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**THE ROLE OF ORGANIZATIONAL CULTURE IN DEVELOPING AN  
ENTREPRENEURIAL ORIENTED COMPANY.**



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## **Abstract**

**Title:** The Role of Organizational Culture in Developing an Entrepreneurial Oriented Company

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**Keywords:** entrepreneurial orientation, organizational culture, and entrepreneurial culture

**Thesis purpose:** this thesis has several purposes. Presenting a framework that can be used to analyze the influence of organizational culture on the entrepreneurial orientation of a Swedish SME. Thus, contribution can be made to the existing literature that has not yet tackled this gap. Furthermore, it will provide practical implications for the case company, helping them to develop a more entrepreneurial culture.

**Methodology:** a case study has been carried out at a Swedish SME, Wackes. Combining quantitative approaches, to measure the company's entrepreneurial orientation and qualitative approaches, to assess the company's organizational culture.

**Theoretical perspectives:** to conduct this master thesis, literature is used mainly from business context on entrepreneurial orientation and organizational culture, but also literature from the area of psychology contributes to the understanding of organizational culture. The main models used in this thesis are the ones of entrepreneurial orientation, organizational culture and entrepreneurial culture.

**Conclusions:** it was found that organizational culture contributes majorly to the company's entrepreneurial orientation. Several factors could be identified that negatively influence Wackes' entrepreneurial orientation and the employees' entrepreneurial thinking. Those factors mainly lie in the area of empowerment, communication, as well as the company's dealings with new ideas, change and mistakes.

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## Table of abbreviations

CC	= Corporate culture
EC	= Entrepreneurial culture
EO	= Entrepreneurial orientation
ES	= ENTRESCALE
IEC	= International entrepreneurial culture
OC	= Organizational culture
SME	= Small to medium sized enterprises

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Philipp Severin Leyerer

# 1. Introduction

## 1.1. Background

The current business world is on the move. One word that is mostly related with this change is globalization. Although, scholars have not developed a unified perspective on globalization (Scholte, 2000), there are certain phenomena inevitably linked to this concept. Especially, among others, increased competition is a major concern for established companies. Former closed economies, such as China, are opening up; featuring a young work force, low labor costs and a high capacity to quickly adopt new trends from established companies (Myatt, 2006). This poses a risk to most companies in the market, as they are either forced to change their current way of doing business in order to stay competitive, or they will have to withdraw from their operations.

Scholars have recognized this trend and proposed innovativeness as one of the tools established companies could use to survive the increased competition they are facing (Klippel, Petter and Antunes Jr., 2008). Research could empirically justify that one way to ensure innovativeness as a company's objective, is through the application of entrepreneurship orientation (Atuahene-Gima and Ko, 2001).

A second factor, influencing western economies greatly, are small to medium sized enterprises (SMEs). In Canada for example, they account for 45% of the GDP and 60% of all jobs in the economy (Public Works and Government Services Canada, 2011). Due to governmental statistics, depending on the country, 99,6-99,8% of all companies can be classified as SMEs, which illustrates their immense significance for the national economies (Leebaert, 2006; Bundesfinanzministerium, 2011).

Goal of this Master thesis is, to analyze the impact and the potential that organizational culture has on the entrepreneurial orientation of SMEs, to derive implications for Wackes, how the organizational culture might be changed to foster entrepreneurial thinking among the employees.

## 1.2. Problem Discussion

The following paragraph will give an overview over the existing literature in the field of entrepreneurial orientation and organizational culture, to raise the reader's awareness for the gap that this thesis will try to close.

### 1.2.1. Entrepreneurial Orientation

Entrepreneurial orientation (EO) is a concept that has many different facets. One of the sources for the lack of a collective singular perspective of entrepreneurship can be found in the multiple areas that are connected to entrepreneurship. Several levels can be assessed, such as individual, group or whole organization levels, but there is also a differentiation between "new entry" entrepreneurship and the processes of entrepreneurship. The later, processes of entrepreneurship, is also known as EO, which can be defined as the processes, practices and decision-making activities that might finally lead to a new entry (Lumpkin and Dess, 1996). Most studies that have been carried out on EO focused on the dimensions of EO and the influence of EO on performance (Wiklund and Shepherd, 2003; Lumpkin and Dess, 1996; Covin and Slevin, 1991).

### 1.2.2. Organizational Culture

The concept of organizational culture (OC) has been subject of many scholars' research, empirically and theoretically (Miller, 1982; Bird, 1988; Covin and Slevin, 1991; Lumpkin and Dess, 1996). Yet, it is also a subject that does not provide a clear definition accepted by all scholars, which might be due to its origin in many different sciences and its intangibility (Schein, 1990). Nevertheless, Schein's (1990) definition of organizational culture, as "*(a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with problems of external adaption and internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is taught to new members as the (f) correct way to perceive, think and feel in relation to those problems*" is widely accepted among scholars. Most studies on organizational culture aimed to provide a better understanding of the content and facets of organizational culture, the influence management can exert on forming it and its ability on building competitive advantage (Schein, 1990; Schein, 1992; Hofstede, 2001; Denison, 1990; Barney, 1986).

### 1.2.3. Organizational Culture and Entrepreneurial Orientation

As the conducted analysis of existing research shows (cf. chapter 2), very little research has been carried out on the interaction effects of OC and EO. Ashenbaum, Salzarulo and Newman (2012), assessed the EO in brokerage firms, whereas, Al-Swidi and Mahmood (2011) analyzed the influence of OC on EO and organizational performance of banks. Although both studies were carried out in a MNE setting, which might lead to different results than SMEs, Al-Swidi and Mahmood (2001) found entrepreneurial culture (EC) to be the ultimate interaction between OC and EO. It can be understood as a culture that fosters autonomy, innovation, risk-taking, proactiveness, and competitive aggressiveness and stresses a valuable balance between individualism and group orientations, decentralization, long-term and external orientation. This perspective will be applied for the development of the model used in this thesis (cf. chapter 2.4.1.).

### 1.3. Research Question

In order to close the gap in research that could be identified (cf. chapter 1.2.3.), a research question was formulated that takes into account the two concepts of OC and EO, to assess their interaction in a Swedish SME environment. Therefore, the research question of this study is: *“How can organizational culture influence different aspects of entrepreneurial orientation in a Swedish SME?”*.

### 1.4. Purpose

The goal of this master thesis is to develop a framework on how to assess the relationship of EO and OC. Thus, firstly a quantitative understanding of the EO in the case company Wackes will be developed. Subsequently, the OC will be measured qualitatively to then develop an insight of the way OC and EO interact in the given SME context. This understanding will then be used, to make suggestions on where Wackes could improve and how this could be implemented, to ultimately arrive at a more entrepreneurial culture within Wackes.

Wackes is a Swedish SME, with 44 employees and an annual turnover of 120m. SEK<sup>1</sup>, operating in the promotional merchandise industry. Through an innovative approach to the market, the so-called “corporate concepts” Wackes has a unique positioning, servicing mainly big companies, such as Telia, Schneider, Trelleborg and Tetra Pack, who sign at least a one year contract with Wackes for the supply of promotional items.

Moreover, this thesis will contribute to the available research that has been conducted on the interaction of OC and EO and close the existing gap for analyses in the SME context.

## 1.5. Limitations

There are two major limitations concerning the research process of this master thesis. The first one originates from a language barrier, as the company’s corporate language is Swedish and the author of this thesis is not Swedish spoken. This will pose a limitation to the author’s ability to conduct observations from informal conversations among the employees. Therefore, observations will be more based on artifacts of culture that are perceivable without speaking the corporate language (cf. chapter 3).

The second limitation is the limited time frame of this thesis. To overcome this restraint, qualitative analysis will be combined with quantitative analysis, to develop a better understanding of areas where in-depth knowledge is needed, in order to ensure time efficiency.

## 1.6. Key concepts and definitions

Entrepreneurial Orientation: Processes, practices and decision-making activities that might finally lead to a new entry (Lumpkin and Dess, 1996).

Organizational Culture: *“(a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with problems of external adaption and*

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<sup>1</sup> As in 2011

*internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is taught to new members as the (f) correct way to perceive, think and feel in relation to those problems” (Schein, 1990).*

Entrepreneurial Culture: Culture that fosters autonomy, innovation, risk-taking, proactiveness and competitive aggressiveness and stresses a valuable balance between individualism and group orientations, decentralization, long-term and external orientation.

## 2. Theoretical frame of reference

The following chapter will introduce the reader to the several theoretical concepts used in this thesis. Firstly, the concept of EO will be explained, to then introduce the reader to the concept of OC. It will be structured starting with the general concepts, with subheadings that represent major directions in scholar studies.

### 2.1. Entrepreneurial Orientation

#### 2.1.1. Definition

Hereafter, the first concept used in this thesis, EO will be presented. It will delimit the concepts of entrepreneurship and EO and provide a definition of the later.

The core activity of entrepreneurship can be seen in entering a market, whereas EO focuses on the processes, practices and decision-making activities that might finally lead to a new entry (Lumpkin and Dess, 1996). This view is supported by Covin and Slevin (1991), who suggest a behavioral approach to entrepreneurship. Hence, a company's EO should be measured by the actions it takes.

#### 2.1.2. Dimensions of entrepreneurial orientation

Based on that definition and distinction, scholars have identified several dimensions that characterize an entrepreneurial oriented company. Rested on the work of Miller (1983), Bird (1988) and Covin and Slevin (1991), Lumpkin and Dess (1996) identified

five factors, crucial for the entrepreneurial company: (a) autonomy, (b) innovativeness, (c) risk taking, (d) proactiveness and (e) competitive aggressiveness. Hereafter, the five different attributes will shortly be described in further detail:

- **Autonomy** refers to the degree of freedom given to employees to work creatively, develop and champion new ideas within the company. It fosters opportunity-seeking, as well as advantage-seeking behavior. Regardless of the changing circumstances of a project, the employees autonomy is untouched, being able to carry out the project and making own decisions (Lumpkin, Cogliser and Schneider, 2009).
- **Innovativeness** can be seen as the company's willingness and ability to support new ideas and creative thought processes that ideally result in new products or ventures. Innovativeness can be assessed along many different continuums, such as radical to incremental, newness to the market/newness to the company, or continuous to discontinuous (Kuratko, Morris and Covin, 2011). But ultimately, despite which continuum is being used, innovativeness is a major contributor to an entrepreneurial company.
- **Risk taking** relates to the company's involvement in activities that may also result in losses, but ideally create big wins. That does not mean that companies should chase opportunities precipitous, but take calculated risks (Kuratko et al., 2011). Kuratko et al. (2011) stress risk taking as an ideal point vector (parabola), saying that a point exists where a company takes just the right amount of risk in pursuing their opportunities.
- **Proactiveness** refers to the ability of an entrepreneurial company to anticipate the future, making it possible to release products and ventures before the competition does (Lumpkin and Dess, 1996). It was found to be most beneficial for companies, if they simultaneously are proactive and meanwhile being able to adapt strategically to their changing environment (Green, Covin and Slevin, 2008).
- **Competitive aggressiveness** relates to a company's ability to not avoid confrontation with its competitors and to combative defense its own position

and challenge the rival's one. Another dimension of this factor is the ability of searching for new, unbeaten tracks instead of following the main stream (Lumpkin and Dess, 1996).

In comparison to the concept of OC, research provides a much clearer and more uniform definition of EO. The next chapter will present tools and models that have been developed to measure EO.

### 2.1.3. Measuring entrepreneurial orientation

#### 2.1.3.1. ENTRESCALE

One of the tools, mostly used by researchers to assess the EO of given companies, is the so-called ENTRESCALE (ES). This model was developed by Khandwalla (1977) and later adapted and further developed by Covin and Slevin (1989). As the improved version by Covin and Slevin (1989) results in the highest coefficient alpha value .89 (cf. Miles and Arnold, 1991), which suggests great reliability, this model will be used for further analysis. They included four different items in their questionnaire: (a) environmental hostility, (b) organization structure, (c) strategic posture and (d) financial performance (Covin and Slevin, 1989). This thesis will focus on item (c), as it addresses the EO of a company, in order to answer the thesis' research question.

Covin and Slevin (1989) assessed three out of the five dimensions of EO (cf. chapter 2.2.2.), namely innovation, proactiveness and risk taking. Thereto, they used a seven point Likert-scale<sup>2</sup> and eight questions in total, six for innovation and risk taking and two for proactiveness (cf. chapter 3.2.2.1.).

#### 2.1.3.2. Assessing autonomy

Autonomy has often been a dimension of EO that has not been assessed, as it is not included in the ES model, although empirical research has shown its influence on EO (Davis, 2007). Lumpkin et al. (2009), perceive reasons therefore in its late addition to the three first dimensions of EO, identified by Miller (1983) and Covin and Slevin (1991). Thus, and due to the problem of context limitations and obscurities in the concept's (autonomy) definition of prior methods to analyze autonomy, Lumpkin et al. (2009) developed a new approach.

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<sup>2</sup> Likert-scales can be understood as bipolar scales, running through a neutral point (Likert, 1932).

Ultimately, they recommend four questions, also scaled on a seven point Likert-scale, to assess the company's autonomy.

#### 2.1.3.3. Assessing competitive aggressiveness

Analyzing the literature, two questions emerge, referring to the dimension of competitive aggressiveness, within an expanded ES measurement. One question originates from Covin and Slevin (1989), assessing a certain "undo-mentality" towards the competition. The second question, developed by Lumpkin and Dess (2001), aims to analyze the company's attitude towards its competition.

Both questions are assessed on a seven point Likert-scale, ensuring the fit with the other questions included in the ES. Chapter 3.2.2.1. links the different elements for measuring EO and presents a conclusive model, how all five dimensions can be measured simultaneously.

## 2.2. Culture

In order to address the special role that culture has in organizations and its different characteristics, the general model of culture will be presented first, to develop a better understanding of the concept itself.

The most prominent and widely accepted definition of culture is by Hofstede (1981, p.24), "*culture is the collective programming of the human mind that distinguishes members of one human group from those of another*". This definition underlines Hofstede's understanding of culture as a group's personality (Hofstede, 1981). Furthermore, it suggests that groups can be separated from each other given their culture that group members have in common.

The next paragraph will introduce the reader to the concept of OC, starting with a definition, which will be followed by several important streams in the research of OC. This chapter provides the theoretical foundation for the model presented in chapter 2.4.1., which is used to analyze the present situation at the case company Wackes.

