Masteroppgave

ADM755 Samfunnsendring, organisasjon og ledelse

Optimiziation of Knowledge Management processes in international business relations
- a comparative discussion of French and Norwegian business- and leadership culture, illustrated by a case study of a French-owned Norwegian company

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Preface

This report presents a Master's Thesis by Marie Gjære, carried through Molde University College, submitted in May 2014. The project is conducted as a part of a Master's degree in Change, Organization and Leadership, and the thesis counts for 30 ECTS.

The last months have been hectic but rewarding. Both as a researcher and an individual, I have learned a lot, and challenged myself on many levels. I am very pleased with having chosen a field of theory that is of high personal interest to me - also, I am thankful that my preferred case company wished to participate in the project.

I would like to express my gratitude towards my instructor, Professor Ove Bjarnar at Molde University College, who kindly and wisely has guided me through this process. His experience, support and competence have been highly valuable to me.

Furthermore, my contact person and the informants in the case company have been welcoming, open and helpful; I sincerely appreciate that you contributed to my project and allowed me insight within the company – personally, it was also nice and interesting to talk to you all.

I would like to thank my wonderful family, their patience and support has given me motivation and energy. Per Helge, you inspire me every day. Also, I would like to express my gratitude towards Sigrid and Sophie, and my parents and Sassa, who taught me to work hard and thoroughly when I grew up.

Marie Gjære
Molde, 15.05.2014

The author is solely responsible for the content of this thesis.

Abstract

Paper type, keywords and purpose: Master's degree Thesis. Keywords: Intercultural KM, cultural dimensions, Norway, France. The purpose is to assess cultural influence on KM in French-Norwegian business relations, and provide advises for French and Norwegian companies to optimize KM in such relations, e.g. in common projects.

Design/methodology/approach: This report contains a theoretical study of French and Norwegian business- and leadership culture, and relates this to litterature regarding intercultural KM. The findings are illustrated by a case study of KM-processes in a Norwegian company, recently acquired by a French.

Problem statement: *"How can competence regarding nationality-specific business- and leadership culture contribute to optimization of Knowledge Management processes in French-Norwegian business relations?"*

Sub-problem: *"How may nationality-specific cultural factors potentially affect knowledge management processes in a business relation between the Norwegian case company and their French owners?"*

Findings: There are several, and to some degree major cultural challenges related to KM in French-Norwegian business relations, mainly rooted in differences regarding equality vs. power. KM technology may be the most important, and culture-neutralizing tool.

Research implications: Further research is needed regarding implications of Norwegian culture in international business relations. Also, more research should involve employees.

Practical implications: The findings underline the need for a common understanding of each others' national cultures. Proactive focus on cultural implications is vital to optimize KM in a French-Norwegian business relation.

Orginality/value: Little existing research investigates cultural implications on KM-processes. Even fewer compare Norwegian and French business- and leadership culture, and none combine the two topics.

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Abbreviations

CCS – Cross Cultural Studies
CEO – Chief Executive Officer
CRM – Customer Relationship Management
ERP – Enterprise Resource Planning
GDP – Gross Domestic Product
HO – Head Office
HR – Human Resources
KM – Knowledge Management
MNC – Multinational Company
PM – Project Management
R&D – Research & Development
RQ – Research Question
TQM – Total Quality Management

1.0 Introduction

In international business today, understanding of cultural context is vital, as world markets are constantly closer woven together and physical distances are no longer the barriers they represented only few years ago. As Ofori-Dankwa and Ricks (2000) point out, there are an increasing number of globally homogenizing factors, which coexist with significant national and regional differences. Amongst the factors are the worldwide acceptance of the free-market enterprise system, the institutionalization of democratic forms of government of most nations, increasing utilization and standardization of technologies, improved global communication and transportation, the development of stock market exchanges all over the world, a global market for employers and employees, and an increasing number of students studying abroad from their home countries.

There are innumerable examples of success stories regarding international mergers, acquisitions, expansions etc., but just as many of companies that have failed. A common mistake is to ignore or underestimate the importance of national culture, and the consequences can be brutal. Cultural differences can involve many different factors, e.g. attitudes towards time, space, work, and deep-rooted ethical systems of determining what is right and wrong. Another cultural aspect, as described by Lavaty and Kleiner (2001), is the phenomena of ethnocentricity; that members of a culture tend to view their own culture as superior to others. According to e.g. House et.al. (1999), Haire, Ghiselli and Porter (1966), Ronen (1986) and Hofstede (1983), values, beliefs and norms distinct for a certain culture can also say a lot about strategies and organizational goals, and about which behaviour that could be most efficient in a specific cultural context.

Clearly visible differences between cultures tend to be easy to notice, but the more tacit, and finely nuanced ones can be harder to grasp and react on. But despite this, they should not be ignored. Lavaty and Kleiner (2001) underline the importance of knowledge about culture of the countries one considers as almost like as one's own. Cultures that seem similar to one's own origin may have more subtle differences that are much more difficult to ascertain than e.g. very obvious differences as between Eastern Asian and Northern African countries. This is an observation to keep in mind conducting this study, as it involves Norway and France which both are Western European, well-functioning, democratic countries with many of the same traits.

This introduction has started by underlining the need for cultural competence in international business relations. Another key success criterion is the knowledge within the company and the management of this vital resource, as the society today can be characterized as the "knowledge society". Drucker (1993) is amongst the many authors who describe knowledge as the key resource for firms competing in knowledge-based industries, and states that productivity of knowledge is the determining factor of competitive power. He underlines the critical need for Knowledge Management (KM) in organizations, as it makes an organization capable of more effective action. According to Arthur (1996) and Nonaka & Takeuchi (1995), the winners of the future market will be those who are masters of KM. But to fully do this in an international context, it is necessary to have competence on how it can be affected by national culture. As stated by Magnier-Watanabe and Senoo:

> *The influence of national culture on KM implies that the management of knowledge may not only depend on the organizational characteristics of the firm and its deliberate and explicit procedures and guidelines, but may also be constrained by the mental models of its practitioners drawn from national culture. (2010, 216)*

Several examples of general, cultural implications and aspects have now been briefly mentioned – they will further be linked to KM, to create a framework describing how such nationality-specific cultural factors can affect processes of KM in a company. Differences in communication habits can for example lead to misunderstandings, insults and withholding of information, norms regarding individualism versus teamwork can lead to inefficiency and frustration, as can divergence in work methods and goal orientation. To facilitate understanding of these processes, it is necessary first to clarify what is actually described by the term KM. A brief introduction to the subject will now be presented - in the theory chapter it will be discussed further. Magnier-Watanabe and Senoo provides the following definition:

> *Knowledge management can be defined as the process for acquiring, storing/sharing, diffusing and implementing both tacit and explicit knowledge inside and outside the organization's boundaries, with the purpose of achieving corporate objectives in the most efficient manner* (2008, 22).

As stated by Davenport and Prusak (1998); KM focuses on processes and mechanisms with regards to locating and sharing knowledge possessed by an organization or its agents, which can be founders, managers, employees or stakeholders. According to Gao, Li and Clarke (2008, 3), KM expresses a deeper meaning than knowledge or management separately represent as two terms. Further, they describe how these topics can be divided into two main categories; the hard track and the soft track. In a hard track context, KM tend to be seen as equal to an IT-based management system; consisting of theories, methodologies, approaches and tools related to technology, such as software, databases, formal information, product innovation systems, expert systems, patents or copyrights. The soft track is people-focused, and concentrates on how to facilitate and enable suitable, functional contexts for creation, development, use and sharing of knowledge. Emphasis is to a large degree put on tacit/implicit knowledge and know-how, closely related to body and mind, and embodied in action. In this study, both hard track and soft track aspects of KM will be discussed; formal systems and informal, interpersonal processes.

The method, by which this study will approach such cultural influence on KM, is through a theoretical comparison between Norwegian and French business- and leadership culture, within the context of intercultural KM. The theoretical findings will be illustrated by a qualitative case study of KM-processes within a Norwegian company, which recently has been acquired by a French firm. In the future, both the case company and the French buyer will have to face managerial and procedural implications of their nationality-specific cultures, and the aim of the researcher is to clarify which aspects to be especially aware of with regards to KM.

1.0   Structure

The following part of this introductory chapter will describe background and context, problem statement and research objectives. Next, is the theoretical chapter, where the main focus is literature regarding intercultural KM, related to a presentation of existing literature regarding Norwegian and French business- and leadership culture. Chapter tree describes the methodology of the study. Here, the choice of research methods will be discussed, as well as the implications, validity and reliability of these. The case study will be presented in chapter four. In chapter five, the theoretical findings will be related to the case study,

and theory and empirics are analysed. Chapter six will present the conclusion of this report, and implications for further research. Finally, chapter seven mentions limitations.

1.1 Background

1.1.1 Research objects – choice of countries and case company

There are three main reasons for the choice of Norway and France as research objects, when deciding to compare impact of two nationality-specific cultures.

The idea of such a comparison came as a direct consequence of an acquisition. In the preface of this project, in October 2013, the researcher decided on a Norwegian company she considered as most preferable for a case study, and designed a proposal for the project. The preference regarding the firm was primarily based on personal interests, related to its achievements and core competences. The company is a highly specialized niche actor within the marine industry, expanding and operating internationally. Furthermore, in the start of 2014, a French firm acquired the preferred case company - an incident that highlighted the possibility for conducting a study involving a comparison of the two countries. As a consequence, the researcher updated her plans, and formulated a new project description and problem statement.

Secondly, what made this acquisition specially relevant and interesting for the researcher was her personal interest in intercultural knowledge management, combined with the fact that she lived in France for some months in 2012, studying international management. Due to this, she finds relations between the two countries especially interesting. Literature search also revealed a striking absence[1] of previous comparative research regarding French and Norwegian business- and leadership culture[2], as well as little research regarding nationality-specific cultural impact on KM – these research gaps also appealed to the researcher.

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[1] Only one contribution were found, which did not include any targeted literature regarding specifically Norwegian or French business- and leadership culture, only general frameworks regarding CCS presented by Hofstede, Trompenaars and Hampden-Turner etc. (1993)

Third; several cross-cultural research projects describe a gap between Norway and France in several areas of values, norms and behaviour. E.g. according to Hofstede's framework of cultural dimensions (2014c, 2010) – as thoroughly discussed in the theory chapter of this report - Norway and France represent major differences regarding e.g. power distance, masculinity of culture and uncertainty avoidance. This makes it especially interesting to compare these two countries, as they at the same time have many characteristics in common, e.g. being western European, participants in international trade and trends, and relatively wealthy compared to the majority of other countries in the world. Also, this is relevant as Norwegian and French companies are engaged in several important trade relations, resulting in strong economical bonds between the two countries. According to the French Ministry of Foreign Affairs, Ministère des Affaires étrangères (2014), Norway, with a deficit of 3.35 billion Euros, is France's seventh biggest bilateral deficit in the world, due to Norway's considerable share of the country's energy bill. Since 2007, Norway has been the leading supplier of natural gas to France, and the second biggest supplier of crude oil, after Russia. France is also amongst the main importers of Norwegian seafood – Norway is the EU's most considerable supplier of fish products. In addition to this, two of the largest Norwegian companies have significant investments in France; Norsk Hydro, global supplier of aluminium, who has several ownerships in the French aluminium chain, and YARA, world leader of fertilizers for agriculture, which processes several units in France. Also, the so-called oil fund, a sovereign Norwegian fund, has considerable portfolio investments in about 170 French securities – per 2009, these investments accounted for approximately 16 billion euros, and make Norway one of the biggest foreign institutional investors on the Paris market. France is[3] the sixth-leading investor in Norway; this is the 16th largest destination for French investments, the most significant in the Nordic zone. The market share of French companies in the Norwegian market is around 3,7 %, while France is Norway's eight-leading supplier.

1.2 Problem statement, research questions and objectives

1.2.1 Problem statement and sub-problem

The purpose of this paper is to assess cultural influence on KM in French-Norwegian business relations. The problem statement is:

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[3] (Per 28.09.10)

How can competence regarding nationality-specific business- and leadership culture contribute to optimization of Knowledge Management processes in French-Norwegian business relations?

The problem statement consists of three main parts. The first describes that the study will discuss *"understanding of nationality-specific business- and leadership culture"*. This implies that the concept of culture is essential, and that business is the context in which cultural issues here will be examined. The second part states that KM processes are the subject of investigation within this context, i.e. that the study will discuss their characteristics, and how they can be affected by environmental factors related to nationality-specific business- and leadership culture. The third part of the problem statement is also contextual; it narrows the scope to business relations between French and Norwegian companies.

A sub-problem has also been formulated, to include the findings from the illustrative case study. The sub-problem is:

"How may nationality-specific cultural factors potentially affect knowledge management processes in a business relation between the Norwegian case company and their French owners?"

The sub-problem clarifies the relation between the theoretical part and the case study, and states the case study's function and purpose.

1.2.2 Research questions

Two research questions are formulated in order to specify which material to collect and discuss to answer the problem statement of this study. The questions are:

RQ 1: According to existing literature; which are the KM-related similarities and differences between French and Norwegian business- and leadership culture, and how can these findings be related to theory on KM in international business relations?

RQ 2: What characterizes the KM processes of the case company today?

To clarify certain implications of the research questions, some additional comments are presented:

In RQ 1, the term "existing literature" is used. With regards to this, one aspect should be specified further. To narrow the theoretical scope, the researcher has chosen to mainly discuss literature regarding only Norwegian (and French) aspects, instead of also emphasising material concerning the Scandinavian/Nordic countries in general. The main negative implication of this has been less available research material, as there is a scarcity of scientific studies specifically regarding Norwegian business- and management culture (Sund 2013). Despite this fact, the researcher decided on a narrow focus as the most appropriate for this study. There are two reasons; allocation and priority of time available for the project, and accuracy of the material. Because, although cultures of the Scandinavian countries have many characteristics in common (Warner - Søderholm 2012b, Grenness 2003, Hofstede 1980), and terms like "Nordic/Scandinavian leadership style" are frequently used, also amongst researchers, there are also several factors that differentiate the countries from each other. E.g., Warner-Søderholm (2012a) points out how Norwegians almost take for granted that it is efficient to cooperate in groups. In Denmark and Sweden, one can expect a more individualistic and competitive attitude towards each other, also in teamwork. Another example is how Finnish employees expect their leaders to provide exact answers to their questions, whilst this is not the norm in Norway. Warner-Søderholm (2012b, 8) further finds Norwegians to place greater value on directness than the other Scandinavian countries, also, Norwegians have stronger gender egalitarian values and a higher tolerance for uncertainty, and focus on a more paternal, inclusive style of management.

Furthermore, and also regarding RQ 1, business- and leadership culture can be seen as two separate terms. But as they are of an overlapping character, the researcher decided to discuss them as one unit. This has been done to present a context that is as complete and appropriate as possible with regards to fulfilling the objects of the study. If one had chosen to only focus on nationality-specific business culture or – leadership culture, one would have risked overlooking theoretical and empirical aspects important for the presentation of the context as a whole. One could also have discussed both topics, though separately. But the researcher considers this as a possibility that would have led to a scope too broad and

imprecise for such a project as this. A possible negative aspect of discussing the two terms together is that one risks being inaccurate in the presentation of the gathered material. But as the researcher is aware of it, she constantly bares it in mind and takes it into consideration when conducting the study.

The third and final comment to the research questions can be made regarding RQ 2, and the choice of only considering current KM-processes in the case company. Although the researcher during the case study has become aware of both facts and speculations regarding practical consequences of the acquisition of the company, she has chosen to not investigate possible future implications of the French acquisition. Such implications can be degree of daily contact, concrete plans, market conditions, changes in routines, restructuring and so on. There are several reasons for this refinement. First, it allows the researcher to prioritize on her preferred angle and problem statement. If the project should have included thoughts and hypothesises regarding the months and years to come, both the interviews and the project in general would have shifted focus, and the researcher would not have been able to concentrate all attention towards a problem statement as the one that was chosen. Secondly, almost all information about the plans of the acquiring company are still highly confidential – status per today, in April 2014, is that the top management of the two companies recently have started creating a new Business Plan for the case company. Therefore, basically no information would have been available for the researcher if she had wished to discuss the plans for the future. Also, interviews including speculations from employees would have been almost worthless, as no one could have validated any statements. Third, even if one had information about plans and strategies, no one can predict what they actually will result in.

1.2.3 Target groups and research objectives

This study is designed to serve several objectives. Firstly, the researcher aims to present a theoretical comparison between KM-relevant characteristics of French and Norwegian business- and leadership culture, as complete and accurate as possible. As mentioned earlier in this introduction, there exist few scientific contributions that explore nationality-specific cultural implications on KM, and even fewer that compare Norwegian and French

business- and leadership culture – as far as the researcher has been able to find out[4], there barely are any scientific documents that directly discuss this topic, and none that link it directly to KM-processes. Therefore, to fill a research gap is a goal in itself.

