Creating a common business logic

A case study about strategic congruence and integrated control at Tekniska verken in Linköping AB

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English title: Creating a common business logic - A case study about strategic congruence and integrated control at Tekniska verken in Linköping AB

Authors: Emanuel Lindblad & Marc Thanhäuser

Advisor: Andrea Fried

Publication type: Master’s thesis in Business Administration

Strategy and Management in International Organizations

Advanced level, 30 credits

Spring semester 2018

ISRN-number: LIU-IEI-FIL-A--18/02853--SE

Linköping University

Department of Management and Engineering (IEI)

www.liu.se
Abstract

**Title** – Creating a common business logic: A case study about strategic congruence and integrated control at Tekniska verken in Linköping AB

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**Submission Date** – 25/05/2018

**Background** – The energy sector is experiencing instability and energy companies must embrace more flexible structures and strategic initiatives to remain relevant.

**Purpose** – To gain understanding about the challenges with implementing strategic congruence and integrated control in umbrella organizations and how their interplay can contribute to achieving a common business logic.

**Methodology** – In the scope of a single case study, we conducted 20 interviews on corporate, business and functional level at Tekniska verken in Linköping AB. The ‘tentative model’ of Nilsson and Rapp (2005) was re-assessed to examine a common business logic.

**Findings** – Our empirical findings indicated that the businesses of umbrella organizations can be diverse while simultaneously being congruent. When addressing strategic congruence, it is challenging because transparent communication and collaboration between business areas as well as optimizing organizational structures and designing clear responsibility areas is difficult to achieve. Regarding integrated control, it is not easy to realize because the corporate plan needs wide acceptance and breaking down complex content to the business areas is challenging. Not to mention that a common frame of reference regarding terminology and alike control standards requires high commitment.

**Keywords** – strategic congruence, integrated control, environmental turbulence, common business logic, corporate strategy, business strategy, functional strategy, contingency theory, umbrella organization, one company concept.

**Paper type** – Master thesis (30 ECTS)
Acknowledgements

This thesis project marks the end of our master’s degree in 'Strategy and Management in International Organizations' (SMIO) at Linköping University.

We are very thankful and indebted to Andrea Fried, our thesis advisor. She provided us with valuable recommendations and her well-organized tutoring schedule made our team work even more efficient. We further wish to express our sincere gratitude to our tutoring team with which we exchanged feedback as well as encouragement every other week.

Many thanks also go to Tekniska verken for their great and time-consuming commitment to our thesis project. It was a pleasure to speak with so many knowledgeable senior managers who helped us to gain a comprehensive picture of this inspiring organization. The company’s engagement enabled us to collect our empirical data in the first place.

Moreover, we take this opportunity to express gratitude to all our fellow SMIO students. We are very glad that we were part of the SMIO program and we particularly appreciated the international spirit of our two-year journey. We are optimistic to meet again in the future and we wish you all the best in life.

Last but not least, we want to thank each other. Our team work could not have been better and we are more than happy with the end result. We will surely remember this intense work period with positive memories.

Linköping, June 2018

Emanuel Lindblad          Marc Thanhäuser
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List of abbreviations

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<td>BA</td>
<td>Business area</td>
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<tr>
<td>BSC</td>
<td>Balanced scorecard</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
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<tr>
<td>TvAB</td>
<td>Tekniska verken in Linköping AB</td>
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‘One TvAB’ ‘One Tekniska verken’
1 Introduction

The first chapter outlines the complexity of the energy sector and emphasizes complex challenges with strategy and control in umbrella organizations. Further, it relates these problems that can be found in practice to the existing scientific theories about strategic congruence and integrated control. Therefrom, we derive the scientific gap and we point out the contribution that this study aims to make to contemporary research. Moreover, the purpose, research questions and the thesis' outline are presented.

1.1 Background

In the last century, large corporations have expanded in size, reach and complexity (Roach, 2007). This poses new challenges to organizations which operate in a fast-moving world economy that requires both agility and alignment (Tuck Executive Education, 2016). Detailed attention should hereby be paid to the energy sector. This is because it entails a multifaceted mesh of sectors and stakeholders across various economic segments (World Economic Forum, 2017). In recent years, the rise in demand for electricity has steadily been lower than general economic growth. Between 2005 and 2014, the end-use electricity consumption declined in 22 out of 28 European Union (EU) member countries (Eurostat, 2017). Similarly, revenue growth is forecasted to continue slowing down (EIA, 2018). Altogether, the energy sector is experiencing instability and foreseeing the future has become notably more difficult (World Economic Forum, 2017).

Nevertheless, there are huge opportunities for many organizations to fulfil the customer’s need for clean, reliable and reasonably priced energy (PwC, 2017). In addition, there is a high demand for new power and utility offerings among customers to which the energy industry has not yet lived up to (IEA, 2013). As a consequence, energy companies must embrace more flexible structures and strategic initiatives with the goal to extend their offerings of products and services (PwC, 2017). One way of doing so is to adopt an organizational umbrella structure. In concrete terms, an umbrella organization means that an association of institutions coordinates the activities of its member organizations and derives utility from shared activities (USLegal, 2016). This form of organizing enables energy companies to have multiple business areas (BAs) with various
offerings under its umbrella group. But, the sheer idea of organizations with different businesses gathering under one umbrella is almost unimaginable without an effort concentrated on strategy by corporate management (European Business Review, 2016). In other words, it is corporate management’s responsibility to create a ‘one company concept’ for leadership and strategy (European Business Review, 2016). Among practitioners this concept is well-known, nevertheless, it is rarely discussed in research. A business area (BA) manager at Tekniska verken in Linköping AB (TvAB) summarizes the purpose of ’One Tekniska verken’ (‘One TvAB’) as follows:

We have a broad variety of businesses and thus the benefit of being together as one group is that we can contribute to each other’s businesses. We have overlapping competences and this is where ’One TvAB’ comes in. We deliver to our customers as a whole. It is the package that counts for the customer at home.

Developing compelling strategies in this context, however, is not an easy task. Hence, umbrella organizations are faced with the challenge to develop consistent strategies which bring diverse BAs together beneath one corporate umbrella. In the following problem discussion, we will link this problem from corporate management reality to the theories of strategic congruence and integrated control.

1.2 Problem discussion

For many years, the research area recognized as strategy and management control has been of interest to both social scientists and practitioners (Jannesson, et al., 2014). Some of the first researchers to clearly discuss strategic congruence, that is the consistency between different strategic levels, were Goold et al. in 1994. From their case studies, they concluded that it is beneficial if all BAs belonging to one corporate umbrella act in the same competitive arena, the so-called ‘heartland’ (Goold, et al., 1994). To achieve better financial performance and synergies, it is further necessary that a common business logic is inherent in all businesses. In the beginning of the 2000’s, many researchers rose awareness for conducting longitudinal field studies to gain a deeper understanding of this interplay between strategy, control and organizational structure in practice (Pettigrew, et al., 2002; Zajac, et al., 2000). The collection of doctoral thesis projects in Jannesson et al.’s (2014) book filled this gap. In general, the total sum of studies about
strategic congruence and integrated control followed Nilsson and Rapp’s (2005) assumptions regarding their conceptual idea of how congruence works (see figure 1).

Figure 1. A ‘tentative model’ (based on Nilsson & Rapp, 2005, p. 130)

Their investigations explained competitive advantage by shedding light upon strategic congruence and integrated control. In detail, they considered the internal and external context of organizations. Further, the authors paid attention to the corporate, business and functional strategy level. In their book, Nilsson and Rapp (2005) argued that the alignment and consistency of strategies as well as control mechanisms favours the formation of activity focus and competitiveness. Grounded on Porter’s typologies, the scientists brought forward that either a combination of activity sharing and differentiation, or a combination of portfolio management and cost leadership are prerequisites for strategic congruence (Nilsson & Rapp, 2005). Also, they reasoned that BAs must show very similar characteristics regarding their business maturity.

As can be seen in the model above, Nilsson and Rapp (2005) discussed a multitude of components in the context of explaining congruence and control. Due to this complexity, we have observed that they neglect components which are of practical relevance for strategy development within umbrella firms acting in turbulent environments. In a similar manner, we are not aware of studies that re-assess their ‘tentative model’ from 2005. In effect, this means that their assumptions have not been challenged. Going a step further, their normative concept of being fully congruent
remains uncontested. After careful consideration of all existing studies, we want to express three main points of criticism at this point:

First, the researchers paid modest attention to how the decisive parts of integrated control, namely strategic planning and follow-up, contribute to the alignment among BAs. This is mainly surprising because they strongly based their thinking on the research of Goold et al. (1994) who reasoned that BAs are left alone in the planning and follow-up process.

Second, according to their reasoning about a limited number of strategy combinations for different businesses, they viewed business strategy as something “relatively static” (Nilsson & Rapp, 2005, p. 195). Consequently, they assumed that strategic congruence is dependent upon the various BAs being similar.

Lastly, all studies inspired by Nilsson and Rapp (2005) have aimed to shed more light upon the pre-conditions of competitive advantage. Without a doubt, competitive advantage is a very well-studied area of research. Consequently, we do not intend to add another study to this domain. In contrast, we find that what the scholars themselves call a common business logic deserves further attention.

