap and easy accessible due to that it already is processed and published (Saunders, Lewis & Thornhill, 2000).

#### **Key Words used in the information search:**

- Ford Motor Company
- Volvo Car Corporation
- IF Metall
- Acquisitions
- Organizational culture
- Management culture
- U.S. management style
- Swedish management style
- Stakeholder theory

### **3.3.2 Interview Approach**

There are two main approaches to choose from when constructing interviews. The first is the qualitative interview, which lets the researcher adapt the questions according to the respondent's earlier statements as long as it adheres to the topic (Jones, 1996). This implies that the questions asked are of an open-ended characteristic. Hence, the risk is that the data collected in the interviews can be too much and unfocused with irrelevant responses. At the other side we have the highly structured style, more known as the standardized interviews. These imply that the interviewer ask questions in a predetermined order, structured after a certain pattern. The aim with the standardized approach is to keep a narrow focus by structuring the interview in a way that lets the respondent to select one of a limited number of predetermined answers to each of the asked questions (Jones, 1996).

The authors' goal with the interviews was to develop an understanding of the settings in a post-acquisition case. This was conducted by interviewing people who had particular experience within the certain topic. Our intention was to gather specific information and at the same time not look away from participants' own contributions to the interviews. Consequently we used a combination of the qualitative interviews and standardized interviews, referred to as a semi-structured approach.

#### **3.3.2.1 Telephone Interview**

The telephone interviews within this thesis were semi-structured and had a range of 45 min to 1 h 15 min. The selection of the telephone interview approach leads to advantages such as access, speed and lower costs (Saunders, Lewis & Thornhill, 2000). Basically, the authors argue that this strategy was the most practical one due to that the participants were not available under other terms.

However, since it is impossible to establish personal contact through telephone interviews the authors faces the issue of not being able to analyse the participants' non-verbal responses. This is especially important when the participants receive sensitive questions; this is a question of reduced reliability (Saunders, Lewis & Thornhill, 2000). The authors encounter this issue by recording the conversations and collecting cross-reference data from other participants. Another action was that the authors already had established trust with the participant through earlier contact.

#### **3.3.2.2 Questionnaires**

In addition to the telephone interviews the authors conducted questionnaires. This was done because the accessibility was limited to these interviewees. The authors formed questions of an open-characteristic, since this approach receives more detailed information (Saunders, Lewis & Thornhill, 2000). The questionnaire was structured in a way where the participants wrote down the answers in text. To guide the person answering it the questions were stated in a pre-determined order.

We recognize that it is an issue of reduced reliability to conduct a data collection in this way. Common problems are that the participants can ignore to answer or write insufficient amount of words. This can lead to biased data and also misunderstandings in the interpretation stage (Saunders, Lewis & Thornhill, 2000). To encounter this issue the authors prepared the participants in one week advance how the questionnaire study would be conducted and what the authors' expectations from the respondents were. Moreover, two other steps were done to increase the credibility of this data. First the authors ensured the anonymity of the participants, which we argue would improve the quality of the data. Secondly, follow up interviews by telephone were conducted, where the participants were

asked for clarifications and further questions that came up during the analytical process. Finally, the authors contacted the participants for confirmation and approval of the transcripts. The authors argue that this approach was as sufficient as the solely telephone interviews, when it comes to the quality of information, validity and reliability.

### **3.3.3 Data Reduction**

The next step within the data collection process was to reduce the amount of data collected from the interviews. The reason for conducting this data reduction process was that all information gathered was not relevant for this thesis. Hence it is a tool for the authors to minimize the burden of too vast information (Lantz, 2007). Basically, this implies that we removed all raw data that was irrelevant.

The data reduction process helps the author to distinguish which information that will be the foundation for the whole thesis and in addition for the next step, namely the pattern seeking section (Lantz, 2007). Hence the data reduction within this thesis was applied in order to make the process of finding patterns more practical. However, we recognize that the data reduction process may lead to lost data due to exclusion. Finally, the authors' choice of raw data was motivated by following the purpose formulation in this thesis.

### **3.3.4 Pattern Seeking and Conclusion Verification**

In the previous section we stressed the importance of data reduction to narrow down the quantity of data material. Meanwhile, this section concerns the matter of seeking patterns in the text of the interviewees' replies (Lantz, 2007). Our objectives at this stage were to categorize the collected data in order to distinguish certain patterns within each question section. The categorization step is a tool that makes it easier to see the patterns. This is an instrument used to make sense of the empirical data by codifying and interpreting the data in a systematic way (Lantz, 2007). This implies that the authors analysed the data from a theoretical perspective.

The final process was to sum up the findings of this study in order to draw the final conclusions for this thesis. In this stage the authors went back to the purpose formulation to verify if the study fulfilled the purpose of this thesis.

## **3.4 Participant Information and Anonymity**

This section presents information concerning the participant sample in order to give the reader an insight of how the data was gathered. When we conducted this study we asked the participants if they wanted to keep their identity anonymous. From the participants' sight it can be a way to minimize the risk of being linked to sensitive information, which can put them in an unpleasant situation (Lantz, 2007). During the process of data collection the authors decided to present all the participants anonymous, based on the fact that most of the participants preferred to use a hidden identity. We structured this issue by giving the participants fake identities in order to make it easier for the reader to follow the thesis. In addition to this we would like to point out that the data presented in the empirical and analytical chapters refers to the references in *Table 2*.



Table 2: Participant overview

Given identity	Position	Type of data collection	Date	Follow up Date
Lars Jonsson	Safety representative at Volvo Cars	Questionnaire and follow up telephone-interview	2007-05-11	2007-05-14
Bengt Stark	Group Leader at Volvo Cars	Questionnaire and follow up interview	2007-05-11	2007-05-14
Rolf Andersson	Member of IF Metall, subdivision Volvo Cars	Telephone interview	2007-05-16	
Anna Björk	IF Metall representative at Volvo Cars	Questionnaire and follow up telephone-interview	2007-05-11	2007-05-14
Eva Lind	Test Driver and IF Metall representative at Volvo Cars	Questionnaire and follow up telephone-interview	2007-05-11	2007-05-14
Torbjörn Lilja	Member of IF Metall subdivision Volvo Europe	Telephone interview	2007-05-16	
Steve Kjellander	Member of IF Metall, subdivision Volvo Cars and AB Volvo	Telephone interview	2007-05-15	

The table provides information about the interviews conducted. Although, the authors would like to point out that the respondents' work positions are modified in order to make it impossible for the reader to link the position with the participant's real identity. This table also displays the data collection method, which was divided in two sections. The first sample mode was based on a combination of written questionnaires and follow up interviews by telephone while the second mode was solely based on telephone interviews.

### 3.5 Reliability and Validity

This section discusses the degree of reliability and validity of the data collected. These issues are important since the objectivity and credibility of the thesis is based on them according to Kirk and Miller (1986) (cited in Silverman, 2004). This implies that our research should correspond and produce data that concur to the social reality that is being examined.

However, this issue is problematic due to that the qualitative approaches have no single, consistent method for analysing texts, conversations and interactions (Silverman, 2004). In this thesis the collected data was stored by the use of audio recordings and transcripts. This was done in order to strengthen the objectivity and credibility by making it accessible for us to study the information collected repeatedly. It also involves the factor of assuring the accuracy and completeness of the data which the research is based on (Silverman, 2004).

The process of selecting people to interview for the primary data collection was done by letting Steve Kjellander, member of IF Metall and effective at both VCC and AB Volvo,

contact the people which he thought were the most suitable for this study. The reason for selecting this strategy was that he already has an established network within the company, which made it easier to get access to the people working at VCC. He also had all the necessary data of which employees that fulfil the requirements for this specific sample. The authors argue that this was an appropriate way to conduct the data sampling. It is also important to declare that he is positioned in an optimal workplace where he was directly involved in the negotiations of the acquisition as union representative for IF Metall. With his experiences and knowledge the authors argue that he is an important source of this thesis, and hence, strengthens the validity and reliability.

The authors recognized the difficulties of interpreting and analyzing the data collected from the telephone interviews and questionnaires conducted in this study. In order to minimize occurrence of translation bias the authors sent back the transcripts to the interviewees. Subsequently this was a process of getting the transcripts approved by the participants. In addition, the authors received help from Christoffer Hemmingson, full time student at Jönköping International Business School (JIBS), when reproducing the gathered data from Swedish to English.