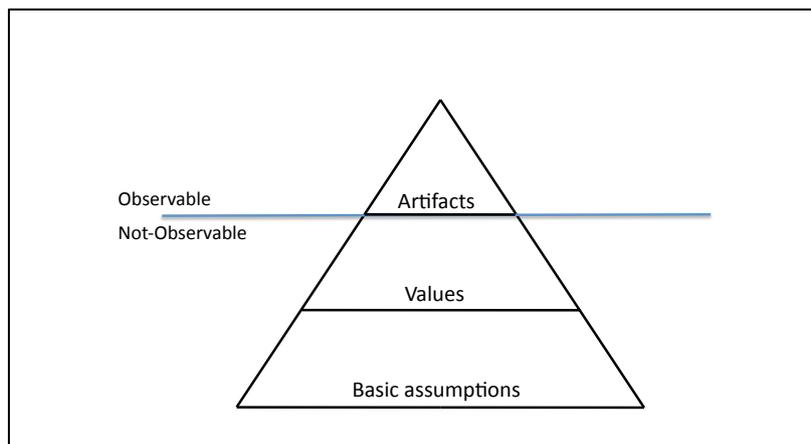
## 2.2.1. Organizational Culture

### 2.2.1.1. Concept Definition

Pettigrew has first mentioned the concept of OC, in 1979. Ever since, and as it has been outlined in chapter 1.2.1., the concept of OC is ambiguous (Lurie and Riccucci, 2003). Nevertheless, there are certain characteristics and contents on culture that most scholars agree on. Schein's (1990, p.111) definition of culture includes six different factors that form OC. Those being, *“(a) a pattern of basic assumptions, (b) invented, discovered, or developed by a given group, (c) as it learns to cope with problems of external adaption and internal integration, (d) that has worked well enough to be considered valid and, therefore (e) is taught to new members as the (f) correct way to perceive, think and feel in relation to those problems”*. This definition stresses the development aspect of OC and that is has to work in the given context in order to be passed on to new members of the group.

Furthermore, Schein (1990) outlines three levels of OC, observable artifacts, values and basic underlying assumptions. The iceberg model (Schein, 1992) is a perfect illustration of what kind of consequences those three levels have for research on OC.

Figure 1: Schein's iceberg model



Source: Schein, 1992

As the model clearly indicates, there is a major distinction between artifacts, values and basic assumptions. A line can be drawn between artifacts and values. Whereas, the former is observable for the beholder, the later and basic assumptions are not “on the surface”. Therefore, it requires deeper analysis to get to those levels in order to understand where the observable artifacts derive from. Schein's perception of culture

will have great effect on the chosen research method, discussed in chapter 3 of this thesis.

Cooke and Szumal (1993) add another dimension to the concept of OC. They underline the importance that shared behavioral expectations have in a group's development of a unified perspective, on how social interaction should be handled and structured.

All those definitions perceive OC as a group level phenomenon. Research has also developed a second stream of research that investigates the role of OC on an individual level. Yet, as the group level OC can be seen as the summarization and result of individual level OC (Fiske and Taylor, 1991), this thesis will focus on the group level perspective.

In order to finalize the definition of the OC concept, it is important to draw a line between this concept and the one of corporate culture (CC), as they are often used as synonyms in literature (e.g. Carrillo and Gromb, 1999). Although not everybody in an organization may share the same culture, due to ambiguity or constant turnover, one can say that every organization has a culture, respectively many sub-cultures (Schein, 1990). Yet, not every organization is a corporation. Besides the legal definition, researchers often refer to corporations as big companies with 500 plus employees. Therefore, for the purpose of assessing SMEs in this thesis, it will refer to the concept of OC.

#### 2.2.1.2. Measuring organizational culture

The ambiguity in regards to culture does not end with the concept's definition. Furthermore, the development of tools and models to assess OC shows also great diversity, resulting in seventy concepts to quantitatively and qualitatively measure organizational culture (Jung et al., 2009). Scholars have developed diverse opinions on how to approach the assessment of culture (Smircich, 1983; Jung et al., 2009); nevertheless, depending on the needs, purpose and goal of the analysis, applicable instruments can be identified. In practice, the main differentiation between useful concepts has to be made between quantitative and qualitative methods.

Quantitative approaches to grasp the OC orientation in companies have started to emerge in the late 1980s (Hofstede, Neuijen, Ohayv and Sanders, 1990; Bluedorn,

Kalliath, Strube and Martin, 1999). The advantage, quantitative approaches have over qualitative ones, are mostly rooted in their ability to be applied in bigger settings. Qualitative data is easy and quick to analyze, it can be used in big corporations and it offers objective comparableness of data that quantitative approaches are lacking. Yet, quantitative data does not allow for in depth understanding of culture phenomena, as it is limited to the dimensions included in the questionnaire and it is very easy for researchers to miss one or two dimensions that might have been essential for the understanding of the empirical case (Brymann and Bell, 2011; Jung et al., 2009).

Qualitative approaches on the other hand are able to provide a deep understanding of cultural phenomena that is based on the organizational reality (Sackmann, 2003). Thus, the researcher can develop a rich picture of OC, also including underlying dimensions (cf. Schein, 1992), which are hardly captured with quantitative analysis (Yauch and Steudel, 2003). Yet, qualitative studies do not provide data for generalization and comparability, as quantitative studies do. Although, for some studies this might be a limitation, in the case of assessing OC in the context of an SME, this disadvantage is only of limited validity, as the results are not meant to be generalized, but to be of help in understanding and improving the organizational culture in the case company.

A third possibility, suggested by Yauch and Steudel (2003) is to combine those two approaches. Starting with a survey to identify patterns and possible fields of interest, interviews and observations will be used subsequently, to develop a better understanding of the prior identified areas. This model will be seized in chapter 3, discussing the research methods used in this thesis.

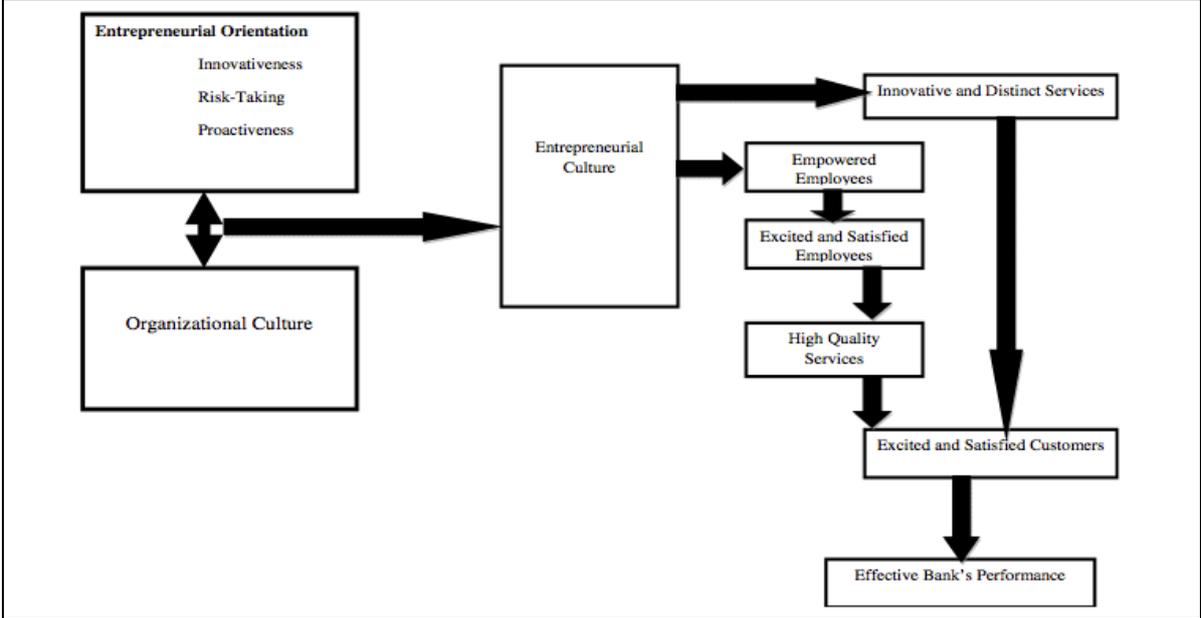
### 2.3. Organizational Culture and Entrepreneurial Orientation

After having introduced the two concepts separately, the question arises, what do those two concepts have in common? As defined earlier, EO is concerned with the processes, practices and decision-making activities that eventually lead to new entry. Fayolle, Basso and Burchard (2010) perceive EO as a mixture of strategy, organization and culture. This thesis will focus on the influence of OC on EO, as

culture and more specifically OC, has been stressed as a moderator and mediator of EO by several researchers (cf. Lee, Lim and Pathak, 2011).

Through an extensive literature research (cf. chapter 3), only a few articles could have been identified, which analyze the influence of OC on EO. The first article linking OC and EO that was identified is by Ashenbaum, Salzarulo and Newman (2012). The authors have been assessing the “organizational structure, entrepreneurial orientation and trait preferences in transportation brokerage firms”. But in comparison to the paper of Al-Swidi and Mahmood (2011), Aschenbaum et al. chose a very narrow focus on the transportation brokerage problem. Therefore, this article will not be further considered for this thesis. The second article, by Al-Swidi and Mahmood (2011), presents a model for the interaction effects of OC and EO in the context of banks. Yet, as this model was based on the need to survive in competitive markets (Al-Swidi and Mahmood, 2011) it may not be limited to banks but also be applied in a wider context.

Figure 2: Entrepreneurial Culture for Bank Branches



Source: Al-Swidi and Mahmood (2011)

This model illustrates the need for OC and EO to be interrelated and supportive, to ultimately result in an entrepreneurial culture. Which, on the one hand leads to empowered and satisfied employees and, on the other hand results in innovative and distinct services, both resulting in satisfied consumers.

The third article assessing the interrelations is concerned with entrepreneurship in family and non-family businesses and the effects of OC (Zahra, Hayton and Salvato, 2004). Zahra et al. (2004) could identify five interesting findings in their study. They could prove empirically that an ideal point (parabola) exists for individual vs. group orientation in order to maximize EO. Furthermore, they found that an external orientation fosters EO, as the company gains new knowledge through the interaction with others. Moreover, decentralization is positively correlated with EO, as well as a long-term business orientation. Finally, they noted that the influence of culture on EO is higher in family business than in non-family ones.

The articles by Al-Swidi and Mahmood (2011) and Zahra et al. (2004) will be used to develop the model (cf. chapter 2.4.) used in this thesis to assess the influence of OC on EO in the case company Wackes.

Ultimately, EO can be seen as the measurable value that is given to resources that separate an entrepreneurial company from any other (Ma and Tan, 2006), and the concept of OC will provide an explanation, why this posture is found in the company. This relationship will be illustrated in the research model in the following chapter.

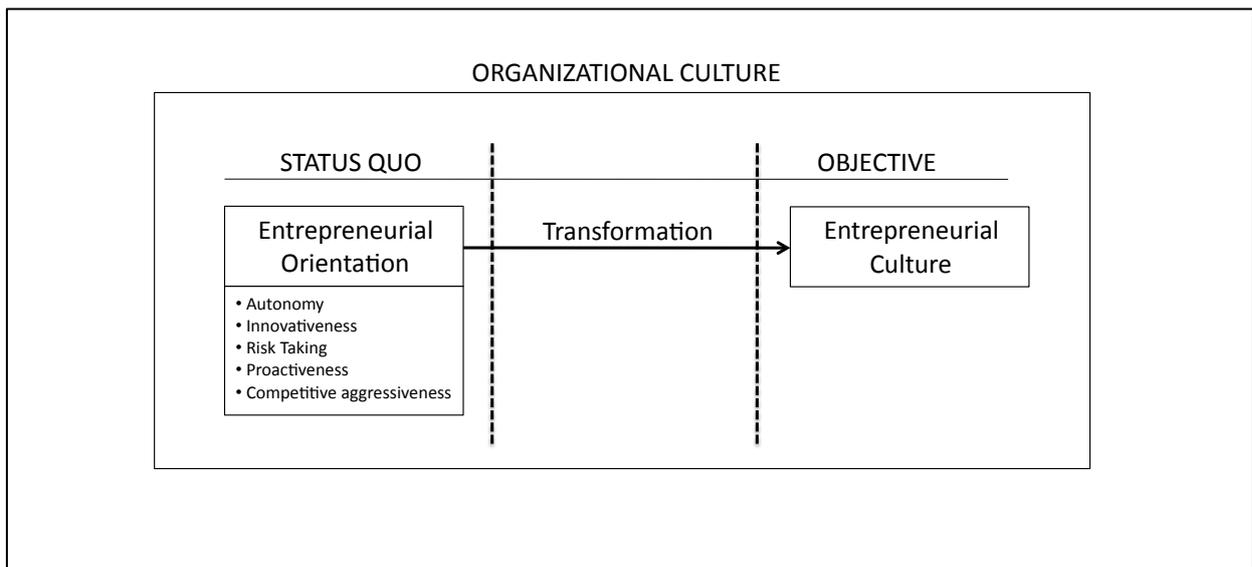
## 2.4. Research model

### 2.4.1. Definition

Based on the knowledge, gained from the literature review, this chapter will introduce the reader to the research model that will be used to assess the influence of OC on EO at Wackes. The model takes into account the two concepts of EO and OC, as analyzed in chapters 2.1. and 2.2., a transformation section, and the objective, entrepreneurial culture (EC).

The “status quo” represents the current state of the company. This is where the research will start by analyzing the EO, using the previously introduced five dimensions. In order to enhance the EO in the company, a transformation is needed that will finally lead to an EC. As those are processes that happen within the company, they are overlaid by the concept of OC. Therefore, the transformation period is mainly concerned with the changes that have to be made on the OC, in order to achieve an EC.

Figure 3: The research model



Source: Own graphic

## 2.4.2. Entrepreneurial Culture

As outlined in the previous chapter, EC can be perceived as the goal, in the process of maximizing the EO of a company. Although, labeling culture has been critically reflected in literature, as it might lead to stereotyping and oversimplification (Jung et al., 2009), EC is a concept that has been examined in several research papers.

Dimitratos, Voudouris, Plakoyiannak and Nakos (2011) for example, suggest an approach to assess international entrepreneurial culture (IEC) that analyzes more general attributes of EC, than authors of EO would suggest (cf. chapter 2.2.). Yet, as it can be seen as another tool to measure EO in an international context, it does not provide an answer to the concept of EC.

Another approach was put forward by Al-Swidi and Mahmood (2011, p.40), who define EC as “*encouraging innovation, risk-taking, and proactiveness from the top management [...] can help in creating a working environment that tolerate failure and perceive it as an opportunity for the future success*”. This definition will be used as the basis for sketching the concept of EC; yet, the scope of this definition is not satisfying, as it only focuses on one aspect of EC, tolerating failure. Therefore, different perspective are necessary, to arrive at a comprehensive definition of the EC concept. Kuratko et al. (2011) provide the essence of three different books (Timmons and Spinelli, 2009; Kuratko, 2009; Peters, 1997) on EC and the key aspects that define the concepts. In total, eight factors were identified that provide a

comprehensive and conclusive definition of key words for the EC concept. Those are (a) focus on people and empowerment, (b) value creation through innovation and change (c) rewards for innovation, (d) learning from failure, (e) collaboration and teamwork, (f) freedom to grow and fail, (g) commitment and personal relationship, (h) emphasis on the future and a sense of urgency.