A well-considered overall strategy means that there is a common business logic, for example, in the form of a limited number of critical success factors. Such a situation is favourable to create a 'uniform management style' (Nilsson & Rapp, 2005, p. 34). To put it differently, establishing a compelling strategy which benefits the corporate group as a whole and the individual BAs requires a common business logic. This common logic resembles what we earlier introduced as the ‘one company concept’. Nilsson and Rapp (2005) strengthened our assumption by reasoning that the presence of multiple common features in the BAs enables corporate management to actively participate in the development of the BAs. All things considered, the academic discussions about strategic congruence are vivid, however, the published research is strongly one-sided and it lacks practical application. We therefore see an urgent need to view the ‘tentative model’ of Nilsson and Rapp (2005) through our lenses which we will further elaborate upon in the subsequent section.
1.3 Purpose and research questions

With this master thesis, we aim to point out challenges with implementing organization-wide congruence and control. Equally important, we emphasize the benefits of a common business logic and we elaborate on strategic planning and follow-up. We are doing so by re-assessing the ‘tentative model’ of Nilsson and Rapp (2005) and testing its practical relevance at TvAB. To illustrate, we exemplify the discussed scientific phenomena with the implementation of ‘One TvAB’ at our case company. Hence, this master thesis aims to primarily answer the following research question:

What are the challenges with strategic congruence and integrated control?

Two sub-questions have been derived from this question. Due to the complexity of the research domain, the sub-questions are individually focused on partial components of the research question. With this approach, we aim to gradually answer the research question and to strengthen the scientific and practical contribution of this master thesis.

How can these challenges be managed by corporate management?

How can strategic congruence and integrated control be understood from an empirical perspective?
1.4 Contributions

This study aims to contribute to academic research in a fourfold way:

1. First and foremost, we examine the practical relevance of Nilsson and Rapp's (2005) ‘tentative model’. Hereby, we realign the focus towards establishing shared critical success factors in all BAs and therewith associated, achieving a common business logic in umbrella organizations. We also emphasize strategic planning and follow-up. To express it differently, we contribute a new plausible explanation regarding the interplay of strategic congruence and integrated control. Our perspective attempts to narrow the gap between theory and practice by using a modification of well-established theory to look at a problem from corporate management reality.

2. Besides, few studies have been conducted about the interplay of strategic congruence and integrated control (Nilsson & Rapp, 2005; Jannesson, et al., 2014; Goold, et al., 1994). Notably, their relationship has also not yet been examined in the energy industry in which we have conducted our study. Our case company is primarily an energy firm, but it is also an infrastructure provider with very diverse BAs.

3. Moreover, few research projects based on Nilsson and Rapp’s (2005) assumptions have used a holistic view accounting for multiple strategic levels (Nilsson & Rapp, 2005; Poth, 2014). The majority of cases has emphasized the corporate and the BA level, however, we pay particular attention to the functional level. The book by Jannesson et al. (2014) emphasized the functional level but it did so in the form of investigating the production and manufacturing functions. In contrast to this, we shed light upon business development, operational development and finance.

4. Lastly, we aim to stimulate agreement upon a more consistent definition of congruence, especially regarding strategic congruence. Many researchers have admitted that it is problematic to operationalize congruence (Drazin & Van de Ven, 1985; Schoonhoven, 1981; Bouillon, et al., 2006). As a consequence, we see a need to promote a common scientific definition of the currently unclear usage of the congruence concept.
1.5 Outline

- **Chapter 1**: The main topic is introduced by presenting its background, discussing the scientific gap and developing the research questions and our contribution.

- **Chapter 2**: We outline the volatility of the energy industry and we elaborate on the scientific findings on strategic congruence and integrated control. This segment reviews the concepts related to the conceptual framework. Also, it is the basis to analyze the case study findings and to answer the research questions.

- **Chapter 3**: We develop a conceptual framework based on the theoretical background chapter. Further, we frame our perspectives and explain the individual components of the developed model.

- **Chapter 4**: We explain our scientific research perspective, our chosen research strategy as well as our means of data collection. In addition, we point out how we analyzed the gathered data and we argue for its validity.

- **Chapter 5**: We present information about the case company related to strategy and control mechanisms. Moreover, the story of becoming ‘One TvAB’ is told. Thereafter, we convert the gathered data into a comprehensive narrative.

- **Chapter 6**: We discuss and compare our findings with the theoretical background as well as with the ‘tentative model’ of Nilsson and Rapp. Thereafter, we answer the research questions based on chapter 5.

- **Chapter 7**: We summarize the findings and therefrom derive the theoretical contributions. Also, we give practical recommendations, outline limitations and we develop future research implications.

*Figure 2. Thesis outline*
2 Theoretical background

The following chapter strongly builds upon the research problem. Further, it summarizes and reviews the literature regarding contingency theory, environmental turbulence, strategic congruence and integrated control. On the one hand, strategic congruence is discussed on the corporate, business and functional level. Most of the research brought forward has a connection to Nilsson and Rapp’s ‘tentative model’ (2005). For each level, we highlight different typologies and we establish comparative analyses between them. We do so with the goal to later categorize the case company according to the most suitable typology. On the other hand, integrated control is organized into sections about strategic planning, follow-up and strategic control. These are partly related to the ‘tentative model’ and we further review more relevant literature outside of the model’s scope. This segment aims to provide the reader with a broad understanding of the related concepts in order to clarify the variables of the conceptual framework (Chapter 3). Moreover, it serves as a basis to analyze the empirical findings of the case study and to ultimately answer the research questions.

2.1 Theoretical introduction

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<th>2.4 Integrated control</th>
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<td>✓ Strategic planning</td>
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3. Conceptual framework

Table 1. Structure of the theoretical background chapter
In this introduction, the theoretical background of the study is presented to navigate the reader through our way of thinking (see table 1). It builds on literature in the fields of environmental turbulence, strategic congruence and integrated control. When beginning to examine congruence and control, the interplay between an organization’s internal characteristics and its environment is particularly important. For this reason, the ideas of contingency theory are included in the theoretical background. Furthermore, to scrutinize strategic congruence, it is necessary to present different typologies of corporate, business and functional strategy. This is because congruence has to do with the mutual consistency among choices on the three different levels. In addition, to discuss integrated control, it is necessary to present how a common strategic planning and follow-up process may facilitate strategic congruence. Consequently, literature in regard to strategic control systems is presented for this purpose. Therefore, the balanced scorecard (BSC), which is well-known and applied at our case company, is explained.

In detail, the purpose of this chapter is to present what has been investigated and to justify choices taken as they build the foundation for the conceptual framework in chapter 3. Henceforth, the aim of the theoretical background is to provide the reader with a framework which supports the understanding of how firms may gain a common business logic by achieving strategic congruence and integrated control. In brief, this chapter can be regarded as both, a review of literature as well as a foundation for the development of our conceptual framework.

2.2 Environmental turbulence

Organizational success, and therewith competitive strategy, has a strong correlation with environment (Ward, et al., 1996). Hereby, an organization’s environment refers to the external conditions which influence the company’s behaviour (Hall, 1972). This externality of firms is perceived as the origin of events and trends resulting in opportunities and threats for single firms (Porter, 1994; Milliken, 1990). However, an organization can only react to what it perceives (Miles, et al., 1974). When organizations thus misinterpret or overlook environmental change they risk becoming extinct (Milliken, 1990). The interpretation of the external environment is strongly connected
to managers’ perceptions (Poth, 2014). More specifically, top management’s interpretation of environmental issues decisively affects their decisions and actions (Child, 1997; Aragón-Correa & Sharma, 2003). Therefore, it is important to map top management’s perception of environmental changes with the choices taken by them (Poth, 2014).

As a consequence, in the context of studying strategic congruence and integrated control, the interplay between an organization’s internal characteristics and its environment is particularly important. For this reason, this thesis builds upon contingency theory. This theory assumes that there is no optimal way of organizing or leading an organization (Chapman, 1997). Instead, the optimal course of action is dependent upon the internal and external situation (Chapman, 1997). This is beneficial for this master thesis because it helps us to comprehend the investigated phenomena as a dynamic process. To put it differently, it leads to the assumption that senior management is an active player in facilitating strategic congruence and integrated control systems (Miles, et al., 1974; Jannesson, et al., 2014). With this in mind, this thesis focuses on examining the problem domain from three strategic perspectives with the goal to examine senior management’s role in impacting congruence and control.

2.3 Strategic congruence

The academic fields of strategic management and organization studies offer various terms to describe the state of agreeing, coinciding or being congruent in companies. This increased need for coordination emerged during the 20th century (Nilsson & Rapp, 2005). At that time, companies began to experience sub-optimization due to business diversification (Nilsson & Rapp, 2005). Since then, many scientists have suggested that a well-coordinated structure is necessary to better achieve goals and to improve efficiency (Fry & Smith, 1987; Mintzberg, et al., 1998; Skinner, 1969).

In recent years, consensus and congruence have become the most prominently used scientific concepts within the field of strategic organizational alignment. In practice, however, it has been shown that it is difficult to operationalize consensus and congruence (Drazin & Van de Ven, 1985; Schoonhoven, 1981; Venkatraman, 1989). Strategic consensus can be defined as a common understanding of strategic priorities
among managers at the top, middle and operating organizational levels (Kellermanns, et al., 2005). That is, a consensus of opinions regarding the formulation and implementation of strategies (Floyd & Wooldridge, 1992; Priem, 1990; Scherpereel, 2006).

Among ideas of congruence, academics have focused on both goal and strategic congruence. To point out, even though they share similarities, they have significant differences. Goal congruence refers to “an individual manager’s acceptance of their firm’s strategy” (Bouillon, et al., 2006, p. 266). In opposite, strategic congruence means that a firm’s corporate, business and functional strategies are mutually consistent (Jannesson, et al., 2014; Shavarini, et al., 2013; Schendel & Hofer, 1979). In this thesis, strategic congruence will be used as the main concept as it considers an organization’s environment and as it emphasizes the use of integrated control. Also, it comprehends three strategic levels which apply well to the case organization at which we conducted this thesis.