To further minimize errors and biases the authors briefed the participants in advance on how the study would be conducted and what the authors' expectations from the respondents were. Finally, the authors argue that the system of having multiple interviewees closely related to the issue functions as built in cross referencing.

### **3.6 Method Reflection**

This section sums up the process of how this study was conducted. A qualitative approach with a single case study focus based on both telephone interviews and has been used. The data sampling method of combining both telephone interviews and questionnaires was basically an adaptation process in order to get access to participants from both the labour union IF Metall and VCC.

This implied that we restructured our data sampling from only using semi-structured interviews to the usage of both telephone interviews and structured questionnaires, which leads to two different styles of data sampling processes. Nevertheless this was the terms that were given in order to receive information from the key people. Four out of seven of the participants in this case strongly preferred to fill in a questionnaires rather than conducting a telephone interview. However, these questionnaires were followed up by telephone interviews in order to obtain more information and verify the replies written by the participants.

During our thesis there have been obstacles on several occasions. The most prominent weakness was the number of participants within the study. This meant that we needed to rely more on secondary data than we intended to do in the beginning of the study. However, the authors would like to point out that the participant sample collected is sufficient due to that the respondents were all involved in both IF Metall and VCC. Furthermore, we stress that the reason for selecting a small number of participants is linked to the fact that there only is a limited number of people that have a fully perception of the topic in this thesis.

## 4 Empirical Findings

*The empirical findings contain all the relevant data collected for this thesis. The chapter will start with a brief summary concerning Ford Motor Company's acquisition of VCC in 1999, with the aim to give the reader a better understanding of this topic. The following section presents the findings collected concerning how the management at VCC has changed since the acquisition. Finally we will present the empirical data on how the relationship between IF Metall and VCC has changed and whether these changes can be connected to the new management behaviour.*

### 4.1 Empirical Background

Amour (2002) states that during the last twenty years the business world has experienced a period with a four time yearly increase in the value of all merger & acquisitions together (cited in Gustafson & Lindahl, 2006). The car industry was no exception. During the late 1990s the industry experienced a time where the companies had to deal with the overcapacity of the industry and at the same time needed to lower the costs to stay competitive. Basically it implied that companies acquired firms in order to attain a low-cost approach. In addition VCC was in a stage where they needed to find a business partner to cope with regarding extensive investments within the Research and Development department (Gustafson & Lindahl, 2006). FMC's acquisition of VCC came in a period where the car industry experienced a phase of massive restructuring. In essence the main agenda was that the companies joined forces to remain competitive. Hence, an acquisition was a logical step for both partners. From VCC's side they needed a partner to share the costs with and obtain technology transfer. On FMC's behalf there were three main agendas; to get rid of a competitor (Volvo), obtain technology transfer and at the same time establish them selves in the European market. (Gustafson & Lindahl, 2006)

According to the terms FMC bought VCC for 50 billion SEK. (Volvos Årsredovisning, 1998). Before the acquisition VCC already had an established brand name and good profitability compared to the average within the industry (Edenborg, 1999). However, they only had a niche-position within the global car industry. During several decades the company fought with limited resources. Now with FMC's acquisition they finally were in a good position where they could compete to be dominant within their market segment. (Hökerberg 2000). With FMC's financial support VCC could compete on a broader market which in the long-term has shown to be beneficial for both companies (Edenborg, 1999). In addition, VCC face a safer future position due to FMC's financial support (Volvos Årsredovisning, 1999). In practice, the acquisition lead to new possible playgrounds for VCC, which earlier was a relative small company compared to FMC, one of the world's largest corporations. However, Steve Kjellander stresses the importance of clarifying that VCC was and still is a relatively small company within the car industry, with no more than 1% to 1,5 % of the market shares. One of the main adjustments for VCC has been that FMC now holds the control over the vital decisions. Although, it is important to point out that VCC's headquarter still is based in Göteborg, Sweden. The current CEO and President of the company is Fredrik Arp. (Volvo Car Corporation, 2007).

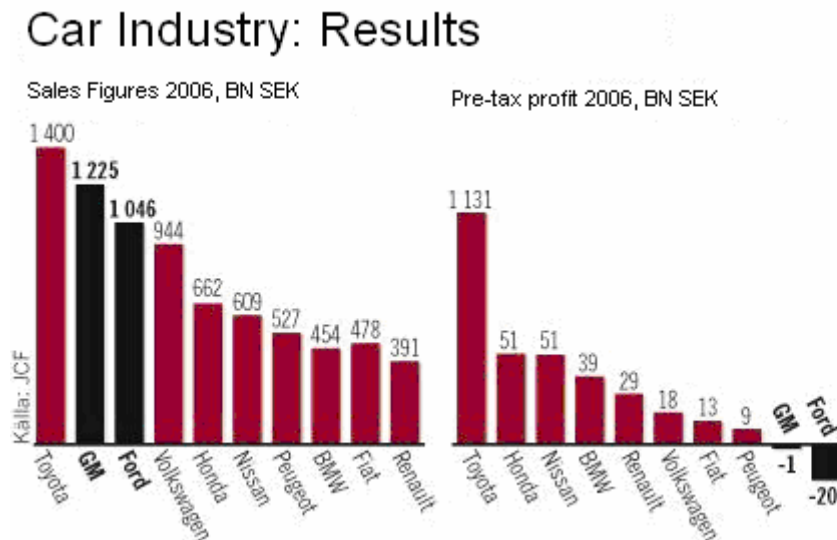
The first two years after the acquisition meant an integration process to synchronize VCC with the FMC car group. The focus was set on follow up on short-term goals, which was done by analyzing sales figures, output figures, cost calculations and financial reports. FMC transferred people within key positions to the new organization. E.g. the financial manager

position was filled, which is common when U.S. companies acquire a foreign company. An IT-manager was also stationed at the company. (Hökerberg, 2000).

This short-term focus had destructive effects on VCC's image. The short-term profitability goals lowered the quality of the cars. The negative implications on the brand-image meant that FMC had to rethink its strategy in order to increase the quality of the produced cars. (Hökerberg, 2000).

The playing field for VCC and FMC is a totally different story at the moment compared to the situation before the acquisition in 1999. Steve Kjellander says that "FMC was a profitable company in 1999, which made it possible for the acquisition to happen, something they would not afford today". *Table 3* shows that two of the three largest car manufacturers, GM and Ford, reports losses in billions of SEK. FMC is today in a position with deep and severe financial crisis with a loss of 20 billion SEK, in 2006. (Ekonomi Nyheterna, 2006).

Table 3: The car industry's market figures (Ekonomi Nyheterna, 2006), modified by the authors



## 4.2 Management at Volvo Car Corporation

This part consists of primary data on how the management within VCC has changed after the acquisition, collected through qualitative interviews. The material will be divided and presented in five different subheadings according to *Table 1*, presented in section 2.3.5 in this thesis.

### Degree of formality

Our theoretical part on Swedish and U.S. management implies that the degree of formalization tends to be higher in U.S. companies. U.S. management is by definition more hierarchical and clearly structured. Decisions are made further up in the organization and strict procedures and regulations are more common than in Swedish companies. The empirical data on how the degree of formalization in VCC has changed since the acquisition is described below.

Bengt Stark, group leader at VCC, argues that the firm is “considerably more formal today”. He feels that even the smallest thing is brought up to the executives for decision. Lars Jonsson, member of a board managing safety issues at VCC, strengthen this statement. He thinks that VCC has turned out to be more hierarchical today than it was before, which he claims is because the decisions are made at top level in the organization and then strictly followed through all levels in the company. Furthermore, Lars Jonsson mentions that the differences are most legible when it comes to matters regarding purchasing issues.

Steve Kjellander has been working at VCC since 1992. He thinks that more report writing, paper work and administration is a result of a growing bureaucracy in the company. He is convinced that influences from the U.S. business culture have a lot to do with this. He argues that “even if we felt that AB Volvo was bureaucratic, I want to ad that Ford, which is a big, foreign company, is more bureaucratic than AB Volvo ever was”. Most obvious are the differences in the departments of economy and purchasing. They have become much stricter today. He stresses that the growing bureaucracy within VCC has lead to a decrease of worker influence.

Torbjörn Lilja claims that decisions are made on different levels today, compared to where they were taken before. Many decisions are today made in Detroit instead of Sweden which has made it harder for the employee when it comes to influencing them.