This definition provides a good overview over the multi-facet concept of EC and will be used in chapter 5, to explain the outcomes of the empirical research and to derive implications for Wackes.

### 3. Method

#### 3.1. Overall research design and process

The following chapter will present an overview of the process of primary and secondary analysis, as well as the knowledge that is sought to be obtained through this process.

Starting point for this thesis was the writer's interest in the field of organizational culture. This interest was even fostered by the results, the student team at Wackes gained, through carrying out an entrepreneurial health audit at the company, as it indicated that the OC at Wackes lacks a focus on entrepreneurship (see appendix 1) (Ireland, Kuratko and Morris, 2006a; b). Taking this information, secondary research sources have been analyzed to identify a possible gap within the existing knowledge. Research on the concept of OC opened a vast field; yet, there was little linkage to entrepreneurship. Based on that, a first research question was formulated that was circumscribed, as the knowledge in the field was advanced, resulting in the question, how OC influences EO in SMEs.

To obtain the best understanding possible, different research methods have been applied, ranging from secondary to primary research. The following chapter will present those different methods in more detail.

## 3.2. Data collection

This chapter will firstly document the intensive secondary research that has been carried out to identify the research question. Subsequently, the research that will be used to analyze the company will be described, using the different key concepts as a heading.

### 3.2.1. Secondary research

Secondary research can be understood as “[...] *the analysis of data by researchers who will probably not have been involved in the collection of those data, for purposes that in all likelihood were not envisaged by those responsible for the data collection*” (Bryman and Bell, 2011, p. 313). Secondary research has become a very popular research tool for scholars (Glass, 1976). Reasons therefore are, among others, the cost and time advantages this research method has over primary research and the opportunity to study the development of models over time and also interrelations of different models (Bryman and Bell, 2011).

As this kind of research is mostly based on books and articles, where prior research has been published, databases have to be used to identify the literature. For this thesis, six different academic platforms were used, to obtain the most comprehensive picture of existing literature possible. Those platforms were (a)EbscoHost (including all available databases), (b)Whiley, (c)ScienceDirect, (d)GoogleScholar, (e)Summon and (f)LibHub.

A key word search has been carried out on all these platforms, with the words “Organizational Culture”, “Corporate Culture”, “Culture”, “Entrepreneurial Orientation”, “Entrepreneurial Culture”, “Organizational Culture and Entrepreneurial Orientation”, “Corporate Culture and Entrepreneurial Orientation” and “Organizational Culture and Entrepreneurial Culture”. The findings of this research have been presented in chapter 2 of this thesis.

## 3.2.2. Primary research

### 3.2.2.1. Entrepreneurial Orientation

As outlined in chapter 2.2.3., several questionnaires have been developed, to quantitatively measure EO. In order to measure all five dimensions of EO, the different questionnaires will be merged, resulting in one questionnaire with fourteen questions to assess the EO of Wackes. Four questions are used to measure autonomy, always three questions will be asked for innovation and risk-taking, and always two questions for proactiveness and competitive aggressiveness (see appendix 2).

The invitation and instructions for the survey are sent to every employee at Wackes, ideally resulting in a very comprehensive picture of EO on all levels and locations of the company. In order to maximize the explanatory power of the survey, additional information is asked, such as demographics. Thus, giving the chance to analyze the results, among others, gender specific and also department specific, to make sure deficits but also positive aspects are identified at its core.

### 3.2.2.2. Organizational Culture

To assess the OC at Wackes, an approach suggested by Yauch and Steudel (2003) will be used, combining quantitative and qualitative data. The advantages of this method are manifold. Firstly, it results in a more focused interview, as the quantitative results will be used to locate possible fields of interest that need in-depth interviews, secondly, and very important for this context, this approach is time saving as not all data has to be retrieved by time consuming qualitative analysis.

#### *Quantitative*

Starting point for the empirical analysis of OC at Wackes, two sets of quantitative data will be analyzed. Beginning with an assessment of the results from the EO measurement, an understanding will be developed of possible weaknesses and strength of Wackes' EO. This information will be combined with the information the author obtained through a health audit that has been carried out at Wackes in late 2011. Goal of the health audit was, to quantitatively identify advantages and drawbacks in Wackes' business culture. Combining the results of the two separate

analysis will be the starting point for developing an interview guide for an in-depth understanding of the OC present at Wackes.

### *Qualitative*

Qualitative analysis, due to Frankel and Devers (2000, p.113), is “[...] *best characterized as a family of approaches whose goal is understanding the lived experience of persons who share time, space and culture.*”

For the purpose of this thesis, two major methods of this “family” will be used to develop a deep and rich understanding of the OC present at the case company, namely observations and interviews.

### *Observation guide*

Following Bryman and Bell (2011), information that has been retrieved based on intensive studying of a target group can provide very valuable information about culture, rituals and habits within an organization. Recognizing and understanding those, will provide deeper understanding of processes and decisions that are made within the target company.

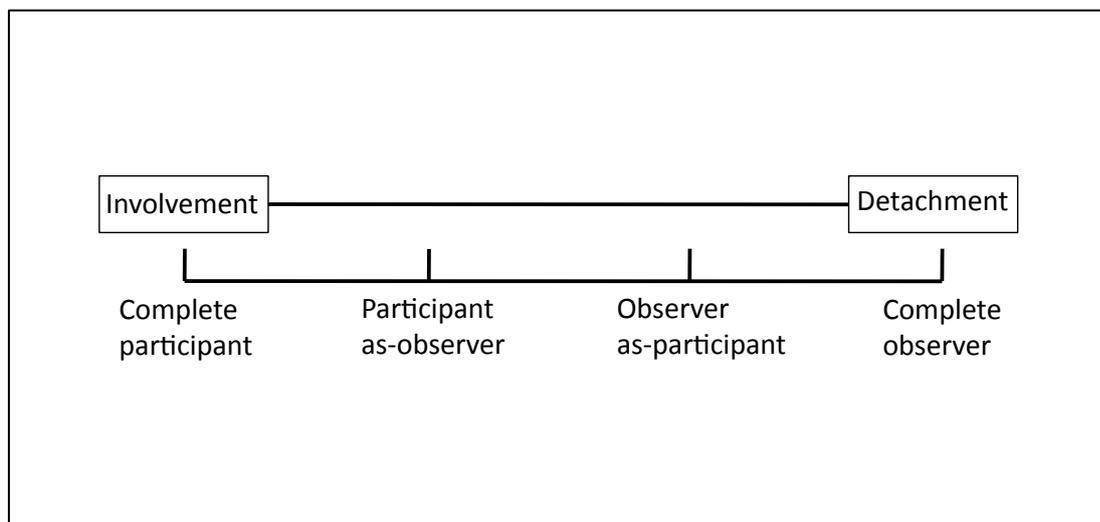
Whereas earlier literature uses the term participant observation to describe this research, later scholar articles tends to refer to it as ethnography. Unlike participant observation, ethnography describes a multi-layer process that includes interaction between the researcher and the observed and researched objects, in form of observing behavior, listening to conversations and asking questions, eventually in the form of interviews (Bryman and Bell, 2011). This chapter will come back on this relationship later on.

While classical ethnography suggest a time period of up till 12 month (Davis, 1999), organizational ethnography might be conducted in a shorter time period. Nevertheless, the amount of time necessary to carry out a (macro)-ethnographic study is substantial. Therefore, Wolcott (1990) suggests a micro-ethnographic approach that includes the focus on a special area of the business, in order to meet tight schedules and time restrictions. As time is a major limitation to this project, this approach will be used, using the prior findings of the EO assessment and the entrepreneurial health audit, to direct the observations.

In order to collect valuable information, several aspects have to be considered (cf. Bryman and Bell, 2011). Firstly, a decision has to be made on the perspective that is applied for the research. This could be analyzing the company from the outside, through observing for instance their marketing activities, or from the inside. As the author was part of a student consultant team present on site of the case company, the perspective was given as an inside one. So was the second factor, which concerns overt versus covert research. As the students and the purpose of their presence at Wackes were introduced to the staff members, only an overt approach was possible.

Secondly, trust has to be built between the parties in place, namely the employees and the scholars. In the course of this study, an open door policy has been applied, following Bryman and Bell's (2011) approach, including informal conversations that allowed for an atmosphere of mutual trust and respect to be created. Thirdly, the role of the researcher in the process of observing has to be defined. A well-recognized model by Gold (1958), illustrated four different stages along a continuum of involvement/ detachment, describes different roles a researcher can take on in this process.

Figure 4: Different roles in observations



Source: Gold (1958)

Gold (1958) stresses several advantages and disadvantages that the particular roles have, yet, the author was limited in the choice due to its role as an internship and the associated awareness of his role in the company. Due to the overt role and the fact that the internship group has not been extensively involved in Wackes everyday

business, the role, as an observer-as-participant was somewhat default. The advantage of this role can be seen in the distance that remains between the researcher and the company, thus, avoiding routine-blindness. On the other hand, it involves the risk of misinterpreting the obtained information due to the rather short periods of observation and contact between the subjects.

Lastly, a decision has to be made on the sampling. It is obvious that the sample choice has immense influence on the data obtained. Thus, the decision of whom to integrate in a sample, in order to maximize the outcome in terms of validity and reliability has to be made very carefully. As outlined earlier in this chapter, the results of the EO analysis and the health audit will be used to narrow down the fields of interest. Therefore, a purposive sampling will be used, in order to maximize the in-depth knowledge in the prior chosen areas. Purposive sampling includes the researcher's active decision, on whom to include into the sample in order to direct and ideally maximize the content and value of the obtained information (Bryman and Bell, 2011).

### *Interview Study*

As stated earlier, interviewing people in the company is a vital part of ethnography. Interviews are one of the most well represented tools in qualitative data collection and will also be used for the purpose of this thesis (Bryman and Bell, 2011).

Starting point for the development of a qualitative study is the interviewer's interest in one specific aspect of the research question (Kvale and Brinkmann, 2009). Thus, the interview is used, to conduct more information on this particular characteristic (Bryman and Bell, 2011). Therefore, it is important to root the interview questions in literature, so it ultimately provides answer to different aspects of the research question.

Secondly, the study needs to be designed. An important decision the researcher has to make is between unstructured and semi-structured interviews. Whereas unstructured interviews are similar to a conversation and serve the purpose of developing an understanding for a certain field, semi-structured interviews might be applied, if a field of interest has been identified beforehand and the goal of the research is, to develop deeper understanding of this particular field. As the focus areas have been set through the focus on EO and its measurement, semi-structured

interviews will be used in the empirical part of this thesis, to develop a better in-depth understanding, as they are a lot more flexible, which allows the interviewer to follow up on different statements the interviewee made (Bryman and Bell, 2011).

Another important dimension of the study design is, whether interviews are conducted face-to-face or through another way. Generally, face-to-face interviews are sought to be superior, compared to other methods, in depth and richness of the obtained data (Irvine, 2011). Comparing the data from face-to-face interviews to telephone interviews, Irvine (2011) found a lack of in-depth information within the telephone data. Another study, comparing face-to-face interviews with computer-based interviews, reported problems of “impersonality” for computer-based interviews (Newman et al, 2002). As this thesis is concerned with a quite critical topic, namely the company’s culture, face-to-face interviews will be conducted to maximize the depth of the information that otherwise might be limited through time constraints or the bias of impersonality.

After having finalized the design, the interviewing can begin. Here, the special role of the interviewer needs to be stressed. Their ability to catch up on statements the interviewee made and dig deeper is crucial for the development of a rich and deep understanding of the field of interest (Bryman and Bell, 2011).

The fourth step in constructing the interview study is the transcription of the interview data. Bryman and Bell (2011) suggest doing this not later than the evening of the same day. Thus, transcripts will be composed right after the interview took place.

Subsequently, the interview data needs to be analyzed. Chapter 3.3.2. will present the process of analyzing data from qualitative studies in detail.

### *Interview Guide*

As described earlier, Yauch and Steudel’s (2003) approach is used in this thesis, combining quantitative and qualitative research to achieve a comprehensive and deep understanding of the company. Thus, the results from the Entrepreneurial measurement are used to outline the fields of interest for the OC assessment. Therefore, overall six areas are included in the interview guide that will serve to explain the findings of the EO measurement from an OC point of view. Those six areas are communication, resistance to change, individualism vs. collectivism, innovation, mistakes and finally, veil of ignorance (see appendix 3).

Communication has been identified as a critical dimension in the process of innovation (Linke and Zerfass, 2011). Furthermore, previous research (entrepreneurial health audit) outlined high variances in the answers, which might be due to a lack in communication. Thus, two questions are asked to assess the communication culture at Wackes.

The second aspect, resistance to change, can be understood as “*any conduct that serves to maintain the status quo in face of pressure to alter the status quo*” (Zaltman and Duncan, 1977, p.63). It was included in the questionnaire, as it can be perceived as one of the major blocks to the willingness of taking risks and being creative and innovative that stems from OC (Danisman, 2010).

Thirdly, individualism vs. collectivism is included in the interview guide. Its importance has been outlined in chapter 2.3., as the right balance between individualism and collectivism in the company’s culture is fundamental for a successful entrepreneurial posture within the company.

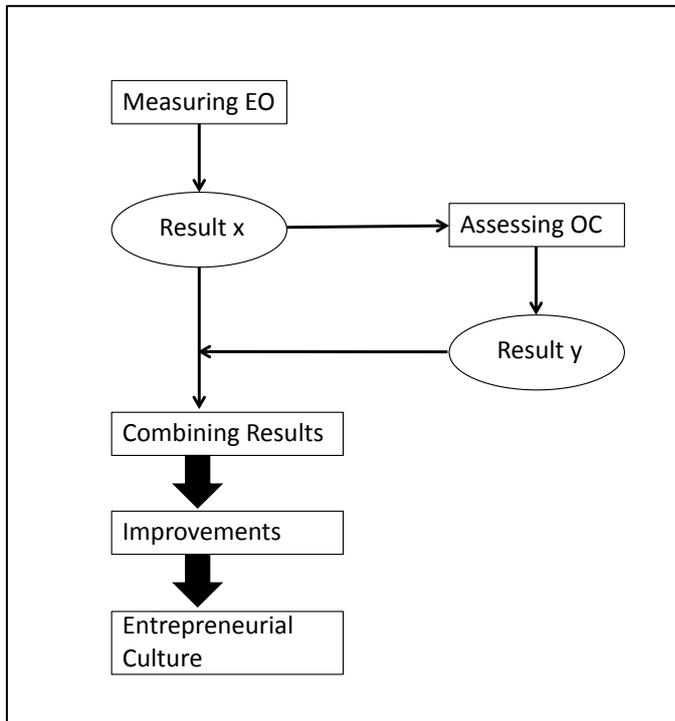
Innovation is the fourth dimension applied in the interview. Naranjo-Valencia, Jiménez-Jiménez and Sanz-Valle (2011) state that a company’s ability to being innovative ultimately comes back on their OC, as its presences as a basic value will foster the employees willingness to be innovative.