2.3.1 Strategic congruence defined

Many scholars are of the opinion that decomposing strategy and creating a joint understanding is a central activity in the coordination of corporate operations (Nilsson & Rapp, 2005; Goold & Quinn, 1990; Jannesson, et al., 2014; Goold, et al., 1994). This is facilitated by establishing a clear core business with largely similar critical success factors (Goold, et al., 1994). Thus, strategic congruence can be defined as a consistency between three strategic levels – the corporate, business and functional level. In research, strategic congruence is addressed in two dimensions. On the one hand, the horizontal dimension which describes the alignment of strategies, the firm’s competitive arena and the overall strategic aims (Poth, 2014). On the other hand, the vertical dimension which has to do with mutual consistency among choices on the three strategic levels (Poth, 2014). In essence, the horizontal dimension is focused on corporate management which is defining what businesses and markets to act in.

With the goal to better coordinate a firm’s BAs, it is advantageous if strategies at all levels are based on a common business logic (Nilsson & Rapp, 2005). It permits integrated strategic planning and follow-up and thus, it may be easier to coordinate the goals and
strategies of the different organizational levels. Consequently, sub-optimization of
different BAs and functions can be reduced to a minimum (Poth, 2014). However,
achieving strategic congruence by breaking down goals, objectives and strategies has
proven to be difficult (Pettigrew & Whipp, 1991). In many cases, “corporate management
has abdicated its role of leading and developing the enterprise” (Nilsson & Rapp, 2005,
p. 50). In particular, BAs have been left alone in the planning and follow-up process
(Goold, et al., 1994). This results from abandoning coordinated strategic planning in
favour of decentralizing many decisions to the tactical and operational level (Goold, et
al., 1994). With that in mind, it is top management’s responsibility to use corporate
strategy as a mean to influence the degree of strategic congruence.

2.3.2 Corporate strategic level

Corporate strategy illustrates how the goals and objectives are to be achieved within the
enterprise and in particular why a solution with several BAs is preferable (Nilsson &
Rapp, 2005; Schendel & Hofer, 1979). With this in mind, it is relevant to distinguish
between different ways of managing an enterprise and how these relate to strategic
congruence and integrated control. Correspondingly, in the following, we will explain
three well-known corporate strategy typologies:

• (Porter, 1987)
• (Goold, et al., 1994)
• (Prahalad & Hamel, 1996).
Porter's corporate strategy typologies

Porter identified four concepts of corporate strategy which built on whether synergy can be realized or not (Porter, 1987). Hereby, synergy refers to the ability to coordinate activities within different BAs with the benefit exceeding the cost of it. As an illustration, the concepts are illustrated in the following table.

<table>
<thead>
<tr>
<th>Concepts of corporate strategy</th>
<th>Portfolio management</th>
<th>Restructuring</th>
<th>Transferring skills</th>
<th>Activity sharing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Strategic prerequisites</td>
<td>Insight into identifying acquiring</td>
<td>Insight into restructuring opportunities</td>
<td>Activity skills important for competitive advantage</td>
<td>Activities in areas to be shared with new areas for competitive advantage</td>
</tr>
<tr>
<td>Organizational prerequisites</td>
<td>Autonomous BAs; Small, low cost corporate staff</td>
<td>Autonomous BAs; Corporate organization with resources to oversee turnarounds</td>
<td>Autonomous but collaborative areas; Managers objective is to transfer skills</td>
<td>Strategic BAs encouraged to share activities; Active group’s role in strategic planning (corporate staff=integrators)</td>
</tr>
<tr>
<td>Common pitfalls</td>
<td>Ignoring unattractive industry structure</td>
<td>Mistaking rapid growth for restructuring opportunity</td>
<td>Providing no practical way for skills transfer to occur</td>
<td>Assuming that sharing will naturally occur without senior management</td>
</tr>
</tbody>
</table>

Table 2. Porter’s typologies of corporate strategy (based on Porter, 1987)

A strategy of portfolio management is conducted in the form of autonomous BAs which are solely evaluated based on their monetary outcome (Porter, 1987). The degree of diversification is high since firms operate in many unrelated industries in which the synergy potential is limited. Comparatively, when adopting a restructuring strategy, corporate management acquires companies with unrealized potential. The goal is to
radically restructure the new firm and to divest it when satisfactory results have been delivered (ibid.). In opposite, a transferring strategy implies low diversification and it focuses on synergies in activities such as sales channels as well as customers. A strategy of sharing activities means that there are extensive synergy effects which permit the sharing of certain activities such as joint product development as well as research and development (ibid.).

**Goold et al.’s corporate strategy typologies**

Goold et al. (1994) emphasized that corporate management must consider how they should influence and relate to the businesses under their control. They further argued that the concept of synergy is too narrow to serve as a holistic explanation for success. Instead, they emphasized that it is important for the BAs to have largely similar critical success factors so that corporate management can facilitate strategic congruence (ibid.). In addition, it is argued that a common business logic is easier to establish if the corporation focuses on specific markets and industries. Hence, it permits the corporate group to establish a clear management style with a unified system of strategic planning and follow-up (ibid.). To demonstrate, Goold et al. (ibid.) pointed out three ways of managing an enterprise (see table 3).
<table>
<thead>
<tr>
<th>Corporate strategy typology</th>
<th>Corporate management influence</th>
<th>Role of the BAs</th>
<th>Functional support</th>
<th>Corporate evaluation, follow-up</th>
<th>Environmental turbulence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial control</td>
<td>Independent BAs; Low synergy potential</td>
<td>No formal planning process; BAs' responsible for business plan</td>
<td>Minimal functional staff; Low functional influence</td>
<td>Budget focus, commitment towards financial targets</td>
<td>Stable industries; Limited long-term investments</td>
</tr>
<tr>
<td>Strategic control</td>
<td>High diversification; Corporate-wide planning, follow-up</td>
<td>Decentralized planning; Corporate management examines business plans for quality</td>
<td>Occupied with support for corporate management</td>
<td>Short-term monetary controls; Longer-term strategic objectives</td>
<td>Extremely diverse businesses</td>
</tr>
<tr>
<td>Strategic planning</td>
<td>High synergy potential due to corporate coordination in planning, follow-up</td>
<td>Corporate staff thinks that it has essential role in helping BAs to arrive at better plans, strategies</td>
<td>Large functional staff, high influence to assist, support BAs</td>
<td>Short-term monetary controls; Longer-term strategic objectives</td>
<td>High-risk industry requiring long-term perspective</td>
</tr>
</tbody>
</table>

Table 3. Goold et al.’s corporate strategy typologies (based on Goold et al., 1994)

In the financial control strategy, BAs operate independently of each other and the synergy potential is low (Goold, et al., 1994). There is no formal strategic planning process and the BAs have full responsibility for formulating their own plans and strategies. In other words, the strategic decision making is left to the BAs. Furthermore, there is minimal functional staff at headquarters focusing on corporate and business support. Moreover, importance is attached to the budget which corporate management carefully evaluates before approving it (ibid.). More specifically, the control process
focuses on the responsibility of the BA manager to achieve the expected financial results agreed in the budgeting process (ibid.). Goold et al. (ibid.) argued that this typology is appropriate in stable and mature industries in which the need for long-term investments is limited.

Conversely, the strategic planning approach is characterized by a high synergy potential from coordinating BA operations (Goold, et al., 1994). Corporate management is highly involved in preparing the strategic plans of the BAs and actively tries to influence their long-term development (ibid.). More specifically, corporate staff believes that they play an essential role in helping the BAs to arrive at better plans and strategies. In this case, there is often a large amount of functional staff at the centre which includes shared resources in areas such as marketing, human resources and business development (ibid.). In regard to the importance of evaluating the firm’s businesses, short-term monetary controls are only one aspect of the overall evaluation of the performance. Goold et al. (ibid.) argued that this typology is appropriate in high-risk industries in which a long-term approach is a prerequisite for success.

A strategic control strategy seeks to combine the advantages of the two other corporate strategies (Goold, et al., 1994). It builds upon the assumption that diversification is high and that the purpose is to adapt corporation-wide planning and follow-up in every BA. In practice, however, this type of corporate strategy has proven to be difficult to achieve and the result has often been unclear control. Goold et al. (ibid.) stated that the planning process is relatively decentralized and thus BAs are expected to propose appropriate strategies and budgets. Hereby, corporate management’s role is to examine these plans to make sure that they are of acceptable quality. When it comes to functional staff, they are usually occupied with supporting corporate management. In regard to follow up, both short-term monetary controls and longer-term strategic objectives are used. According to Goold et al. (ibid.), this style of management is intended to permit the management of extremely diverse BAs.
Prahalad and Hamel's corporate strategy typologies

In 1990, Western companies were criticized for poor management due to diversification and it was suggested to rethink the role of the corporation (Prahalad & Hamel, 1990). Prahalad and Hamel (1990) argued that competitive advantage depends on the access to competence and the ability to utilize it in a way which creates value. It resulted in the definition of 'core competence' which refers to the collective learning of organizations and the ability to coordinate skills and to integrate multiple streams of technology (Prahalad & Hamel, 1996; Prahalad & Hamel, 1990). For this reason, they concluded that a corporate strategy can either be based on portfolio businesses or on portfolio of competencies. To be competitive, they recommended a corporation-wide strategic architecture (Prahalad & Hamel, 1996).