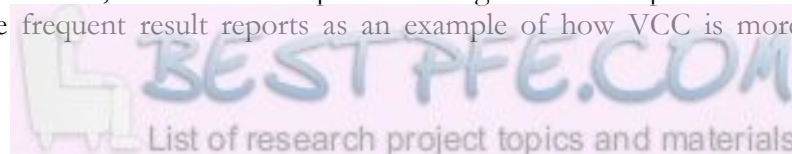
Rolf Andersson thinks that it is obvious that the company is managed more from the top today. There is no scope for adjusting policies and directives to VCC in relation to the conditions which exist in Sweden today. He also supports the opinion that the organization is more hierarchic and controlled. Eva Lind means that the company is more hierarchic and strict today, with more routines and policies. She feels that the company does not have trust in the employees anymore since everything has to be approved higher up in the organization.

### **View on planning and change**

According to the theories brought up in this thesis U.S. management is more short-term oriented than Swedish management. Companies in Sweden plan more in advance and prefer secure and carefully analyzed changes. U.S. companies are also more active and not afraid of implementing quick changes. The empirical data on how the view of planning and change at VCC has changed since the acquisition is described below.

Steve Kjellander explains that the company is more short-term oriented today compared with how it was before, but when it comes to production of cars there always has to be long-term planning to. When constructing new models there is of course a long-term perspective involved and this is not something that has changed after the acquisition. However, when looking at results it is clear that the company focus more on quarters today according to him. Bengt Stark thinks that results focused on shorter intervals indicate that VCC is more short-term oriented today.

Rolf Andersson feels that the company has a short-term perspective today and changes are sometimes conducted quickly, which makes it easier for him and his colleagues to realize and implement more projects. However, he does not think that these changes always are insecure and risky. Instead, the problem according to him is that “there is less patience before you see results”, and this will impede the long-term development at VCC. He also mentions more frequent result reports as an example of how VCC is more short-term oriented today.



### **Degree of result-orientation**

Our theoretical framework implies that companies in the U.S. have a constant drive for success and are usually much more result-oriented than their counterparts in Sweden. The empirical data on how the degree of result-orientation at VCC has changed since the acquisition is described below.

Steve Kjellander stresses that the company is more oriented towards financial results today, but it is hard to settle whether this solely is a conscious strategy from FMC. He thinks the company might be forced to focus more on financial targets as an effect of the poor results they have experienced lately. In addition he mentions the Production System, which is implemented at VCC today, as an example of how the company can be seen as more result-oriented. The system contains clear directives, rules and limitations for the employees to follow in order to achieve expected results. He thinks that it is hard to say where these directives come from but in general he “would guess that Ford is establishing the goals and then it is up to VCC to fulfil them.

Anna Björk cannot say whether the company is more result-oriented today or not, but she has experienced that the company is more optimistic when setting the goals. Budgets are filled with promises while the follow-ups are filled with explanations to why it did not go as promised. Furthermore, Lars Jonsson and Rolf Andersson both believe that the tolerance for goals that is not completed is lower today.

### **Degree of individualization**

As stated in the theoretical part of this thesis U.S. companies are more individualized compared to Swedish companies. Promotions and rewards are often individually based in order to achieve the best results possible. Swedish companies are also individualistic but not to the same extent, they prefer more co-operation between the employees. The empirical data on how the degree of individualization at VCC has changed since the acquisition is described below.

Neither of the interviewees feels that there is any major difference concerning this issue at VCC today compared with how it was before the acquisition took place. Steve Kjellander explains that individual achievements always have been important for Volvo, this is not something that changed after the acquisition. He also means that it is vital in this industry to observe how the group and the individuals complete their tasks in order to produce quality cars.

### **Working conditions**

According to the theories presented in this thesis Swedish companies generally focus much more on establishing good working conditions compared to companies with U.S. origin. Equality between employees, a qualitative work life, a conflict-free work environment and more satisfying personal work experience is what they strive for. This is more important than concentrating solely on profit and financial goals, which often is the case in U.S. companies. The empirical data on how the working conditions at VCC have changed since the acquisition is described below.

Steve Kjellander explains that the wage conditions are still the same. Since the employees are members of IF Metall their wages are protected by a national wage agreement. This agreement is valid irrespective of the ownership. However, Rolf Andersson mentions that the working benefits are worse. ”Some benefits such as Christmas gifts, comfort-money

and similar are gone today”. Bengt Stark agrees to that the working benefits are worse today. According to him, an example is that the company no longer offer free lunches on special occasions. In addition, Eva Lind adds the following examples. “They have reduced the possibility to borrow a car on your spare time in order to increase your product knowledge, taken away the free-admission card to Liseberg and cut down on group activities”.

All interviewees claim that the working climate is worse today. The reason for this is the poor financial results, according to Steve Kjellander. It is obvious that the climate is tougher now. Although, it is hard to say how it would be if FMC were making profits today. Maybe things would look different if the circumstances were different. “But you feel that it is tough and that FMC gives directives”, stresses Kjellander. Rolf Andersson declares that the employees are more stressed now which leads to shorter patience. This has resulted in a worse climate. Lars Jonsson says that the reason for the worse climate is that managers on lower levels in the company do not have the power to set aside money for changes that can improve the situation. Eva Lind claims that the “Volvo-spirit” almost is gone today. Things that were solved in mutual agreement before are today handled in a “colder” climate.

Torbjörn Lilja claims that the equality on the work place gets more attention today, especially when it comes to ethnicity. He does not think that this is a result of the acquisition, rather an effect of that this question is more discussed today in general.

According to Bengt Stark, the relationship between employee and subordinate is worse today. The main reason for this is that “all decisions are made somewhere else”. Steve Kjellander thinks that it is obvious that big rationalizations and changes, like the ones VCC has experienced, create a lot of disputes concerning co-operation and the way to work. Rolf Andersson has not experienced any deterioration in the relationship with his own manager, but he is convinced that the atmosphere in general is worse today.

Finally, Torbjörn Lilja mentions that there is less on-the-job training today, which makes the quality of work worse for the employees. He also explains that VCC has changed how the work is conducted within the factories, from working two shifts a day earlier to the current number of three shifts a day.

## **4.3 Labour Union Guidelines**

This part consists of the empirical findings associated with IF Metall and its relation to VCC. The basis for the presentation of this data is the principles IF Metall uses as guidelines for their work, which are presented in section 2.2.4 in this thesis.

### **4.3.1 Job Security**

Steve Kjellander says that “at the time when we evaluated our opinion regarding the acquisition, the aspect of job security was the most important one. Not solely the short-term perspective, the long-term perspective is more important”. He exemplifies this by looking at the time-horizon. IF Metall wants to secure the jobs for their members for a longer period than the next one or two years. Their perspective is the next 20-30 years.

Regarding how the job security has changed after the acquisition Steve Kjellander’s belief is that it has improved. He thinks this is because they are now a part of a major company.

VCC has better conditions to survive in a longer perspective today and the investments from FMC are the reason for this. This is an important aspect for IF Metall since it increases the job security in the long run. Kjellander states that the former market share between 1 - 1.5% was not enough in order to conduct major product development programs in the long run. Bengt Stark shares the same view. He claims that, despite the fact that the company is more short-term oriented today, the job security has improved. Probably because of that VCC today is a part of FMC, which is a big group of companies.

Rolf Andersson does not feel that the job security has changed due to the acquisition. He thinks that job security within the car industry is more a matter of “profitability, productivity and effectively”. Lars Jonsson and Anna Björk are both of the same opinion.

#### **4.3.2 Fair Distribution of the Fruits of Industry**

This principle is really important for IF Metall, states Steve Kjellander. It is explicitly described as one of the three defining principles for what IF Metall refers to as *The good work*. He mentions that an example of the importance of this principle followed when a newspaper article in Dagens Arbete (H. Gatu, 2005) revealed that one of VCC’s suppliers used foreign employers and paid them a fraction of what is negotiated for IF Metall’s members. According to Kjellander the union immediately protested against this, which resulted in a change of the requirements for becoming a supplier to VCC. They established a minimum wage for the employees and put it as a part of the business contract between VCC and the supplier. If the supplier does not follow this agreement it is considered to be a breach against the contract and subsequently they will lose their supplier status to VCC.

Steve Kjellander says that for the members of IF Metall the conditions concerning the wage follow the national collective wage agreement. This is always valid no matter if the ownership changes or not. In IF Metall’s policy statement they claim with force that “the national collective wage agreement is a good foundation for the future for continued real wage increase on the Swedish labour market”(IF Metall, 2007c).