The other objectives are related to the target groups of the project. It has been a clear goal for the researcher to produce a document that can be useful for both French and Norwegians seeking knowledge about each other; in particular the case company and the company that have acquired it[5]. The last mentioned is a considerable international, globally oriented actor within the case company's field of business, and has communicated openly that it will perform an active ownership on an operational level, seeking synergies and market shares regarding competence, technology, geography and project-ownership. Although it is not yet clear how, and to which degree, French and Norwegians in the two companies will actually be involved with each other on a regular basis in the future, employees and leaders from both sides can possibly make good use of a document which targets areas and processes they should pay special attention to with regards to KM in their business relation.

Further target groups of the project are people involved in other French-Norwegian business relations, people with a general interest in the topic, and researchers that approach similar/overlapping fields of knowledge, or may want to investigate the topic further.

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[4] The methods and sources of the literature search are described in chapter 3
[5] An investment company is the actual buyer, but this report will refer to its most important operational subsidiary when using the term "the buyer".

2.0 Theory

As nationality-specific business- and leadership culture represents the context of this study, the presentation of theory will start by discussing culture and nationality-specific cultural research.

2.0 Culture

Schein (2010, 18) provides the following definition of culture:

> *A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation to those problems.*

Another of the most commonly quoted definitions are signed by Hofstede: *"Culture is the collective programming of the mind distinguishing the members of one group or category of people from others"(Hofstede 2014a).*

According to the problem statement, nationality-specific business- and leadership culture is the cultural subject relevant for this study, which investigates its implications for KM in an international business context.
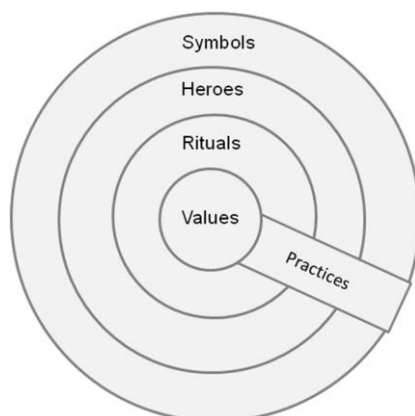

Figure 2.1: The "Onion": Manifestations of Culture at Different Levels of Depth (Hofstede 2010, 8)

As illustrated by figure 2.1, culture manifests itself through values, rituals, heroes, symbols and practices. The inner layers are most profoundly rooted, and also fundamental to the outer. Thus, a key to understanding French and Norwegian nationality-specific business- and leadership culture is to analyse the respective countries' values and rituals. In the further text, the fundament of the two cultures first will be described in light of Hofstede's framework of cultural dimensions. Subsequently, literature specifically describing French and Norwegian business- and leadership culture will be presented. The second half of this chapter will discuss intercultural KM, and finally all the theoretical findings will be summarized through five nationality-specific cultural KM-dimensions.

2.0.1   Cross-cultural studies (CCS) and Hofstede's cultural dimensions

The question of how, and to which degree nationality-specific culture affects business and leadership, was first actualized when Haire, Ghisseli and Porter (1966) examined how leaders in different countries think and practice management. Since then, the topic has been subject to a considerable amount of research. According to Hofstede (1983), nationality influences business for three reasons. Firstly, because nations are historically rooted political units with specific, own institutions and legal, educational and labour market systems. Secondly, because informal organizations usually are culturally based, and third; as psychological factors and human ways of thinking are partly influenced by nationality-specific cultural factors formed by early family relations and educational systems, differing from country to country.

Based on these assumptions, Hofstede created his framework regarding cultural dimensions (2001, 1980, 1991), which is amongst the main theoretical building blocks of this study. As a consequence of his massive research involving IBM-employees from over 70 countries[6], he has become known as one of the world's most important researchers

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[6] *''Professor Geert Hofstede conducted one of the most comprehensive studies of how values in the workplace are influenced by culture. He analysed a large database of employee value scores collected within IBM between 1967 and 1973. The data covered more than 70 countries, from which Hofstede first used the 40 countries with the largest groups of respondents and afterwards extended the analysis to 50 countries and 3 regions. Subsequent studies validating the earlier results include such respondent groups as commercial airline pilots and students in 23 countries, civil service managers in 14 counties, 'up-market' consumers in 15 countries and 'elites' in 19 countries. In the 2010 edition of the book Cultures and Organizations: Software of the Mind, scores on the dimensions are listed for 76 countries, partly based on replications and*

within the field of cultural categorization/CCS, alongside with Hall (1976), and Trompenaars and Hampden-Turner (1997)[7]. By dividing cultural traits into four main categories; power distance, individualism versus collectivism, masculinity versus femininity, and uncertainty avoidance, he formed a theoretical framework that is used worldwide to describe differences and similarities between nationalities and groups of countries. A fifth category, long-term orientation, was added in 1991. In 2010 this dimension was updated to pragmatic versus normative, as a result of complementary research - analysis of the World Survey Data for 93 countries. This material was also regarded complete enough to provide data for a sixth dimension, indulgence versus restraint, and Hofstede presented updated research on all six dimensions in the third edition of his book Cultures and Organizations: Software of the Mind (co-authors Minkov and Hofstede) (2010). The cultural dimensions will be presented in the following section, including characteristics and Hofstede's own comparative discussion of Norway and France (2014c), illustrated by this diagram:
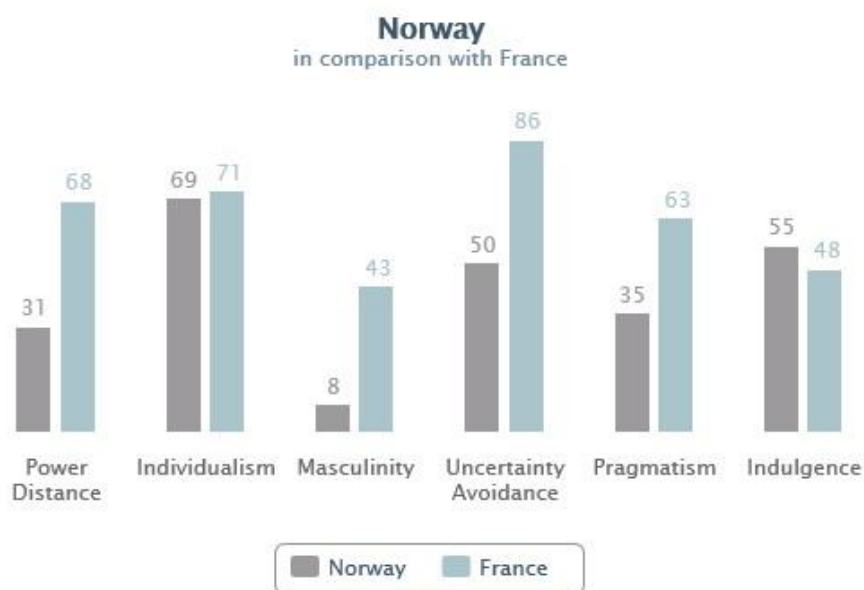
Norway
in comparison with France

Figure 2.2: Comparison of Hofstede's cultural dimensions regarding Norway and France (Hofstede 2014c)[8]

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extensions of the IBM study on different international populations and by different scholars." (Johansen 2009)

[7] *Please note that the researcher, to prioritize optimally and precisely in relation to the problem statement, has chosen to focus solely on Hofstede's theories with regards to CCS, instead of also discussing the other main contributions within the field, such as Hall (Hofstede 2014b) and Trompenaars and Hampden-Turner (1976). Comparing these is a research field in itself.*

[8] Figure downloaded 07.03.2014

2.0.1.1 Power distance

The first cultural category is power distance, the degree of acceptance and expectance in a society for unequal distribution of power – especially amongst the members of the society that are the less powerful. I.e., the term refers to the degree of hierarchy and differences that characterize the culture - in corporate culture examples are level of formality, number of hierarchical levels in an organization, and practice of rank in the company, due to age, position, experience etc. As one can read from the figure presented above, power distance is one of the indicators with the largest gap between Norwegian and French culture in general. Norway scores 31, while France scores 68 on a Hofstede's scale from 1-100. Hofstede (2014c) mentions several examples of the power distance of the French culture; that French companies tend to have one or two more hierarchical levels than comparative firms in e.g. Germany or the UK, that superiors often have privileges and often are inaccessible, and that CEOs of big companies are called Monsieur PDG – a more prestigious version of CEO meaning President Director General.

Later in this report it will be further elaborated how the power distance indicator is amongst the most visible traits of both French and Norwegian business- and leadership culture, and represents a potentially considerable challenge with regards to KM in French-Norwegian business relations.

2.0.1.2 Individualism

Hofstede's second cultural dimension is individualism versus collectivism; it refers to the degree of interdependency between members of the society – how loosely or tightly individuals and families are attached and dependent of each other. The degree of individualism/collectivism in a society is according to Hofstede reflected in whether people define their self-image in terms of "I" or "we".

According to the presented graph, both Norway and France are individualist cultures, as Norway scores 69 and France 71. In terms of KM and business- and leadership culture, this implies that people from these countries generally tend to rather have individual than collective goals and intentions in work-life, that there are clear lines between work and private life, that personal values are valued and expressed, and that people are used to

taking initiative and responsibility (Hofstede 2014c). Hofstede further highlights that the French combination of high scores regarding both individualism and power distance is quite unique, only Belgium and to some degree Spain and Italy score similar results.

2.0.1.3   Masculinity versus femininity

In this context, masculinity versus femininity is the degree of so-called "soft values" in a culture. Hofstede describes the difference as a question of whether members of a society tend to be primarily motivated by wanting to be the best, or liking what one is doing. In a highly feminine culture consensus is generally important and valuated, and incentives such as free time and flexibility are favoured. Caring for the environment is common, and focus is often on wellbeing instead of status. Leaders believe in supporting their employees, and in involvement as the best way of decision-making.

While France scores 43, Norway scores very low on the masculinity index - only 8. This is the second lowest of all countries included in Hofstede's research, after Sweden. Therefore, Norway can be described as a culture where feminine values dominate almost completely. This fact can be related to the Norwegian social system and wealth, which has enabled extensive growth and a society characterized by financial and social stability and security. Abundance gives room for feminine values related to e.g. family, wellbeing and thriving, as most Norwegians do not have to worry about their future.

2.0.1.4   Uncertainty avoidance

The degree of uncertainty avoidance in a culture describes the general tolerance and acceptance towards uncertainty, and to which extent the members of the culture feel threatened by ambiguous or unknown situations. It also expresses the extent to which the members of the culture have created beliefs, institutions, rules and norms to try to control or avoid such uncertainty. Cultures with high degree of uncertainty avoidance tend to be characterized by bureaucracy, plans for the future and focus on laws. According to Hofstede's scale, Norway represents a medium score of 50 with regards to uncertainty avoidance. This implies that the Norwegian culture emphasizes formal structures and precautions, but at the same time can be willing to take risks. An important keyword is trust - characteristic of the Norwegian society. France scores 86, and Hofstede (2014b)

mentions several specific examples of French uncertainty avoidance. First, they generally do not like surprises; structure and planning are required. Secondly, they prefer to receive all necessary information prior to meetings etc. Third, this preference for planning and overview leads to the positive consequence of being successful with regards to developing complex technologies and systems in stable environments, e.g. within the industry of rapid trains and aviation.

2.0.1.5   Pragmatic versus Normative

The dimension of pragmatism describes to which degree members of a society can be characterized by need to explain e.g. events, contexts, and phenomena; the more pragmatic, the more acceptance of the fact that one cannot fully understand and explain the complexity of life. As for three of the other dimensions, there is also here a considerable gap between the scores regarding France and Norway. The French culture scores 63 on Hofstede's pragmatist dimension, according to this, France is a distinct more pragmatic society than Norway, who scores 35. In a business context, this signals that French and Norwegian tend to argument and approach problems differently.

2.0.1.6   Indulgence versus restraint

The last of Hofstede's cultural dimensions is indulgence versus restraint, and describes the degree of control over impulses. This dimension is not seen as relevant to the problem statement of the study, and will therefore only be briefly mentioned. Norway scores 55 and France 48; the Norwegians are a little more impulsive.

2.0.2   Critique of CCS research

The field of Cross Cultural Studies has, despite its popularity, also its critics. The main areas of criticism are inherent theoretical and methodological biases, and that the theories tend to be badly equipped regarding providing relevant information on national contexts (de Bony 2010).

Fernandez et.al. (1997) are amongst the researchers that have re-examined Hofstede's country classifications. They challenge Hofstede's data collection methods − mainly that

his first, main survey only collected data from IBM, which is a large, well-known organization with a strong organizational culture. They refer to the fact that Hofstede has been criticized by several researchers for his use of employees of one single multinational organization as respondents, as they may have represented a likeness due to the fact that they had chosen to work for the same company. Furthermore, it is underlined by their findings that many shifts have occurred since Hofstede's main study was presented in 1980, mainly related to environmental and social changes. Fernandez et.al. collected updated data from nine countries in four continents, and amongst their conclusions is that the findings highlight that managers and researchers have to use caution if they attempt to use the framework of work-related values to understand human behaviour in organizations, as a nation's work-related values are subject to environmental changes that shapes society. Hofstede (2014b), on the other hand, claims that the dimensional scores of his studies has proven to be stable over time, based on results from several subsequent studies he has conducted or contributed to after his main data collection. He also states that the forces that cause cultural shifts tend to be global or common for whole continents. Then, as many countries are affected simultaneously, their relative positions towards each other will remain stable, except from in certain extraordinary situations where states fail, for example, or experience high economic growth over a short period of time.

According to Earley and Peterson (2004), an important limitation of cross cultural theory is its lack of direct knowledge regarding interpersonal relations, which is necessary to be able to create a common organizational framework across cultural differences and different strategic preferences. Also, socialising mechanisms need to be established.

Summed up, the critique underlines the need for additional scientific material in order to describe effects of nationality-specific culture, as general CCS-contributions alone provide a too narrow scope and research fundament to explain cultural differences, similarities and consequences. To provide a more complete theoretical fundament for this study, findings from supplementary literature have been collected and will be presented in the following sections.

2.1 Norwegian business- and leadership culture

Theory regarding Norwegian business- and leadership culture will now be discussed, in light of the national culture in general. Aspects that are not directly or indirectly seen as relevant for KM are not included, in accordance with the problem statement and aim of the study. Cultural advantages and disadvantages in relation to intercultural KM will only briefly be described here, as they will be elaborated further in the analysis in chapter five.

Section 2.5 presents an equivalent overview regarding French business- and leadership culture. Both sections will be structured according to the most characteristic traits of each culture, as the researcher believes that this will provide the most appropriate contextual understanding for the reader. Comparative discussion will mainly be found in the further analysis.

2.1.1 The role of Norwegian society and national culture

First, to facilitate understanding of Norwegian business- and leadership culture, the most characteristic traits of the national culture will be described - as they are highly relevant to understand the Norwegian context for KM, and as this thesis has an international target group. Norwegian companies are generally highly influenced by their national culture, this is e.g. supported by Gooderham and Nordhaug (2002).

Although Norway in a global perspective can be considered similar to some other European countries, especially the Scandinavian, Norwegian culture has several strong characteristics that are not comparable to others. The main reason is the country's wealth and the consequences related to it; due to enormous oil resources along the long coast, Norway has been one of the world's richest countries since the 1980's. This has enabled a broad welfare system with equal educational and health-related possibilities for all. For the community, the result is social and economic security for most of the inhabitants (Bru 2013). The job-market offers a broad range of both interesting and well-paid positions to a high percentage of the population, and unemployment rates are low – totally estimated to only 3,5 % for 2014 (2013b). Due to this, Norwegians are used to being independent and having most opportunities available, and to a large extent, they are able to change employer if they are no longer satisfied with the one they already have. Also, the oil industry directly and indirectly provides a high amount of interesting, well-paid jobs. As a

consequence, Norwegian companies are forced to maintain and even improve their arrangements regarding benefits, work hours, thriving, compensations etc. to remain attractive to current and potential employees. This is one of several areas where Norwegian culture in general creates a challenging climate for international business relations.