Comparative analysis of corporate strategies

To conclude, as argued by Nilsson and Rapp (2005), it is evident that the different typologies have considerable similarities even though that they disagree about the importance of synergy potential. To be more precise, financial control emphasizes decentralized decision making and tight control, in fact, it is comparable to portfolio management or portfolio of businesses (Porter, 1987; Prahalad & Hamel, 1996). On the opposite, strategic planning comprehends centralized decision making and flexible control (Goold, et al., 1994). Under those circumstances, synergy potential is realized by the coordination of BA operations. That is, corresponding to what Porter (1987) addressed as activity sharing, Prahalad and Hamel (1996) referred to the same principle with the term 'portfolio of competencies' which emphasizes the sharing of essential skills by several BAs. In the figure 4, it is illustrated how the three typologies of corporate strategy relate to each other based on synergy potential and environmental turbulence.
Figure 3. The relationship among the three typologies of corporate strategy (based on Nilsson & Rapp, 2005, p. 63)

2.3.3 Business area strategic level

While corporate strategy aims to steer all BAs in the same strategic direction, business strategy indicates what the BA should do to achieve its market objectives (Grant, 2016; Merchant & Van der Stede, 2012). Since the BAs directly compete on the market they are the most important elements of a corporation (Goold, et al., 1994). It explains why the strategic objectives of the BAs must be related to the goals, objectives and strategies of the corporation (Nilsson & Rapp, 2005). Above all, while a corporation’s overall vision usually does not change, business strategies and structures need to be adjusted to changing market conditions across the whole organization (Trevor & Varcoe, 2016). In the following, our descriptions will include the well-known typologies by:

- (Miles & Snow, 1978)
- (Porter, 1980)
- (Gupta & Govindarajan, 1984)

Miles and Snow’s business strategy typologies
Miles and Snow’s (1978) business strategies - defender, prospector, analyser and reactor - dealt with the alternative ways in which firms define their specific market domain and control mechanism to pursue these strategies.

<table>
<thead>
<tr>
<th>Type of organization</th>
<th>Strategy</th>
<th>Structure</th>
<th>Control system</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defender</td>
<td>Aggressively maintain prominent position in narrow market</td>
<td>Traditional centralized functional organization</td>
<td>Efficiency focus with tight controls</td>
</tr>
<tr>
<td>Prospector</td>
<td>Create turbulence by launching new products</td>
<td>Organic management arrangements, product group organization</td>
<td>Effectiveness focus accenting innovation, entrepreneurial effort</td>
</tr>
<tr>
<td>Analyser</td>
<td>Highly selective in its stable sphere and copies successful innovations in its dynamic domain</td>
<td>Centralized function for its stable domain, organic for its dynamic sphere</td>
<td>Tight controls for the stable sphere, looser controls for dynamic domain</td>
</tr>
<tr>
<td>Reactor</td>
<td>A well-defined but obsolete strategy</td>
<td>Politics dominate over any logical arrangement of authority, responsibility</td>
<td>Treated as merely a bookkeeping system</td>
</tr>
</tbody>
</table>

Table 4. Miles and Snow’s business strategy typologies (based on Miles & Snow, 1978)

Miles and Snow (1978) described that a defender acts in a stable environment with a narrow product range. In this typology, growth stems from penetration of existing markets and the attention is focused on reducing costs while improving quality standards. In opposite, prospectors are active in a turbulent environment in which management is searching for new businesses (Miles & Snow, 1978). Analyser’s, however, operate in both turbulent and stable conditions with highly formalized and efficient processes. With regards to their turbulent markets, top management only responds to competitor moves after having conducted a thorough risk analysis. At last, reactors are firms with a ‘residual strategy’ (Miles, et al., 1978) which is a consequence of improperly
pursuing one of the other strategies. As Macintosh (1994) stated, it is important to regard these business strategies only as archetypes and to remember that some organizations will not perfectly fit into them.

**Porter’s business strategy typologies**

Porter’s (1980) generic strategies - cost leadership, differentiation and focus - described how a BA can establish a competitive advantage across its chosen market scope. When having a cost leadership strategy, the purpose is to achieve cost superiority and economies of scale (Porter, 1980). In contrast, differentiation is accomplished by providing something unique to customers beyond simply offering a low price. Different from the two other generics, a focus strategy pursues a specific niche of the market better than the competing firms. In Porter’s (1980) opinion, the strategies are mutually exclusive and there is a risk of being stuck in the middle when combining them.

**Gupta and Govindarajan’s business strategy typologies**

Gupta and Govindarajan’s (1984) business strategies - build, hold and harvest - emphasized the intended trade-offs between objectives of market share growth and short-run profit maximization. In particular, they are connected to market development and product life cycle phases which means that a BA’s position will inevitably change over time (Nilsson & Rapp, 2005). A build strategy seeks to increase market share even though that it will involve negative economic consequences in the short run. It is argued that these BAs generally have a weak competitive position on a market with high relative growth (Gupta & Govindarajan, 1984). Conversely, a harvest mission attempts to maximize short-term profit even if it will have negative impacts on the market share. In this case, BAs have a strong position on a market with declining demands and severe price competition. With a hold strategy, the BAs aim to protect their market share and their competitive position (Gupta & Govindarajan, 1984).

**Comparative analysis of business strategy typologies**
In conclusion, as argued by Nilsson and Rapp (2005), there are many similarities among the typologies, especially when considering uncertainties and product offerings. As an illustration, figure 6 shows that the business strategy typologies developed by Miles and Snow (1978), Porter (1980) and Gupta and Govindarajan (1984) are not mutually exclusive. To elaborate, a defender is characterized by a stable domain with a narrow product range (Nilsson & Rapp, 2005). Considering that most products are mature and price competition is keen, the strategic mission is often to harvest. In addition, efficiency is important and the degree of centralization is high which are typical characteristics of cost leadership (Nilsson & Rapp, 2005). In opposite, the pure prospector operates in a turbulent environment in which it constantly seeks to introduce new products. In tur, this is similar to the features of a build and differentiation strategy (Nilsson & Rapp, 2005).

![Diagram of Business Strategy Typologies](image)

**Figure 4.** The relationship among the three typologies of business strategy (based on Nilsson & Rapp, 2005, p. 74)

### 2.3.4 Functional strategic level

Very commonly, the field of strategy overemphasizes the corporate and business strategy. Consequently, the functional departments of an enterprise tend to be underestimated. Common examples of corporate functions are sales, marketing, human resources, business development and finance (Goold, et al., 1994). A functional strategy indicates how a specific function must achieve its objectives (Nilsson & Rapp, 2005). To be more precise, it involves what should be done in each of the key corporate functions.
given the specific emphasis placed on them (Steyn, 2004). Several authors have expressed that corporate functions can become distinctive competencies in supporting the corporate and BA strategies (Steyn, 2004; Nilsson & Rapp, 2005; Snow & Hrebiniak, 1980).

Companies considerably differ in size, departmental composition and cost of their central staff (Goold, et al., 1994). The scale of the function is often connected to the corporate management style. It is argued that corporate functions can create value by providing leadership and cost-effective service for the businesses of an enterprise (ibid.). In addition, many functions assist with policy development for the businesses. Further, they can act as centres of excellence to give advice to the involved businesses. Consequently, several companies believe that corporate functions play an essential role in producing value for the enterprise. In opposite, there is a widespread scepticism about the value of large corporate staff functions (ibid.). In many companies, corporate staff creates an overhead which far exceeds their value. Consequently, it is not unusual for BAs to negatively regard them as 'out-of-touch' (ibid.). Thereupon, it can be argued that corporate management must justify in which way corporate functions create value for the whole enterprise. With this in mind, a centralized support function can play an important role for the overall development corporate strategy (ibid.).

2.3.5 Interdependencies between strategic levels

In the last three sections, strategic typologies for the corporate, business and functional level were presented with the intention to highlight their differences. The next step is to review which typologies may be most suitable for achieving a high degree of strategic congruence and integrated control. Hereby, we will pay attention to the firm’s environment. That is, strategy at each organizational level needs to be aligned with the competitive arena and the overall strategic aims of the firm (Poth, 2014). Consequently, it is reasonable to assume that it is difficult to achieve strategic congruence if the BAs operate in environments with different degrees of uncertainty (Nilsson & Rapp, 2005). Similarly, when differences in the corresponding environments of the BAs are too great it will be difficult to establish a common logic with similar critical success factors (Goold, et al., 1994).
Nilsson and Rapp (2005) argued that it is possible to achieve some degree of strategic congruence with a combination of portfolio management and cost leadership. They reasoned so because this combination is usually apparent in a stable environment in which the degree of uncertainty is low. Thus, conditions for planning are favourable. Nevertheless, the interrelationships between the different BAs are limited without a common business logic (Nilsson & Rapp, 2005; Goold, et al., 1994). Without a control system which does not provide uniform and transparent information on all organizational levels, it will be more difficult to formulate and implement consistent strategies. Thereby, the potential for achieving a high degree of strategic congruence is significantly reduced. Conversely, a combination of activity sharing and an intermediate position, a mixture of differentiation and cost leadership, has preferable conditions for accomplishing a high degree of strategic congruence (Nilsson & Rapp, 2005). This is reflected in the close interaction between corporate and BA management in which cooperation is a part of a learning process. This cooperation does not only include ways to improve day-to-day management, but also does it contribute to the development of internal structures which facilitate a common business logic (Nilsson & Rapp, 2005). Consequently, it is possible for corporate management to create an understanding of what kind of information the BAs require and to therewith find out which kind of control is most favourable.

It must not be overlooked, however, that the conditions for BAs are only temporary (Nilsson & Rapp, 2005). Macintosh (1994) also argued that the typologies should be understood as archetypes. This is because a holistic perspective on the typologies, namely a less narrow-minded framework in which diverse companies can operate, is closer to reality. Thereupon, it is reasonable to assume that processes of planning and follow-up need to be grounded on developing more synergy effects (Nilsson & Rapp, 2005). Given these points, strategic congruence is not by itself sufficient to improve communication and coordination in organizations. Rather, a system of integrated control is inevitably necessary to reap the rewards.
2.4 Integrated control

In the 1960's, the domains of strategy and control used to be strongly intertwined with the benefit of assessing an organization's development more rigorously (Söderlund & Tell, 2012). Over the course of time, regardless of the insight above, the connection has loosened and nowadays there are few points of contact between them. Nevertheless, the practical advantages of integrated control are recognized among researchers (Nilsson & Rapp, 2005; Jannesson, et al., 2014). Nilsson and Rapp (Nilsson & Rapp, 2005, p. 93) argued as follows:

The purpose of integrated control is to facilitate the exchange of information between different organizational levels and decision-makers concerning strategic, tactical, and operating decisions.