#### **4.3.3 Co-Determination in the Enterprise**

Torbjörn Lilja explains that before FMC’s acquisition of VCC, IF Metall always had a representative in the board of the company. This changed after the acquisition when the decisions regarding strategy and product development moved to Detroit. It is now harder for the union to participate in the decision-making process.

Bengt Stark means that the co-determination in the enterprise is worse since low level-managers have no mandate of making fast decisions. Stark adds that “every small thing has to go to the highest level in order for a decision”. Rolf Andersson’s opinion on this is that “there are less space for adapting policies and directives for the special conditions that are present in VCC”.

Moreover, Lars Jonsson says that “some managers lack the mandate to implement changes which involves a cost”. Rolf Andersson agrees in this matter and explains that “the manager has after the acquisition no financial means when it comes to making a decision”.

#### **4.3.4 Organization of the Workplace to Promote Co-Operation**

Co-operation in work teams and individual achievements are, and have always been important at VCC, according to Steve Kjellander. He adds that it is vital in this industry to observe how the group and the individuals within it conduct their tasks in order to deliver quality cars. Kjellander does not think that the acquisition has affected how the workplace



is organized in order to promote co-operation. The other interviewees agreed with this opinion and declared that they have not experienced any differences after the acquisition concerning this topic.

#### **4.3.5 Professional Competence in All Jobs**

Bengt Stark stresses that professional competence is important in all work, but in recent times there has been an increase of workers coming in from employment agencies and the level of competence in this group is not as high as it is among the regular employees. This creates a stressful situation for the regular workers where they have to take more responsibility, according to Stark. Furthermore, Torbjörn Lilja thinks that the company's internal training programs for employees working in the factories are somewhat less extensive after the acquisition.

In Ny Teknik (A-C. Horgby, 2002) there was an article addressing the lack of formal competence of the employees working at VCC. This became apparent as VCC got more involved in international projects after FMC's acquisition. VCC has had a continued internal competence enhancing program for its workers when necessary. However, this has shown not to be enough since it does not result in any formal competence. In order to secure the formal competence the internal competence enhancing program are nowadays developed in cooperation with Chalmers University in Göteborg (A-C. Horgby, 2002).

#### **4.3.6 Training as an Integral Part of One's Work**

In their policy statement IF Metall describes that they support a workforce that is continuously trained in their work in order to improve their skills. This is important since it adds value to the organization (IF Metall, 2007c).

This issue is somewhat connected with the previous topic's discussion about internal competence enhancing programs. The article in Ny Teknik (A-C. Horgby, 2002), which is mentioned in the last topic, discussed that a lack of formal competence within Volvo became apparent when VCC got more involved in international projects after FMC's acquisition. This made the company start a co-operation with Chalmers University in Göteborg in order to develop their insufficient training programs. Nowadays an employee without proper education has to accept to take these programs to be able to advance in their career (A-C. Horgby, 2002).

Torbjörn Lilja explains that VCC's internal training programs for employees working in the factories have become somewhat less extensive after the acquisition.

#### **4.3.7 Working Hours According to Social Needs**

In the fall of 2006 VCC increased the number of work shifts a day, explains Steve Kjellander. They changed from two shifts to three shifts a day. This was not to increase the output of the company, instead it was to increase the amount of time spent on each vehicle in order to produce more qualitative cars. Otherwise there have not been any changes regarding this topic since the acquisition took place, according to the respondents.

#### **4.3.8 Equality in the Workplace**

In IF Metall's policy statement it is stated that everyone has the same value no matter of "age, gender, origin, handicap, sexual preference, or religion" (IF Metall, 2007b).

Torbjörn Lilja says in the interview that there have been changes in this area. Equality is a more discussed issue at VCC today, especially when it comes to diversity and ethnicity. However, he thinks that this is probably not because of the new ownership. Rather it is a result of that the issue is more discussed in society in general today compared to how it was before the acquisition.

#### **4.3.9 A Working Environment Free from Risk of Ill Health and Accident**

Steve Kjellander explains that there are measures to avoid work related injuries that come from monotonous movements when performing one work task for too long. There is a system of rotating the work assignments between employees, but Kjellander says that this has been hard to implement due to the up scaling of the production that has been taking place since the acquisition. The production process delimits the implementation of rotating work assignments. Still, he stresses that it is implemented to the highest extent possible.

This lack of diversified work tasks is something that is not fully appreciated by the employees. Rolf Andersson is of the opinion that the “development towards more diversified work routines have come to a complete halt and in some cases taken a step back”. Kjellander stresses that the importance of avoiding this is clearly something too consider since the nature of the assembly line is considered to be tough. It is an environment which puts physical stress on the workers and it is important that they are confident that it does not present any harmful elements.

## 5 Analysis

*In this chapter the authors will analyze the empirical data in relation to the theories presented within this thesis. The structure of this section will follow the outline of the key points presented in the empirical chapter.*

### 5.1 Changes in the Management at Volvo Car Corporation

This part of the analysis will reflect upon how the management at VCC has changed after the acquisition by FMC. Connections between the empirical results and the theories presented in the frame of reference will be made in order to reveal differences and similarities.

#### Degree of formality

The interview-respondents declared that the company is more centrally managed today. Decisions are made further up in the organization and the company has turned out to be more hierarchical according to Lars Jonsson. Eva Lind agrees and claims that the company do not have the same trust in the employees anymore since everything has to be approved at a higher level in the organization. Furthermore, Steve Kjellander argues that the company is more bureaucratic today and the work involves more report writing compared to how it was before the acquisition took place. He is convinced that influences from the U.S. business culture have a lot to do with this. He argues that “even if we felt that AB Volvo was bureaucratic, I want to ad that Ford, which is a big, foreign company, is more bureaucratic than AB Volvo ever was”. Most decisions are today made in Detroit instead of Göteborg which creates another level in the hierarchy, explains Torbjörn Lilja. This view is strengthened by Rolf Andersson who says that the company is managed more from the top today and explains that this has eliminated the space for adjusting policies and directives to VCC and the conditions that exist in Sweden.

According to Bjerke (1998), these kinds of arguments are examples of how a company with a high degree of formality works. Thus, the empirical data unanimously shows that VCC has a much higher degree of formality today. There is no evidence in the empirical findings which indicates anything else.

Furthermore, Bjerke (1998) stresses that the degree of formality tends to be higher in U.S. companies compared with Swedish companies. According to the authors of this thesis, this implies that VCC’s move towards a more formalized management most likely is a result of the acquisition.

#### View on planning and change

The empirical data indicates that results are focused on shorter intervals today. The most occurring examples on this are that follow-ups and reports are conducted more frequently since FMC’s purchase. Rolf Andersson mentions that changes are implemented faster today, as another example. Bjerke (1998) implies that this signifies a short-term oriented view on planning and change. Although, Steve Kjellander declares that there always has to be a long-term perspective involved when producing and constructing new car models and this is still the case at VCC today. The authors have taken notice of this opinion but choose to disregard it since it does not concern the entire view on planning and change within the

company. When putting the answers from the other respondents in perspective to the theory it implies that the management's general view on planning and change has become more short-term oriented.

Bjerke (1998) states that U.S. companies generally have a more short-term oriented view on planning and change compared to their Swedish counterparts. Hence, we can conclude that VCC's move towards a more short-term oriented perspective also is a result of the acquisition.

### **Degree of result-orientation**

Our empirical data concerning this issue gave us answers that somewhat differed from each other. The interviewees, with the exception of Steve Kjellander, were not able to say for sure whether they think VCC has changed its degree of result-orientation or not. Anna Björk claims that the company is more optimistic in the interpretation of new goals, while Lars Jonsson and Rolf Andersson both believes that the tolerance for goals that is not satisfied completely is lower today. However, neither of these three can say whether the company's general result-orientation became stronger or weaker after the acquisition. Steve Kjellander, on the other hand, thinks that VCC is more result-oriented today. He mentions the Production System, which contains directives and rules for the employees to follow in order to achieve the desired results, as an example of this. He believes that it is FMC who establishes the goals and then it is VCC's task to fulfil them.