The second last area in the interviews is the OC in respect of its ability to tolerate failure. Kuratko et al. (2011) stress this ability as a central element of an OC that encourages employees to think outside the box and take certain risks. They argue that employees would not consider taking a higher risk if they were afraid of the potential negative outcomes of their behavior (so-called opportunity costs).

Veil of ignorance is the last dimension of the interview. Unless the other five, it is not directly linked to OC, by contrast, it is a concept originated in political philosophy. Rawls (1971) published a book called “theory of justice” that suggests a veil of ignorance in designing a world that provides equal rights to everyone. This concept will be used to motivate interviewees to take an outside perspective, when they are asked for one thing they would change about the company to make it more entrepreneurial.

## The research process

Figure 5: The research process



Source: Own graphic

Figure 5 visualizes the research process that is applied for the completion of this master thesis. Starting point is the assessment of the EO within the company, along the five dimensions, outlined in chapter 2.2.2. Following Yauch and Steudel (2003), those results will be used, to narrow down the field of interest for the analysis of Wackes' OC. The next step is to explain the EO scoring through the OC present at Wackes, in order to derive improvements that help Wackes to ultimately establish a more EC in their organization.

### 3.3. Method for data analysis

#### 3.3.1. Quantitative

To analyze the results from the conducted quantitative analysis to measure EO, Excel and SPSS software applications will be used. The main focus will lie on the mean values for the questions answered, on a seven point Likert-scale, as it represents how the employees (sample) perceive the different dimensions (Schreiber, 2005) and describe the central tendency that the data shows (Bryman and Bell, 2011). This step provides good information on what the atmosphere among

the employees is. Furthermore, the variance and standard deviation will be used, to assess the coherence among the employees, concerning the answers to each question (Korner, 2006).

In a second step, the demographic information asked will be used, to filter the results by department, gender and age, as differences in variance might be found and filtering the answers can provide explanation for those results, as their might be coherence within the department, but not between departments. This information will further be used for suggestions, concerning improvement of the EO, especially in combination with OC, to ultimately achieve an EC (cf. chapter 2.4.1.).

### 3.3.2. Qualitative

The following chapter will introduce the reader to the technique applied for analyzing the obtained qualitative data. Although the theory will be taken from the grounded theory approach to qualitative data analysis, this approach cannot be applied to a full extent, due to the very limited time span for the collection of qualitative data. Nevertheless, the main steps of this approach will be used to identify the major streams of opinions and meanings the data contains.

Starting point for the analysis will be transcribing the data. As outlined previously, this step should be conducted ideally the same day as the interview or observation took place, to ensure that all the important elements are captured (Bryman and Bell, 2011). As a next step, the data will be analyzed, to identify key words that emerge frequently in the answers, also referred to as coding. This is a key step for the identification of possible themes with greater importance within the data (Charmaz, 1995). Consequently, the next step is to summarize those key words into more general, overlaying categories, to then analyze the relation among the different ones.

### 3.4. Reflections of method choices

As with every academic tool, research methods in quantitative and qualitative analysis have their advantages and disadvantages. Although providing good overall information, quantitative research is not able to present in depth understanding of certain phenomena that might be needed, to fully understand a certain problem a hand. On the other hand, qualitative methods, such as observations and interviews,

are useful to assess certain aspects of interest, but are hardly applicable for general studies, as this would require an immense time commitment. Thus, this thesis will combine both approaches to research, quantitative to quickly develop an overview of the situation and the future areas of interest and qualitative, to further assess those aspects. Besides the effect of resulting in better outcomes, the use of quantitative analysis as a starting point was also chosen, to overcome some of the time constraints in relation to this thesis. The time span for empirical research was set to approximately four weeks. Through combining the two research methods, the outcome could be maximized despite the short time period.

## 4. Presentation of results

Chapter 4 of the master thesis will present the results that have been obtained from the different studies carried out at Wackes, which includes quantitative as well as qualitative data. Structure wise, this chapter will use the same structure as chapter 2, starting with the results from measuring EO, being followed by OC.

### 4.1. Entrepreneurial Orientation

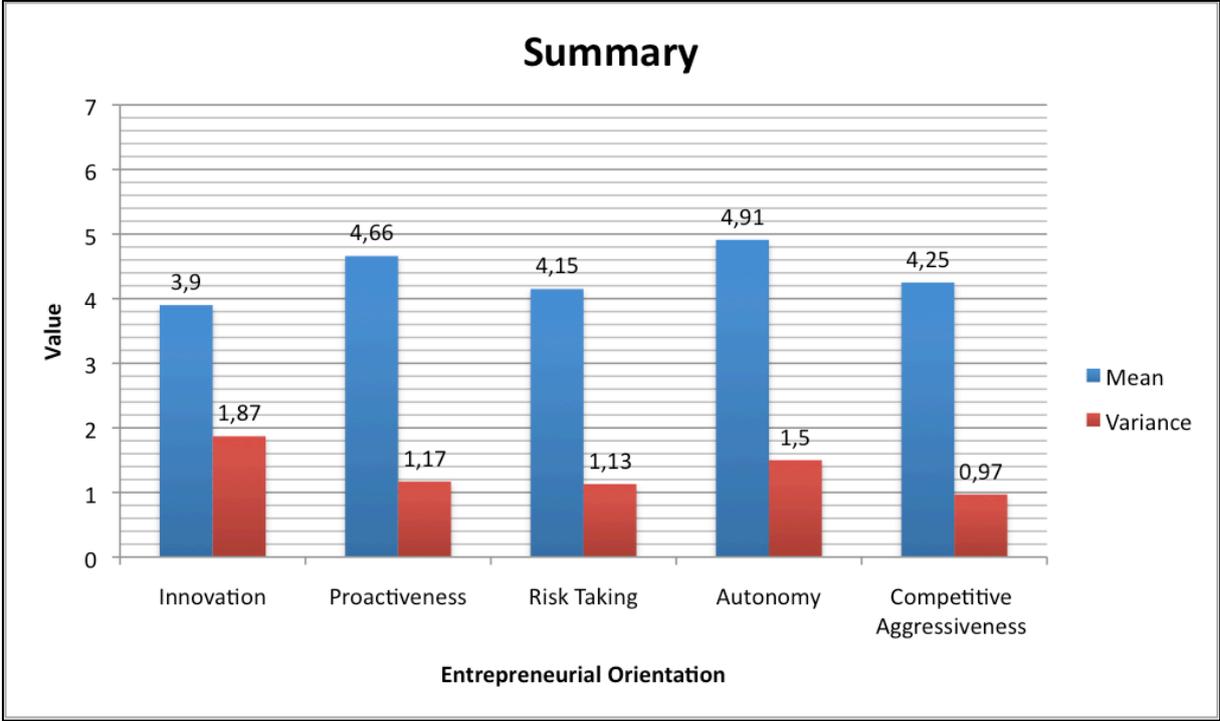
The measurement of EO has been done, using a questionnaire (appendix 1) that was constructed along the dimensions outlined in chapter 2, measuring the company's score on innovation, pro-activeness, risk taking, autonomy and competitive aggressiveness. The questionnaire was made available online, through the application "qualtrics"<sup>3</sup>. The sample size in total is 16 (n=16), which is a satisfying result, taking into consideration a universe of 44 employees. The age distribution was in the range of 35-64 years, and all three offices participated in the survey (Borås 38%, Lund 56% and Stockholm 6%). Furthermore, all major departments are represented in the answers (sales, purchase, finance, logistics, design and management). This factors lead to the conclusion that the sample is well representative for Wackes as a company, and therefore, data can be seen as valid.

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<sup>3</sup> [www.qualtrics.com](http://www.qualtrics.com)

As a starting point, the mean values and the variances for each of those five categories have been created, which gives a first impression on the tendency within the data present.

Figure 6: Entrepreneurial Orientation Measurement Overview



Source: Own graphic

Taking a look at figure six, several trends can be observed. Starting with the mean values, two basic groups can be identified, one with lower average scores, including three dimensions and one with higher scores, including two. Innovation has the lowest score with 3.9 points out of possible 7, followed by risk taking with a value of 4.15 and competitive aggressiveness with a score of 4.25. The second group, presenting higher average scores contains proactiveness (4.66) and autonomy (4.91). Whereas the later group already achieves really high scores in the EO measurement, the first group requires further attention with regards to the mean values. Further assessment will be presented in chapter 5 of this thesis.

The second measurement scale that figure 6 provides is the variance of the five categories. Interestingly, high scores in the means do not automatically lead to low variances in the answers. For instance, autonomy, which has the highest mean value, shows the second highest variance score (1.5) within the sample. Only innovation has a higher variance score with 1.87. Proactiveness and risk taking range in the midfield with scores of 1.17, respectively 1.13. The EO dimension with

the lowest variance is competitive aggressiveness, with a value of 0.97. Thus for further analysis based on the variances, innovation and autonomy are of special interest. The results of this further analysis will be presented in chapter 5.

## 4.2. Organizational Culture

### 4.2.1. Observations

As described in chapter 1.5., the author's ability to conduct observations at Wackes was limited due to the language barrier. Yet, some observations have been made that will be presented shortly in the following paragraph.

Since moving to the new location in Lund, Wackes' offices are very open and every office has a glass front, so people can see everybody while at work. During normal work, the office doors are normally open and people frequently walk into other offices with no perceivable burden. Also Thomas Davidsson's (CEO) door is mostly open and the employees can approach him easily.

Socializing at Wackes has a high importance, thus, staff gathers for coffee time/ fika at least once a day in the big kitchen that has a table where everybody will find a place at the same time. Those socializing events are mostly accompanied by a relaxed and fun atmosphere and a lot of laughter can be heard. Many team meetings are happening, mostly in a fairly relaxed atmosphere, sometimes even in the kitchen or in the couch area.

In general, Wackes culture is fairly relaxed, there is no executive parking, people do not have a dress code at work and sometimes you find people singing and putting there legs on the desk.

Yet, one could also perceive a slight damper in the company's atmosphere, when Joelina Claesson was hired as a sales manager, causing a restructuring of the sales process. All of a sudden, the atmosphere was not as relaxed as before anymore and it was observable that two parties were formed among the employees. Also, several employees perceived the student team at Wackes with more caution, as it stood in close contact to Thomas Davidsson (CEO).

#### 4.2.2. Interviews

The following paragraph will introduce the reader to the results from the interviews conducted at Wackes assessing the company's OC, using the interview guide presented in chapter 3.2.2.2. (appendix 3). The five main areas of interview questions will structure the paragraph.

##### *Communication*

All interviewees described the communication culture at Wackes as very open. Regardless of addressing the CEO or other employees, everybody is approachable and easy to reach. It has been outlined that the communication will be further improved through the employment of Joelina Claesson (sales manager), as she can be seen as a link from Thomas Davidsson (CEO) to the rest of the staff. Yet, it has also been mentioned that this very open communication culture, where a lot of information is shared from the management with the employees is new and processes still have to be developed for how to handle it. Thus, a more straight and condensed way of sharing information has been suggested, allowing the employees to understand the multiple facets of a problem and not just several aspects of it.

##### *Resistance to change*

A present opinion among the interviews was that the Wackes culture, with a view to change, has seen several shifts in the last years. Coming from a time 10 years ago, where everybody had to work real hard to ensure Wackes' survival, Wackes now has been performing very well since 2006, resulting in a more relaxed work posture of employees. Yet, in order to ensure the company's well doing in the future, they need to stay innovative to constantly improve the company. Therefore, Joelina Claesson (sales manager) was hired. Due to the interview data, some people, especially those with long working experience, developed a resistance to change and were not happy with the new stricter approach to sales.

Asked about the employees' contribution to change, the opinions within the interviews were multifaceted. Whereas the employees perceive a theoretical chance for them to lead change and some also experienced it in practice, such as with the new CRM system that will be put in place soon, the management perceives change very much as top-down approach. They believe, a top-down approach is necessary to move employees out of their comfort level.

### *Individualism vs. Collectivism*

A very unified perspective exists among the interviewees about their approach to problem solving. Everyone at Wackes seems eager to find solutions to problems on their own, a very individualistic approach. It has been mentioned that very recently, group work has gained importance as a tool to find common solution approaches within the team. Yet, some interviewees stated that it still takes some time to change their mind.

In comparison to finding problem solutions, talking about the process of developing ideas, interviewees thought that at Wackes new ideas are brought up in an undeveloped stage, so the team could further develop it.

### *Innovation*

In general, the culture at Wackes towards new ideas is truly a positive one. Yet, when asked about the possibilities to come up with new ideas, the opinions were twofold. The majority said, it was not possible for them to think about wider organizational problems and different problem solution approaches, because their regular workload is taking up all their capacity. Yet, one interviewee stated that she has the time and took on the responsibility to think outside the box, but this was not a task assigned by the management, but she gave it herself.

When interviewed about possible solutions for creating a more innovative culture at Wackes, several solutions were suggested. Besides hiring more creative people, to stimulate exchange between creative input and input from the market, an interesting suggestion has been made towards the discourse of new ideas. At Wackes, no platform exists where new ideas can be shared and developed among employees and management and there is no procedure that would describe how new ideas are tested, evaluated and developed. Furthermore, the lack of innovation has been brought back to the lack of individual critique. Thomas Davidsson (CEO) uses the metaphor of the Swedish football team, where the team is important and not the individual player, thus giving them the possibility to succeed over bigger teams, to describe Wackes' culture. Wackes was once described as the most communistic company that is actually successful. Due to this mindset and leadership approach, feedback is used to be given to the collective and not to the individual, thus,

statements and critique always remain vague and directed to the individual and its actions.

### *Tolerating failure*

Great consensus existed among the interviewees that Wackes has a culture with very high tolerance for failure. Also, there are no personal or financial consequences associated with failure. Yet, most agreed that although no consequences are applied from company side, making a mistake is perceived as a personal defeat. One of the interviewees described the sales persons' culture as one of sportsmen, who hate to lose. Another factor that was brought up, are unsatisfied customers as a consequence of failure on the job.

Questioned about the processes to make the knowledge resulting from prior mistakes accessible for everyone in the company, some mentioned that there is no process and other outlined the process within the ISO. It was mentioned that a general platform for sharing knowledge of any kind is missing at Wackes at all.

### *Veil of ignorance*

The last question of the questionnaire aimed to assess one attribute of the Wackes' culture that the interviewees would change, in order to make Wackes more entrepreneurial. Interestingly, without being given any key words, most found education and people's mindset to be most relevant. Firstly education, to teach everybody about the unique approach Wackes has to the industry, so that they have a chance to further develop it from there and secondly the mindset, as people at Wackes do not appreciate sticking out of the crowd. Interviewees stated that the Swedish way of treating everybody equal is still anchored in the company's culture and is very slowly to be changed, so that eventually at some point in time role models will emerge.