Another benefit of an integrated form of control is that it enables firms to determine a formula, in other words a logic, for decision making and strategy development (Chenhall, 1997; Chien & Cunningham, 2000; Jannesson, et al., 2014). This well-integrated scheme of integrated control facilitates to reduce the complexity of strategy formulation and implementation processes (Nilsson & Rapp, 2005). To put it differently, integrated control's prime function is to underline the importance of similarities in the design and usage of strategic planning and follow-up at all organizational levels (Poth, 2014). This means that it supplies organizations with a 'common frame of reference' regarding terminology and alike control standards (Nilsson & Rapp, 2005). These harmonizing activities enable a stronger interlinkage between corporate, business and functional objectives as well as strategies. Furthermore, they strengthen organization-wide transparency with respect to procedures of strategic planning and follow-up (Jansson, et al., 2000). Hereby, follow-up allows corporate management to actively participate in BA development and to exploit synergies (Nilsson & Rapp, 2005). Another benefit of an alike terminology and control standards is that the analysis of corporate and BA performance is simplified for the entire organization.
2.4.1 Strategic planning

In turn, the integration of strategic planning can facilitate the coordination and alignment of goals across the corporation, BAs and functional areas (Dye & Sibony, 2007). Thereby, the progress of goals can be tracked organization-wide to ensure that it is aligned with desired outcomes (Malmi & Brown, 2008; Andersen, 2000). In the following, we will describe the strategic planning process complemented by the follow-up process in-depth.

Figure 5. Strategic planning process (based on Nilsson & Rapp, 2005, p. 102)

In general, the planning process begins with conducting an industry analysis of environmental threats and opportunities (Nilsson & Rapp, 2005). It is also necessary for the firm to generate an internal appraisal in which strengths and weaknesses are identified. Thereafter, the following step is to set long-term goals, measurable objectives, strategies to reach those objectives and lastly, to specify activities or tactics on how to implement the formulated strategies. Simultaneously, it is important to keep in mind that goals and objectives have different dimensions and purposes. To demonstrate, goals are something symbolic with the purpose to convey an idea of the organization and to drive change in the long run (Meyer & Rowan, 1977). In opposite, objectives aim at influencing employee behaviour and they act as evaluation criteria (Meyer & Rowan, 1977). That is, they are supposed to be measurable even though they typically have a long-term time horizon (Jacobsen & Thorsvik, 2014).
The next step is to translate and break down the business plan into a budget for one fiscal year (Nilsson & Rapp, 2005). This means that revenues and costs are estimated for all activities covered in the business plan. Above all, the budget is often accompanied by a combination of monetary and non-monetary key indicators in the form of a BSC. In this case, the planning process includes appropriate key numbers and numeral targets connected to the objectives in the formulated plan for the forthcoming period (ibid.).

### 2.4.2 Follow-up

Afterwards, the follow-up process begins with collecting both monetary and non-monetary information about the current progress of the business. Hereby, one central aspect is to provide managers at all levels with monthly reports comparing the current situation with the strategy and budget (Nilsson & Rapp, 2005). This may be true in many cases, however, the described processes are strongly affected by a firm's environment. Hence, Goold and Quinn (1990) proposed a strategic control framework (see figure 7) which considers the degree of environmental turbulence and a firm's ability to specify and measure strategic objectives (Goold & Quinn, 1990). According to the model, a successful implementation of strategy makes certain controls more appropriate in certain circumstances (Atkinson, 2006).
To give an example, tight controls, which apply best when objectives are easily identifiable, are more suitable in stable environments. Loose controls, in contrast, regard the budget as an instrument of communication and planning and they are more appropriate in turbulent environments (Goold & Quinn, 1990; Nilsson & Rapp, 1999). At the corporate level, however, there are reasons to believe that this position is dependent on synergy potential (Nilsson, 2002). That is, when these circumstances lead to large differences in planning and follow-up processes at each organizational level, it is more difficult to create integrated control systems. Therefore, further empirical research is greatly needed to explore which sorts of strategic control systems are appropriate in different businesses (Goold & Quinn, 1990; Bourne, et al., 2002; Atkinson, 2006).

2.4.3 Strategic control

To achieve these advantages, the different BAs must have similar starting points for establishing control systems (Goold, et al., 1994). Management control can be defined as a management tool to formalize information-based routines and processes (Bisbe & Otley, 2004; Simons, 1995). The principal function of a control system is to compare the outcome for a certain period against stated goals, objectives and strategies (Chapman, 2005; Anthony, 1965; Preble, 1992). These systems can either be used to maintain [diagnostic] or to alter [cybernetic] patterns in organizational activities (Simons, 1995; De Haas & Kleingeld, 1999). Different from financial or budgetary control, strategic control emphasizes the linkage between the strategic direction of a firm and the follow-up procedure (Ittner & Larcker, 1997). In detail, strategic control monitors the strategic
progress and it ensures the implementation of strategic plans (Ittner & Larcker, 1997). Consequently, it serves as a basis for future actions “allowing managers to adjust actions or strategies when results fall below expectations” (Ittner & Larcker, 1997, p. 294; Simons, 1995). In a similar manner, it is argued that strategic control systems can identify corrections to steer the corporation towards desired results (Ruefli & Sarrazin, 1981; Lee & Puranam, 2016).

**Balanced scorecard**

The BSC was developed to address several significant challenges associated with strategic planning and follow-up (Atkinson, 2006; Kaplan & Norton, 1992). It was also established as a response to backward-looking financial metrics in which objectives remained constant and non-financial factors were excluded (Kaplan & Norton, 1996a; Kaplan & Norton, 1993). Initially, the originators stated that the BSC was a framework equipping executives with a strategic tool which translates a company’s strategic objectives into a coherent set of performance measures (Kaplan & Norton, 1992). With time, it has become the cornerstone of all strategic control systems. This is because it translates the vision, communicates strategy, aligns organizational goals and provides feedback as well as learnings about strategy (Atkinson, 2006; Kaplan & Norton, 1996a; Kaplan & Norton, 1996b). At the same time, it allows strategy to evolve in response to changes in the company’s competitive and technological environment (Kaplan & Norton, 1996b).

More than 50 percent of Fortune 1000 companies have used the framework (Bain & Company, 2013; Marr & Schiuma, 2003). It regards an organization’s performance from four key perspectives (see figure 8). They are built around the vision, goals, objectives and strategies (Atkinson, 2006; Kaplan & Norton, 1996a; Kaplan & Norton, 1992).
The financial perspective emphasizes shareholder value and measures typically involve profitability, return on capital employed, sales growth, market position and cash flow (Kaplan & Norton, 1992; Kaplan & Norton, 1996c). Henceforth, the customer perspective concentrates on customer satisfaction with indicators such as delivery time, quality, service and costs. In the internal perspective, objectives should highlight critical skills, competences, processes and technologies which deliver current as well as future organizational value. Learning and growth, which support the other three functions, relate to continuous improvement of existing products and future developments by introducing new products or services (Kaplan & Norton, 1992; Kaplan & Norton, 1996c).

To have a functioning BSC, it is pivotal to incorporate a complex set of cause-and-effect relationships among outcome measures [lagging indicators] and performance drivers [leading indicators] (Nørreklit, 2000; Kaplan & Norton, 1992).

Several concerns, however, have been raised about the usefulness of the BSC. It is argued that the BSC strengthens formal control, increases unreflected measurements and reduces commitment (Antonsen, 2014). It is also criticised for the lack of basic guidelines for selecting performance measures and the complex feedback between the perspectives (Dror, 2008). Further, it is stated that there is no solid evidence of whether the companies attain the claimed results from the application of the BSC (Neely, 2008; Nørreklit, 2003). On the contrary, Atkinson (2006) argued that unsuccessful initiatives did not follow the original instructions available in the literature. At the same time, the
BSC should be used as a “template not a strait jacket” (Kaplan & Norton, 1996a, p. 34). That is, the BSC is not a constant template which can generally be applied to all BAs or industries. Instead, different markets, strategies and competitive environments require different BSCs (Kaplan & Norton, 1993).

In addition, it is argued that the BSC is a necessary tool for management (Mooraj, et al., 1999). Using the BSC enables managers to identify priorities as well as to enhance feedback and learning (Denton & White, 2000). Scholars further stated that the successful implementation of the BSC depends on top management’s commitment, a sense of worth and proper facilitation (Bourne, et al., 2002). Therefore, the disagreement within the literature concerning the BSC indicates that it is an area of useful research (Atkinson, 2006; Grigoroudis, et al., 2012).
3 Conceptual framework

The subsequent chapter starts with presenting the conceptual framework, a modified model of Nilsson and Rapp’s ‘tentative model’, which is linked to the presented literature from Chapter 2. This segment outlines and explains the connection between the different variables in the conceptual model. At this point, the framework serves the purpose of visualizing the theoretical connections regarding environment, strategic congruence and integrated control. It therewith helps to view the empirical data through theoretical lenses.

![Conceptual Framework Diagram]

Figure 9. Conceptual framework

Based on the theoretical background, a conceptual framework is developed to explain the concept of strategic congruence and integrated control (see figure 9). The purpose is to challenge existing research within the field and demonstrate what it means from an empirical point of view. As a matter of fact, with an empirical notion of the concept, it is possible to identify challenges with strategic congruence and integrated control. To clarify, the perspective of Nilsson and Rapp is reframed with our lenses to highlight the benefits of a common business logic. Our model strongly emphasizes the importance of a common strategic planning and follow-up process. For this reason, instead of focusing on the manufacturing level, we highlight the importance of multiple corporate functions. Under these circumstances, functions such as business development and
finance are greatly involved in the strategic planning and follow-up process. In addition, our focus point is not competitive advantage. Instead, the main focus is to identify largely similar critical success factors to establish a common business logic. In the following, a detailed description of the conceptual framework will be presented in which we also justify the usage of particular theories.