Even if Kjellander is convinced that VCC is more result-oriented today, it is hard to make any definite conclusion out of the empirical data since the majority of the respondents are unsure. Although, their answers imply that VCC has more optimistic goals today and that it is more intolerant with unfulfilled goals, issues which the authors of this thesis would argue are signs of a more result-oriented management. Together with the example of the Production System we claim that there is enough evidence to conclude that the company has become somewhat more result-oriented after the acquisition. Although, even if Hickson & Pugh (2001) claims that this is one of the elements that distinguishes U.S. management from Swedish we question if this only is a conscious strategy. Steve Kjellander, among others, mentions that the company is more oriented towards financial goals today and reflects over that the poor financial performance of the company may be a reason that forces FMC to act this way. We agree with his reasoning and claim that it is impossible to settle whether the higher degree of result-orientation today solely is a result of that VCC is managed by a company from the U.S. today. However, the authors conclude that a somewhat more result-oriented view is present today and that the basic reason for this is the acquisition.

### **Degree of individualization**

The empirical data shows that none of the respondents think that the company have changed their focus in any direction regarding this topic. Hickson & Pugh (2001) states that signs of an individualistically oriented company are when rewards and promotions are individually based and when employees' individual achievements are measured and estimated separately. The respondents did not say that VCC is not individualized; rather they agreed upon that the extent of individualization was high long before the acquisition took place. Steve Kjellander explains that individual achievements always have been important for the company since it is vital in this industry to observe how individuals conduct their respective tasks, in order to produce quality cars.

The authors of this thesis are, based on the empirical findings, convinced that the acquisition did not increase the degree of individualization within VCC. Unanimous answers conclude that the company already was individualistically oriented before the acquisition took place regarding measuring individual achievements. Neither did any respondent say that wages and promotions are based and negotiated differently today, which also implies that nothing have changed concerning this issue.

We do not find it surprising that VCC was a company with a high degree of individualization even before the acquisition took place. The car industry is a competitive industry where small mistakes in the manufacturing process can result in devastating consequences such as negative publicity and a bad reputation, which is why we uphold that measurements of individual achievements at a company like VCC is a necessity. In fact, Hickson & Pugh (2001) declares that Swedish companies have a high level of individualization, but the degree of individualization tends to be even higher in U.S. companies. This supports the conclusion that VCC was individualistically oriented even before the acquisition. The fact that U.S. companies according to the theory generally have higher degrees of individualization does not imply that this holds true for FMC and VCC. Thus, the authors conclude that VCC is an individualistically oriented company, but there are no indications on that this neither is a result of the acquisition, nor is there any signs on that the degree of individualization became stronger after it took place.

### **Working conditions**

When conducting the interviews this topic resulted in a lot of sufficient data. First of all, Rolf Andersson, Bengt Stark and Eva Lind all have experienced worse working benefits since the acquisition. Andersson mentions that benefits such as Christmas gifts and comfort-money are today gone, and according to Stark the company no longer offers free lunches at special occasions. Lind adds the following examples. "They have reduced the possibility to borrow a car on your spare time in order to increase your product knowledge, taken away the free admission to Liseberg and cut down on group activities". Most respondents declare that the working climate is worse. Steve Kjellander mentions the poor financial results as one reason while Rolf Andersson claims that the employees are more stressed today. This leads to shorter patience and in the end a worse working climate. Eva Lind claims that the "Volvo-spirit" almost is gone today; things that were solved in mutual agreement before are today handled in a "colder" climate. In addition, Lars Jonsson argues that managers on lower levels in the company do not have the power to set aside money for changes that can improve the situation. Torbjörn Lilja states that the equality on the work place gets more attention today, especially when it comes to questions concerning ethnicity. Moreover, the empirical data shows that the relationship between the employees and their managers is worse today. Bengt Stark thinks that the main reason for this is that all decisions are made somewhere else today. Kjellander is not surprised that the relationship is worse. He claims that rationalizations and changes always create disputes regarding co-operation and how the work should be conducted. Finally, there is less on-the-job training today, according to Torbjörn Lilja.

Hickson & Pugh (2001) states that equality between employees, a qualitative work life, a conflict-free working environment and more satisfying personal work experience are crucial features for a company who wants to establish good working conditions. With respect of this the authors claim that the arguments and examples brought up by the respondents clearly show that the working conditions at VCC are worse today. Questions concerning equality are the only area where things have improved since the acquisition.

Although, as Torbjörn Lilja stated in the empirical findings this is most likely a result of that these types of questions are more discussed today in general.

When comparing companies in Sweden and the U.S. these issues tend to be more important for the Swedish companies (Hickson & Pugh, 2001). In general, they put down more effort on establishing satisfactory working conditions. This implies that the worse working conditions on VCC today most likely are a result of the acquisition, according to the authors of this thesis.

Many of the arguments brought up by the respondents seem to concern financial aspects. We argue that no more Christmas gifts or free lunches and a lack of power for the managers to set aside money for changes that can improve the situation indicates that the company tries to save money on behalf of lacking working conditions. This implies that Steve Kjellander's reasoning about the poor financial results as one reason to the worse conditions probably holds true. The poor results might have forced the company to make them more worse than their original intention was. However, other arguments from the interviewees imply that more than just the financial conditions are worse today. Based on this the authors conclude that VCC are less concerned about the working conditions today, mostly as a result of the acquisition.

## **5.2 Summary of the Management Changes at VCC**

*Table 4* summarizes what has been stated in the analysis regarding how the management at VCC has changed after the acquisition. This will be put in relation to the information given in *Table 1*, presented in section 2.3.5 in this thesis.

Table 4: Summary of how the management at VCC has changed due to the acquisition

	<b>Sweden</b>	<b>U.S.</b>	<b>VCC today compared with how it was before the acquisition</b>
<b>Degree of formality</b>	Informal management. The organizational structure is flat and superiors collaborate with subordinates in the decision-making process.	Formal management. The organizational structure is hierarchic. Decisions are made high up in the organization.	Much higher degree of formalization. More hierarchic and bureaucratic. Decisions are made higher up in the organization. More policies and strict routines.
<b>View on planning and change</b>	Long-term oriented. Changes are carefully analyzed before implementation.	Short-term oriented. Changes are conducted quickly and by chance.	More short-term oriented. Follow-ups and reports are conducted more frequently
<b>Degree of result-orientation</b>	Low degree of result-orientation.	High degree of result-orientation. There is a constant drive for success.	Somewhat more result-oriented.
<b>Degree of individualization</b>	Pretty high degree of individualization. However, not as high as in the U.S.	High degree of individualization.	No change.
<b>Working conditions</b>	Focus a lot on achieving good working conditions for the employees.	Not so important with good working conditions. Financial goals are valued higher.	Less concern about working conditions today.

As we can conclude from the table all major differences between Swedish and U.S. management, with exception of the degree of individualization, have been experienced at VCC as a result of the acquisition.



## **5.3 Analysis of Labour Union Guidelines**

In this part the authors analyse how the identified changes of the leadership has affected the relation between IF Metall and VCC. This is done by systematically analyzing the principles presented in section 2.2.4, based on our empirical findings. The changes are concluded and summarized in the final section of this chapter.

### **5.3.1 Job Security**

What impact the acquisition had on the job security gave conflicting answers in the conducted interviews. Several of the interviewees did not think that there had been any major differences concerning the job security. Bengt Stark disagreed and answered that the job security was better now. The reason for this was that VCC now is a part of a bigger company. This opinion was shared by Steve Kjellander. He explained that IF Metall's view on this is that the job security is better now since the acquisition has given the company a better probability to survive in the long-term perspective. A reason that he gives for the increased probability to survive in the long-run is that VCC now has a better financial situation to develop new car models to put on the market.

The discussion about a company's view on planning and change is applicable here. Bjerke (1998) describes the U.S. management as more short-term oriented and active than the Swedish. This is in line with our empirical findings which show that VCC is more focused on short-term results today. In a regular case we would argue that this implies a worse job security for the employees since failures to achieve short-term goals can result in actions such as lay-offs. However, spite this new short-term oriented view the authors have found that this particular acquisition actually has improved the job-security for IF Metall's members. This is because VCC today is a part of a major company with the financial resources to ensure the survival of VCC in the future. We argue that this outruns the fact that a shorter planning perspective in general has a bad impact on the job security within a company.

To conclude, the job-security at VCC has improved as a result of the acquisition. However, the authors argue that this can not be related to any differences between the U.S. and the Swedish management conduct in particular; rather it is a result of that VCC today is part of a much bigger company.

### **5.3.2 Fair Distribution of the Fruits of Industry**

This topic regards the importance of fair wages for the employees (Huzzard, 2000). Hickson & Pugh (2001) mentions that the degree of individualization in a company can affect the wages. A company with a high degree of individualization often negotiates the salary for each employee individually, which may complicate the distribution of fair wages. However, the empirical findings showed that the degree of individualization at VCC has not changed after the acquisition.