## 5. Analysis and Discussion

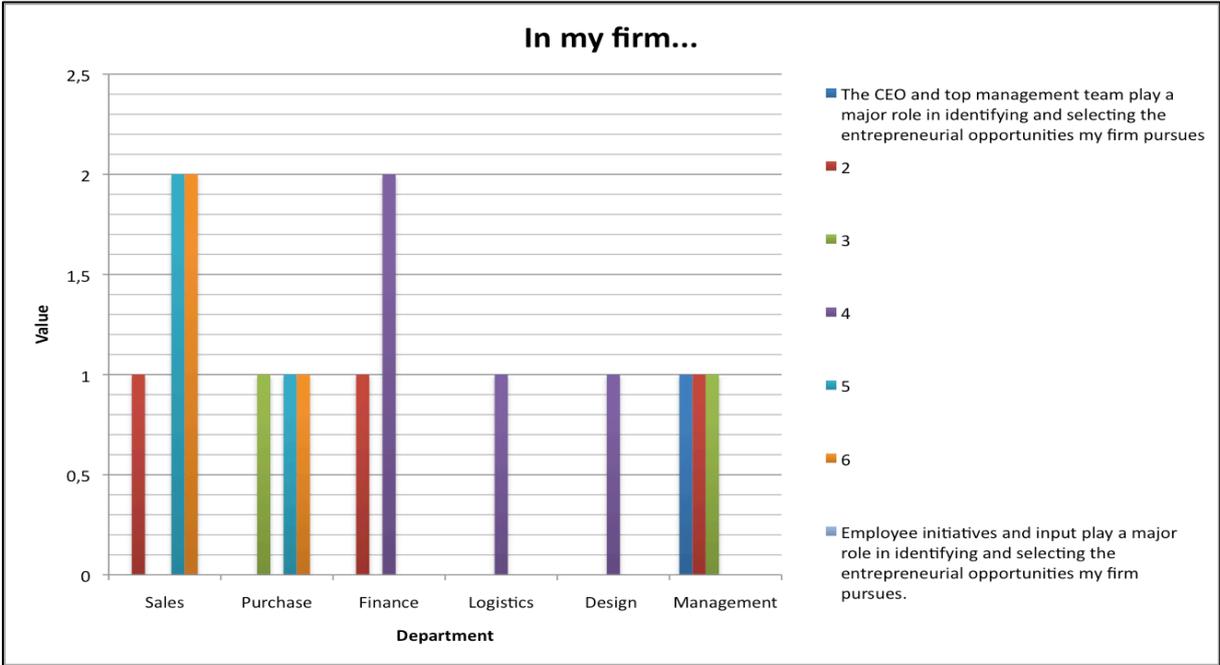
To develop a better understanding for the EO at Wackes, the data presented in chapter 4 will be further analyzed. Due to the limited time frame, the analyses will not include every dimension of the EO measurement, but will focus on the questions with the three highest scores in variance are assessed, along side the question with the

lowest mean value. The purpose of this analyses is to find out where the variance comes from, thus implication can be drawn from this knowledge.

### 5.1. Autonomy

The question showing the highest variance belongs to the section of autonomy and is concerned with the role of the CEO in identifying the entrepreneurial possibilities for the company. Besides scoring second lowest in mean (3.86), this question show the highest variance of all questions asked, resulting in a value of 2.52. Those are by far the worst results within the autonomy dimension, which is very interesting, as it might show a potential weakness. Figure 7 presents the results, filtered by department.

Figure 7: Question 12 of the Entrepreneurial Orientation Measurement



Source: Own graphic

Not taking into account the results from the logistics and design department, as only one person cannot be considered representative, all other departments showing relatively high diversity in their answers. This diversity can be expressed statistically as variance. Meaning for Wackes that within the company there is not a clear understanding of the CEO’s role in the process of identifying potential entrepreneurial opportunities. Whereas the sales and purchase department employees perceive themselves quite active in the process of opportunity recognition, the management perceives the CEO as the main identifier of entrepreneurial opportunities.

Looking at the outcomes of the OC assessment that has been done in interviews at Wackes, a culture has emerged, where people feel comfortable with the current state of things and are not driven anymore to actively change their environment. Although, the employees perceive the possibility to initiate and lead change, only very few perceive it as an opportunity that they make use of, as most perceive it as a theoretical possibility that remains unused. Another factor that has a negative influence on the employees posture towards new entrepreneurial opportunities is a growing culture of resistance to change. Linked closely to the over satisfaction with the status quo, this is also influenced by the posture that things have been done one way for a very long time, why doing them differently now. An attitude, which blights every thought about new opportunities. Some also stated frustration, after several of their ideas have not been taken into consideration, which negatively reinforced the inactivity towards change.

Thus, explaining the high variance that was found in the answers, as there is no unified perspective to what degree people make use of their possibilities in terms of changing the working environment.

Therefore, in order to identify and pursuit entrepreneurial opportunities at Wackes, the management started to use a top-down approach to move people out of their comfort zone. Consequently, explaining the low mean score, which indicates that the CEO plays a major role in identifying entrepreneurial activities. Yet, using a top-down approach to foster entrepreneurship among the employees and making them more creative might seem paradox, as chapter 2.4.2. outlined the importance of empowerment in the process of establishing an EC (Kuratko et al., 2011). Therefore, it is interesting to assess the management's intentions in choosing this approach. Thomas Davidsson (CEO) stated that it was necessary to enforce change in the sales approach through a top-down process by hiring Joelina Claesson (sales manager), in order to make people taking on the change. He believes that this would eventually result in a bottom-up approach to change in the future, once people are moved out of their comfort zone. Yet, Kuratko et al. (2011) stress the importance of collaboration for achieving an entrepreneurial spirit in the company. Peters (1997) stated that EC involves everybody in everything, to ensure that new approaches are carried out and supported throughout the staff. Jack Welch, former CEO of GE states

the importance of involving everybody in the process of change, to avoid missing out on great ideas and intellectual input (Welch, 2005).

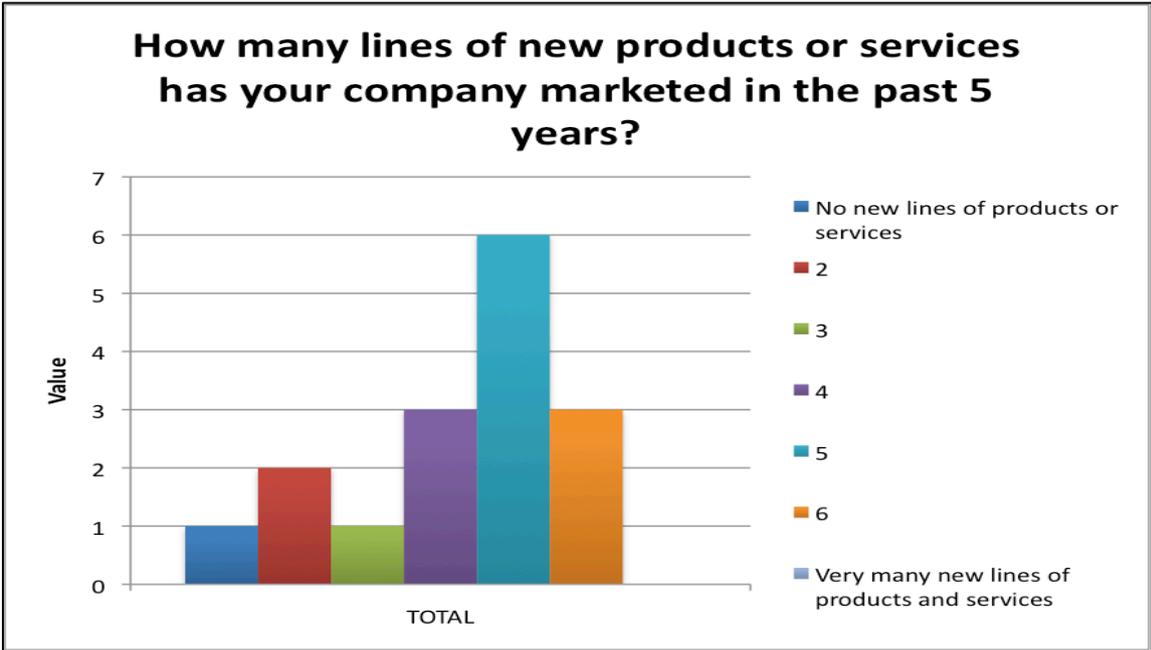
Looking on the consequences the chosen top-down approach has and its impact on the workforce, the interviews showed that not everybody was satisfied with the new sales approach. Although other factors, such as resistance to change, high individualism and a lack of communication play also a role in explaining this phenomena, not including the employees and there opinion in developing a different sales approach, can be seen as a throw back in entrepreneurial development.

### 5.2. Innovation

The second dimension that needs further consideration is innovation. The results from the EO measurement show that Wackes has the lowest mean value for innovation (3.9) and the highest score for variance (1.87). As Wackes has a reputation as an innovative company, which approaches things differently within the industry, it is important for their competitive advantage to sustain this ability. Thus, further analysis was conducted into innovation.

The second question asked (appendix 1), assessed the relative amount of new service and products marketed in the last five years.

Figure 8: Question 2 of the Entrepreneurial Orientation Measurement

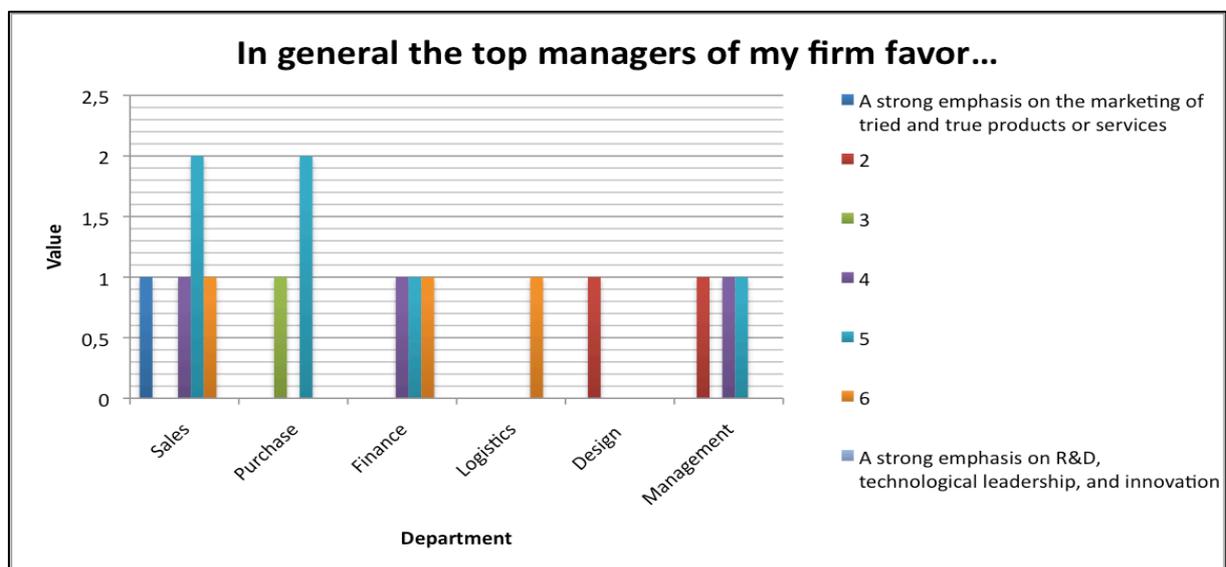


Source: Own graphic

Taking a look at the figure 8, one can see a left skewed distribution of results with a slight peak at the 2 and then the real peak of the data at 5. The data suggests that the majority of the employees, participated in the survey, perceive Wackes as fairly innovative in the last five years. Yet, there is also a group of people that do not share this opinion and who perceive Wackes rather not innovative.

Another question asked within the innovation measurement, aimed to capture the company's attitude towards new products. Especially, whether an emphasis is put on the marketing of tried products or if the emphasis is on R&D and innovation.

Figure 9: Question 1 of the Entrepreneurial Orientation Measurement



Source: Own graphic

Filtering the results into the single departments clearly shows the high variance within this question (2.33), the second highest in the entire sample and the lowest mean value in the sample (3.31). The low mean value shows that at Wackes, a tendency is present, towards the marketing of tried and true services and products, instead of innovation. Especially, the management and the sales department accomplish for a high degree of variance. From a strategic point of view, uncertainty within the sales department about the own service and market position, which is ultimately influenced to a high degree by the ability to be innovative, is not the perfect state.

The conducted in-depth interviews show that the culture at Wackes is generally very positive towards new ideas, despite the present resistance to change. Yet, there are several reasons to be found in Wackes' culture that explain the ambiguity in the answers shown in figure 9. Starting with Wackes communication culture, it was

stated that there is a lack in clear communication from the management to the employees. Although, they feel generally well informed, a lack in consistency is perceived when it comes to the way information and feedback is given, in order to make sure that it is comprehensive. Furthermore, due to the Swedish background of Wackes, which implies that people are treated very equally (Hofstede, 2012), feedback used to be given to everybody in the group and not to the corresponding person directly, thus, not fostering personal development. Wackes has taken several steps recently to counteract this trend by assigning a CEO with a different thinking and with hiring Joelina Claesson (sales manager), who acts as a mouthpiece between employees and CEO. Nevertheless, the inconsistency in communication explains to a certain degree the high variance that is found in the answer to the question whether an emphasis is put on the marketing of tried and true products or R&D and innovation.

A different problem that can be perceived as a block to innovation is the fact that employees at Wackes are working full capacity on their daily work. Only one interviewee reported that she has the possibility to think about wider organizational problems, but she also stated that this was a task she gave herself (see appendix 4). Kuratko et al. (2011) describe the importance of “rewards for innovation” and the “freedom to grow”; one way to realize this can be seen at Google. They established a so-called “20 percent time” rule, encouraging employees to use 20 percent of their working time to think about wider organizational problems (Bick, 2007). A similar approach could help Wackes to foster and encourage innovativeness among there employees.

Another factor that explains the low mean value is the emerging culture of satisfaction with the status quo. It is easy, just to rely on the procedures and approaches one has always used, instead of looking for new ways that eventually will improve the current status quo. Thus, it also contributes to the explanation of the high variance, since not all employees to accept the status quo as described in the previous chapter.