3.1 Environmental turbulence

To scrutinize strategic congruence and integrated control, it is important to highlight the interplay between an organization’s internal characteristics with its environment. In practice, it means that the optimal course of action is dependent upon the internal and external situation. That is to say, congruence and control by themselves are not sufficient in all situations. Instead, it depends on the degree of environmental turbulence. As a consequence, it may be difficult to achieve congruence and integrated control if the BAs operate in environments in which the degree of uncertainty significantly differs. Similarly, it will be challenging to establish a common business logic with largely similar critical success factors. To conclude, this led to our assumption that corporate management is an active player in facilitating strategic congruence and integrated control in umbrella organizations. This influencing role can be exercised by considering how corporate management should influence and relate to the BAs under their control.

3.2 Strategic congruence

The purpose of this section is to establish how different combinations of corporate, BA and functional strategies affect the possibilities of achieving a high degree of strategic congruence. Based on Porter’s typologies, Nilsson and Rapp’s ‘tentative model’ made the assumption that there are two possible combinations for achieving congruence. It is either to have a combination of activity sharing with differentiation or a portfolio management with cost leadership. In our opinion, however, there are some limitations to the framework they use. To begin with, the combination of portfolio management and cost leadership is contradictory since the interrelationships between the different BAs are limited. It does not facilitate a common business logic and therewith it is difficult to have mutual consistency between the three strategic levels. Another limitation is that they assumed that all BAs have the same level of maturity. That is, they accepted the
notion that business strategy is something relatively static. This also implied that strategic congruence depends upon the exact similarity of the different BAs. To sum up, there is no focus on corporate functions which are an important player in the strategic planning and follow-up process.

Given these points, we have chosen to concentrate on the corporate framework of Goold et al. which is illustrated in table 3 (p. 23). In relation to our research domain, we found this framework to be most suitable because it puts a strong emphasis on how corporate management may relate to the businesses under their control. The model includes important elements such as the role of corporate and BA management, functional support and how the different typologies relate to external conditions.

Our underlying assumption when testing our conceptual model was that a company should be close to a ‘strategic planning typology’ to be strategically congruent. The reason for this is that this typology emphasizes the potential of coordination in mechanisms of strategic planning and follow-up with the help of corporate management and functional support. In particular, the close interaction between the three different levels is part of a continuous learning process. This, in turn, contributes to the development of internal structures which facilitate to achieve a common business logic.

The next step is to clarify how a corporate ‘strategic planning typology’ may be combined with a suitable business strategy. Our assumption is that it is neither possible nor reasonable to say that all different BAs within an enterprise should have the same business strategy to achieve strategic congruence. To explain further, business strategy is something dynamic as it needs to be adjusted to changing market conditions and thereby the level of maturity varies between BAs. Consequently, we argue that the Porter’s business typology is not sufficient to examine strategic congruence. With this in mind, we believe that it is more appropriate to alternatively use the frameworks of Miles and Snow or of Gupta and Govindarajan. This is because both typologies emphasize that successful business strategies must develop over time. To sum up, our belief is that an umbrella corporation does not need to consist of BAs with the same level of maturity to achieve strategic congruence. Instead, we emphasize the importance of establishing a common business logic with largely similar critical success factors. With
that in mind, a system of integrated control is inevitably necessary to achieve strategic congruence.

3.3 Integrated control

The purpose of this section is to illustrate how integrated control can be used to facilitate strategic congruence within the three different levels. Previous research emphasizes that similar principles of control, in the processes of strategic planning and follow-up, help to interlink corporate, business and functional goals and strategies. With a strategic control system that does not provide uniform and transparent information on all organizational levels, it will be much more difficult to achieve mutually consistent strategies. Hence, the prime function of integrated control is to gain similarity in the design and usage of strategic planning and follow-up on all organizational levels. To sum up, a corporate-wide planning and follow-up procedure is a part of a continuous learning process and it contributes to the development of internal structures which facilitate strategic congruence.

Regarding Nilsson and Rapp and their model, they mostly focused on the integration of management control and manufacturing control. In detail, there is a narrow focus on how strategic planning and follow-up may be facilitated on the manufacturing level. Consequently, limited attention was paid to achieving mutually consistent strategies between the three different levels with the help of a common strategic planning and follow-up process. In addition, there was a weak link to how management control may be used to facilitate strategic planning and follow-up. In conclusion, they paid modest attention to the practical relevance of these decisive parts of integrated control.

For this reason, we once again stress that Porter’s typology is not sufficient for discussing strategic congruence and integrated control. In contrast, Goold et al.’s framework provides a more holistic perspective of the strategic and follow-up process between the three different levels. In contrast to Nilsson and Rapp, our assumption is that functional services, such as business development and finance, are important players for facilitating integrated control. In other words, they contribute to a corporation-wide planning and follow-up procedure. Above all, a strategic control system such as the BSC may provide uniform and transparent information to all organizational levels.
4 Methodology

*Chapter 4 outlines the methodological approach applied in our master thesis. In detail, it describes the process and intentions of designing the study with the goal to answer the research questions and to fulfill the research objectives. In similar manner, we argue for our methodological choices and we transparently share our thinking process with the reader. For this purpose, the scientific research perspectives and the research strategy are explained. Furthermore, we address the data collection, the interpretation of obtained data and the validity of qualitative research.*

4.1 Methodological overview

![Methodological Overview Diagram]

- **Scientific Philosophy**
  - Critical Realism
  - Objectivism
  - Subjectivism
  - Theory building

- **Research Strategy**
  - Qualitative Approach
  - Process Study
  - Single Case Study
  - Participant Frame

- **Data Collection**
  - Primary and Secondary Data
  - Semi-structured Interviews
  - Judgemental Sampling

- **Data Analysis**
  - Coding with NVivo 11
  - Thematic analysis

- **Validity**
  - Credibility
  - Authenticity
  - Criticality
  - Integrity

*Figure 10. Methodological overview*
4.2 Scientific research perspectives

The underlying ontological and epistemological perspectives of this thesis have a considerable influence on how we view the world’s existence, meanings and human interactions are perceived. Consequently, it has an effect on how we interpret the concepts of scientific theories and methods as well. That is to say, our philosophical lenses will shape this research project. In fact, the selection of an adequate underlying philosophy is a deliberate decision in regard to which it is encouraged that researchers should not plainly adopt the beliefs of their mentors (Van de Ven, 2007). Most importantly, Van de Ven (2007, p. 37) pointed out the following:

We turn to the philosophy of science to provide us with the conceptual tools and frameworks to reflect on our practice, and to understand alternative ways to do social science.

Moreover, every form of scientific research adheres to one philosophy of science which discloses a scholar’s approach to the nature of the phenomenon investigated [ontology] and methods for understanding it [epistemology] (Van de Ven, 2007). Researchers can pursue several different philosophies of science. Namely, positivism, relativism, pragmatism and realism have emerged for conducting research (Johnson & Duberley, 2003). In the following, we will now explain our philosophical standpoint and choices regarding ontology and epistemology.

4.2.1 Philosophy of science

We have chosen a realism philosophy when examining the phenomena of this thesis. Among the options of conjecture realism, structural realism, realistic pragmatism, critical realism, to only name a few, we have adopted a critical realism approach. It builds on the assumption that there is a real world but our attempts to understand it are severely limited and can only be approximated (Van de Ven, 2007). Thus, the function of theory is to hereby display partial aspects of reality. In other words, social sciences have no absolute or universal error-free truths and no form of inquiry can be impartial. To sum up, the complex reality which is acknowledged by a critical realism view demands for the use of multiple perspectives (Van de Ven, 2007).
Through the lenses of critical realism, our attempts to comprehend the world are restricted. It means that it is not possible to fully understand mechanisms of strategic congruence and integrated control at TvAB because they are too complex. For this reason, due to our philosophical standpoint, it is impossible to state whether our case company is fully congruent or not. That is to say, we disregard the simplistic and positivistic view of strategic congruence which dominated previous research. Instead, our opinion is that “any theoretical model is a partial representation of a complex phenomenon that reflects the perspective of the model builder” (Van de Ven, 2007, p. 14). As authors, we must realize that all scientific investigations are subjective and biased. Consequently, we attempt to be reflexive and transparent about how we view strategic congruence and integrated control.

### 4.2.2 Ontological assumptions

Ontology answers the question whether social beings should be understood as objective beings having a reality foreign to social actors or as constructed from the views and operations of social actors (Bryman & Bell, 2011). Within ontology, one distinguishes between objectivism and constructionism. We understand social beings as objective because we acknowledge that there is a real world out there even though our attempts to understand it are limited (Van de Ven, 2007). However, we believe that scientific theory can capture these unobservables.

### 4.2.3 Epistemological assumptions

In the first place, epistemology aims to answer “the question of what is [or should be] regarded as acceptable knowledge in a discipline” (Bryman & Bell, 2011, p. 16). Researchers who apply an interpretivist view try to achieve what Max Weber (1947) coined as 'verstehen'. That is, the understanding of individual intentions and faiths of human action (Weber, 1947; Taylor & Bogdan, 1998). A subjective interpretivist perspective is more beneficial to this research project because we believe that there is no best designated methodology for assessing TvAB’s reality. With this in mind, we accept that our interpretation of the empirical results is subjective and has no universal truth.
4.2.4 Abduction, deduction and induction

A widespread approach among researchers is to distinguish between abductive, deductive and inductive reasoning. While abduction, deduction and induction are different ways of reasoning, they are still closely related (Van de Ven, 2007). As a matter of fact, all three methods are complementary. In practice, they represent an iterative process (see figure 11). To enumerate, theory building involves three activities:

- Conceiving or creating a theory,
- Constructing or elaborating the theory and
- Justifying or evaluating a theory (ibid.).