In addition, Steve Kjellander explains in the interview that the wages for Swedish workers are regulated by a national wage agreement. This agreement applies for every member of IF Metall and is valid no matter who the owner of the company is. Hence, the distribution of wages at VCC is not affected by a new management. However, this agreement only holds true for workers in Sweden. An article in Dagens Arbete (H. Gatu, 2005) revealed that a supplier to VCC hired foreign workers paying only a fraction of what is negotiated for IF Metall' members. Steve Kjellander reveals that IF Metall and VCC immediately reacted on



this and changed the requirements for becoming a supplier to VCC. This example indicates how important this principle still is for both IF Metall and VCC.

The authors conclude that the relation between IF Metall and VCC has not been affected by the acquisition regarding this topic. The main reason for this is that the national wage agreement regulates the wages. The company has experienced some problems with suppliers paying foreign employees minimal wages, but this was stopped by the company shortly after it was revealed. This shows that the company share IF Metall's view even when there is no wage agreement.

### **5.3.3 Co-Determination in the Enterprise**

We found in the interviews that there have been changes at several levels in VCC regarding this topic. Torbjörn Lilja mentioned that before the acquisition IF Metall had a representative in the board of VCC. This is no longer the case. The decisions concerning product development and strategic issues have moved from the board in Göteborg to the board for FMC in Detroit, explains Lilja. This has created another level in the company. Lars Jonsson describes that the co-determination on lower levels in the company has become worse as a result of that the managers has less power to implement changes on their own initiative today, especially if it involves a cost. Moreover, Bengt Stark argues that all small issues have to be brought up to the highest level in the company for a decision. There is also less room to adapt policies and directives in order to make it more suitable for the special conditions that are present at VCC, according to Rolf Andersson.

This suggests that the relation between IF Metall and VCC has become worse for two reasons. First, the authors mean that the fact that IF Metall lost their place in the board of the company has changed the relation between IF Metall and VCC since the union no longer has any saying in the decisions. It is nowadays more an observer regarding decisions. Secondly, subordinates and managers at lower levels in the company have less influence in the determination-process. This is because the structure is much more centralized and hierarchical when it comes to decision making within the company. This clearly indicates that the co-determination within VCC has become worse, which is the opposite of IF Metall's objectives.

Bjerke (1998) claims that this is a sign of a more formal company. Our empirical findings on the degree of formality within VCC show that it is much higher today compared with how it was before the acquisition. It is not just that the co-determination within the company is worse; the new hierarchy of the organization has resulted in that IF Metall lost their own representative in the board as well. Hence, the authors conclude that the relation between IF Metall and VCC, concerning this topic, has become much worse as a direct effect of the new management.

### **5.3.4 Organization of the Workplace to Promote Co-Operation**

This principle is directly connected with the degree of individualization within the company. Hickson & Pugh (2001) claims that a company less focused on individualization promotes collaboration and co-operation to a higher extent. However, our empirical findings on the degree of individualization at VCC today compared with how it was before the acquisition does not reveal any change. Steve Kjellander claims that both co-operation in work teams and individual achievements is, and have always been, important at VCC. It is fundamental in this industry to observe both how the group and the individuals within it conduct their tasks in order to deliver quality cars, and thus, Kjellander do not think that the acquisition has affected how the workplace is organized in order to promote co-

operation. None of the remaining respondents had experienced any changes in the organization of the workplace either.

Based on these findings the authors conclude that the acquisition has not affected the relation between IF Metall and VCC concerning this principle.

### **5.3.5 Professional Competence in all Jobs**

This principle implies that the employee ought to have sufficient skills for the work conducted. The workers should not be instructed to do tasks which they do not have sufficient competence for. This issue is something that has been discussed in media. In Ny Teknik (A-C. Horgby. 2002) there was an article saying that the workers at VCC did not have the formal competence which is expected in an international context. This became even more obvious after the acquisition when VCC got more involved in international projects. VCC has a long tradition of internal training programs for their employees but the programs did not cover this sort of competence. In order to change this VCC started a co-operation with Chalmers University in Göteborg. The intention was to increase the formal competence of its workers, which is demanded and asked for in international projects today. This is an indication on that VCC and IF Metall still share the same opinion on professional competence in all jobs.

The interviews conducted gave contradicting answers. Bengt Stark said that professional competence is important in all work, but in recent times there has been an increase of workers coming in from employment agencies and the level of competence in this group is not as high as it is among the regular employees. This implies that the level of competence actually has become worse.

The discussion in the frame of reference concerning result-orientation within a company is valid here. A highly result-oriented company may favor to make use of employment agencies in order to achieve targeted goals, even if it results in hiring less competent staff. According to Bjerke (1998), U.S. companies tend to be much more result-oriented than companies in Sweden. The empirical findings regarding the degree of result-orientation within VCC also showed that the company is more focused on goals and results today. The company's view on planning and change has an impact on this issue to. A company with a short-term perspective also makes use of employment agencies to achieve goals and financial objectives on behalf of the level of competence in the workforce. Bjerke (1998) claims that the U.S. companies are more short-term oriented than the Swedish, and this statement is strengthened by our empirical findings which show that the management at VCC has become more short-term oriented after the acquisition.

Professional competence in all jobs is a stated principle by IF Metall, and based on the discussion above we can see that the acquisition has resulted in both positive and negative effects regarding this topic. However, the authors argue that the co-operation with Chalmers University do not affect the members of IF Metall to any higher extent. This competence enhancing project focuses on employees involved in international projects while the members of IF Metall most often are effective on lower levels in the company. The increase in workers coming in from employment agencies will probably have a bigger effect on the members of IF Metall. As stated above, the use of employment agencies is a result of a more result- and short-term oriented view. Hence the authors conclude that the relation between IF Metall and VCC, concerning this principle, has become worse as an effect of the new management.

### **5.3.6 Training as an Integral Part of One's Work**

This issue is somewhat connected with the previous topic. The principle implies that an integrated and continuous training in order to increase the workers' skills and competence is important (Huzzard, 2000). The discussion in Ny Teknik (A-C. Horgby, 2002) regarding the development of new competence enhancing programs for the employees is connected to this principle as well. After the acquisition VCC has started a co-operation with Chalmers University in Göteborg, in order to develop their insufficient training programs. Employees without proper education have to accept to take these programs to be able to advance in their careers. However, as Torbjörn Lilja reveals this new program is not designated for employees working in the factories, which most of IF Metall's members are. In fact, Lilja states that VCC's internal training programs for these employees actually have become less extensive after the acquisition.

Once again we argue that VCC's view on planning and change and the degree of result-orientation within the firm is a reason for this. The company has become more focused on achieving results on a short-term basis, and according to Bjerke (1998) this is a typical attribute for a U.S. company. This new type of management implies that long-term capital investments, such as internal training programs, may be somewhat sacrificed in order to achieve results in the short-run. Based on this information the authors conclude that the relation between IF Metall and VCC, concerning this topic, has become worse as an effect of the new management.

### **5.3.7 Working Hours According to Social Needs**

The empirical findings show that there has been a change in when the work is performed. Steve Kjellander declares that there has been an increase in the number of shifts a day. Nowadays there are three shifts instead of two, although the number of working hours for each employee is still the same. According to Hökerberg (2000), the reason for the change was that the short-term focus had destructive effects on VCC's image due to that the short-term profitability goals lowered the quality of the cars. The negative implications on the brand-image led to that the company needed to rethink in order to maintain high quality on their output. Kjellander agrees with this and explains that the reason for the last change from two to three shifts was to increase the amount of time spent on every vehicle in order to enhance the quality of the cars. We have not found any evidence in the empirical findings on that the employees see this change as something that has had a negative effect on their social needs. The authors regard the change from two to three shifts as something that is common in this industry and this is something that would be of interest to IF Metall since it reduces stress at the workplace for its members.

According to Hickson & Pugh (2001), this example concerns the employees' working conditions, and U.S. companies tend to care less about this compared with companies in Sweden. The empirical findings show that the acquisition had this effect on VCC to since the company seems to focus less on work conditions today.

The authors argue that the principle of working hours according to social needs is somewhat more fulfilled by VCC today. However, the empirical findings show that the work conditions in general at VCC today are worse, and Hickson & Pugh (2001) stresses that this is a common attribute of U.S. management. Hence, we can not state a connection between the changes concerning this principle and the new management behaviour.