2.1.2 Equality

The combination of democracy, socialistic perspectives and wealth has resulted in Norway being a country where equality is one of the most important traditional values. This is also reflected in Norwegian business- and leadership culture. Kalleberg (1990), Lindkvist (1988) and Schramm-Nielsen (2005) are amongst several researchers who refer to equality as the single value most characteristic of Norwegian business culture. E.g., a recent study by Grenness and de Paoli (2011) of wage differences across 25 countries shows that Norway has the smallest gap between low and high salaries, and the lowest wage levels for leaders of all the countries in the study. The importance of equality can be illustrated by the Scandinavian well-known term "Jante Law", which originated from a book by Norwegian/Danish author Aksel Sandemose (1933). Basic principles are that one should not have high thoughts about oneself, or think that one is better or smarter than someone else. Warner-Søderholm (2012a) underlines that traditional values in all of the Scandinavian population today still clearly mirror Sandemose's values of egalitarian, modest behaviour. In accordance with Hofstede's description of low Norwegian power distance (2014b), hierarchies, status and ranks are neither valued nor emphasized, and even though companies have different levels and categories of positions according to their organizational maps, formality is low, and structures perceived as relatively flat. Warner-Søderholm (2012b, 5) provides several examples; little use of formal titles and last names, canteens that almost never are segregated on a basis of position, informal attitudes towards practical tasks in the workplace, and low degree of dress codes. As stated by a respondent in her study: *"Even in institutions such as parliamentary offices and legal institutions, a senior member may be dressed as informally as a junior staff member."*

In relation to international KM involving Norwegians, these aspects are highly important to keep in mind, as the equality-based context influences KM-processes in several ways, this will be discussed in chapter 5.

2.1.3 Leadership style and characteristics of Norwegian companies

Although leadership characteristics per se are not a key topic in relation to KM, it will be described here as it contributes to the overall understanding of the contextual implications. Also, one should be aware that due to the equality-based, flat and loose structures found in Norwegian society and business culture, behaviour, norms and attitudes are to a large extent common for ordinary employees and leaders. Thus, this section also describes general traits of Norwegian companies, although the results are found through management studies.

Through findings from her study involving 700 Nordic leaders, Gillian Warner-Søderholm (2012a) presents the following characteristics of the "prototype" Norwegian manager: Norwegians are direct in their way of communicating, and they tend to use few words to explain what they mean and want. Another trait is their preference and need to plan for the future. As already described, values of equality are strongly emphasised, leaders are also people oriented, and Norwegians are comfortable with, and used to, working in teams, and often take for granted that team- and project work is effective. Grenness (2012) argues that a distinct Norwegian management style can be described by keywords such as consensus and accountability, based on Norwegian values of culture and Norwegian institutional framework. Fikse (2013) argues that the majority of Norwegian leaders can be recognized by a relational management orientation with high degree of awareness and reflection, self-consciousness and empathy as main strengths. They emphasize growth, development and dialogue, and are at the same time open for the creative and surprising. They accommodate emotions in relations, are open, listening and rarely feel they have to defend themselves. Generally, in Norway and the other Scandinavian countries, personal and social abilities are seen as more desired leadership qualities than in France (Tollgerdt-Anderson 1993). Tollgerdt-Anderson's study of advertisements for executives in Scandinavia, Germany, France and UK, found that there are clear cultural differences regarding values and demands related to leadership. 80 % of the 162 Norwegian advertisements expressed a demand for some kind of social or personal quality, and a large number of different qualities were mentioned. 54 % of the 164 French advertisements required social or personal qualities, and mainly only one, two or three characteristics were mentioned. Naulleau and Harper (1993) have found similar results, e.g. that training in social skills are

a minor part of education and training of French managers. Instead, theoretical approaches and analytical and deductive qualities are strongly emphasized.

When studying and interviewing top managers of eight of the most successful Norwegian companies, Bru (2013) found that focus on the way in which money are made, also is a key value within Norwegian corporate governance. Relevant examples are how employees are treated, how the business activities affect environment, health and security, how a good working environment is facilitated, and how long-term value is created for both the company and the society. Smith et.al. (2003) argue that Norwegian leaders to a larger extent than leaders from other nationalities – also from other Scandinavian countries – emphasize what is seen as a common "truth"; they seek "equality based on conformity" by doing what they see as considered decent and correct in society (Gullestad 1992). Farooqui and Jordahl (2007) also support this, and state that many Norwegian leaders can be described as "consultative" as they are expected to promote collaborative relationships, and a lot of management development processes in Norwegian companies aim to improve the leader's ability to create a good climate for cooperation within the organization. The top managers further underline that they strongly believe that results are best created together with their employees, as a team. Colbjørnsen (2004) found the same results. In his study conducted amongst Norwegian leaders, 96 % of the respondents replied that they "to a high degree" or "to a relatively high degree" emphasize input from their employees. In the analysis, it will be described that although Norwegians generally see this as a positive feature, it can also lead to sub-optimization and ineffectiveness, both generally and with regards to KM.

Norwegian researcher Berit Sund is currently working on a PhD study regarding Norwegian leadership culture (Sund 2013). She claims that Norwegian practice management characterized by "silk gloves", as they give their employees extensive freedom in their work situation, care genuinely for both the professional and personal well-being of their subordinates, trust them to decide for themselves how to solve issues, and encourage them to learn through trial and error-methods. However, Sund further states that Norwegian leaders also expect clear results and can be firm and strict when necessary according to the situation.

2.1.4 Task orientation, flexibility, autonomy and decision-making

Norwegian companies are characterized by small physical distances, frequent contact and internal cooperation – this pattern has created a specific kind of social competence in corporate culture, recognized by trust and the already described reciprocity in processes of developing solutions (Hernes 2006). Related to this, teams and projects have become increasingly emphasized in Norway during the last decades, in accordance with the technological development and internationalization of companies. According to Finsrud and Moen (2012), Norwegian companies provide great conditions for these work forms, as flexibility and flat structures represent special advantages in relation to projects and team work. They found that task-oriented, flexible and temporary teams have been determining for success of the companies in their research project[9], in relation to ability of quick problem solving, and continuous adaptation to new challenges. Also, the structures of Norwegian organizations are described as optimal with regards to creating complex, multidisciplinary teams across different organizational levels and boundaries, combined with closeness to costumers and active use of horizontal external knowledge networks – potentially resulting in innovation, cost-efficiency and new ways of decision-making and learning. Amongst the companies included in the study, a large degree of their knowledge development is related to teamwork within projects, where one continuously seeks finding new, better and innovative solutions.

Autonomy can be defined as allowing and enabling employees, within given frames, to decide for themselves how to solve tasks, and providing opportunities to spend some of the time at work on tasks they choose themselves and are inspired by. According to the European Employee Index 2013, Norwegian companies score 72 of 100[10] with regards to autonomy, indicating that most Norwegian employees are used to experiencing a high degree of responsibility and delegation in their work situation (Ennova 2013). This finding is closely related to decision-making processes; Finsrud and Moen refer to these being delegated to the operative level of many Norwegian companies. I.e., project teams can be responsible for all activities within a project; design, R&D and implementation, this leads to effective implementation processes, and reduces problems related to boundaries between different units within the organization. The project manager has a key role, but all members of the team have responsibility for the quality and process related to the project.

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[9] The case companies of the study operate within the engineering- and technology sector (1997)
[10] The researcher has not been able to find any equivalent score regarding France

As stated by an informant in Finsrud and Moen's case study; *"Even young people are allowed to make decisions"*. The researchers describe that this form of organizing receives attention internationally, and that Norwegian companies often are met by comments such as *"I cannot understand that you dare"*. Furthermore, they also refer to the following quotations from their research project, to illustrate that Norwegian employees generally do not see what the problem is: *"It is embodied in us, we do not think that we make decisions, we just do it"*. *"What should be the guiding principles for our work? Fear or positive challenges?"*

2.1.5 Communication style

According to e.g. Gooderham and Nordhaug (2002), Norwegian business- and leadership culture is significantly different from most other European countries. An important reason is the communication style in Norwegian companies, tightly bound to the social and organizational characteristics described in the last sections. As mentioned, the flat structures and high degree of flexibility, trust and delegation results in many positive consequences, but also a business culture which tend to appear vague and difficult to understand for foreigners. As illustrated by cultural consultant Karin Ellis:

> *I consider Norway to have the most distinct business culture of all the countries in the world. You do not have to go any further than to Sweden before the culture in the workplace is less different from other countries. The consequence is that the poor foreigner fumbles around in Norwegian companies, wondering what to do and what is expected from him/her* (de Rosa 2013).

One of the main reasons is that although Norwegians generally are characterized by openness and explicitness, they tend to not give clear instructions or feedback. Due to the high degree of autonomy, people are expected to be flexible, creative and take responsibility for continuous self-evaluation and finding approaches to get things done, at all levels. This easily causes misunderstandings in relation to people from other countries that are involved in business relations with Norwegians. Examples are given in an web-article referring to results from European Employee Index (2013), showing that Norway distinguishes itself positively from other countries by representing e.g. high scores regarding thriving, trust and enjoyment related to work, but at the same time scores far

lower than most other countries with regards to follow-up and clarity in goals and expectations. As illustrated by a foreigner interviewed about his/her experience in a Norwegian company:

- My boss told me that I had done a good job, and continued with a "but". It took me some time to realize that what he said after the "but" in fact was the main message. (...)

Vague instructions, unclear lines of commands and vague feedback, combined with leaders that do not control and act as leaders, are some of the aspects that cause confusion. – A typical example is when a Norwegian manager asks his/her employee to "look at something". Often, this actually means that they would like you to solve a problem or give a recommendation. Foreigners that are used to clear instructions and follow-up are likely to not understand the actual intention of this, and might just look at the task and not do something about it. Many Norwegian companies are unfortunately little aware of these differences. (de Rosa 2013)

Although these quotes are related to management in particular, it must be underlined that they are representative on all levels of Norwegian companies. Due to this, there is reason to state that communication is an area that requires special attention with regards to KM in international business relations involving Norway.

2.1.6 Special culture-related challenges in Norwegian organizations

Another weakness related to Norwegian business- and leadership culture is underlined by Sund (2013), who points at a negative tendency within Norwegian organizations related to their apparently unanimous appraisal of their own business culture - an ethnocentric attitude with little acceptance for alternative forms of both management and employment. Grenness (2003) also mentions this aspect, though on a Scandinavian level, and states that as most Scandinavian leaders and employees claim there is only one correct way of acting within a Scandinavian organization, there seems to be little room for other approaches. As stated by a manager in Grenness' study:

It is not so that being consensus oriented and involving a lot of people in decision-making and other processes is always my preferred way of acting as a manager. It is simply that as far as I see it there are no alternatives to this democratic and participative management style in this company. (2003, 17)

As a consequence, Norwegian companies risk missing opportunities and knowledge potentially represented by other norms, new approaches to problem-solving etc. Also, ethnocentricity clearly represents an obstacle in relation to cooperation climate, communication and work methods in KM towards groups with members from different cultures. Furthermore, Farooqui and Jordahl (2007) point out that Norwegian leadership represents certain special challenges with regards to establishing common practices of management across different cultures, e.g. with regards to development of appropriate motivational systems.

2.2   French business- and leadership culture

As in the section regarding Norwegian business- and leadership culture, the description of the French will start with a presentation of the most important traits related to society and national culture. This is necessary to understand how the French norms, history and set of values form e.g. their communication style and decision-making processes; important aspects regarding KM in relation to French business partners, project members etc.

2.2.1   The role of French society and national culture

French business- and leadership culture is even deeper embedded in the national culture than the Norwegian, as France has a proud and long history, and historically always has been one of the dominating countries within Europe. The French are self-confident (Zheng 2010), and as described by Lavaty and Kleiner (2001), the inhabitants generally have a deep sense of the country's history and culture, and are proud of their country's influence on art, philosophy, fashion, art and cuisine. The rooster is often used as a symbol of the French character. Rooted in the strong French tradition of philosophy is also the acceptance, and love for, the abstract. As Goldhammer (2010) quoted the French philosopher and novelist Julien Benda (1867-1956); "*France is the revenge of the abstract on the concrete*".

Knowledge of French culture is essential if a company is to act in the country, and can also make a foreigner more respected as one is seen as being interested in the country (Kontinen 2011). One of the areas where the role of national culture is significant and visible is with regard to level of formality. Formality is strong, both in French companies and in the French society. Examples mentioned by Naulleau and Harper (1993) are the use of family names, a general formality of manner, and that hierarchical by-passing is common. The French do not begin using first names upon meeting each other; this represents a clear contrast to Norwegian practices.

Appreciation and importance of intellect is another strong characteristic of both French society and business culture. The French are inclined to value intellectual qualities, which in business relations naturally represents an important strength, as the French for example are likely to show considerable mental agility and attention to detail (Brooks 1995). At the same time, this focus can also cause sub-optimization - Gröscl and Barrows (2003, p 235) point out that French managers' traditional focus on intellectual and analytic abilities and skills, and intellectual rigor, sometimes may be emphasized more than being practice oriented. According to Naulleau and Harper (1993), principally, managerial functions with high intellectual content are the most valued in French companies.

2.2.2 Power

Power is absolute in the French tradition. (…) From time to time there have been heroic attempts to create organisations in France in which power is shared, but they have not succeeded for long. (Hofstede 1996, 534)

It is earlier described how equality is a key characteristic of the Norwegian culture. French culture, on the other hand, can be described through the opposite keyword; power. As hierarchies and acceptance for inequality form context, power has always been a core value related to the French society. In French companies, power is first and foremost manifested through competence, and territorial boundaries arise around who is in charge of what, rather than who does what (Newson-Balle 1996). Also, French culture encourages managers to be judged by scale of their territory or span of control, and any reductions of such will violate their standing (Brooks 1995). Possessing and demonstrating expertise is

an important and common trait amongst French leaders, as France is an achievement-oriented society where such expertise (e.g. scholastic examinations, quality and quantity of output etc.) is the main basis for determination of criteria for leadership role, recruitment, allocation and distribution of rewards (Zheng 2010).

Although only indirectly relevant with regards to KM, a brief description of the elitist French educational system will be provided, as it illustrates the contextual basis of the French hierarchy and power-ideal – hereunder e.g. communication- and decision-making practices, bureaucracy and ranks. Naulleau and Harper (1993) discuss how the French history and society have contributed strongly to the formation of the country's business culture. They describe the importance of status derived from being a part of the élite and achieving formal education at the best and most exclusive institutions; preferably within the field of engineering, technology or subjects taught at Les Grandes Écoles[11]. In large France companies, diplomas have traditionally been a very important key to legitimacy and authority, and this is still reality today – job performance does not necessarily, per se, give access to positions of power. And the hierarchies of diplomas are strict. Per 2005, 75 % of all French CEOs had their diplomas from Les Grandes Écoles, 24 % of these from Les Grandes Écoles de Commerce; within the field of economics and management (Yoo 2009).

2.2.3   Leadership style and characteristics of French companies

Parsons (1997, 60) underlines the link between the French educational system and managerial styles. He argues that the uniform, elitist educational ideal in France leads to French managers reproducing inflexible hierarchies. In addition to education, these hierarchies are based on status derived by e.g. background, age and position, and deeply and historically rooted within the French society. As stated by Newson-Balle (1996, 15):

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[11]Finsrud and Moen (2012) describe the French system of higher education: The higher education system in France consists of both universities and Grandes Ecoles. The Grandes Ecoles prepare the administrative, scientific and business executives - or cadres - for their place as leaders in government or in private enterprise. Around 60 per cent of the chief executives in France's 100 largest firms are graduates of the Grandes Ecoles. There is a nationwide awareness that they, rather than universities, are where France's technical and managerial elite is educated.

The French have a very well defined sense of status. (...) Hierarchy is a major influencing factor in France, and the implications are enormous when trying to understand the organizational behaviour of the French. Ensconced power: Seniority equals superiority. One of the results of this is a system of centralized and largely unchallenged power.

Autocratic attitudes are common, and there is often limited participation of intermediate and low management in decision-making processes. In accordance with this, Lavaty and Kleiner (2001) describe that it is not common to delegate in French companies. Furthermore, according to Naulleau and Harper (1993), authority of top management is not challenged, and generally, conflict avoidance is prevalent. And as French culture supports the maintenance of large power distances between different groups of people - in business and society in general - both French managers and subordinates are used to, and accept, inequality in power distribution. Authority patterns in French companies are fairly stable (Zheng 2010). Also, the high degree of hierarchy leads to impersonal and formal relationship between leaders and subordinates (Parsons 1997), as a clear contrast to the described situation in Norway. According to Zheng (2010), one can see the relationship between French employers and employees as a kind of a business contract, through which mutual interests can be met. Tasks prevail over personal relationships, and everything in the company is based on skills and rules. Referent power – the ability to provide others with feelings of acceptance, approval, efficacy or worth - is not seen as an important source of power for French managers. At the same time, Zheng points out how most French managers do not doubt their employees' abilities in completing the tasks they are set to do.