These activities include different types of reasoning. Abduction is used to conceive or to create a theory. It usually begins with a surprising observation or an experience which shatters our habit and motivates us to create a hypothesis that might resolve the anomaly (ibid.). Deduction, on the other hand, is used for constructing or elaborating the theory. It involves articulating and elaborating a conjecture into theoretical and observable terms. Lastly, induction is used to evaluate or to justify the theory. It involves testing the empirical fit with the world by using inductive reasoning and to present rhetorical arguments of the logical validity, credibility and persuasiveness of a theory (ibid.).

Given these points, our process of building theory has been an iterative process including the three different types of reasoning. We used abductive reasoning to identify the anomaly at our case company and to critically assess the model of Nilsson and Rapp. Moreover, deductive reasoning was used to construct our conceptual model with the purpose to elaborate on previous research in the field. We do so to strengthen the understanding of strategic congruence and integrated control. Inductive reasoning was used to justify our conceptual model and to evaluate our empirical findings. Above all, it is important to realize that these steps often happen in flux and not in a chronological order.
4.3 Research strategy

In the following, we will explain the research strategy for our master thesis. According to Saunders et al. (2012), the chosen research strategy serves as a plan to answer the research questions. Further, it outlines meaningful methodological choices to achieve the objectives of the corresponding research project (Saunders, et al., 2012).

4.3.1 Qualitative approach

Since scientists pursue different problem areas and questions there are two widely used methodologies: a qualitative or a quantitative approach (Taylor & Bogdan, 1998). According to Ghauri and Grønhaug (2005), qualitative research makes it possible for researchers to build theory from empirical findings. Further, it enables to gain an accurate and in-depth understanding of the subject under investigation (Ghauri & Grønhaug, 2005). On the opposite, quantitative research emphasizes the quantification of gathering and evaluating data (Bryman & Bell, 2011). We chose a qualitative approach as we intend to provide a deeper level of insights into the research domain. Moreover, it is difficult to quantify congruence and control mechanisms because they emphasize internal structures which are to a great extent intangible. One could argue that it is possible to quantify the output of the business plans, however, it does not capture the process of achieving strategic congruence between the three different levels. In addition, few studies have examined strategic congruence and integrated control on corporate, business and functional level. Also, the available studies did not examine all strategic
levels and thus, evidence is ambiguous and more qualitative approaches are required (Alvesson & Skoldberg, 2000).

4.3.2 Process study

There are two basic models – variance and process models – that are commonly used for designing social research to study different sorts of questions and propositions. A variance research model represents theory from a particular perspective in the form of causal relationships among variables which are sampled, measured and analysed (Van de Ven, 2007). On the contrary, a process research model is undertaken to investigate how things change and develop over time (Abbott, 1988; Pentland, 1999; Tsoukas, 2005). In detail, it explains the sequence in which a discrete set of events occurred based on a story or historical narrative (Bruner, 1991). To point out, process models tend to be more complex than variance models due to their inhering complexity of events and the dynamic nature of processes (Van de Ven, 2007).

Due to the complexity of operationalizing congruence, it is more suitable to apply a process research model. To put it differently, as we are investigating the implementation of the 'one company concept', it is necessary to adopt a process theory approach of organizational development and change. For this reason, we have chosen a teleological model. It views development as a cycle of goal formulation, implementation, evaluation and modification of actions based on what was learned or intended (Van de Ven, 2007). Under those circumstances, we are examining the process of becoming 'One TvaB' and in particular what the challenges have been so far. In detail, we investigate the development towards the purpose or desired end-result.

4.3.3 Case study

Case studies allow to investigate the respective context and backgrounds of a specific research topic (Saunders, et al., 2012; Eisenhardt & Graebner, 2007). Hereby, their distinctive feature is that they are considered to be a “small sample, in-depth study” (Tight, 2010, p. 338). Furthermore, Eisenhardt and Graebner (2007) distinguished between single and multiple case studies. They claim that single case studies can prove that a certain phenomenon is existent, while multiple case studies establish more robust comparisons (Eisenhardt & Graebner, 2007). In addition, it is argued that a single study
demands to be especially attentive regarding one situation (Eisenhardt & Graebner, 2007). Consequently, it improves the development of a more sophisticated degree of analysis (Eisenhardt, 1991). In detail, a single case study can serve as an exceptionally powerful example. This is helpful if the researchers are approaching a topic with few or inconsistent findings (Siggelkow, 2007). Although this may be true, it has to be acknowledged that examining a single company has limitations with regard to generalising findings to a broader scope (Eisenhardt, 1991; Silverman, 2016). Nevertheless, the aim of this thesis is not to discover a case which embodies and confirms established connections. On the opposite, our goal is to increase the comprehension of the complex relationship among strategy, control systems and organizational structure. In such an occasion, there is a convincing power in a single case (Siggelkow, 2007).

Due to the complexity of our research topic, we decided to collect empirical data from one company. To enumerate, it is difficult to operationalize congruence and control, thus the phenomena must be investigated in detail. Not to mention that there are few findings within our chosen research area. Furthermore, most of the existing research within congruence and control is strongly related to the conceptual model of Nilsson and Rapp. Although the model has its benefits, we argue that it is too simplistic and one-sided. Therefore, it is relevant to conduct a more sophisticated degree of analysis. Under those circumstances, it is more suitable to apply a single case study.

4.3.4 Participant frame of reference

We adopt a participant frame of reference with the goal to learn and to understand our subject through the dialogue with other stakeholders. What this means in detail is that we see ourselves as active participants in our scientific investigations. Hendrickx (1999) coined the neutral term ‘participant’ and elaborated on its advantages in comparison with the 'God’s Eye frame'. To explain, in the ‘participant worldview’, a social scientist admits that he or she is a product of his or her own culture and history (Hendrickx, 1999). In a similar manner, a participant frame is demanding us to have an open-minded attitude which inspires to engage with and learn from others.
For the purpose of learning and understanding our subject, we have received feedback from multiple stakeholders (see figure 12). First, by having continuous feedback meetings with our thesis group and advisor, we have critically revised our work to further improve upon our research project. Second, we have acquired feedback from the case company through after the conducted interviews and by having several meetings with our company advisor. It has given us a deepened understanding of the phenomena which we investigated. In detail, the dialogue with the company has contributed to our practical understanding of strategic congruence and integrated control. Lastly, as thesis partners, we have given each other constant feedback to ensure the best possible result.

![Figure 12. Feedback loop](image)

4.4 Data collection

The chosen research design equips scientists with a ‘roadmap’ for carrying out a research project in accordance with its purpose (Saunders, et al., 2012). Correspondingly, the research design links the research questions with the conclusions drawn (Yin, 2009).

4.4.1 Data sources

There are two channels from which to gather empirical data. It is either secondary data, which is publicly available data, or primary data collected in the field. This study relies on both information sources. The case company gave us access to secondary data in the
form of the corporate plan, business plans, internal project reports, archival records and multiple PowerPoint presentations. Some of this data is publicly available due to the ownership structure of TvAB. In addition, we generated primary data from conducting interviews at the case company. Further information about the number of interviews will be presented in 4.4.3. Scientists gather primary data with a very specific purpose in mind (Saunders, et al., 2012). Hence, we operationalized the posed questions according to the theoretical background before conducting the interviews (see appendix 9.2).

4.4.2 Operationalization

Generally speaking, an operationalization connects theoretical constructs with measurable items (Wood & Brotherton, 2008). In appendix 9.2, one can find all interview guides that were prepared for the interviews. The guides link the posed questions with the empirical research for each variable of the chosen conceptual framework. We found it necessary to use multiple interview guides because the interviewees have different degrees of responsibility and decision autonomy. Hereby, it is important to mention that the nature of the chosen interview type has particular consequences.

4.4.3 Semi-structured interviews

Semi-structured interviews have been proven to function well in qualitative, explorative as well as inductive studies (Babbie, 2013; Saunders, et al., 2012; Cooper & Schindler, 2008). This type of interview offers a flexible interview process (Saunders, et al., 2012). In addition, it has the advantage of addressing specific issues by adhering to an interview guideline which provides a basic framework (Saunders, et al., 2012).

In regard to this thesis project, we found semi-structured interviews to be the most useful form of collecting qualitative data. This is because it enabled us to examine the areas of strategic congruence and integrated control in-depth. The complexity of the domains of strategy and control required flexibility regarding the interview guide as we aimed to investigate many facets. Thus, the interview questionnaires were not always followed to the tee. However, the strong underlying connection to theory remained present during all interviews. This flexibility did further enable us to pose follow-up questions and to let the interviewees talk as open as possible.
All interviews of this project were held face-to-face, they approximately lasted between 40 and 60 minutes and they were audio-recorded. This ensured to give respondents enough time to elaborate on their perspectives on strategic congruence and integrated control. Since some of the participants wished to stay anonymous due to the sensitive subjects, we solely refer to their position and strategic level. Every time we refer to an interviewee in the empirical findings chapter, we placed an abbreviation in brackets. Hereby, the abbreviations are chosen as follows:

<table>
<thead>
<tr>
<th>Level</th>
<th>Abbreviation</th>
<th>Numbers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate level</td>
<td>(C)</td>
<td>1-6</td>
</tr>
<tr>
<td>Business level</td>
<td>(B)</td>
<td>1-4</td>
</tr>
<tr>
<td>Functional level</td>
<td>(F)</td>
<td>1-7</td>
</tr>
</tbody>
</table>

Table 5. Interviewee abbreviations

The numbers which are placed after the letters do not relate to the order in which we present the positions of the employees in the appendix. First, we did so to respect the wishes of the interviewees to stay anonymous. Second, we chose to anonymize in this way to still be able to mention the employees’ positions as we believe that our interviewee sample is particularly interesting.