### **5.3.8 Equality in the Workplace**

In their policy statement IF Metall (2007b) mentions that they work for the same value no matter of “age, gender, origin, handicap, sexual preference, or religion”. The empirical findings show that there has been a change in this area. The interview with Torbjörn Lilja gave that this is a much more discussed issue at VCC today. Especially when it comes to questions regarding ethnicity and diversity. However, he was not sure if this has something to do with the new ownership. Rather he thinks that it is a result of that equality-related questions in general are more debated in society today compared with how it was before the acquisition.

Phillips-Martinsson (1992) argues that equality between gender-roles, professions and generations is a very important feature in Swedish companies. In addition, Hickson & Pugh (2001) claims that equality in the workplace is an example of good working conditions and this is something that Swedish companies tend to focus more on compared with companies with U.S. origin. The empirical findings regarding working conditions at VCC show that the company has less focus on these issues nowadays. The only exception was questions regarding equality. However, we agree with Torbjörn Lilja when he says that the reason for this is that these types of questions are more debated in society in general today.

The authors’ conclusion regarding this principle is that there have been changes to the better, but they are not relatable to the new management behaviour.

### **5.3.9 A Working Environment Free from Risk of Ill Health and Accident**

In the interviews we found something that indicates that this is not completely fulfilled to its highest extent today. It concerns avoiding work related injuries due to monotonous movement when performing one work task for too long. Rolf Andersson’s opinion on this is that “the development towards more diversified work routines have come to a complete halt and in some cases taken a step back”. Steve Kjellander agrees with this, but in the meantime he claims that the nature of the production process presents problems when it comes to implementing a rotating system of work tasks. This is especially true when up scaling the production. Still, he believes it is implemented to the highest extent possible.

These two opinions are somewhat conflicting. Rolf Andersson has experienced a complete halt while Steve Kjellander claims that it is implemented to the highest extent possible. A reason for this can be that the interviewees are from different levels within the organization and by this have diverging opinions. However, the fact remains that it is worse today compared to how it was before the acquisition. Kjellander mentions that the reason for why they can not fully implement a rotating system for work tasks is because VCC is up scaling the production. The authors mean that the reason for this is to fulfill financial goals instead of to the fullest extent possible ensure the quality of the working environment for the employees.

The importance of securing a qualitative working environment is more important for Swedish companies, according to Hickson & Pugh (2001). U.S. companies focus more on profitability and financial goals than establishing sufficient working conditions for their employees. The empirical findings on how the management at VCC has changed after the acquisition show the same result. The working conditions at VCC are worse today while the company at the same time seems to be more result-oriented. Based on this information the authors conclude that the relation between IF Metall and VCC, concerning this topic, is worse today as a result of the new management.

## 5.4 Summary of Analysis

This part of the analysis summarizes the changes which the new management has meant for the relation between IF Metall and VCC. Regarding the principles that work as guidelines for IF Metall's work, two of them have not been affected at all since the acquisition took place. They are *Organization of the workplace to promote co-operation* and *Fair distribution of the fruits of industry*. Furthermore, we have found that three out of the nine principles changed, but the authors were not able to establish any connection between the new type of management and the changes in these three principles. They are *Job security*, *Working hours according to social needs* and *Equality in the workplace*.

Finally the authors found changes in four out of the nine principles which have a direct connection with the new type of management conducted at VCC today.

*Co-determination in the enterprise* decreased as a number of decisions moved from Göteborg to Detroit. This means that IF Metall is no longer involved in the decision process. The level of internal co-determination within VCC has also decreased as a result of the changes towards a more hierarchic and bureaucratic management.

Changes regarding *Professional competence in all jobs* involve an increase of workers hired from employment agencies in order to achieve fast financial results. This meant that the level of competence in some jobs decreased. All this was a result of that the company's view on planning and change became more short-term oriented due to the acquisition.

The changes concerning *Training as an integral part of one's work* are based on the same factors as the changes regarding professional competence. A stronger short-term view on planning and a higher degree of result-orientation have meant that the time and resources spent on an integrated training for the workers have decreased.

The changes concerning *A working environment free from risk of ill health and accident* has resulted in that the system of rotation for the workers are not in use anymore. This relates back to the tendency for U.S. management to spend less capital on the working conditions for their workers.

## 6 Conclusion and Discussion

*The authors will in this section present the main conclusions drawn from this study and relate them back to the purpose of the thesis. This will be followed by end discussions, limitations and suggestions for further studies.*

### 6.1 Conclusion

The purpose with this thesis was to examine how the relation between a labour union and a company is affected when U.S. and Swedish types of management are mixed as a result of an acquisition. In order to carry out this we conducted a case study on FMC's acquisition of VCC, and analyzed its implications on VCC's relation to the labour union IF Metall.

The relation between IF Metall and VCC was studied using nine principles which IF Metall uses as guidelines when working to ensure good terms for its members. Any changes regarding these principles imply a change in the relation between the company and the labour union. The changes were then analyzed using theories on Swedish and U.S. management in order to find out which changes that can be related to the new management at VCC. The investigation gave an understanding of that a new type of management can have a considerable effect on the relation between the labour union and the company. In this study the differences between Swedish and U.S. management regarding working conditions, degree of formality, view on planning and change and degree of result-orientation were the issues which affected the relation between IF Metall and VCC.

The principles that were affected directly because of the new management are *Co-determination in the workplace*, *Professional competence in all jobs*, *Training as an integral part of one's job* and *A working environment free from risk of ill health and accident*.

The co-determination in the workplace became worse due to the acquisition. U.S. management has a higher degree of formality compared to Swedish management which resulted in a more hierarchic structure in the company after the acquisition. Another difference in management behaviour which VCC experienced was that it became more short-term oriented and more focused on financial results. The members of IF Metall were strongly affected by this. The company's strive for achieving short-term financial goals today has decreased both the professional competence in the jobs and the amount of on-the-job training. The acquisition has also resulted in that VCC devote fewer resources to improve the working conditions for their employees, which is a typical attribute of the U.S. management. This has affected the relation to IF Metall negatively since their members no longer have a working environment free from risk of ill health and accident.

The study has showed that some differences between U.S. and Swedish management have direct effects on the relation between the labour union and the company. The results of the changes are shown by the effect it has on the principles the union use as guidelines for its members.

The authors can therefore conclude that when FMC acquired VCC the relation between the union and the acquired company was affected negatively. The labour union and its members can expect to have less influence in the decision making process, there will be less resources devoted to work related training programs, the competence level of the members will decrease and the working conditions will become worse.

## 6.2 End Discussion

In order to fulfil the purpose of the thesis the authors conducted a case study where the focus was FMC's acquisition of VCC. The intention was to study how the relation between the labour union IF Metall and VCC has changed after the acquisition.

The process of analyzing the differences between U.S. and Swedish management was a difficult task in the start-up face of this study since country-based management is an ambiguous concept. The authors started by addressing this by including a discussion regarding the differences in culture between the two countries. Another factor which made the topic more complex to address was that U.S. is a large country, which presumably has different characteristics of management conduct throughout the country. This implies that theories regarding U.S. management must be somewhat generalized. Furthermore, the issue of addressing the nature of management in Swedish and U.S. companies can sometimes be hard to link to the respective country, since it could be a matter of unique management within a company.

The authors would like to point out that this study has created an understanding of the interaction between IF Metall and VCC. This was helpful when building a concept of what issues that can be expected when a Swedish company is acquired by a company with U.S. origin. Furthermore, the results of this thesis have changed the authors' view of the labour union's influence on the companies with the aim to ensure employees safety and development. The company and the union work closely together which is something that is not obvious. The reason for this is that both the company and the labour union benefits from a cooperation that works.

However, the process of collecting primary data for this thesis has been a difficult task due to two factors. The first was that there were only a limited amount of people that really had sufficient knowledge of this topic, and the second issue was a matter of accessibility. Something that might have given another outcome would be if employees that were not employed at the time of the acquisition might have excluded the possibility of the interviewee to involve their personal opinion regarding the acquisition. This would also have made the population of possible interview subjects bigger.

When we address the issue of the limitations from the authors' point of view it is that this topic is of complex nature. This is because the topic of management and differences between countries involves certain amount of culture aspects which is hard to define. To address the term culture would be a separate thesis just by itself and this was never our intention with this study. Furthermore, an issue that the authors recognized during the data collection process is that it was sometimes a difficult task for the participants to provide information about the acquisition in 1999 and compare it with the present situation.