Closely related to French hierarchy, is the French bureaucracy. As the French desire to avoid uncertainty, rules and bureaucratic procedures tend to dominate, and work environment in France is characterized by a high degree of formal procedures (Brooks 1995). Such tight structures make it easy for people to interpret and predict events, and both French employers and employees are comfortable with tightly structured working environments, and respect their mutual responsibilities and obligations (Zheng 2010). Burt et.al. (2000, 125) refer to Crozier (1964), and describe how bureaucratic authority also resolves an emotional tension that is fundamental in French culture, as the French are deeply committed to individual liberty, and at the same time take it for granted that an

absolute authority is needed for cooperation in the organization. Bureaucratic rules relieve the tension between these contradictory commitments, as it is the rules one obeys when one obeys one's leader, not the individual he or she is.

However, although the French society is characterized by bureaucracy and formality, French leaders have a holistic perspective, and are open to taking a contextual approach and being flexible when making decisions regarding both their employees and business in general (French 2001). According to Trompenaars and Hampden-Turner (1997, 335), for the French, "*principles are flexible and capable of adoption to every need*".

2.2.4   Communication style

An important characteristic of French communication style is that the French are process-oriented and thorough in their way of presenting, debating and decision-making. They are generally interested in the context and all possible dependences of a problem (Kaps 2011), and use Cartesian logic; i.e. that the essence of this is that the key to a good argument is well-presented logic - most often inductive; from particulars to generalisations. (Newson-Balle 1996). Decision-making in France is often more a question regarding the ideological than the practical; French decisions can therefore be described as a selection of principles (de Bony 2010). Conceptual and intellectual reasoning and logical analysis are valued skills, and often admired by foreigners. However, at the same time, a disadvantage is that the French can seem intransigent as they tend to take definite positions based on their logic and argumentation (Newson-Balle 1996). Also, they may be seen as somewhat ineffective, as it, as stated by Lavaty and Kleiner (2001), in French meetings is common to argue and explore all facts of a subject – the main purpose can be the discussion or debate itself, instead of a decision. Presentations tend to be complex, long and detailed, and brainstorming is not common. Furthermore, it is important to notice that criticism not is appreciated.

Language is an important part of French culture and business culture (Kontinen 2011). The French educational system has traditionally been very restrictive with regards to use of foreign languages, especially English (Walt 2013). However, for the last years this has changed, and English is now much more common. Though, the French generally pride themselves in their own language; they strive to speak with precision and appreciate

nuance. As a consequence of this, Gouttefarde (1996) and Lavaty and Kleiner (2001) underline that one preferably should learn French if one has French business relations of importance, as this is considered respectful and is likely to create a better climate cooperation. More optimal KM-processes can therefore be facilitated if the non-French learn French, also when all parties accept and master English as common language.

Finally, some physical characteristics may also be mentioned: According to Lavaty and Kleiner (2001), French people are used to shake hands more frequently than in many other countries, they generally touch each other more often, and accept standing closer to each other while queuing or having a conversation. When in public, French people rarely raise their voices or laugh loudly. Also, the French are well known for their norm of kissing on both cheeks when greeting someone, both in business contexts and private.

2.3   Summary, French and Norwegian value base

Table 2.1 presents theoretical findings regarding value base of Norwegian and French culture:

NORWAY	FRANCE
Wealth/oil resources/high wages	Pride
Welfare systems and opportunities for all	History and culture
Equality	Status/ranks/elitism
Democracy	Power
Little emphasis on status - Jante Law	Hierarchy in society
Informality as ideal	Formality as ideal

Table 2.1: Value base, Norway and France

The findings are presented in accordance with figure 2.1, Hofstede's *"The "Onion": Manifestations of Culture at Different Levels of Depth"*, illustrating values as the core of every culture. The table clearly underlines the differences, some of which direct opposites, between Norwegian and French values, and from this it can be concluded that the two cultures stand far apart within a European context. Further, it will be discussed how this may affect KM in French-Norwegian business relations. First, implications of the term KM will be described.

2.4 Intercultural knowledge management

Intercultural KM constitutes the context, and single most important aspect of this study. It is a generous term that includes a wide range of factors and processes − the ones considered most relevant for this study are presented through the following sections.

2.4.1 Knowledge management

According to Gao, Li and Clarke (2008), KM has the following functions:

> *Knowledge management in business organizations has the task of managing the activities of knowledge workers or the transformation and interaction of organizational "static substance knowledge" and "dynamic process knowledge" for products, services and practical process innovation and, at the same time, creating new or justifying existing organizational systematic knowledge. Knowledge management is not simply about recording and manipulating explicit knowledge, but needs to address that which is implicit, and from which benefit can therefore be derived only through process rather than content.[12]*

Furthermore, to understand KM, it is essential to understand knowledge. However, as it represents a wide term and broad field of research in itself, only a brief, overall description will be given here, in accordance with the scope of this project.

> *Knowledge is derived from thinking, and it is a combination of information, experience and insight. (…) Deriving knowledge from information requires human judgement, and is based on context and experience. As a resource, knowledge increases its value in use. (Anantatmula 2008, 447)*

Knowledge can be defined and interpreted according to various aspects; Gao, Li and Clarke (2008, 5) mention data, information, intelligence, skills, experience, expertise, ideas and intuition, and also underline the importance of seeing it as something contextual, which should be transformed from something held by individuals to a common asset for a group:

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[12] Definitions of KM were presented in the introduction, and will therefore not be repeated here.

(…) The fundamental issue in managing knowledge in an organisational context is to identify features of contexts and enable the processes that can facilitate the flow of knowledge of individuals in organisations, communities and societies for particular purposes, to make distributed components into a complete whole that will be useful for a purposeful objective.

Referring to Grant (1996), Singh (2013) supports this by stating that the major challenge of KM is capturing and integrating knowledge rather than creating it, and that it is of limited organizational value if it is not shared. Furthermore, he underlines that the ability to integrate and apply specialized knowledge from individuals into the organization is a key to create and sustain competitive advantage. To be able to do this in an international setting, cultural implications must be taken into careful consideration as they both represent challenges and potential synergies.

2.4.2   Explicit vs. tacit knowledge

Polanyi (1966) was the first author to divide human knowledge into two dimensions; explicit - formal and written knowledge e.g. expressed in the form of data, scientific formulae, specifications, manuals or textbooks – and tacit knowledge which is action-based and unformulated, highly personal and hard to transfer; *"We know more than we can tell"* (1966, 1). According to Jacobsen and Thorsvik (2008), tacit knowledge cannot be expressed merely through language itself, but is personal, context-specific, and often embedded in a person's experiences, ideas, values and emotions. Because of this, tacit knowledge can be difficult to access, control and map, and therefore represents a considerable challenge with regards to KM. In an international business relation this challenge is even more complex and demanding, as nationality-specific cultures form people's contexts, which constitute barriers related to knowledge sharing, knowledge development and use of knowledge – especially tacit. When the involved parties in a business relation communicates differently and e.g. have two different sets of values and norms, it creates a "bottleneck" between them that can lead to for example misinterpretations and people not being motivated to share knowledge in a meeting or project. I.e., by emphasizing the importance of cultural competence, one facilitates better KM in international business relations.

2.4.3   Knowledge processes

Knowledge can e.g. be seen as personal or impersonal, static or interactive, dynamic processes. Bell (1973) is an example of an author who sees knowledge in a somewhat static and impersonal perspective; as a set of organized statements of facts or ideas which are presenting a reasoned judgment or an experimental result, that is being transmitted to others through a communication medium. Lai (2004), on the other hand, defines knowledge as something held by an individual, which the individual can develop into competence by including skills, attitudes and values. Nonaka and Takeuchi (1995) are well-recognized for their similar, personalized perspectives. According to them, knowledge can be defined as a dynamic human process of justifying personal beliefs towards the truth at an organizational level. Their philosophy is to see KM as incremental and continuous development regardless of hierarchy, where top management, lower ranks and external sources together represent important resources in an interactional process of turning knowledge acquired by individuals into organizational knowledge.
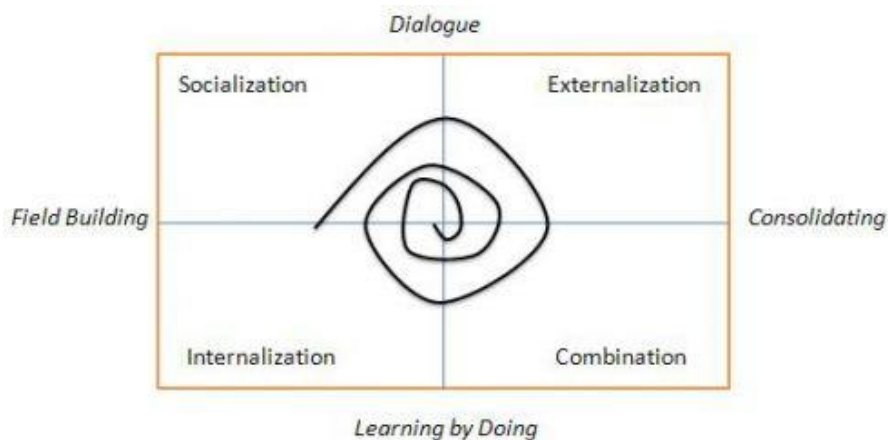
Figure 2.3: The Nonaka and Takeuchi Knowledge Spiral (1995)

Figure 2.3 illustrates how experiences and interaction between individuals can lead to transfer of tacit knowledge from one person to another – Nonaka and Takeuchi describe this term as *socialization.* Socialization is experiential and depends on shared experience, and results in acquired skills and common mental models. Furthermore, *externalization* is the process of transferring tacit knowledge into explicit knowledge, both by articulating one's own tacit knowledge, and by interpreting, eliciting and translating others' tacit

knowledge. This is a process among individuals within a group. *Combination* refers to the process of transferring explicit knowledge, and making it available to others through e.g. documents, e-mails, presentations, meetings and briefings. *Internalization* is the individual process of understanding and absorbing the explicit knowledge.

Nonaka and Takeuchi's perspectives illustrate the fundament of this study, as it is constructed through a theoretical framework focusing on knowledge as a human aspect, continuously developed and affected by personal, organizational, relational and social factors. Through influencing these factors on all levels, culture becomes a fundamental power in relation to KM.

2.4.4 KM-systems

Traditionally, face-to-face-communication, staff development, job rotation and mentoring have been amongst the most important settings for knowledge creation and transfer in companies (Singh 2013). The last decades, these are supplemented by electronic systems such as e.g. CRM-systems, ERP-systems, various Internet- and intranet-solutions and TQM-systems for storage, sharing and developing knowledge. There are also various different types of other KM-systems, and several scientific contributions regarding implications. However, in accordance with the scope and page limitation of this thesis, the important role of KM-systems will only be briefly mentioned and underlined, without giving detailed descriptions of the various tools.

According to Magnier-Watanabe and Senoo (2010), KM-systems are important tools as they make the organizations less dependent on individuals, through enabling systematic knowledge sharing between all members of the firm. Singh (2013) refers to Sata and Harris (1996), and mentions that they also make organizations more flexible and prepared to adapt to changing market conditions, and that innovation, decision-making and productivity is improved. In international business relations, KM-systems provide opportunities for targeted, streamlined, standardized sharing of competence, experience and feedback across various boundaries such as nationalities and roles.

However, a crucial condition for successful use of KM-systems is seeing them as closely related to general concepts of knowledge, primarily as knowledge being assets held,

processed and developed through individuals. Also, the general level of competence in the company is critical – both regarding cultural conditions and routines for further handling of knowledge – and arenas for learning must be created:

> *To make information resources productive, they should be converted to actionable knowledge. Such a process introduces challenges relating to knowledge creation, capture, sharing, and maintenance. (...) Knowledge management benefits will only be realized by organizations that are not only technologically adept, but that make the long term investment to align the cultural, managerial and organizational elements for knowledge management. (Singh 2013, 223)*

Clearly, an international business relation represents additional challenges, as the parties must both be competent, equipped and motivated, willing and able to adapt to each other and develop together, within the frames of a cross-cultural context.

2.4.5   Cultural implications

Figure 2.4 illustrates cultural implications on KM-processes in international business relations:
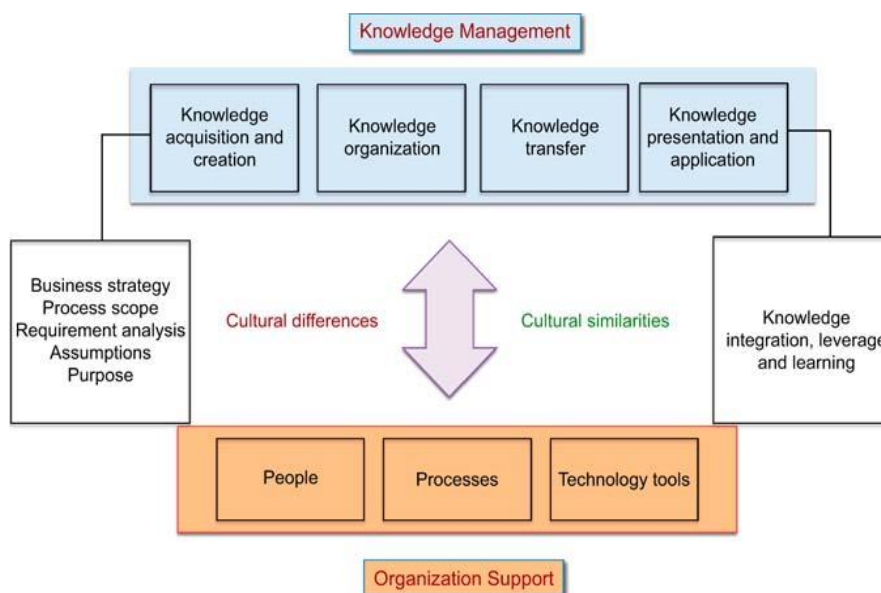

Figure 2.4: KM-process (Anantatmula 2010, 247)

As described in the figure, all levels and processes of KM are affected by culture. Kaps (2011) identifies four key cultural challenges in knowledge sharing. Communication style; to which degree communication is explicit and precise, organization/power; the degree of acceptance for knowledge exchange across hierarchies, language; as misunderstandings and reluctance to share knowledge can be based on a lack of ability to express oneself, and trust; as trust is a key basis to overcome uncertainty and enhance sharing of learning or other valuable stories. These key challenges form the basis for the analysis framework of this thesis, and will be further discussed in chapter five and six.

Bengoa (2013) describes how Hofstede's cultural dimensions can serve as tools to analyse nationality-specific cultural implications on KM. She underlines how protective attitude may represent a considerable obstacle in societies with high degree of individualism - such as both Norway and France - where one is generally more reluctant towards knowledge sharing than in cultures characterized by a higher degree of collectivism. Furthermore, high degree of masculinity can also be a threat towards knowledge transfer, as highly masculine cultures tend to rather be driven by individual performance, autonomy and independence than by organizational performance. As can hierarchy, in companies with high degree of hierarchy, value of knowledge from lower levels of the organization tends to be underestimated. Uncertainty avoidance is the last dimension that is discussed, Bengoa states that it represents a major barrier with regards to knowledge transfer, as people generally has a strong preference for dealing with what one is already good at, and tend to avoid new techniques even if these offer the potential for increased efficiency.

Another aspect related to cultural implications is knowledge alienation; *"the distance between the personal identification with this knowledge and a lack of connexion with it"* (Bengoa 2013, 490). Bengoa exemplifies by describing findings from her study where Russian respondents stated that they consider Western European knowledge and procedures as meaningless and irrelevant to them, because of their different context and way of working and reasoning. Due to this, the Russians in the study prefer to ignore the Western European principles they perceive as being forced upon them in a Russian-Western European business relation, and also feel somewhat misunderstood and disrespected. Amongst the results are little degree of knowledge sharing, frustration, inefficiency and sub-optimizing. This example both illustrates the importance of

nationality-specific cultural competence, and the need for targeted action aimed at building bridges between different cultures involved in the relation.