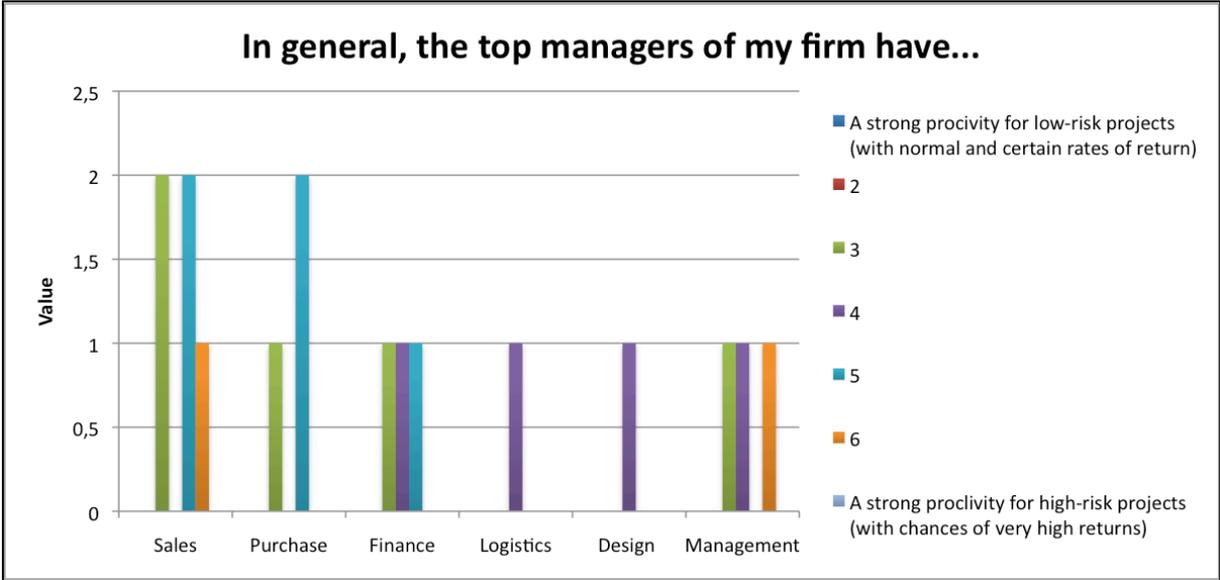
This posture can be seen critical along two dimensions of the EC concepts presented in chapter 2.4.2.. Firstly, the satisfaction with the status quo puts little emphasis on the future, which negatively correlates with the willingness to innovate and change. Secondly, value creation is not based on change, but on what already exists (Kuratko

et al., 2011). Thus, a culture that embraces innovation and perceives the future as a variable that can be created and changed in the now could positively influence Wackes' EO.

### 5.3. Risk Taking

The last dimension from the EO measurement that will be assessed is risk taking. The first question asked in that category is concerned with the management's preference for either high risk or low risk projects. From all questions asked, this one has the third lowest mean value (3.94) but also a very low variance (1.0), suggesting that the employees and the management seem to have a fairly unified perspective on the management's proclivity for low risk projects.

Figure 10: Question 6 of the Entrepreneurial Orientation Measurement



Source: Own graphic

Generally speaking, Wackes presents a highly tolerant culture towards failure, which can be seen as very positive for fostering entrepreneurship (Kuratko et al., 2011). All interviewees agreed that it is very tolerable to make a work related mistake. Thomas Davidsson (CEO) once stated, "it is better to make a wrong decision than not making a decision" (see appendix 4). This underlines the great tolerance towards failure within Wackes. Yet, looking at figure 10, one can see a fairly negative mean score. From the interviews it could be learned that, although there are no direct consequences from the company side for failure, everybody stated that making a mistake is perceived as a personal defeat. Thus, making a mistake is perceived very

negatively with high opportunity costs among the employees. One of the consequences might be that they favor low-risk projects over high-risk ones. Moreover, the results from the interviews show that there is little structured learning from mistakes. Although, the ISO papers include a process of how to document and report mistakes to make them accessible on a company level, only few were aware of this function, suggesting that it is not in use. Kuratko et al. (2011) perceive learning from failure as a key dimension in establishing an EC and stress grief as a main block to learning from failure. This can also be seen at Wackes, as outlined above. Therefore, it is important for Wackes to establish an EC that overcomes personal affliction and provides a process that is accepted among all employees to structure the learning from failure, to also ensure the pursuit of projects with higher risk propensity.

Another factor, quite possibly influencing the company's posture towards innovation, is education. It was mentioned that education on Wackes and its products is needed, to make people more entrepreneurial and creative. A lack of knowledge might contribute to the explanation why people are focused on low-risk projects, because if there is a gap in knowledge about the actual business, not all factors can be taken in consideration when evaluating the success-probability of a new idea. Thus, lower risk project are chosen for reasons of easier evaluation.

Finally, Wackes strong orientation towards individualism might have an influence on the risk-taking tendency of its employees. Almost all interviewees stated that they would search for problem solutions themselves and not bring it up to group level discussions. It was also stated that this mentality is slowly changing towards a more collaborative one. Yet, Wackes can still be seen as very individualistic when it comes to the working approach. Kuratko et al. (2011) underline the importance of collaboration and teamwork and the right balance between individualism and collectivism to maximize benefits, which Zahra et al. (2004) could proof empirically (cf. chapter 2.3). The tendency towards an individualistic work approach might negatively influence the employees posture towards riskier projects. The ability to share responsibility for a project in a group, as well as bringing in persons with different expertise and different solution can positively contribute to minimize the perceived risk of a project. Thus, Wackes should continuous embracing a culture

where collectivism is stronger fostered, to reach at a culture with an effective balance of individualism and collectivism.

## 6. Conclusions and implications

### 6.1. Conclusions

The goal of this master thesis was to build a bridge between the two concepts of entrepreneurial orientation and organizational culture. Whereas the little research that exists focuses on the theoretical implications of this relationship, this study tried to empirically assess the interrelation, using the process presented in chapter 3.2.2.2.. This process, based on Yauch and Steudel (2003), combining quantitative and qualitative analyses to develop a better understanding of the company's OC, was found to be useful in several dimensions: Firstly, this approach was timesaving, as the results of the quantitative analysis are easy and fast to evaluate. Secondly, the quantitative analysis of the EO of the case company provides the researcher with a comprehensive picture of the current situation, thus, allowing to quickly develop an understanding of the status quo. Thirdly, it provides a starting point for the OC assessment, giving the scholar the possibility to narrow down his field of interest. Finally, the qualitative research allows developing an in-depth understanding for the phenomena present, which eventually help to make improvement suggestions to the case company.

The results that were found in the interviews to assess the company's OC could be used to explain the outcomes of the EO measurement, thus answering the research question of this thesis. At Wackes, a culture has emerged that is somewhat resistant to change, which has negative influence on the employees' willingness to lead change themselves. Furthermore, the culture of satisfaction with the current status quo negatively influences the employees' willingness to actively search for new opportunities, thus, resulting in a great dependence on the CEO and management to identify new possibilities. Moreover, the management's top down approach cannot be seen as the perfect way to stimulate corporate entrepreneurship and employees' stimulation and motivation.

The present lack in clear communication at Wackes seems to have a negative impact on their innovational strength. Especially, no direct feedback can be seen as a major barrier for individual development towards a more entrepreneurial posture. Thus, rewards for entrepreneurial thinking and innovation could be helpful to stimulate corporate entrepreneurship and award employees' efforts. Furthermore, satisfaction with the current state also negatively influences the willingness to think outside beaten tracks, thus, little motivation exists to be creative and innovative in order to find new approaches.

Finally, the strong perception of mistakes as personal failure and a perceived lack in education on Wackes and its special services has a negative influence on the people's willingness to take on risk in order to achieve higher rewards.

All in all, this study exposed several factors in Wackes' OC that have a negative influence on its EO. Yet, as will be suggested in chapter 6.3., several steps can be taken to transform the OC at Wackes into a more entrepreneurial one – an entrepreneurial culture.

## 6.2. Implications for further research

This case study has several implications for further research in the area of EO and OC. The data obtained in this study suggests that there is a close relationship between the culture in an organization and its EO. Nevertheless, due to the qualitative origin of some of the data, no statistical reliability and validity, as well as a factor analysis could be conducted. Given a study with a wider time frame, it would be interesting to conduct an OC assessment with a broader perspective, thus aiming to achieve even better information, to explain the EO within companies. This could for instance include a more comprehensive study on the management's motives to apply a top down approach, in order to foster entrepreneurship within the company. Moreover, a qualitative study that includes more interviewees could help providing an even more comprehensive and dense picture of the case companies.

Although not very popular among scholars, a quantitative approach to measure OC could be used, to run a factor analysis with the OC and EO results, in order to statistically assess direct correlations among the several factors. This could be the

basis for the development of highly efficient questionnaires to measure OC in relation to the EO of a company.

### 6.3. Practical implications

The final chapter of this thesis will present the practical implications that can be derived from the study for the case company Wackes, in order to achieve a more EO. Five major areas of implications are addressed:

#### *Empowerment*

The analysis has shown that Wackes' management lately used a top-down approach, to foster change within the company. It is believed that this was the only way to get people out of their comfort zone. Yet, in order to support entrepreneurial thinking among the employees, a process of empowerment seems more beneficial, as it makes sure that ideas from all organizational levels are taken into consideration and, furthermore, it prevents people developing the fear of being overlooked in the process of renewal and change.

#### *Communication*

The second implication that can be derived from the study is a need to improve the communication at Wackes. In general, Wackes is a very open company with frequent interaction among employees, yet there is a lack in structured communication. Wackes has recognized this problem and addressed it through the employment of Joelina Claesson (sales manager). Nevertheless, it needs to be ensured that when employees are informed about something, this information is comprehensive to ensure people can work with it and to avoid rumors to be spread due to uncertainty.

#### *Idea platform*

Wackes' current approach for generating new ideas can be seen as very much top-down. Several reasons have been presented why that is the case; nevertheless, in order to be more entrepreneurial a stronger involvement of the employees in the innovation process is needed. At Wackes, a certain posture of resignation is present, as several ideas from the employees have not been taken into any consideration. Thus, it is suggested to create a forum that is held periodically, where employees can bring up their ideas and then those ideas are discussed and evaluated on its

feasibility (Monday morning meetings have a different focus). Showing the employees that their effort to think about different solutions is appreciated by the company and not taken for granted. Furthermore, a similar approach to Google's "20 percent time" rule could be used, to give employees the room, during work time, to think about wider organizational problems.

### *Appreciate change*

The research has shown that at Wackes a culture is in place, which has a tendency to resist change. Yet, as stated, change is a necessity to ensure the company's success in the future. Therefore, this dimension of Wackes' OC needs to be transformed towards a culture that appreciates change and perceives it as something positive. Communication can help to overcome people's fear that change implies negative consequences for their work, work environment and job safety. Thus, it is believed that through improving the communication and talking about the goals of change, its targeted outcomes and the individual consequences, fear and therefore resistance to change can be minimized.

### *Embrace mistakes*

Assessing the OC of Wackes, it was found that people have a very negative tendency towards making mistakes; it is perceived as personal failure. Thus, reducing the people's tendency to take on risk, which could lead to significantly higher turnover rates, if they did. Wackes has a culture that is perceived to be highly tolerant towards mistakes on a company level, yet, this culture needs to include also the personal consequences, allowing people to make consequences and not losing their face. A way to accomplish that is to celebrate failure of promising projects with an award, to reinforce people that they are doing the right thing. Moreover, Wackes does not yet have a structured process in place, to learn from failure. It is believed that this could enhance the employees' comfort level in the decision making process, thus, making Wackes more entrepreneurial.

Furthermore, education is needed to actually allow people to evaluate the risk of new projects and ideas. Wackes has recognized this need already and started the so-called Wackes academy.

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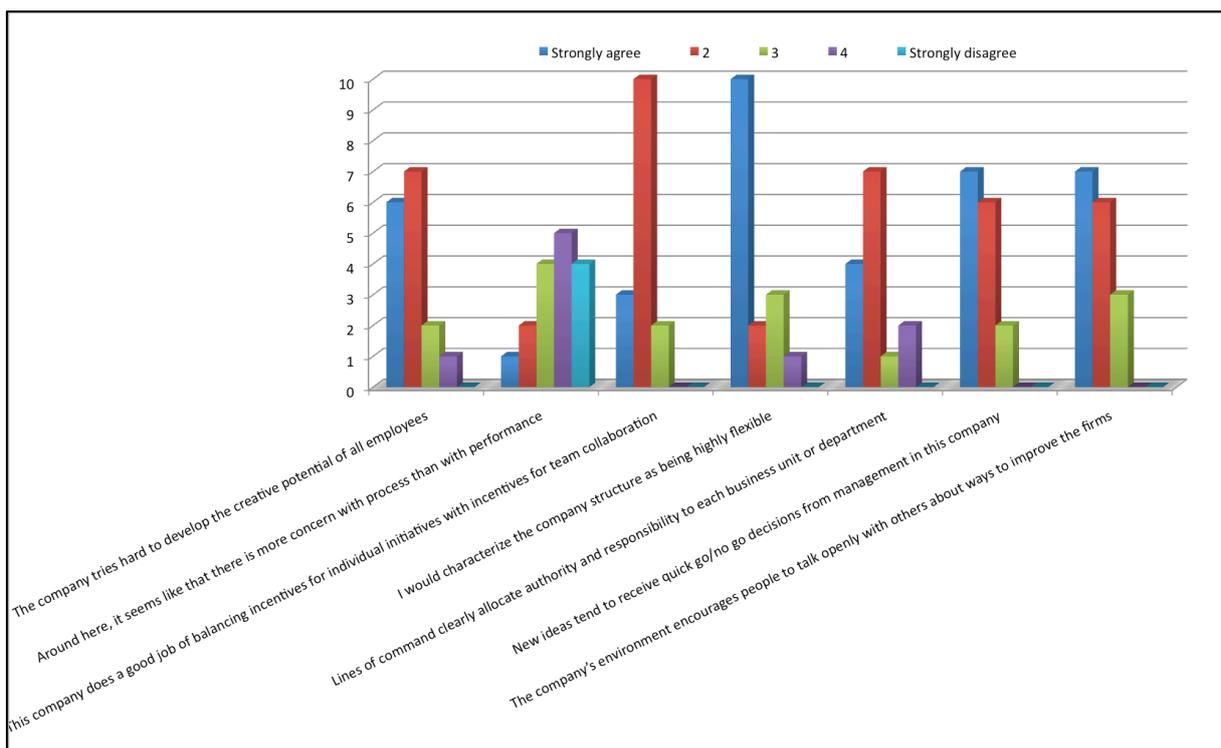
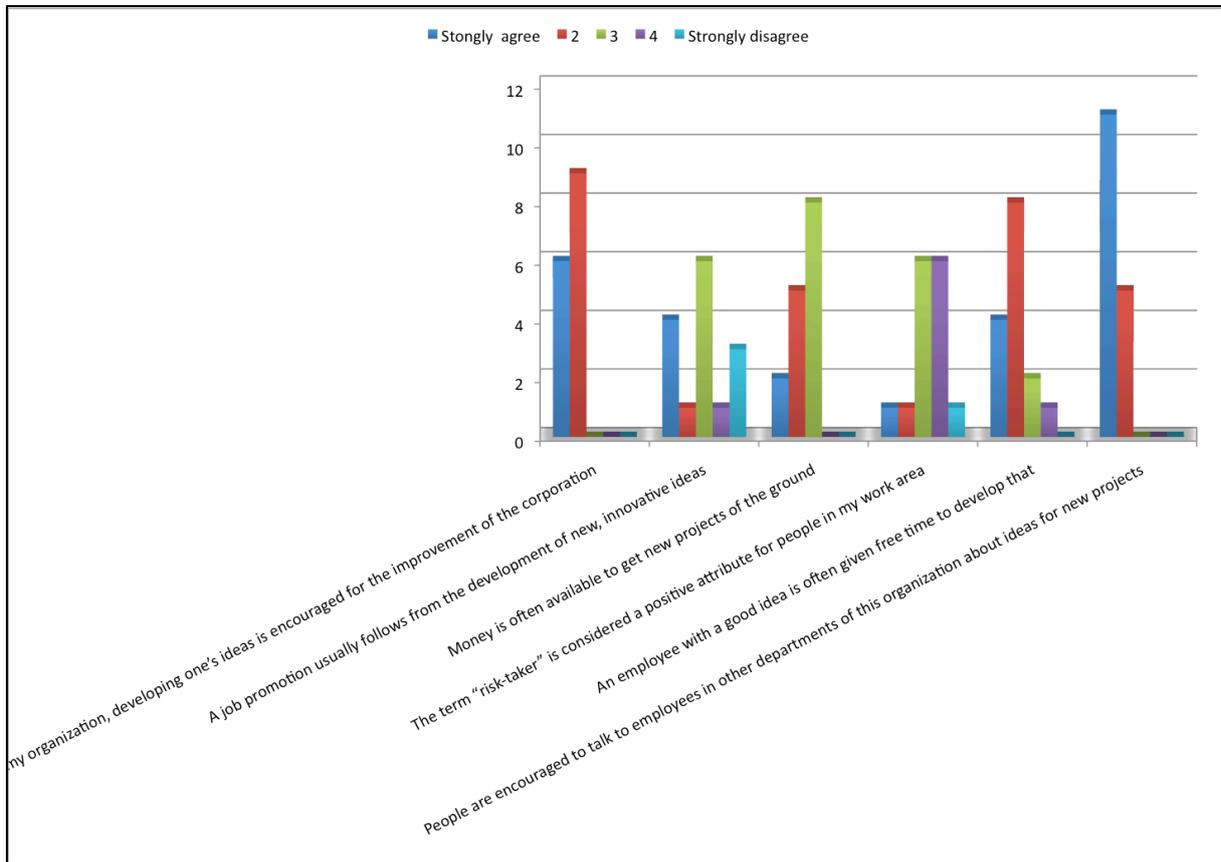
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# Appendix