### **6.3 Further Studies**

An interesting suggestion for further readings would be to conduct a longitudinal study concerning the post-acquisition process in a cross-cultural context between U.S. companies acquiring Swedish ones. This topic could be studied as a comparative study between FMC's acquisition of VCC and General Motor's (GM) acquisition of SAAB. There is also a possibility to conduct this thesis within another industry to see if there are differences among various industries. This would be a way to compare our findings to see if there can be any generalizations made.

Another suggestion is to study the integration process of VCC and FMC. One case, which the authors found particularly interesting for further studies, is to research VCC's integration process to fit FMC objectives and strategies.

It would also be interesting to conduct a further study from the company's perspective. The aim of this study would lie on addressing this topic from the management side in order to see if there are any differences with this study.

Furthermore there are other labour unions that have experienced similar situations. To see what changes they have experienced could be a topic for further studies as well.



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## Appendix 1 – Intervjuguide

Följande frågor användes som utgångspunkt för både telefonintervjuerna och frågeformuläret i undersökningen.

### Introduktion

- Vill ni svara på dessa frågor anonymt eller godkänner ni användandet utav ert riktiga namn?
- Är det ok om vi spelar in samtalet?
- Hur länge har ni arbetat för Volvo?
- Vad hade ni för position vid uppköpet?
- Vilken roll hade du i uppköp processen?
- Vad har ni för position idag?

### Fackfrågor

- Ungefär hur stor andel av de anställda är medlemmar i IF-Metall? Har siffran förändrats nämnvärt sedan uppköpet?
- Vad hade IF-Metall för förväntningar på uppköpsprocessen? Sågs det som positivt eller negativt ur deras ögon?
- Några specifika krav från Er sida eller var det några punkter som ni hakade upp Er på?
- Hade IF-Metall möjlighet att påverka vid uppköpsprocessen? Ställdes det t ex några specifika krav från er sida under förhandlingarna? Vilka? Utfall?
- Har du någon uppfattning om hur Ford ställer/ställde sig till fackföreningarnas nära relation med de svenska företagen i allmänhet, och IF Metalls relation till Volvo i synnerhet?
- Hur aktiva är Metall på Volvo Cars idag jämfört med innan Fords uppköp av Volvo Cars?
- Hur jobbar Metall idag för att säkerställa sina medlemmars villkor enligt Metalls riktlinjer om det goda arbetet? Har det förändrats efter Fords uppköp av Volvo? (Det goda arbetet innebär löneutveckling, kompetens utveckling, arbetsorganisation)
- Från ert perspektiv, hur ser Volvo på fackets aktivitet på arbetsplatsen jämfört med hur det var innan uppköpet? Positivt/negativt?

- Hur ser kommunikationen mellan Metall och Volvo ut idag? Har det ändrats efter Fords uppköp av Volvo? Är den mer öppen, stängd, direkt, indirekt?
- Hur ser förhållandena i övrigt ut mellan Volvo och Metall idag? Hur har det ändrats efter Fords uppköp av Volvo?

### Frågor för ändrat Ledarskap

- Har atmosfären förändrats till att gå emot tuffare arbetsvillkor? (GP, artikel påpekar att en mer hotfylld atmosfär har uppstått)
- 2006/2007 infördes ett regelverk angående muntliga och skriftliga varningar vid försen ankomst och ogiltig frånvaro (Artikel från GP jan 2007).
  - Hur ställer ni er till det här direktivet?
  - Kan detta regelverk ses som en effekt av uppköpet? (ex att de vill ha de mer kontrollerat)
  - Kom det från Volvos sida eller Ford?
- Artikeln i dagens arbete, DA (juni, 2007), skriver att lönedumpning förekom när Volvo anlätade en utländsk leverantör (Slovakiskt företag, där 25 anställda jobbade med 10kr/timmen)
  - Hur ställer ni er till den här händelsen?
  - Vad anser ni har legat till grund för att händelsen inträffade?
  - Skapade detta problem i samarbetet mellan Volvo och Metall?
- Upplever ni att jobsäkerheten på företaget har förändrats efter uppköpet? Hur?
- Upplever ni att relationen mellan arbetsgivare och de anställda har förändrats efter uppköpet?
- Upplever ni att arbetsklimatet/miljö på företaget har förändrats efter uppköpet? Hur?
- Upplever ni att arbetsförmånerna för anställda har förändrats efter uppköpet?
- Upplever ni att företaget sköts mer eller mindre formellt nu än vad det gjorde innan uppköpet? Är exempelvis striktare procedurer och policys mer eller mindre vanliga nu?
- Upplever ni att företaget sköts mer eller mindre målinriktat nu än vad det gjorde innan uppköpet? Är exempelvis pressen högre/lägre på att uppnå resultaten nu än vad den var tidigare?

- Upplever ni att företaget agerar mer kort/långsiktigt nu än vad det gjorde innan uppköpet? Prioriteras snabba och osäkra förändringar eller mer långsamma och försiktiga förändringar?
- Upplever ni att individens resultat och insatser är mer eller mindre viktiga nu jämfört med hur det var innan uppköpet?
- Hur fattas beslut i olika frågor inom företaget idag jämfört med innan uppköpet? Finns exempelvis företrädare och åsikter från de lägre nivåerna i företaget representerade i beslutsprocessen?
- Finns det andra skillnader som ni märkt av angående hur företaget sköts och fungerar nu jämfört med hur det var innan uppköpet? Vilka?

## **Appendix 2 – Interview-guide**

The following questions were used as a base for both the telephone interviews and questionnaires conducted in this thesis.

### **Introduction**

- Do you want to answer the questions anonymous or do you approve on the condition where we use your real identity?
- Is it alright if we record this interview?
- How long have you worked at Volvo Cars?
- What was your position during the acquisition process?
- What role did you have in the acquisition process?
- What is your current position?

### **Labour union questions**

- Approximately how many of the employed people at Volvo Cars are members of IF Metall? Have the figures changed since the acquisition or are they relatively the same?
- What was IF-Metall's view on the acquisition process? Did IF-Metall see it as a positive or negative implication?
- Did IF-Metall have any specific demands or did they argue for/against any specific factors?
- Did IF-Metall have any possibility to influence on the acquisition process?
- Do you have any view on how Ford's opinion was/is concerning labour unions' close relationship to the Swedish companies? And especially their opinion concerning IF Metall's relation to Volvo Cars?
- How active are IF Metall at Volvo Cars today compared with during the pre-acquisition process?
- How does IF-Metall work to secure their members' working conditions in regard to IF Metall's policies of the "good work"? Has it been changed after the acquisition?
- From your perspective, how does Volvo Cars view on IF Metall's activity today look like, compared with before the acquisition?
- How is the communication between IF-Metall and Volvo Cars today? Has it changed after the acquisition? Is it more open, closed, direct, or in-direct?

- In general how is the relation between IF-Metall and Volvo Cars? Has it changed after Ford's acquisition of Volvo Cars?

### **Management questions**

- Has the atmosphere changed towards tougher working conditions? (GP, article writes that a more threat full environment had been established)
- In 2006/2007 the company implemented orders/policies concerning oral and written complaints for late attendance or improper absence? (Article GP Jan, 2007)
  - What is your opinion to this directive?
  - Can this be related to the acquisition? (E.g. that they want more control.)
  - Was this process implemented from Volvo Cars or Ford's side?
- An article in Dagens Arbete (June, 2007) claims that salary dumping occurred when Volvo Cars appointed a foreign subsidiary? (A company of Slovak origin, where 25 employees worked for 10 SEK/hours),
  - What is your opinion to this occurrence?
  - What underlying factors do you think affected this occurrence?
  - Did it create any conflicts between Volvo Cars and IF Metall?
- Do you feel that the job security has changed after the acquisition?
- Do you feel that the relation between subordinates and superiors has changed after the acquisition?
- Do you feel that the working condition/climate has changed after the acquisition?
- Do you feel that the work benefits have changed after the acquisition?
- According to your opinion, is the company more/less formal after the acquisition? Are for example more rigid procedures and policies more/less frequent?
- According to your opinion, is the company more/less goal oriented now the before the acquisition? I.e. is the pressure higher/lesser concerning the fulfilling the objectives?
- Do you feel that the company today acts more according to short/long term agendas than after the acquisition?
- Do you feel that the individuals' results and achievements are more/less important today compared to before the acquisition?



- How has the decision process changed within the company after the acquisition? Are the views and opinions from lower levels in the hierarchy representative in the decision process?
- Are there other differences that you have noticed concerning how the company is managed now compared to before the acquisition?

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