2.5   Critical success-factors in intercultural KM

The findings from chapter 2.4 is summed up and presented in figure 2.5, which illustrates critical success factors in intercultural KM:
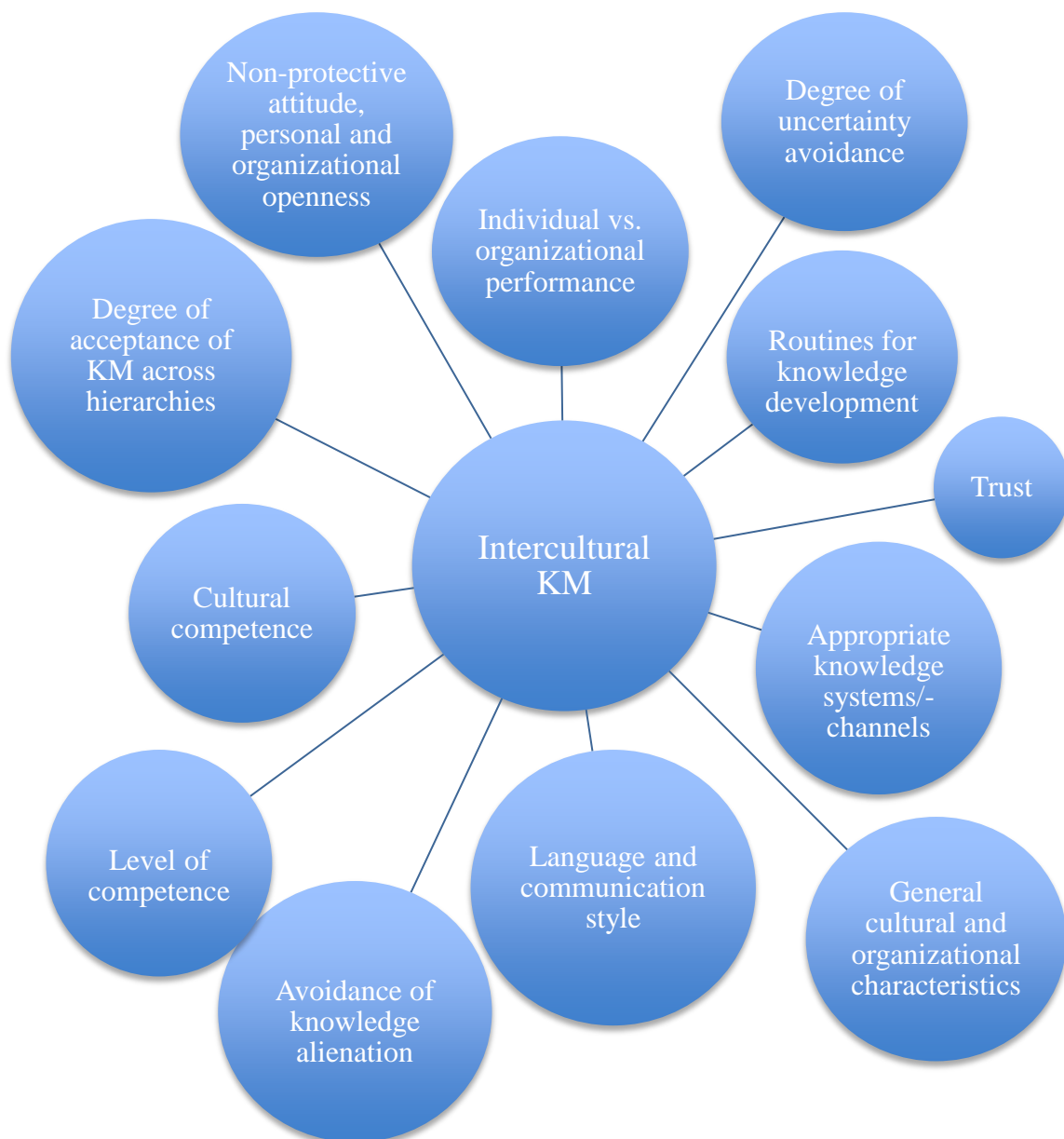

Figure 2.5: Critical success-factors in intercultural KM

2.6 Nationality-specific cultural KM-dimensions

To systematize the theoretical findings further, five nationality-specific cultural KM-dimensions will now be presented. They are based on the totality of findings in chapter 2, in particular Kaps' four main cultural challenges related to knowledge sharing (2011); communication style, power/hierarchy, language and trust. The new dimensions presented here are somewhat modified compared to Kaps' challenges, but are based on the same perspectives. The interview guide for the case study is based on the new dimensions; they also function as framework for the further discussion of both theory and empirics. The dimensions are formed in accordance with the following two criteria:

1. Theoretical findings regarding French and Norwegian business- and leadership culture present possibly considerable differences between the two nationalities in these fields, and;
2. One must be able to operationalize the dimensions through processes and themes that affect KM in an international business context.

2.6.1 The dimensions

The five nationality-specific cultural KM-dimensions are:

1. *Communication.* Describes form, norms, level of formality, precision and implicitness/explicitness of communication within and from the organization, formal and informal knowledge sharing habits, -channels and information flow.

2. *Hierarchy.* Degree of perceived and actual hierarchy in the organization, characterized by e.g. power distance, decision-making practices and degree and importance of initiative, autonomy and equality.

3. *Openness.* Degree of openness in/of the organization can be described in terms of ethnocentricity, adaptability, degree of proactivity and openness towards alternative solutions and learning, degree of knowledge sharing and diversity within the company.

4. *Method.* The method-dimension seeks to describe how the work methods of the company are organized; degree of bureaucracy, KM, flexibility, tolerance for ambiguity and attitudes towards team- and project work are the main variables.

5. *Cultural identity.* Key terms are perception of reality, traditions, norms, values and attitudes.

2.6.2 Expectations

Considering the theoretical findings in light of the nationality-specific cultural KM-dimensions, expectations for the outcome of this project can be presented.

First; as both Hofstede's research and the other theoretical findings show considerable differences between Norwegian and French nationality-specific culture, hereunder business- and leadership culture – particularly related to hierarchy and values; equality versus power – one can expect to find that these areas represent main potential challenges related to KM in French-Norwegian business relations.

Secondly; as theory presents Norwegian business- and leadership culture as distinct compared to others, one can expect to find elements and processes within the case company that enable a categorization of it as a more or less "typical Norwegian company". This will facilitate targeted description of potential challenges related to intercultural KM in the future French-Norwegian business relation.

2.6.3 Illustration

Figure 2.6 illustrates the theoretical findings regarding French and Norwegian nationality-specific cultural dimensions. The analysis in chapter 5 will discuss how they may affect KM:

Knowledge Management-dimensions, Norway

Communication
Informal, explicit, used to communicating in English, low degree of direct instructions

Hierarchy
Flat structures, involvement, democracy, innovation and knowledge development, sub-optimizing

Openness
Ethnocentric, but high degree of innovation and R&D

Method
Projects and teams common and popular, little bureaucracy, high degree of autonomy and trust of subordinates, low supervision, medium uncertainty avoidance

Cultural identity
Very strong, traditionally not much focus on internationalization, hard to understand for foreigners

Knowledge Management-dimensions, France

Communication
Formal, longer and more formal communication lines, less used to communicating in English as Norwegians

Hierarchy
High degree of hierarchies, ranks, high level of formality, status important, clear roles and tasks

Openness
Ethnocentric and proud. Size and position has traditionally led to little dependency on other countries

Method
High degree of bureaucracy and formal structures, supervision, rules important, lower degree of autonomy, high uncertainty avoidance

Cultural identity
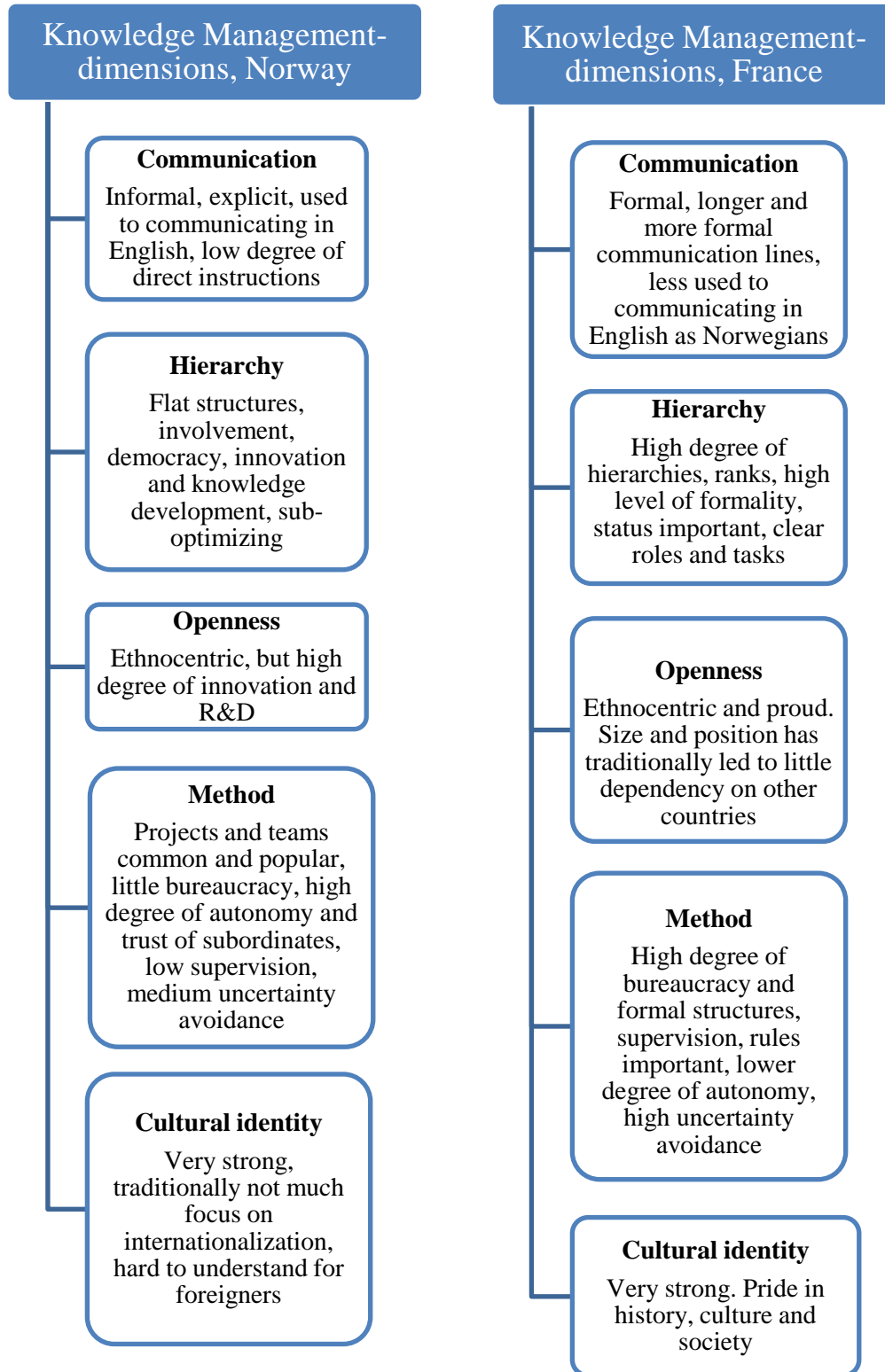Very strong. Pride in history, culture and society

Figure 2.6: Nationality-specific cultural KM-dimensions

3.0 Methodology

In this chapter, the methodological approach will be described and discussed. As earlier mentioned, this is a qualitative study with a theoretical main part and an illustrative case study – the design is primarily descriptive, but with an explorative preface and first phase where the researcher searched broadly for both theory and empirics in the formation process of the project. A qualitative approach has been chosen, as the study aims to explore and describe a case and a theoretical field, rather than to generalize and determine certain assumptions statistically. Furthermore, the researcher had little knowledge about the case company and its field of business prior to the project; a qualitative study was considered likely to be an optimal tool according to this.

The literature search has been conducted at the library of the researcher's home college, and by searching online databases, mainly ProQuest, Science Direct and BIBSYS. The quality of the searches has been assured by seeking assistance from the college's librarians. Books from the researcher's Bachelor and Master's degree's curriculums have also been used, as well as notes from the semester at ESCE Paris, where the researcher, as mentioned in the introduction, attended her exchange program in 2012. General knowledge and experience gained during the stay in France has also contributed to the researcher's understanding of, and perspectives on, differences between Norwegian and French culture and challenges in international management.

Subsequent to the preface, formation and main theoretical search of the project, the case study was planned and conducted. To gather information regarding the case company, the researcher mainly used the company's Internet pages and asked supplementary questions to the interview objects and her contact person in the case company. Also, a Master's thesis written in 2012 by one of the interview objects has been especially useful with regards to the overall understanding of the company and its context – its theme is internationalization of the company, and it has given the researcher a detailed description of processes, functions and roles within the firm.[13]

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[13] The thesis written by the employee is neither mentioned by author nor title in the reference list, this is because both the interview objects and the case company of this study are anonymous - the thesis is also confidential.

3.0 Methodology of the case study

Generally, case studies are intended to understand "peculiarities and complexities" of an event or situation, by examining a single or a limited set of circumstances in detail (Stake 1995). Stake further refers to Cepeda and Martin, and states that there are three main reasons that make case studies a viable management research strategy. First, a case study approach allows the researcher to study an environment in its natural setting, learn about its state-of-art, and generates theories from practice. Second, a case study gives answers to "how" and "why", in order to understand the nature and complexity of processes taking place. Finally, it is underlined that conducting a case study is an appropriate way to explore areas where research studies are scarce.

In this project, the case study's main function is to be illustrative. As in most qualitative research - neither can the findings be generalised, nor is this the purpose of the researcher. Only one particular company is being studied, and the empirical data are being collected to give the researcher an overview and deeper understanding of the KM-processes – in light of other processes – in the company.

The first contact between researcher and case company was established in January 2014, only few days after the French acquisition of the company. February 11th the first project meeting took place in the company's head-quarter. Four people were present; the researcher, the CEO, another manager and a business controller. The project plan was presented and discussed, and the researcher was briefly informed about the company. The business controller was assigned as the researcher's contact person in the company.

3.0.1   Interviews

In February and March 2014, six semi-structured interviews were conducted. The interviewees are employees of the case company, and were chosen based on their role, gender, location and years of experience in the firm. The selection includes people from all three offices in Norway; five interviews were conducted face-to-face, and one by telephone. The selection of informants will be further discussed in section 3.2.4. They are anonymous - a confidential list of details and names can be presented upon request, if needed in relation to the censorship of this thesis.

The first interview had a more informal and open form than the five others; the purpose was to give the researcher general information about the firm, and to prepare her for the formulation of the interview guide. As already mentioned, the guide was designed according to the five nationality-specific cultural KM-dimensions, which were operationalized into questions primarily based on the listed keywords, some supplementary terms and themes were also added to expand and complete the perspective. The interview guide can be found in Appendix 1.

The guide was used primarily as a guideline for the researcher. All posed questions where open, e.g. asking "how", "why" and "could you describe", and the interviewees were encouraged to explain their thoughts and associations related to the different themes. Not all questions in the interview guide were posed in all the interviews, as the researcher continuously adapted her strategy according to the behaviour and focus of the interviewees and the time frame available.

A tactic the researcher frequently used to reveal information was to remain quiet subsequent to answers, and hereby create "awkward silences" which often successfully led to initiatives from the interviewees, where they started telling about something related to one of the posed questions. As the study has both descriptive and explorative characteristics, and the researcher had little knowledge about the company in advance of the project, this was considered as an appropriate strategy for gaining insight and understanding. Also, it increased the likelihood of acquiring knowledge about themes the researcher herself had not thought of the possibility of asking for information on, due to lack of prior knowledge and familiarity with the company and its context. Several times, the researcher experienced that this strategy resulted in useful insight she had not thought about requesting. At the same time, it also led to some occasions where only irrelevant information was mentioned.

In the introduction phase of the six main interviews, the researcher was conscious not to present the project more than necessary – only superficially and brief. This choice was made after the introductory first, open interview, where the researcher immediately experienced that the interviewee strived to answer according to the project's goal and strategy, rather than to "disconnect" from the context and talk more neutrally about the processes and characteristics of the company. According to Repstad (2005), the

phenomena of adapted answers is a common bias in an interview situation; e.g. interviewees often tend to try to give answers which they think will help the researcher, as here, or answers which they see as more correct than others in relation to norms in the society and context. The researcher has to prepare for such biases in advance, for example by deciding on how much information he/she will reveal about the project, why, and the level of structuring of the conversation with the informant. In this project, the researcher had failed to plan the mentioned aspects in a sufficient manner prior to interview one – still, as the incident happened in the first phase of the data collection, it can be considered as an useful experience rather than harmful to the project's validity.

Four of the interviews were recorded, to enable the researcher to have full focus on the interviewees - to optimize the questions, and notice facial expressions etc. In advance, the informants were asked for permission. They were also informed that the interviews were anonymous and confidential, and that the taped recordings will be deleted after the thesis has been censored. The recordings were used to write brief summaries and find relevant quotations. The choice to not record two of the interviews was made due to two different reasons. The first is that interview number one had form as a meeting; the researcher felt that recording the conversation would be perceived as unnatural in such a setting. The second reason is that one of the interviewees expressed that he/she would talk less openly and freely if a recording were done. Obviously, this might also have been a problem in the other five interviews without the researcher noticing it, but these interviewees did not seem bothered when the researcher asked them whether they approved recording of the conversations according to the proposed conditions regarding anonymity and deletion. Neither did they appear to hold back information, though the researcher never can be 100 % sure to have interpreted this correctly.