## Appendix 1: Entrepreneurial Health Audit



## Appendix 2: Study “Entrepreneurial Orientation”

<b>INNOVATION</b>		
<i>In general the top managers of my firm favour...</i>		
A strong emphasis on the marketing of tried and true products or services	1 to 7	A strong emphasis on R&D, technological leadership, and innovation
<i>How many lines of new products or services has your company marketed in the past 5 years?</i>		
No new lines of products or services	1 to 7	Very many new lines of products and services
Changes in product line or services have been mostly of minor nature	1 to 7	Changes in product line or services have usually been quite dramatic
<b>PROACTIVENESS</b>		
<i>In dealing with its competition, my company...</i>		
Typically responds to actions which competitors initiate	1 to 7	Typically initiates action that competitors then respond to
Is very seldom the first business to introduce new products/services, administrative techniques, operating technologies, etc.	1 to 7	Is very often the first business to introduce new products/services, administrative techniques, operating technologies, etc.
<b>RISK-TAKING</b>		
<i>In general, the top managers of my firm have...</i>		
A strong proclivity for low-risk projects (with normal and certain rates of return)	1 to 7	A strong proclivity for high-risk projects (with chances of very high returns)
<i>In general, the top managers of my firm believe that . . .</i>		
Owing to the nature of the environment, it is best to explore it gradually via timid, incremental behavior	1 to 7	Owing to the nature of the environment, bold, wide-ranging acts are necessary to achieve the firm's objectives
<i>When confronted with decision-making situations involving uncertainty, my firm...</i>		
Typically adopts a cautious, "wait-and-see" posture, in order to minimize the probability of making costly decisions	1 to 7	Typically adopts a bold, aggressive posture in order to maximize the probability of exploiting potential opportunities
<b>AUTONOMY</b>		
<i>My firm ...</i>		
Requires individuals or teams to rely on senior managers to guide their work.	1 to 7	Supports the efforts of individuals and/or teams that work autonomously
<i>In general, the top managers of my firm believe that..</i>		
The best results occur when the CEO and top managers provide the primary impetus for pursuing business opportunities.	1 to 7	The best results occur when individuals and/or teams decide for themselves what business opportunities to pursue.
<i>In my firm...</i>		

Individuals and/or teams pursuing business opportunities are expected to obtain approval from their supervisor(s) before making decisions. 1 to 7

*In my firm...*

The CEO and top management team play a major role in identifying and selecting the entrepreneurial opportunities my firm pursues 1 to 7

**COMPETITIVE AGGRESSIVENESS**

*In dealing with its competition, my company...*

Typically seeks to avoid competitive clashes, preferring a 'live-and-let-live' posture 1 to 7

My firm makes no special effort to take business from the competition 1 to 7

Individuals and/or teams pursuing business opportunities make decisions on their own without constantly referring to their supervisor(s).

Employee initiatives and input play a major role in identifying and selecting the entrepreneurial opportunities my firm pursues.

Typically adopts a very competitive, 'undo- the-competitors' posture

My firm is very aggressive and intensely competitive

## Appendix 3

### **Interview: Organizational Culture**

Name:

Location:

Date:

Position:

Number of years working at Wackes:

Age:

### **Communication:**

Q1: What is your thinking about the communication from the management to the employees? Do you think the employees feel well informed and up to date?

Q2: What is your thinking about the communication from the employees to the management? Do you feel the management is accessible and informed about concerns among the employees?

Q3: Do you feel there is a good way of communication among the employees?

### **Resistance to change**

Q4: Do you feel that people within the organization are willing to take on change? For Instance the new sales approach that started when Joelina came in?

Q5: Do you think that some people actually might initiate and lead the change process?

### **Individualism vs. collectivism**

Q6: When you have a problem, would you try to solve it alone or would you try to involve others and in case whom? Management or co-workers?

Q7: What if someone has a new idea? Would he/she try to develop it on their own, or would it brought up and spread in the company, or how would the procedure look like?

### **Innovation:**

Q8: Do you feel there is time in your daily work routine, to focus on problem solutions and new ways that might help the company in the future?

Q9: Do you feel that new ideas are encouraged among employees and from the management?

Q10: What would you say could be done to encourage ideas even better?

### **Mistakes:**

Q11: How ok is it to fail in the organization? Are there consequences?

Q12: Do you have the feeling that if a project fails, people try to learn from it to not make the same mistake twice?

### **Veil of ignorance:**

Q13: Lets assume: You have to design the company, not knowing which position you will have etc., what was one thing you would change about the company to make it more entrepreneurial?

## Appendix 4

### **Interview: Organizational Culture**

Location: Wackes

Date: 17.04.2012

Position: Key account

Number of years working at Wackes: 7

Age: 43

### **Communication:**

Q1: What is your thinking about the communication from the management to the employees? Do you think the employees feel well informed and up to date?

A: Yes I think they are well informed. When Joelina came to the company that did not come as a surprise that was anticipated

Q2: What is your thinking about the communication from the employees to the management? Do you feel the management is accessible and informed about concerns among the employees?

A: For me they very easy to reach, as I have a really close relationship to all of them.

Q3: Do you feel there is a good way of communication among the employees?

A: Its good. A lot of gossip though, especially in the current situation where a change is happening, but its not really sure where it is going, for instance with the new sales approach.

### **Resistance to change**

Q4: Do you feel that people within the organization are willing to take on change? For Instance the new sales approach that started when Joelina came in?

A: I feel people are open to change, but when it comes to Joelina, I think there are two parties, one that is totally supporting the new approach and one that has a certain wait and see posture. In general I think most people support the new approach, yet some are a little doubting, but that might also be natural. Here at Wackes, things have gone the same way for so many years and people are very much used to work for themselves and along their own style and now it will change with a sales manager, which might cause the feeling of being controlled, instead of what it actually is, namely being supported. It's a feeling I have, people do not talk about that openly. I think its just not that easy for people to change if they have worked the same way in the last 20 years and also the title "manager" might be intimidate some.

Q5: Do you think that some people actually might initiate and lead the change process?

A: Yes, for sure. Wackes is a company where the management listens to the employees, other than for instance my experience having worked for Mercedes Benz, where you just a brick among 100.000 other ones. If you have a strong motivation and believe in your idea, you can make a change here at Wackes. Nonetheless, its more of a theoretical knowledge, people know they could change if the would want to, but they do not really take this chance in real life. I do not experience that people have a lot of ideas on how to change or what to improve. I think also people kind of push that kind of thinking on to Thomas. But I also feel this is changing now and more people actually come into leading positions that are "doers" and make things happen.

### **Individualism vs. collectivism**

Q6: When you have a problem, would you try to solve it alone or would you try to involve others and in case whom? Management or co-workers?

A: Until now, I only would involve Thomas. Because if there is a problem where I need support from someone else, it is on a very high level, because I meet directors all over Europe and I do not have the feeling that we have someone else that could actually help me. Joelina could get there in the future, but she just needs more time. If there are problems on a lower level than I would discuss it with the team, but to be quite honest, I solve most of the problems on my own. This was also one of the reasons I left Wackes for that I felt really alone with my problems, especially on a high level and no one but Thomas would understand. To summarize it, I think I solve problems myself and only if I really have problems, I go and see Thomas.

Q6.1.: Do you think it would be beneficial to have a meeting, to discuss problems that arise in a group?

A: Yes for sure. And that is what we have started now, at least in the two teams that I am part of. I am trying to change my way of working, so that I do not end up in the same situation as last time. It is kind of tough for me, not to have someone that really understands your problem.

Q7: What if someone has a new idea? Would he/she try to develop it on their own, or would it be brought up and spread in the company, or how would the procedure look like?

A: I think the other employees are better to bring things up to a group discussion. I perceive a change there, because in the past it was not easy and everybody was working on their own, but now we are at least trying to involve each other. But I know that people still feel alone and we have work to do there.

Q7.1.: Is it then perceived positive by the employees that they have this great degree of freedom?

A: No, actually not. Most people want to have colleagues that are involved, no matter what you do. Most people think it's a better way of working, with that team feeling, than working alone. For sure, there are advantages on working alone and being responsible for your own work and Wackes is a really permitting company, but for most people a team is also needed. It's about finding the right balance. Working in the group has to become more natural.

### **Innovation:**

Q8: Do you feel there is time in your daily work routine, to focus on problem solutions and new ways that might help the company in the future?

A: Yes, in my situation there is, because it is part of my job. But I guess for most people in the company, they do not have time enough. Most of my work is finding better ways to deal with issues and make things smoother internally that is my main task for instance with the Telia group.

Q8.1.: Is that a job that was assigned to you, or did you give that yourself?

A: Yes, I gave it myself, because it is necessary and nowadays, I have the strength to do so, also with the trust that Thomas has in me. But I think that is pretty unique, because the people around do not have the chance or simply do not take it.

Q9: Do you feel that new ideas are encouraged among employees and from the management?

A: Yes, I think people are aware that we need to change and I think they appreciate new ideas. So they are grateful, when someone has a starting point for a new idea and then we go from there and evolve it further.

Q10: What would you say could be done to encourage ideas even better?

A: I think it is a management question. A different communication on how they want them to work and how to find new solutions. Maybe they need to be more direct. Sometimes when we have those information meetings, they bring up issues and relate them to everybody, instead of going to that person directly and have a discussion with them, on how they should work to improve their performance. I think if you want people to think about new ways, you have to tell them and encourage them, for instance with the idea box that we talked about. Sometimes its hard for the employees to know how far they can go. The management needs to show the employees that they really appreciate them coming with new ideas, I mean they do, but maybe not enough.

Q10.1. Do you think the environment at Wackes is one that fosters people having new ideas?

A: I think it is a company that is interested in new ideas. I mean on the one hand everybody at Wackes has an opinion on everything even if it is not there business, but that is changing now and everybody is more focusing on their own stuff. If I for instance have an idea on how a colleague should work, I would not tell him and neither the management, because it is something not polite. I want it to change so everybody can contribute his or her ideas, but I think we are not there yet.

**Mistakes:**

Q11: How ok is it to fail in the organization? Are there consequences?

A: Its totally ok, 100%. I think bad conscious is the only consequence. Thomas told me once its better making a wrong decision than making none. I guess you just cannot make the same mistake over and over again.

Q12: Do you have the feeling that if a project fails, people try to learn from it to not make the same mistake twice?

A: I am afraid there is no learning process. If it fails, we start all over again with a new person or a new team and there is no real learning. We had so many issues the last six months and you should learn from that, but we still do the same all over again. I think the management team right now, cannot keep track of everything. Sometimes things are just going the wrong way and everybody knows it, but nothing is happening and then it is kind of too late.

**Veil of ignorance:**

Q13: Lets assume: You have to design the company, not knowing which position you will have etc., what was one thing you would change about the company to make it more entrepreneurial?

A: First thing that comes to my head is the people's mindset. Thomas told us, when he entered the company that he will not continue treating everybody the same and I think that is a very good thing. Because I think in sales you need to know that you did a good job and than you will do an even better job. I think a change is happening there.

**Interview: Organizational Culture**

Location: Wackes  
Date: 17.04.2012  
Position: CEO  
Number of years working at Wackes: 13  
Age: 47

**Communication:**

Q1: What is your thinking about the communication from the management to the employees? Do you think the employees feel well informed and up to date?

A: I would say yes and no. They know that they can always ask and that I am accessible for them, but I am more working from a clients perspective, which leads to me forgetting the internal perspective sometimes. That is something we have to look into, one of the reasons we hired Joelina is that she could catch up on things among the staff that do not make it to me to then raise my awareness for those issues. Because since I am CEO I am not getting all the information anymore that I used to get when I was deputy CEO. But since Joelina is on board now, we want to make sure, each office gets the information the same time. But what I think what we do need is a more straight way of communication to avoid interpretation of things that have been said and also I think that people want clearer ways of whom to talk to and so forth.

Q2: What is your thinking about the communication from the employees to the management? Do you feel the management is accessible and informed about concerns among the employees?

A: I am pretty sure that they know that my line is always open, but for varies reasons they do not take this opportunity all the time. Now when I am going to Borås, we gave employees the chance to send in questions, so we really want to be open there. Because, especially in Borås people are worried that all the changes in Wackes might affect the location there. People are not feeling safe with the changes, this is something you have to live with, but on the other hand I have to be more informative that I normally might be.

**Resistance to change**

Q3: Do you feel that people within the organization are willing to take on change? For Instance the new sales approach that started when Joelina came in?