3.1 Validation

Yin (2007) presents four concepts of validation. Construct validity is the degree to which one has succeeded to identify correct operational measures for the concepts that will be studied. The term internal validity is used to describe how one seeks to establish a causal relationship between certain conditions – to which degree results are valid for the group and phenomena that are subjects of the study. External validity is the extent to which a

study's findings can be generalised, and reliability demonstrates that the operations of a study can be repeated with similar results.

3.1.1   Construct validity

The case study represents certain challenges related to construct validity. The main challenge is that the researcher did not have in-depth knowledge of neither the case company nor the business in which it operates, prior to the project. This has been challenging as it made it difficult to sufficiently grasp the processes within the case company, and determine the most important focus areas from the company's point of view and the most appropriate questions for the interviews. The way this methodological problem has been handled, is by using the theoretical findings as framework for the interviews and discussion later in this report. This allowed the researcher to secede from the case company and its context in the structuring process and implementation of the case study.

At the same time, the researcher's initial lack of knowledge about the case company can represent a strength, as distance to a theme or context can make a researcher more open and neutral towards both the topic and the interviewees. Oppositely, towards a neutral researcher, the informants are also more likely to be open and direct, as long as they are allowed to be anonymous.

3.1.2   Internal validity

The theoretical discussion's internal validity is challenged by the fact that a lot of the relevant research literature is ten to thirty years old. As the world, people and markets since then have been changing in an enormous pace, and the growth rate has almost explosively increased during the last decade, the context of these scientific studies is dramatically different in 2014 compared to in 1980 or 1990, e.g. Both in business and personal life, people generally are more internationally oriented than only a few years ago. It is more common to know several languages, knowledge about other cultures are more emphasized in education, society and corporations, and people are more used to adapt to other nationalities. One travels more, international work-relations are more common, and more people study and work abroad. Also, as mentioned in the introduction, markets have

been deregulated through the EU and other international trade unions and agreements. Internet has reached large parts of the globe and become an extremely important channel for trade and communication in general, and several countries that earlier has been poor, developing countries – e.g. in Asia and Africa – are now industrialized and represent large-scale production and rapid economic growth. The researcher paid careful attention to these dramatic changes in business and society when searching for literature for this project, and strived to find the most updated sources available.

Another aspect is that as companies, leaders and employees are increasingly internationalized through the factors mentioned above, one cannot necessarily characterize anyone or anything as "typically" Norwegian or French, and the literary findings must be read with this in mind. Furthermore, many organizations today are being "streamlined" and culturally detached to reduce costs and secure quality management. Also, as the theoretical findings regarding nationality-specific cultural features by nature are stereotyping, it is important to underline that they only present a broad and general picture of the cultures; described traits will to various degree appear in different companies, such as in the example in the previous section.

A personal limitation related the researcher, is that she does not speak nor read much French. Because of this, some literary perspectives might have been missed, as she has not searched for research material in French regarding the French business- and leadership culture. This may be a particularly relevant issue as the French, as mentioned, not are known to focus on English language. However, with the large degree of internationalization that now characterizes both business and science, there is reason to believe that the collected research material still is representative and valid – it should also be mentioned that the researcher has emphasized collecting literature from as many French authors as possible.

Also, one must consider that information about the informal processes of the case company by nature is difficult to access. Respondents can have many reasons for withholding information in interviews; e.g. they simply forget to tell, they do not want to seem negative, they do not think certain information is relevant, or they do not want to harm the company by revealing less satisfying aspects, etc. This challenge has been met by

informing the interviewees about their anonymity, posing open questions and informing the respondents that no answers are "right or wrong".

3.1.3   External validity

As this is a qualitative study, generalization is not a goal. It also tends to be impossible. Empirical findings with regards to the case company have only limited external validity, and the extent to which it potentially has any is difficult to determine. Companies have individual characteristics and processes, as well as their employees. The only attempt to state something similar to a generalization can be found when the researcher in the analysis in chapter five classifies to which degree the case company can be considered "typically Norwegian" according to the theoretical and empirical findings. The higher degree of theoretically characterised "Norwegianness" found in the case study, the higher possible external validity with regards to relevant issues for other Norwegian companies involved in French business relations.

3.1.4   Reliability

The theoretical part of this study can be considered to have high degree of reliability. The argument for this is that the researcher searched broadly and over several months for literature, and with few exceptions only used scientific literature from highly educated, renowned sources – many of them peer reviewed.

The reliability of the case study is mainly related to the amount and selection of the interviewees - to which degree the selection of informants is likely to create a correct and relatively complete picture of the KM processes in the company. Six people were interviewed; the selection was based on the respondents' roles and personalities[14]. It was considered more important to find committed informants likely to provide broad insight describing the organization, than to achieve a representative selection. The researcher considers her selection successful, as she through the interview process experienced that the interviewees revealed many different aspects and perspectives, alongside with common and often overlapping information, statements and observations.

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[14] The researcher asked her contact person in the case company for suggestions on extrovert, open and competent people, preferably with experience from different roles within the company.

The informants were chosen and contacted by the researcher. The selection of one of them was based on the researcher's own network, one is the CEO, one is the employee that wrote his master thesis for the company in 2012, and the remaining three were recruited according to tips from the researcher's contact person within the company.

4.0 Case study

4.0   The case company

As the company's identity is not revealed in this report, only an utterly brief and general overview of facts will be presented. Detailed information regarding the firm's history and field of business etc. is not seen as important for the reader, as the case study only serves an illustrative purpose where KM-processes are the subjects of relevance to the problem statement.

The company was founded in Norway in the early 1900's, and around 1990 it developed special competence within the field of offshore operations. In 2000 the company that exists today was founded, and recently it was sold to a French firm. Today, the company specializes in maintenance- and modification projects for the oil and gas industry, and is an internationally expanding company with approximately 500 employees (including a subsidiary) in total situated in three Norwegian locations, and in UK and US. The employees are split in onshore and offshore personell.

4.1   Summary of the interviews

In this section, a summary of the interviews will be presented. The material is categorized according to the five nationality-specific cultural KM-dimensions, presented in section 2.6.1. Table 4.1 presents a brief overview of the informants:

POSITION	GENDER	YEARS IN THE COMPANY
CEO	Male	33
Project manager/middle manager	Male	5
Middle manager, finance project control	Female	3
Middle manager, group leader engineering	Female	7
Engineer	Male	6
Engineer	Male	2

Table 4.1: Informants, case study

As the interviewees are promised anonymity, also towards each other[15], to avoid biases, the quotes in the summary will not be linked to the individuals.

4.1.1 Communication

In all interviews the flow of communication and knowledge in the case company was stated as relatively good, though with some weaker areas. Communication and knowledge flow within projects was described as explicit, satisfying and often great. However, communication from top management was not characterized as adequate, and was in most interviews being described as an area where many employees, and also middle managers, miss more interaction and attentiveness. As stated by a middle manager:

> *We often miss more information from the top management, we know too little about what is going on in the organization – which plans the management has for us. For example – whenever a new strategic plan is being presented, it is briefly explained, but few details are given with regards to what the management would like us to do to reach the goals they have set.*

A fact that was highlighted as positive by most of the interviewees, is that they are used to, and comfortable with, a work situation where they continuously experience geographical distances between themselves, colleagues and clients. The company's focus on use of technological communication systems was mentioned as an important strength related to this. The respondents agree that E-mail is the most important daily communication medium in the case company. It is used e.g. for short, informal messages, discussion threads in projects, and formal information. Also, during the last few years, conferences via video, telephone and Internet-based solutions such as Skype and Lync has been implemented as daily-used and important tools across all locations and functions within the company. Information is also being processed and filed in electronic document systems such as ProArc, TQM Enterprise and SharePoint, and a considerable ERP-system is currently being implemented. Intranet is not used systematically and represents a potential additional tool. Several interviewees underlined that they experience that the high degree of information technology makes both the company and themselves as individuals more

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[15] Still a few general, overall quotes made by the CEO is referred to, they has been presented to him in advance of the submission

effective, cost-efficient, flexible and better prepared for possible future structural and practical changes in the company, e.g. related to the acquisition.

Although electronic channels are extremely important for the communication and handling of information in the company, most of the informants underlined that they feel a need for regular face-to-face contact, especially internally with people belonging to other parts of the company than themselves. Several of them mentioned that they feel this is a somewhat neglected area by the management, both with regards to formal, e.g. knowledge-related meetings, and social gatherings. Amongst the examples was that it is several years since the entire company has been gathered for an event[16], and that it is a common perception to consider the smallest locations within the company as, in many ways, separate companies. The informants underlined that they clearly understand that this is a matter related to practical and economical concerns, and also, that it is a natural consequence of the company's rapid growth the recent years. Still, they emphasize that one must be aware of overall consequences of an increasingly fragmented organization; for example related to less informal knowledge sharing, sub-optimization, possible higher future turnover, and weakening of the corporate identity and spirit which traditionally is based on individuals and teams activating "the extra gear" of pace, endurance and flexibility to serve the customers and help each other internally. Two of the interviewees also mentioned that communication and knowledge transfer within the organization is challenged by the architecture of the building of the head office which is recently built, and expressed that an open landscape rather than cellular offices would have been a more favourable solution. Many employees now tend to stay in their offices and solve problems themselves, rather than asking a colleague for advises. Also, random knowledge sharing happens more rarely now than a few years ago, e.g. by meeting a co-worker in the hallway and discussing a matter over a cup of coffee.

Both oral and written communication is usually explicit and direct, whether it is task-oriented or informal. The communication with external relations is described as professional and formal – less formal with regards to partners in long-term contractual relationships. The general level of formality within the company is low; one may wear relatively casual outfits to the office on ordinary days – e.g. nice jeans and a shirt.

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[16] By this, the interviewees means the onshore personnel – clearly, all the offshore personnel will never be available simultaneously.

4.1.2 Hierarchy

The interviewees describe the organization as both flat and hierarchical. Flat, in terms of calling everyone, including the CEO, by their first names, and being able to approach everyone, without considering their roles or rank. The top management has lunch in the canteen with everyone else, and is informal in behaviour, communication style etc. An e-mail from the CEO can for example be signed by only his first name, even if one does not know him personally. Everyone can interact and communicate with each other, regardless of rank or positions. The climate is open, and one can speak freely. In fact, it was mentioned by one respondent that the perceived democracy and equality in the organization is so high that it sometimes leads to sub-optimizing, as everyone is used to being allowed to promote their opinions. The interviewees also agree that there is low degree of conflict avoidance in the organization. These statements illustrates the open climate in the organization, as described in all interviews:

> *"I feel listened to, and encouraged to propose suggestions." "In our company, different points of views are respected, and it is very easy to express one's opinions." "I can discuss openly with my boss. If something is about to happen, he will discuss this with me. Most of the time, one feels listened to." "Towards my staff, I emphasize ability and willingness of improvement, rather than focusing on mistakes".*

At the same time, four of the informants mention that they experience a "new" hierarchy that they consider rooted in the fast, recent growth of the company. Historically, it has been a traditional Norwegian small/medium-sized organization where everyone has been used to knowing each other and working closely together. During the last few years, the organization has escalated considerably, and now has over 500 employees, two separate business units, both onshore and offshore personnel, and several national and international locations. Despite the still relatively flat structure of the organization, this change has created a gap between employees and the top management, and also to some extent between the top and middle management. The employees are being included in management-initiated decision-making processes to a certain degree, but mainly on a lower level than through top management.

4.1.3 Openness

The diversity of the case company is considerable with regards to personalities and age, but not in the sense of cultural origin, nationalities etc. Nearly all employees are Norwegian, and few have worked abroad. The company's manuals and procedures are mainly written in Norwegian. The CEO underlined that it now will be required to increase the level of international competence in the organization, as it is necessary according to future tasks related to the French owner's field of operations. The informants all describe a varying degree of openness in the organization. Some individuals are very proactive with regards to new approaches and changes, others are more reserved and want to stay in the same track. As stated by one of the middle managers:

The flexibility and openness of the organization can be characterized as medium satisfactory. It can certainly be improved with regards to new types of projects, where one experiences that some functions within the company has a negative attitude towards adaptation of work methods and acquiring new knowledge. This makes us less prepared for internationalization, as all functions and disciplines then will have to participate, interact and adapt simultaneously. I think this relies on the "drive" of the company, and that processes can be improved with a clearer strategy and management on the area.

Three of the interviewees mentioned that as a consequence of the nationality-specific cultural homogeneity, the employees to a certain extent have the same references and ways of thinking, and people that are recruited to the organization are likely to have similar backgrounds as existing employees. At the same time, the company is innovation oriented, and creative and "out-of-the-box"-solutions are highly valued according to this. As mentioned, the employees also have extensive freedom in problem solving – e.g. engineering tasks – as long as within given frames. Four of the respondents state that the hectic work-environment is the most common limitation with regards to focus on openness and seeking new approaches. As illustrated through this quote:

I guess that we are not very good at actively seeking new knowledge and points of view. Though, we want to be, and we also express that we want this focus. But in reality, it is being done quite rarely.

4.1.4 Method

According to the CEO, the combination of core competencies and work methods is the most important strength of the case company; consisting of a mix of technological advantages, solutions, knowledge and reputation. Knowledge flow, cohesion and teamwork are vital aspects: *"Sharing information and working together is success factor number one."* On all levels of the organization, knowledge is seen as an extremely valuable asset. The level of knowledge of the employees is very high, and they are continuously encouraged to develop this knowledge further, e.g. by attending courses. It was also expressed as a common opinion that people generally are open, flexible and generous with regards to their expertise, especially within one's teams. As stated by one of the middle managers: *"I feel that we are glad to share knowledge and help each other. And when we hire new employees, I feel that everyone is positive and willing to contribute and facilitate."* An example that was mentioned, is that one of the engineering units now has employed two highly experienced engineers which are about 20-25 years older than most of the other engineers in the group (most are in their early 20's) – this is deliberately done to create diversity with regards to knowledge transfer and synergies in team work. The senior engineers have both onshore and offshore experience, and complement the young, recently educated ones.

The organization is project-based, and most tasks are solved in project teams; long-term within one business unit, short-term within another. The members of the teams are rotated for each new project, and are by all interviewees characterized as very loyal and flexible in relation to their projects. All over the organization there is a mix of people with onshore and offshore experience, this was mentioned as an important competitive advantage, though the daily contact between onshore and offshore personnel is of limited extent. Also, the opportunity for learning and development represented through several large, long-term contracts represents a strength regarding KM in the company. Another example is mapping of competence, as stated by one of the middle managers:

> *One area where I feel we have improved is with regards to mapping of competence; which competence we lack, and who to send to courses to acquire this knowledge. (...) We systemize which competence is needed by large groups of employees, and which is only needed by a certain few.*

The company also has its own training- and course centre, which is very important with regards to knowledge transfer and corporate identity. The centre is located at the head office, and all courses are run here instead of sending people to other cities, as most of the competitors do. External lecturers and also participants are invited, and the internal staff exchange knowledge and experience with them.

Although knowledge is a heavily emphasized focus of the company, the interviews also reveal certain weaker areas. Four of the interviewees state that the form and focus on knowledge management varies along the different parts of the company. The constant lack of time for overall activities is described as the main reason for this, as it leads to a certain randomness and some level of ad hoc-processes instead of a larger degree of systematic knowledge sharing, further development of existing knowledge, exchange of experience and so on. For example are all projects evaluated and reported on, but in the hurry and eagerness in the first phase of a following, similar project, the evaluation is often not read, and one has not common routines for asking the previous project team for advises and input. Three of the interviewees mention that there is need for increased overall formalization and standardization of e.g. reporting and learning routines to be better prepared for international operations. Also, support-functions have to be strengthened. Still, although this aspect is mentioned as a weakness, it is also a consequence of one of the company's most important strengths; low degree of administration of bureaucracy, resulting in lower costs and high degree of flexibility. The company is by most interviewees described as cost-effective in a Norwegian context, and all employees are used to focusing on margins, efficiency and a highest possible degree of billable hours.

The interviewees describe the company as being bureaucratic only to the degree that is necessary and required within its field of business. As it operates offshore and handles complex and also dangerous cases, comprehensive sets of rules, routine descriptions, reporting procedures and other formalized standards always must be met by highest degree of quality and precision. This is an internalized and never-compromised focus in the organization, which all employees are trained to fulfil in every situation where it is required. As a contrast, non-contractual, internal daily operations within the case company are not at all described as bureaucratic. All the interviewees agree that one usually has considerable freedom with regards to decision-making within certain given conditions – that autonomy and flexibility is highly valued throughout the organization, and that the

employees' competence and common sense is trusted to a great extent. According to this, initiative and confidence in one's own abilities are capabilities that are heavily emphasized when new employees are being recruited:

As a new employee in our company you experience great extent of freedom from day one, and are not likely to be overwhelmed by bureaucracy, and so on. But I do not think we are suitable for people that prefer to be controlled and directed in details. We depend on our new recruitments' abilities to take initiative and be quite self-driven from an early stage.

4.1.5 Cultural identity

When the interviewees were asked whether they would describe the case company as a "typically Norwegian" organization, they all agreed and underlined this as mainly positive. Amongst the arguments were the relatively flat structure, extensive trust and autonomy, freedom and delegated responsibility in the work situation, and self-driven and flexible employees. But the culturally homogenous environment of the company represents negative aspects as well as positive, characteristics implying ethnocentricity were mentioned in several interviews; somewhat lack of knowledge of other cultures, recruitment of almost no foreigners and some degree of employees that are not comfortable with speaking English or other languages except Norwegian. Several respondents stated that this may represent a future challenge with regards to internationalization, as it can be an obstacle for communication and knowledge flow between Norwegian and foreign units. Another mentioned challenge, which is more dramatic, is the fact that high Norwegian standards and salaries combined with great employment rates/career possibilities makes it hard to compete internationally, and to exchange personnel with foreign units of companies. As described in the theory chapter, employees in Norway generally are used to – and expect – good personal contracts and high level of comfort at work, compared to most other countries. Norwegians are e.g. used to better rotation schemes in the offshore industry than what is internationally common practice, and they prefer, to a large extent, to have a work situation that offers flexibility with regards to holidays, spare time and work travels.

As discussed earlier; according to Hofstede's grading system presented in chapter two (2009), Norway is a distinctly feminine culture with characteristics as for example focus on equality, well-being and community. The respondents described the company by both feminine and masculine traits. With regards to the feminine, it was e.g. mentioned in two interviews that thriving and belonging are included in one of the company's main formal goals. Precisely, it is formulated by these words: "*Goal: To be a dream-employer within our field of business - a good HR-policy and reputation is necessary to reach all goals. Critical factors of success related to this: Building organizational culture, management development, recruiting, developing and keeping employees, interesting tasks and a good reputation.*"[17] Assigning people with tasks they like and are interested in, is clearly a heavily emphasized matter all over the organization. And turnover is low. But the interviewees further underlined that the overall focus on thriving and building organizational culture is visible only to a certain, limited extent. There are few top management initiatives with regards to these factors. Still, in some of the sub-cultures of the company, the members have strong bonds and sense of belonging towards their colleagues, and also sometimes socialize after work-hours. Other sub-cultures have more masculine traits; little focus on personal relations and the employees as individuals.

4.1.6   Comments to the summary

As described in chapter three, the interviews were semi-structured with relatively open questions to promote associations and topics the researcher may not have had knowledge of in advance - every nuance of each question were not discussed with all the respondents as one always had a tight time schedule that demanded prioritizing. Therefore, when it in the summary e.g. is stated that "four of the respondents said that (…)", it does not mean that the two last disagreed – in most cases, they did not mention the subject in question, or formulated themselves somewhat differently than the others. Directly conflicting descriptions did not occur.

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[17] Source: Internal strategy document

5.0 Analysis

In this chapter, implications of the theoretical and empirical findings will be related and discussed. In accordance with the problem statement and the sub-problem, the researcher debates influence of nationality-specific cultural factors on KM in a French-Norwegian business relation. Also, it will be described how these aspects in the future may influence KM in the relation between the case company and its French owners. The acquisition represents opportunities and potential resources for both parties with regards to knowledge exchange and -development, and it is therefore important to facilitate optimization of all KM-processes. E.g., Birkinshaw (1997) is amongst several authors that underline how increased awareness on knowledge in subsidiaries has led to a focus on integration of this competence throughout the organization, to improve its innovative skills, as successful integration of knowledge can result in synergies and better allocation of resources, possibly representing important competitive advantages. But, as further stated, many companies struggle to benefit from resources and competence held by their foreign subsidiaries.

This analysis will be structured along the five KM-dimensions presented in chapter three, as they systemize the findings and focus on aspects relevant for KM, which are likely to vary across different cultures.

5.0 Communication

Communication is the first of the five dimensions, and describes all forms of communication within and to/from the organization; formal and informal, implicit and explicit, oral, written and computer-based etc. As mentioned in chapter three, according to Kaps (2011), communication style and language are two of the main cultural challenges related to KM.

The several, and to some extent considerable, differences between the norms and habits of communication in France and Norway are likely to impact KM in a French-Norwegian business relation in various ways. Firstly, with regards to level of formality, the two countries represent almost extreme opposites. As mentioned in the theory chapter, to the French, it is generally important to speak in a precise, nuanced language, e.g. by

addressing others by saying "vous" instead of "tu" – a much more formal version of the word "you". In Norway, an equivalent form exists, "De", but is almost never in use. Neither are Norwegians used to formal titles, while French to a large extent use Monsieur/Madame and address people by their last names. Also, the fact that French generally consider positions, age and ranks before e.g. approaching someone, discussing with someone or proposing suggestions, represents an enormous contrast to Norway, where it is common and accepted to communicate openly and directly with anyone regardless of who they are and what they do, in accordance with equality and broad involvement being core ideals of the Norwegian society and behaviour. Examples were given in the case study – e.g. that the CEO has lunch in the canteen with everyone else, and that one can communicate with him by use of only first name. Closely related to this is another major difference regarding communication habits, another result of the hierarchies; the French are not used to expressing disapproval or disagreement in work tasks openly in the same way as Norwegians, who generally are able to do this almost anytime, anywhere, and to whomever. They also expect to be listened to and allowed to influence, both in relation to management, colleagues and fellow members of projects etc.

With regards to KM, these aspects may all represent challenges in for example a French-Norwegian meeting.[18] E.g., as Norwegians are used to directly expressing their honest views and ideas almost regardless of setting, they are likely to take it for granted that everyone else communicates equally openly, while the French not are used to doing this in the same degree due to their norms and structures. Misunderstandings and other negative consequences can therefore occur. Compared to their own culture, the French may perceive the Norwegians as somewhat rude due to the low degree of formality, as rushing to conclusions, because of their extensive trust in each other's judgements - and norms of delegation, and also self-promoting, as they are likely to propose suggestions without considering e.g. that most other participants in a meeting are more experienced and have higher positions than themselves. Also, due to the flat Norwegians structures, leaders of meetings do not necessarily exercise clear leadership, as open discussions are common and everyone is considered as more or less equal. E.g., it was exemplified in chapter three that Norwegian leaders can be characterized as consultative and consensus-oriented, this

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[18] It must be underlined that it will vary to a large extent to which degree the described effects may occur, depending on e.g., the settings and formality of meetings, whether they are led by French or Norwegians and whether the structures are neutral and international.

clearly represents a contrast to French formalized approaches, and the French therefore may perceive Norwegians as unstructured and weak in their decision-making processes, something which may potentially reduce their openness and trust – the third main cultural challenge in KM according to Kaps (2011). Amongst the results can be that Norwegian participants e.g. in a meeting perceive the communication as good and a subject as thoroughly discussed, but that they in reality has given a somewhat negative impression and has promoted an approach - e.g. brainstorming, which in the theory chapter was mentioned as unusual in France - that may have made the French reluctant to share information and participate optimally. Considering the opposite impression, the theoretical discussion gives reasons to believe that Norwegians are likely to see the French as less goal-oriented than themselves, as French highly value the discussion and argumentation itself to a higher extent than Norwegians, and may show little openness towards other solutions than the one that they have argued for – also Norwegian may see the French as more ineffective as they, due to their considerable preference for uncertainty avoidance, not delegate much, and require more information and thoroughly processes to make decisions.

As described earlier, Norwegian business-and management culture tend to be generally difficult to understand for foreigners, and one of the main challenges is related to communication. Despite general openness and explicitness, Norwegians tend to be seen as unclear in their way of directing and evaluating each others' tasks and performances. This may be a result of the high level of autonomy and the flat structures, where leaders exercise little degree of direct control and the difference between the hierarchical levels often are perceived as little and not very noticeable in daily life. As employees often are expected to find their own ways of solving issues, motivate themselves and take responsibility for getting their tasks done in a satisfactory manner, little emphasis is put on direct oral instructions and formal routine descriptions, compared to what is common is French companies. As the Norwegians are used to this, it generally works well in an all-Norwegian context. However, at the same time, the lack of direct control and follow-up represents a major challenge in relation to people from other cultures, as described in the previously referred article by de Rosa (2013). Based on the characteristics of French culture, one can assume both that French will have problems understanding and adapting to this vague communication style regarding tasks, procedures and evaluation, and that Norwegians are likely to be frustrated with regards to the level of details, bureaucracy and

procedures common in France. However, the researcher finds reason to believe that these aspects will be of less relevance in project settings etc., in contrast to a situation where Norwegians are e.g. sent as expatriates to a French division or vice versa. This as the nature of a project requires clear definitions of responsibilities, tasks and procedures, regardless of culture - therefore nationality-specific traits will not be as visible as through ordinary daily routines in a company. For the case company, this is positive as it is a project-based organization, and interaction with representatives from the French owners therefore is likely to occur more often in project settings than in form of long-term exchange of employees etc. Also, as their field of business – the oil industry - is structured by international standards and reporting routines, specific Norwegian cultural traits of communication norms are suppressed compared to in other sectors, the companies become more streamlined, and the required degree of bureaucracy is non-adaptable and highly formalized. This is also mentioned in the summary of the interviews, as an advantage related to the internationalization of the case company and the future cohesion with the French owners.

With regards to language, Norway and France historically differ to a large degree in the sense of extroversion. The focus on learning foreign languages – especially English - has historically been very different in Norway and France. Norwegians are highly aware that they must adapt to other nationalities, as they originate from a small country far north in Europe with a language few foreigners know. As a consequence, Norwegian children learn English from the age of six, and English is also common as teaching language in higher education. Due to this, Norwegians generally master it relatively well, and many also know a third language. Though French children now learn foreign languages from early age, France have traditionally practiced barriers towards influence from other languages to preserve their own as authentic as possible. The consequence is clearly visible in a recent survey carried out by Eurostat (2013a), where only 13 % of the French respondents believed to be proficient with regards to their level of English. Also, their responses show that they are secondly most insecure about their English abilities of all European countries. Results from another survey presented in the same web article also show that only 16 % of French managers – also known as "cadres" – are at ease speaking English. Due to this, participants in a French-Norwegian business-relation should be aware of possible gaps in English skills.

5.1 Hierarchy

Equality versus power has previously been described as two of the main keywords describing respectively Norwegian and French culture. The traditional French preference for top-down management and autocratic leadership style is of major contrast to the equality-based, flat structures in Norway. This considerable difference in power distance and degree of cultural masculinity between Norway and France has several implications - it should be mentioned that as they are closely related to several of the five dimensions presented here, many of them has already been discussed in relation to communication, and some will also be seen in light of methods, presented in 5.2. As the hierarchical contradictions are deeply rooted core aspects of the two cultures, they manifest themselves through a broad range of settings.

Hierarchy is the keyword of the fourth of Kaps' (2011) main cultural challenges related to KM, described through degree of acceptance of knowledge exchange across hierarchies in an organization. In a Norwegian context this acceptance is high, and desired practices can be related to Nonaka and Takeuchi's (1994) concepts of KM as incremental and cross-functional processes resulting in continuous development of the company's knowledge resources. Using and combining knowledge across all levels of the company is an ideal in Norway in accordance with the organizational structures and perspectives of all employees' and their input as equally worth. This perspective facilitates a good climate for both knowledge creation and knowledge sharing, supported by the fact that Norwegian organizations are more open and transparent than in most other countries, due to both short physical distances and few barriers between the different levels of hierarchy. An example described in chapter three related to knowledge being processed and implemented up-stream in the organization, is that most Norwegian managers state that they emphasize input from their employees, Colbjørnsen's (2004) findings show that 96 % Norwegian managers believe they practice this to a high or relatively high degree. Although the researcher has not found equivalent scientific studies regarding France, the hierarchical structures and norms generally indicate that the degree of acceptance of knowledge exchange across hierarchies is considerably lower. Up-stream knowledge flow is likely to be seen as less valuable than in Norway, as ranks and status constitutes level of importance. Down-stream knowledge flow is limited by the fact that knowledge is seen as a factor of power; in hierarchical cultures it is generally not desired to share power with people considered less powerful than oneself.

5.2 Openness

As described, Norwegians and French are proud of their societies, strong and characteristic cultures and behavioural traits. In both countries, one is used to independency towards other nations, and has confidence in one's own approaches as being effective and correct. In Norway - due to a robust economy, a broad range and coverage of good jobs, innovation and technology, and a well-functioning society in general. In France – primarily as a result of pride, power, history, culture, philosophical and educational dominance, and its position as a major central-European country with strong political and societal influence in both an European and global perspective.

In relation to KM, this cultural pride and ethnocentricity can imply practical challenges related to openness, hereunder adaptation skills and -willingness. An example was mentioned in 2.1.6, describing how a Norwegian manager was frustrated by the fact that he experienced acceptance only for a "typically Norwegian" management style. For companies from both cultures, lack of openness can lead to overlooked opportunities in form of new and better approaches. In a French-Norwegian business relation, where the cultures are distinct and to some degree represent almost opposites[19], ethnocentricity can also result in cooperation difficulties, as both parties are likely to claim they have found the best way to solving tasks and making decisions.

In the case study, it is described that the employees of the case company are culturally homogeneous, mostly Norwegians – this may imply that the degree of openness is limited, and that people in the organization have a common view of processes and methods. Also, as the company until now primarily has operated in the Norwegian market, it has not yet been critical to emphasize international adaptability and search for new solutions and approaches. As referred in the summary of the interviews, several of the respondents state that they see the present work methods as the company's most important competitive advantage. In accordance with this, one can understand that the need for new methods has not been seen as pressing. At the same time, innovation and creativity are mentioned as highly valued assets in the organization, which is positive in relation to openness. It is also underlined that increased openness and structural and methodical changes are needed in

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[19] In an European context

order to be compatible to an international business partner, as the company per today can be characterized as a "typically Norwegian" organization. This aspect will be further elaborated in section 5.4.1.

As stated in chapter one, the French companies involved in the acquisition are not presented or discussed in this study. Neither does it attempt to predict the practical implications of the acquisition. Still, both topics have been briefly mentioned in the interviews; the aim has been to complete the researcher's perspective of the case company and its context as fully as possible. Despite the original intention not to include such findings in the report, one aspect related to characteristics of the French will now be mentioned, as it describes a high degree of openness that is likely to affect the relation positively.

What the researcher finds especially interesting, is that the interviewees describe the first impression of their new, French owners as very internationally oriented, professional and open towards the Norwegian culture and work methods. If this is correct, the potential cultural challenges obviously will be reduced. The first months that now[20] have passed since the acquisition, the French have sent several employees to Norway to participate in meetings, observe the work methods, and get to know the employees. They have even appointed a specific role devoted to getting to know the case company and the Norwegian context. According to the theoretical findings regarding international business relations, this can be seen as a positive and proactive strategy for a cross-cultural cooperation, characteristic for professional international actors. Several of the interviewees also stated that they perceive the French acquisitioning company as so highly international in their operations, strategies and localisations that they hardly expect to experience particularly French characteristics or work methods at all. Amongst the arguments are that the French company is operating globally and has been internationally oriented for many years, and also that all its managers has lived and worked in several countries; international awareness and experience is highly emphasized in the organization.

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[20] April 2014

5.3 Method

In light of the differences in hierarchy and values between Norway and France, method is a key area of this analysis. Both in KM and management in general, this represents potentially major challenges as companies from both countries may struggle with understanding and relating to the work methods of the counterpart.

According to the summary of the interviews, the CEO of the case company was amongst the informants that underlined method as the company's most important strength. He described it as a mix of technological advantages, solutions, knowledge and reputation - knowledge flow, cohesion and teamwork was also underlined as vital aspects: "*Sharing information and working together is success factor number one*." In other interviews, the company was described as flexible and effective. Clearly, Norwegian work methods represent some particular advantages with regards to KM in form of Norwegian employees as being generally used to cooperating, and taking initiative and responsibility. Other positive results are low costs related to supervision and control, and high degree of innovation compared to many other countries. At the same time, the democratic approaches and delegation can also lead to sub-optimizing, as people generally are used to, and expect to, be allowed to promote their opinions and be listened to, and as power is spread across different levels and units of the organization. One can see in the case study that the more or less independent daily lives within the different locations and business units of the case company contribute to an increased fragmentation of the organization where each unit has its own primary goals and strategies that to some extent may be in conflict with each other.