A: I think we have two parties in our company, I think the company is very divided at the moment. Some people love change and some people hate change. We have done a lot of changes recently, and before that, the last five years, we have been very stable in all aspects. In 1999, when we did the mergers, we had five very hard years due to the bad situation here in Sweden. But from 2004 on, we had a very stable development and people got used to a more relaxed style of work, for instance, they used to work 50h/week and now maybe 35h/week and lunch breaks getting longer and so forth and everybody is in its comfort zone. But now its time to rock the boat again and some people, especially those who are not in the change mood, they do not like it. But there are also others, who know that if we do not keep on improving things, we will not be here in three years time.

Q4: Do you think that some people actually might initiate and lead the change process?

A: I think initiating change at the moment is very much a top-down process. We had a bottom-up process for a long time, but when people are too comfortable it is impossible to have a bottom-up process. Someone has to shake things and then you can start with bottom-up again, but "rocking the boat" is the CEO's task and in a very decentralized company that is not very popular.

### **Individualism vs. collectivism**

Q5: When you have a problem, would you try to solve it alone or would you try to involve others and in case whom? Management or co-workers?

A: I think we have been very successful at Wackes with giving people the authority and the responsibility to solve problems directly with the client. I think that is a very important thing to keep in the Wackes spirit, because if you cut the responsibility thing, people stop to think and then you have to dictate everything, killing every from of creativity. So people should solve problems on their own, or in the team. I think that is good today. What is not good today is that we used to treat everybody the same in Sweden that was also the former CEO's perspective, but I think it is unfair to treat everyone the same and not dependent on their needs and performance and so forth. I promised, when I started as a CEO that I would not treat everybody the same. When someone for instance is doing wrong or underperforming, we used to say that we have a problem, but its not 10 people having a problem but its one out of 10 having a problem. So the individual has to be addressed directly. That is a change in mentality that we need to do.

Q6: What if someone has a new idea? Would he/she try to develop it on their own, or would it be brought up and spread in the company, or how would the procedure look like?

A: Its more bringing it up and involving everyone in the process and when the person is suitable, they will also carry on with the idea.

### **Innovation:**

Q7: Do you feel there is time in your daily work routine, to focus on problem solutions and new ways that might help the company in the future?

Not included as it is an employee level question.

Q9: Do you feel that new ideas are encouraged among employees and from the management?

A: I think so and I hope so and I would also think so. But I guess it also depends on who is bringing up the idea, because some people are valued higher than others, like in every team. But we have a very friendly atmosphere here at Wackes and people can speak up, which I perceive as being a strong element of the Wackes culture that we should keep.

Q10: What would you say could be done to encourage ideas even better?

A: I think there are many possibilities and one thing that we started to do is hiring more people on the creative side, so that eventually the contact between them and the people out in the field would stimulate new ideas.

### **Mistakes:**

Q11: How ok is it to fail in the organization? Are there consequences?

A: It is probably too ok, so it is ok to make one, as long as you do not do it over and over again and take away something from it. We let people do mistakes, without punishment. I think even some of our employees think that we should be a little tougher.

Q12: Do you have the feeling that if a project fails, people try to learn from it to not make the same mistake twice?

A: I think that is a problem, because we do not have a process or platform where we share information in general, not only focused on learning from mistakes. We have to establish a way to share best practice, because not doing it is very costly for us, also, because we have three different office locations. I think we need a process to evaluate what went wrong, to actually learn something from it.

**Veil of ignorance:**

Q14: Lets assume: You have to design the company, not knowing which position you will have etc., what was one thing you would change about the company to make it more entrepreneurial?

A: Maybe sometimes the people's mentality concerning their discomfort with sticking out of the crowd. People here at Wackes do not want to be on the top, they want to be invisible. People's mindset here in Sweden and especially at Wackes is really communistic.

## Appendix 6

### **Interview: Organizational Culture**

Location: Lund  
Date: 17.04.2012  
Position: Sales Support  
Number of years working at Wackes: 1  
Age: 39

### **Communication:**

Q1: What is your thinking about the communication from the management to the employees? Do you think the employees feel well informed and up to date?

A: I think it is better now than it was before. Yet, it is always more information on the company's future and sometimes you have the feeling that something is happening and you do not know what is going on. But overall I think the information is good.

Q2: What is your thinking about the communication from the employees to the management? Do you feel the management is accessible and informed about concerns among the employees?

A: I think I can always go there and talk to them.

Q3: Do you feel there is a good way of communication among the employees?

A: Yes, I think everybody at Wackes is really helpful.

### **Resistance to change**

Q4: Do you feel that people within the organization are willing to take on change? For Instance the new sales approach that started when Joelina came in?

A: I think Joelina does not give them a chance to refuse the change. Personally, I think it is really good to have her on board. Some might have thought from the beginning that she is here to control them, especially when they have worked in the sales for a long time, but I think it is good because everybody needs someone to talk to, also the sales representatives.

Q5: Do you think that some people actually might initiate and lead the change process?

A: Yes, I think so, it is not only from Thomas.

### **Individualism vs. collectivism**

Q6: When you have a problem, would you try to solve it alone or would you try to involve others and in case whom? Management or co-workers?

A: I would try to solve it my own. When I was new on the job I developed a solution and then I would verify it with some of the ones that have been here longer. But I always try to solve problems first on my own.

Q7: What if someone has a new idea? Would he/she try to develop it on their own, or would it brought up and spread in the company, or how would the procedure look like?

A: I think it could go both ways. Sometimes the sales men develop an idea and then present more or less the result and other times, they ask for problem solutions during our Monday meetings.

### **Innovation:**

**Innovation:**

Q8: Do you feel there is time in your daily work routine, to focus on problem solutions and new ways that might help the company in the future?

A: No, not really. I mean now I feel like I have a little more time since I am on the job now for a year and I feel a little more familiar with my work. But for now I am still really busy with changing the old web shops and so forth, once that has happened, I think I will have more time to also think about wider problems.

Q9: Do you feel that new ideas are encouraged among employees and from the management?

A: I do not know

Q10: What would you say could be done to encourage ideas even better?

A: I do not know

**Mistakes:**

Q11: How ok is it to fail in the organization? Are there consequences?

A: Yes, its ok and there are no company's consequences but the clients get angry and I do not like it making mistakes.

Q12: Do you have the feeling that if a project fails, people try to learn from it to not make the same mistake twice?

A: Yes, I think so; we have an ISO process to structure the mistakes that have been made. When I was new on the job, me and the two other ladies that came to the company, we shared the mistakes we made, so we could all profit from the others experience, two avoid making the same mistake twice.

**Veil of ignorance:**

Q13: Lets assume: You have to design the company, not knowing which position you will have etc., what was one thing you would change about the company to make it more entrepreneurial?

A: I think Wackes academy is a great tool. It is important to educate the people and train them on the actual product will help them to come up with new ideas and will make the company much better. So bottom line, education, knowledge and information and make the people in the company feel that we are one and working for the same goal.

**Interview: Organizational Culture**

Location: Lund  
Date: 17.04.2012  
Position: Sales  
Number of years working at Wackes: 1  
Age: 55

**Communication:**

Q1: What is your thinking about the communication from the management to the employees? Do you think the employees feel well informed and up to date?

A: I think we are pretty well informed. I feel there are a lot of things that we do not get information on but that could be for tactical reasons, but I think we get the information that we need. I know that it is very hard to find the right balance in informing people. I know that Thomas was a little frustrated of being too transparent, because even when he informs people he still gets stupid questions, so he was wondering if he should keep on informing people, but everyone gave a clear yes as an answer. Maybe the information just needs to be a little clearer and precise, sometimes you just leave layers out if you are deeply in to a project.

Q2: What is your thinking about the communication from the employees to the management? Do you feel the management is accessible and informed about concerns among the employees?

A: I think bringing Joelina in, was the right step fostering the communication towards the management a lot, so we (sales) have the feeling we can give information and get response on it.

Q3: Do you feel there is a good way of communication among the employees?

A: Yes I would think so, within each office, but probably not among the different offices. There it is not so open and frequent.

**Resistance to change**

Q4: Do you feel that people within the organization are willing to take on change? For Instance the new sales approach that started when Joelina came in?

A: Yes, I think it is good for us here in Lund, because the change was initiated here and we see and feel it and we are well informed about it. But I can imagine that people in Borås have a different feeling, because they used to be the center of things and now they are somewhat on the side. I think now, the sales is more aggressive and I like that because I am fan of learning new things and develop and I also believe that a company should make progress because otherwise it is losing market share. Bringing in Joelina made people more focused on what they do and I think that is a good thing because people here have been really comfortable and the pace has not been intense and now it is again and you need someone to make people focus on the reason they were hired and Joelina is making a good job there.

Q5: Do you think that some people actually might initiate and lead the change process?

A: Yes, I think so. Because some of us are out there, meeting the market and that input is vital for Wackes. It is probably to early to tell whether that is only a theoretical possibility or if we actually use it in practice. The former CEO has been very sensitive to that input and made the changes, now with Thomas, he has a lot of ideas and I think he rather goes and tests his ideas first before he tests others, because he has a vision and he is a strong minded person. I mean he probably reflects on other ideas as well, but it must be a very strong idea.

**Individualism vs. collectivism**

### **Individualism vs. collectivism**

Q6: When you have a problem, would you try to solve it alone or would you try to involve others and in case whom? Management or co-workers?

A: I never really experienced this situation, but I think I would involve other people. Now, with my new Tetra Pack account I will face some difficulties and then I will look for help among the people that had the account before to learn about their best practices and tips and tricks. But I think now, since Joelina is on board, she is my first address for problems I do have.

Q7: What if someone has a new idea? Would he/she try to develop it on their own, or would it be brought up and spread in the company, or how would the procedure look like?

A: I think it would be brought up and discussed in the team.

### **Innovation:**

Q8: Do you feel there is time in your daily work routine, to focus on problem solutions and new ways that might help the company in the future?

A: You know I see so many things that we have done differently at my old company and sometimes I mention it, especially with the CRM program, because that is something they (Wackes) did not have and now they are taking it into consideration. Sometimes I feel like the management is too much focused on strategy and "the" plan and testing the management's ideas first, before taking others into consideration. At the beginning I was really active coming up with new ideas, but I have noticed that those ideas were not really taken into account because Thomas is so much focused on trying his visions, so I do not feel like it is worth taking the time and think about wider organizational problems to come up with new ideas. Not that I would not bother, because I do, but the idea needs to be really really good that it is actually worth debating on it.

Q9: Do you feel that new ideas are encouraged among employees and from the management?

A: A really good idea is. Michael and me, we really fought for the CRM system and now finally, after one year they are considering it. But I mean there are a lot of good things in place here at Wackes, so it's not that we would have to change everything. Of course, testing ideas is also a costly thing.

Q10: What would you say could be done to encourage ideas even better?

A: In a way having Joelina here helps, because you have someone that listens. But if you have a lot of ideas and none is taken into consideration you do not bother anymore. I think an important thing is that when you have a forum for ideas, something needs to happen with those ideas. People now use Monday morning meetings to bring up ideas, because then they get feedback and are heard.

### **Mistakes:**

Q11: How ok is it to fail in the organization? Are there consequences?

A: I actually do not know from personal experience. I think it is allowed to make a mistake once or twice. I think we have a very human way to look at things.

Q12: Do you have the feeling that if a project fails, people try to learn from it to not make the same mistake twice?

A: I do not think that we share this information, although we have a system within the ISO, where you are supposed to write down everything you want to change, and Johanna is reminding everybody on Monday meetings if they have anything to report there. But it is not common

here that you outline faults that other people make here at Wackes and the people that make the fault probably would not outline it themselves because maybe it is too embarrassing.

**Veil of ignorance:**

Q13: Lets assume: You have to design the company, not knowing which position you will have etc., what was one thing you would change about the company to make it more entrepreneurial?

A: I think we are on the right track. But what I think we need is education, because we need to bring all the staff on one level when it comes to what we are doing here. Especially, when we talk about the different approach that Wackes wants to take, with being more of a consultant. For the purpose of growing internationally, I think we need to merge with an American of English company, instead of growing organically.

## Appendix 8

### **Interview: Organizational Culture**

Location: Lund

Date: 17.04.2012

Position: Sales/Key Account

Number of years working at Wackes: 1

Age: 47

### **Communication:**

Q1: What is your thinking about the communication from the management to the employees? Do you think the employees feel well informed and up to date?

A: Yes, I think we get good information. I think they are trying to find a form for it, right now and also with Joelina it is better for us now in regards to getting information.

Q2: What is your thinking about the communication from the employees to the management? Do you feel the management is accessible and informed about concerns among the employees?

A: There is no problem to go and talk to Thomas, maybe that is easier for us than for the people in Borås and Stockholm and he also has an open mind to listen to us.

Q3: Do you feel there is a good way of communication among the employees?

A: Yes, I think there is good communication, especially within the teams that we have.

### **Resistance to change**

Q4: Do you feel that people within the organization are willing to take on change? For Instance the new sales approach that started when Joelina came in?

A: Yes, for instance when we came to the company, we had some new ideas and I feel like they tried to listen to our ideas and us, but of course that takes some time.

Q5: Do you think that some people actually might initiate and lead the change process?

A: Yes, for instance the whole CRM came from us and we explained why we think it is important to link everybody and now we are getting there.

### **Individualism vs. collectivism**

Q6: When you have a problem, would you try to solve it alone or would you try to involve others and in case whom? Management or co-workers?

A: I am always trying to solve the problem my own.

Q7: What if someone has a new idea? Would he/she try to develop it on their own, or would it brought up and spread in the company, or how would the procedure look like?

A: I think it could go both ways. We are trying to work in teams, but it might be easier to just do it on your own. Now, for instance, we as a group working on this years Christmas gifts approach, but in the end everybody will sell it on their own.

### **Innovation:**

Q8: Do you feel there is time in your daily work routine, to focus on problem solutions and new ways that might help the company in the future?

A: Not really. Normally, I always have heavy and fast projects all the time and then you just have to work hard to get it all out in time. So, the only time I can really think about wider things, is after working hours.

Q9: Do you feel that new ideas are encouraged among employees and from the management?

A: I think in general yes. I mean not every idea is a good one, but we talk about it and then we see what happens. We have a very open mind here and listen to things.

Q10: What would you say could be done to encourage ideas even better?

A: Time would help, but I do not know to "create" time. Because there are so many things you have to take care of.

**Mistakes:**

Q11: How ok is it to fail in the organization? Are there consequences?

A: There are no economical consequences, so I do not have to pay for it, but we are all sportsman and we hate to lose and making a mistake is like loosing, so we rather have a personal problem with it.

Q12: Do you have the feeling that if a project fails, people try to learn from it to not make the same mistake twice?

A: I mean we have a process in our ISO and I really hope everybody is learning from the mistakes they make.

**Veil of ignorance:**

Q13: Lets assume: You have to design the company, not knowing which position you will have etc., what was one thing you would change about the company to make it more entrepreneurial?

A: One aspect would be time. I think people that are selling well over their quota have time to think about problems and those who do not, they do not have time to think about anything else but thus, they also do not sell way over their quota- so it is kind of a vicious circle. I think one way to create time would be a better way of placing the orders than we do have now with our navition software.