Potential challenges related to Norwegian expectations with regards to cross-functionality and flexibility can be illustrated by an example from a web-article regarding adaptation-problems experienced by Eastern-European workers in Norwegian companies (Dragland 2013).[21] The foreign workers – as the French – are used to a high degree of hierarchy, clear tasks and responsibilities and direct management. In the Norwegian context, they are confused by the flat structures, as they there are supposed to be project managers, take responsibility, plan and coordinate tasks within teams, even though they only may be

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[21] Although there are many differences between e.g. Polish and French business culture, they are both characterized by hierarchies, clear tasks and responsibilities, and direct management – the essence of the challenge in question.

skilled to be e.g. carpenters. They are used to being supervised, controlled and told exactly what to do from a boss – in France; from a routine description etc. – as this is seen as old-fashioned and costly in Norway, it is not at all common. As a consequence, a group of Norwegian researchers are now assigned to create a framework describing Norwegian work methods, leadership culture, communication norms, expectations and demands related to involvement and taking responsibility for most parts of the internal value chain.

As presented in chapter three, projects and teams are important work methods in Norway, facilitated by various characteristics of Norwegian companies. Examples were given by Finsrud and Moen (2012), who describe structures of Norwegian organizations as optimal with regards to creating complex, multidisciplinary teams across different organizational levels and boundaries, combined with closeness to costumers and active use of horizontal external knowledge networks. The theoretical findings further indicate that Norwegians are used to trust personal abilities despite rank, status or background to a considerably larger extent than the French. E.g. in a project team involving Norwegian engineers, one can find young, inexperienced engineers with equal responsibility in the team as older and with higher ranks, an example of use of such teams was mentioned in the case study. This can be an effective way of working as it results in complementary knowledge and synergies, but as mentioned, it can also be hard to understand for people from other countries.

Literature regarding degree of use of teams and projects in French companies has not been found, therefore a comparison regarding this subject is not possible to make. However, what can be assumed is that hierarchies and ranks lead to considerable differences in structuring and managing of French teams, compared to Norwegian. E.g., it has earlier been mentioned that Lavaty and Kleiner (2001) state that it is not common to delegate in France. Also, most of the already mentioned other differences are relevant in relation to both projects and other processes amongst the companies.

5.4 Cultural identity

Both France and Norway have strongly rooted, ethnocentric and distinct nationality-specific cultures, which have been thoroughly described through the last chapters. The characteristics will not be further repeated here – instead, the dimension will be illustrated by a brief discussion of some nationality-specific aspects related to the case company.

5.4.1 The case company - "typically Norwegian" ?

As presented in chapter four, the interviewees in the case study all agreed that the case company can be described as "typically Norwegian" - also, that this mainly represents a strength. Amongst the mentioned arguments were the relatively flat structure, informality, extensive trust and autonomy, freedom and delegated responsibility in the work situation, and self-driven and flexible employees. Also, communication is described as explicit and direct. These examples are all in accordance with the theoretical findings, as they are considered highly characteristic traits of Norwegian business- and leadership culture, and also important success-factors within Norwegian companies. Expectation number two described in 2.6.2 can hereby be seen as confirmed. The high degree of "Norwegianness" can be illustrated through some of the quotes in the summary: *"Towards my staff, I emphasize ability and willingness to improvement, rather than focusing on mistakes." "As a new employee in our company you experience great extent of freedom from day one, and are not likely to be overwhelmed by bureaucracy, and so on. But I do not think we are suitable for people that prefer to be controlled and directed in details. We depend on our new recruitments' abilities to take initiative and be quite self-driven from an early stage."*

At the same time, the case company is, as mentioned, characterized by a higher degree of bureaucracy than what is generally common in Norwegian organizations. Also – it is pointed out by several of the employees that though the level of formality is generally low, the rapid growth of the company leads to more hierarchy, sub-cultures and less communication between management and employees than many see as optimal. However, it should be underlined that it is important to keep in mind that the interviews are conducted within a Norwegian perspective. To analyse the answers, one therefore has to be aware of contextual implications that affect the respondents. E.g., when several of the respondents state that there is a certain level of hierarchy in the company, and that they feel disconnected in relation to top management, they still call the CEO by his first name, have a coffee with him in the hallway and ask him what he has been up to during the weekend. Also with regards to communication, one should consider what is regarded as a common and ideal level in Norway compared to other countries. As a consequence of Norway being a culture characterized by flat structures and an exceptionally high degree of democracy and equality compared to most other nationalities, Norwegian employees are

used to receiving a lot of information, also on a strategic level. Due to this, Norwegians are in many ways "spoilt", and this colours their perspectives of their own situation.

5.5   *Possible synergies*

The main focus of this study has been potential challenges related to KM in French-Norwegian business relations. Clearly, this has been the most important aspect to discuss. However, some possible synergies may also be noticed, as this example illustrates: Brooks (1995) have found that the Swedish and French cultures on the one hand can be seen as opposites, but at the same time can complement each other and result in positive synergies. Although, as it was mentioned in chapter one, the theoretical comparison of cultures in this thesis is limited to literature specifically regarding Norway and France, a finding regarding Sweden and France will be presented as Sweden and Norway have so many common characteristics that it is likely to be equally valid in a Norwegian context. Brooks describes how awareness on, and knowledge of, cultural differences has been a key factor of succeeding in managing a French plant owned and led by Swedish truck manufacturer Scania. Amongst the findings is that, even though Sweden and France (in an European context) represent polar extremes regarding power-distance and need for uncertainty-avoidance, the French emphasis on intellect and associated skills effectively may complement the Swedish qualities of charisma, pugnacity and capacity to motivate and communicate, resulting in efficient and productive cooperation between the two nationalities. This is an interesting case, as it illustrates how Norway and France, as two in many ways opposite business cultures, can represent potential synergies. Other areas where one may complement each other can be through French clarity in goals and strategies, Norwegian innovation and creative competence, Norwegian autonomy and French efficiency related to clarity in roles and expectations.

6.0 Conclusion, recommendations, and implications for further research

The conclusion of this study will be split in two parts. The first part is the answer to the problem statement; *"How can competence regarding nationality-specific business- and leadership culture contribute to optimization of Knowledge Management processes in French-Norwegian business relations?"*

The second part of the conclusion includes the findings of the case study and answers the sub-problem; *"How may nationality-specific cultural factors potentially affect knowledge management processes in a business relation between the Norwegian case company and their French owners?"*

Throughout this report, it is clearly stated that KM is affected by culture, and that French and Norwegian business- and leadership culture have traits, methods, values and norms that differ in many ways – some to a large extent, and has to be paid attention to. Generally, the differences are also important for the case company to be aware of, despite the internationally oriented and open characteristics of their French owners. Furthermore, it should be noted that aspects and choices of procedures that to either the French or the Norwegians may seem only natural, self-explanatory and optimal, still can represent areas of e.g. behaviour that should be paid careful attention to in a common business relation.

6.0   Conclusion, problem statement

The analysis shows that – in accordance with the first expectation presented in 2.6.2 - the main potential challenges in French-Norwegian KM relate to the contrast between Norwegian democracy- and equality-based flat organizational structures and work methods, and the French values of power combined with a hierarchical, bureaucratic and formalized system. Both cultures cultivate and highly appreciate their own specific values and approaches, both have their weaknesses and strengths, and the various aspects tend to be either complementary or difficult to harmonize. French people are likely to have difficulties with regards to understanding and relating to the Norwegian autonomy and short lines of decision-making, almost regardless of rank or position, and they also communicate much more formally. Norwegians may see the French as ineffective, too formal and generally lacking trust due to their controlling routines, their hierarchically

limited lines of communication, and their thorough and formalized decision-making processes. Also, one should be especially aware of the presented literature regarding KM in business relations between two individualist cultures such as Norway and France – as described, research shows that one is generally more reluctant towards knowledge sharing in individualist cultures than in cultures characterized by a higher degree of collectivism.

These examples underline how strong cultural identities in an international business relation amplify the need for cultural knowledge, understanding and respect. Managing knowledge in an intercultural context also requires mutually accepted strategies, procedures and communication norms, as well as common arenas for learning and further development of knowledge – internally and across the organizations. In accordance with the considerable differences in characteristics and implications of French and Norwegian business- and leadership culture, formal and "hard-track" technological tools such as CRM-, ERP- or TQM-systems can be considered as representing the most important KM arena in a business relation between companies from these two countries. Knowledge, experience, feedback and advises can be systematically stored, shared, standardized, surveyed and processed in a large scale, without regards to geographical distances or personal preferences and relations. Moreover, through streamlining the systems, they become relatively easy to expand if additional participants – also with other nationalities - are becoming involved in the business relation. And – probably most importantly in this context - as these systems can be designed culturally neutral, they are likely to be equally easy or difficult to manage for both parties, and will not promote norms or procedures more characteristic for one of the countries than for the other. By providing a common technological platform in a French-Norwegian relation, one will therefore be able to move beyond adaptation problems, reduction of trust, misunderstandings and frustration related to differences in e.g. bureaucracy, communication norms and hierarchy. And through using a common language – preferably English – language problems will also be reduced as much and effectively as possible.

I.e., in addition to generally neutralizing cross-cultural tension, implementation of a common arena of technological KM-systems represents solutions to all four of Kaps' (2011) main cultural challenges related to KM; trust, power/hierarchy, communication and language. The positive features are thereby beyond doubt. Though, technological solutions are expensive and time-consuming to implement, and will be specially demanding in

relations where one or both parties have already invested in incompatible solutions prior to the alliance. Still, in an international context, seen from a cost-benefit perspective, the rewards of such a common platform are likely to exceed the expenses, at least in a long-term relation with a considerable degree of interaction, and especially in relations between countries which culturally stand far apart according to the nationality-specific cultural dimensions; communication, hierarchy, openness, method and cultural identity – such as France and Norway.

Furthermore, as earlier mentioned, Singh (2013) underlines how information resources must be converted to actionable knowledge to be productive, as KM benefits only can be realized in organizations that make a long term investment in aligning cultural managerial and organizational elements for KM simultaneously as they are strengthening their technological platforms. Thus, although computer systems are concluded as representing the most important arena and tools related to KM in a French-Norwegian business relation, they can neither be isolated from their context, nor from the fact that knowledge is represented by the individual, tacitly or explicitly, and must be transformed and made useful through people, not only systems alone, as illustrated by Nonaka and Takeuchi's knowledge spiral presented on page 37, describing how knowledge is an incremental, continuous process of socializing, externalizing, combining and internalizing.

One can therefore conclude that a combination of technological and human platforms represents the key to optimization of KM processes in French-Norwegian business relations. Mutual cultural competence is necessary to recognize the nationality-specific aspects that represent potential challenges or synergies, human processing and interaction is the key to KM in general, and culturally neutral IT- solutions provide important tools to structure, harmonise and develop knowledge further.

6.1   Conclusion, sub-problem

The ways in which nationality-specific cultural factors may affect KM processes in a French-Norwegian business relation have been thoroughly described, and will therefore not be repeated here. Answering the sub-problem, it is clear that all the aspects are potentially relevant with regards to future KM processes between the case company and the French buyers. Which factors will be more present than others, will be decided through

degree and form of the mutual interaction, structures and interdependence between the parties – conditions which per today are not yet known. Furthermore, characteristics related to the two companies play a considerable role in relation to the presence and visibility of cultural influence. According to 5.4.1, the case company can be described as a primarily "typically Norwegian" company – it is also relevant to decide whether the French buyers are "typically French". Due to the initial decision to not include them specifically in the study, it has not been collected detailed information about them. Though, as mentioned earlier, several interviewees in the case study described them as highly internationally structured and oriented. Also, they have given a first impression characterized by openness and eagerness to know the case company, and the Norwegian context. Due to this, the researcher finds reasons to believe that cultural implications of French business- and leadership culture are likely to have little influence on KM in the future relation, apart from general, internationally common aspects such as levels of hierarchy, a higher degree of bureaucracy than in Norway, and also more control and direct instructions. However, the researcher still highly recommends that all the case company's leaders and other employees that may have direct contact with the French in the future, focus on acquiring competence regarding French business- and leadership culture, for example through reading this report. By gaining this knowledge, regardless of how much or little useful it may prove to be, one drastically improves the odds for preventing e.g. misunderstandings, reduced respect or trust, communication problems, and incompatible decision-making processes or use of methods. Also, such preparation will be visible to the French business partners, and signal respect, openness and eagerness to create an optimal foundation for both KM and the relation in general in the future.

Another way in which this report can contribute to optimizing KM-processes and the business relation in general, is through describing Norwegian business- and leadership culture to the French owners, illustrated by the case study. This is also in accordance with the target group-description in chapter one. As the French are highly internationalized, while the case company can be described as "typically Norwegian", there is reason to believe that the study may be even more useful for the French than for the Norwegians.

6.2   Implications for further research

In accordance with the findings of this study, the researcher would like to underline the need for more research on the various cultural challenges related to particularly Norwegian business- and leadership culture, rooted in the specific characteristics of the Norwegian society that differentiate it from most other countries. As more and more Norwegian companies become involved in international relations, detailed knowledge about their cultural fit with others can be critical to succeed. With regards to impact of French culture in international business relations, the researcher has found several research contributions, and one can also assume that she has overlooked some that are only available in French. Therefore, the need for scientific material regarding Norway is primarily emphasized.

Also, the researcher finds a shortness of research on both Norwegian- and French business- and leadership culture seen from employees' point of view. E.g., except for the general frameworks of Hofstede etc., all the scientific contributions regarding Norwegian corporate culture that has been referred to in this thesis are based on a primarily managerial point of view, e.g. interviews with managers. Due to this, the results of the available research material on the subject may be more positively than realistically angled with regards to the almost unanimous appraisal of Norwegian business- and leadership culture present in Norwegian and Scandinavian studies.

7.0 Limitations

Finally, in accordance with the problem statement and the schedule and resources available, two limitations will be briefly mentioned.

The first limitation is the choice of only one case company. As the study's context is an acquisition and two cultures that are being compared, it originally was an alternative to study the French company as well as the Norwegian. But due to the time, scope and resources of the project, this was realistically not an option. Also, to include another company would have made the study quite different, and the researcher has strong doubts that it would necessarily have been better by being broader.

Secondly, as this is a Master's thesis of 30 ECTS, with a maximum number of pages of 75, conducted over a period of approximately five months, it is a limited study. The consequence of this is that is has been necessary to strictly narrow the scope, the selection of literature, and the depth of the case study. There are several aspects the researcher would have preferred to investigate deeper and broader, especially within the field of theory.

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Appendix 1: Interview guide, case study

- Presentation of the researcher, and a short briefing regarding the interview. Inform the respondent that focus will be on "everyday life" and processes in the company; e.g. decision-making processes, routines, structures, communication and roles.
- Clarification regarding confidentiality and anonymity, and briefly mention the context.
- Ask whether anything is unclear and whether the respondent has any questions.
- Ask the respondent for permission to record the interview, and inform him/her that the recording will be deleted as soon as the thesis is handed in and evaluated.

- The respondent's position, age, and amount of years as an employee in the company.

Method

- How will you describe an ordinary day in the company?
- To which degree are projects and teamwork emphasized? How would you describe your colleagues' attitudes towards project and teamwork?
- Describe the sharing of knowledge in the company. Formal and informal channels.
- To which degree do the leaders control and follow up their employees? Describe the routines and channels for reporting and evaluation.
- To which degree are the employees bound to clear, written task- and routine descriptions?
- To which degree will you describe the organization as bureaucratic?
- How is communication and cooperation facilitated?
- To which degree do you consider flexibility and autonomy as valued assets in the company?
- In your opinion, which are the strengths of the work methods of the company? What about the weaknesses?

Communication

- Describe the communication within the company.
- Describe the form and emphasis on electronic communication tools, vs. personal meetings.
- Which are the main advantages related to the communication in the company? Disadvantages?
- How is intranet used?
- Can you mention other formalized information channels in use?
- Describe the information flow from top and middle management.
- How will you describe the information flow within the company? Why?

Hierarchy

- How will you describe the relationship between leaders and employees in the company?
- How will you describe the level of formality in the company? Why?
- Do you perceive the company as formal or informal? Explain.
- Do you experience the organization as flat or hierarchical? Explain.
- To which extent can employees make decisions and choose approaches when solving tasks?

Openness

- How will you describe the organization's flexibility and adaptability in relation to changes? Explain.
- To which extent do you consider the organization as be open towards new meanings and approaches?
- To which extent is there diversity in the organization?
- How will a new employee describe his/her meeting with the organization?
- How will you describe the level of conflict avoidance in the organization?

Cultural identity

- To which degree will you describe the company as "typically Norwegian"?
- Why/why not?
- Do you consider this to be an advantage or disadvantage? Explain.