At this point, it also must be clarified that some interviews were held in English while others, predominantly the ones from the internal project from 2017, were conducted in Swedish. This is because we left it to the interviewees to decide in which language they wanted to answer to our questions. This ensured that the interviewed participants were able to fully understand all questions and addressed topics. As can be seen in figure 13, out of the 14 interviews which we held in spring 2018, seven were held in English. Further details about the interviewees can be found in appendix 9.1.
While we worked on our thesis, Emanuel was employed as a student intern in the business development department at TvAB. This is partly why we chose to conduct interviews at TvAB. However, we do not perceive this as a problem but rather was it a valuable asset for our research project. To explain, it has increased our access to internal information as well as did it help us to schedule many interviews especially with corporate management. Further, it facilitated to have an open and frank dialogue with the employees. Overall, it has also enabled us to gain a deeper understanding of the organization and its current situation. Despite all advantages, it cannot be overlooked that the close collaboration with the case company could have potentially led to biased findings.

In qualitative research, researchers may intentionally select participants with the goal to carefully investigate the chosen phenomenon (Merriam, 1998). The chosen research subjects should, however, be able to contribute their detailed understanding of the research area (Merriam, 1998). In case studies scientists make frequent application of non-probability techniques due the comparably small sample size and the author's significant influence on useful conversation outcomes (Babbie, 2013). We applied a judgmental or purposive sampling technique. Due to our direct access to the case company, we selected our interviewees based on a conversation with our advisor from the company. He recommended multiple employees who, in his opinion, could share
helpful insights with us. We assessed his recommendations and made sure to have a similar number of interviewees from corporate, business and functional level. Another ambition of ours was to talk to interviewees who could tell the story of the 'One TvAB' initiative or who have witnessed how it has impacted the strategic work. In total, we conducted 20 interviews at TvAB. Therefrom, 14 interviews were held in February and March of 2018 while 6 were conducted as part of an internal project by Emanuel in autumn 2017. Due to the fact that the internal project dealt with a very similar topic from a practical perspective, we felt that it was only appropriate to include its findings for the purpose of improving our thesis project. In the following figure, the division among the three levels as well as the two projects can be seen.

![Figure 14. Thesis interviews](image)

As we conducted semi-structured interviews, we justify our sample size according to having achieved data saturation (Francis, et al., 2010, p. 1229).

In studies that use semi-structured interviews that are analysed using content analysis, sample size is often justified on the basis of interviewing participants until ‘data saturation’ is reached.

After having interviewed four participants per strategic level, we found that their statements were more and more similar. Despite some dissimilar opinions, we felt that we got a holistic understanding of strategic congruence and integrated control at TvAB.
4.5 Interpretation of obtained data

After we held all interviews at TvAB, we started with approaching our empirical findings. Fundamentally speaking, “data analysis is not off-the shelf; rather it is custom-built, revised and choreographed” (Miles & Huberman, 1994, p. 150). This is partly because the analysis tends to not be straight-forward because the answers of the interviewees may lack structure and they are non-standardisable. Furthermore, having conducted 20 interviews led to a large volume of data which increased the complexity of approaching the empirical material (Saunders, et al., 2012; Bryman & Bell, 2011). As a consequence, there is no universal success recipe for conducting a qualitative analysis. Consequently, data analysis can be a puzzling and overwhelming process (Creswell, 2013). Among researchers, however, there is a wide agreement regarding some main components which must be included in a thorough analysis when choosing to thematically examine data (Rowley, 2012). According to Rowley (2012), the key components are the following:

![Components of qualitative data analysis](image)

**Figure 15. Components of qualitative data analysis (based on Rowley, 2012)**

4.5.1 Organize the data set

During a period of two weeks in which we interviewed all participants, we simultaneously prioritized to transcribe the interviews as soon as possible. Hereby, we
listened to the audio files and wrote down word by word what the interviewees said. Transcription of data can already be understood as a first step of data analysis because the artificial constructions of individuals are translated from an oral to a written form of communication (Kvale & Brinkmann, 2008).

4.5.2 Get acquainted with the data

Subsequently, we conducted a structured reading and we annotated the text for possible key themes. Moreover, we agreed to primarily look for the interviewee’s perspectives on processes, influencing factors and challenges in regard to the problem domain of this thesis. We committed to this because the answers typically gathered from semi-structured interviews tend to be unstructured. Thus, we considered it important to clearly define what we were looking for to answer our research questions in the most precise way possible. In appendix 9.3, you can find a picture which documented our first attempt to organize our empirical findings. Based on the topics which we identified on the whiteboard, we continued to classify, code and interpret our data.

4.5.3 Classify, code and interpret the data

Therefore, we began using NVivo 11 to structure the data. All interview transcripts were uploaded into the program and we organized them in folders for the corresponding strategic level. In the figure below, one can see the amount of data that we coded in NVivo 11.

<table>
<thead>
<tr>
<th>Name</th>
<th>Sources</th>
<th>References</th>
<th>Created On</th>
</tr>
</thead>
<tbody>
<tr>
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<td>0</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Environment</td>
<td>4</td>
<td>11</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Integrated control</td>
<td>7</td>
<td>35</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Strategic congruence</td>
<td>7</td>
<td>40</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Corporate perspective</td>
<td>0</td>
<td>0</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Environment</td>
<td>4</td>
<td>6</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Integrated control</td>
<td>6</td>
<td>41</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Strategic congruence</td>
<td>5</td>
<td>38</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Functional perspective</td>
<td>0</td>
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</tr>
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<td>Environment</td>
<td>2</td>
<td>5</td>
<td>21.03.2018 16:35</td>
</tr>
<tr>
<td>Integrated control</td>
<td>6</td>
<td>38</td>
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</tr>
<tr>
<td>Strategic congruence</td>
<td>6</td>
<td>44</td>
<td>21.03.2018 18:50</td>
</tr>
</tbody>
</table>

Table 6. Nodes overview in NVivo 11
The themes, which are called nodes in the analysis tool, were used as the foundation for the narrative in the findings chapter. To elaborate, we decided to pick the nodes for the analysis according to our conceptual framework. This decision was made with the intention to create a comprehensive structure for the reader and to be able to relate our empirical findings to theory in the following chapters. Once we identified the final nodes, we started to code the interview text according to them. This was done to relate similar themes from different interviews. Further, we used it to bring together and to compare different parts of the same interview. Overall, the coding enabled us to gain a proper understanding of what the interviewees said about particular themes. In a similar manner, it helped us to select quotes which can support such insights. Regarding the interpretation of our data, we used a thematic analysis to interpret our empirical findings. This technique has the advantage of being an accessible and theoretically flexible approach to examine qualitative data (Braun & Clarke, 2006). On a further note, it is also acknowledged to be a widespread and reliable tool which is comparatively work intensive (Creswell, 2013).

4.5.4 Present and write-up the data

We chose to present our findings under headings which reflect the main themes that guided our empirical analysis. These themes do not only align with the objectives of this research project, but also do they facilitate to answer our research questions. To begin with, we divided the analysis into the head notes according to figure 17. Thereafter, we identified consistent sub-headlines for each strategic level which enabled us to summarize the most important interviewee perspectives. In other words, the subsequent chapter 5 serves the purpose to link the key themes which emerged from the research and to formulate a coherent narrative based on them.

4.6 Validity of qualitative research

Generally speaking, there is a fundamental tension between quantitative and qualitative research (Maxwell, 1990). While a quantitative approach is first and foremost associated with rigor, a qualitative approach is typically connected to creativity. Thus, many researchers state that qualitative research is more challenging because of the requirement to apply both, rigor and creativity to the scientific process (Johnson, 1999).
For our thesis project, we have decided to apply the validity criteria of Whittemore et al. (2001) who have synthesized contemporary viewpoints on validity of qualitative research.

4.6.1 Credibility

To begin with, credibility refers to the mindful effort to create confidence in a diligent interpretation of the meaning of the collected data (Carboni, 1995). For this purpose, researchers must seek to assure that interpretations are trustworthy and “reveal some truth external to the investigators’ experience” (Whittemore, et al., 2001, p. 522). With the goal to credibly interpret our data set we did seek to receive feedback from outsiders to the project. Namely, we gathered opinions from our advisor and fellow students. Additionally, we discussed our interpretations as a team and we gave interviewees the chance to revise our transcriptions.

4.6.2 Authenticity

When speaking about authenticity as a second validity criterion, it is necessary to reflect upon the meanings and experiences which are lived and interpreted by the research participants (Sandelowski, 1986). Of course, one has to be aware that the inquirer’s involvement can influence the ability to authentically speak for the experience of others (Lincoln & Denzin, 1994). In 4.4.4, we elaborated on Emanuel’s involvement in the case company. We believe that it was an advantage to our study. At the same time, we are well aware that it is impossible to avoid bias.

4.6.3 Criticality

Marshall (1990) highlighted the need to be critical when searching for alternative hypotheses, exploring negative instances and examining biases. The scientist argued that ambiguities should be explored and that various methods should be considered to review findings (Marshall, 1990). Further, criticality requires that the interpretations must be substantiated with solid evidence to protect against “distortion or conjecture” (Maxwell, 1990, p. 94). In order to demonstrate criticality, we emphasised to frequently discuss and therewith contest our decisions especially regarding the research design and
the empirical analysis. Also, we always cross-checked everything that we wrote as a team and we consistently developed findings together.

4.6.4 Integrity

Lastly, integrity is essential for validating qualitative research because it strengthens the critical reflection and analysis of qualitative research (Whittemore, et al., 2001). When conducting interpretive research, the investigator’s interpretation of data is unique (Johnson, 1999). Nevertheless, one must account for integrity in the research process to guarantee that the interpretation is valid and grounded upon the collected data (Johnson, 1999). That is to say, if the researchers are self-critical and pursue integrity at all times in the research project “uncritical verificationism and dogma” can be avoided (Whittemore, et al., 2001, p. 531).

Throughout the duration of this thesis project, we adhered to an honest and transparent handling of data, conversations and interpretations. In addition, we paid particular emphasis to explaining our academic reasoning and the scientific methodology of this thesis in-depth. This means that we revealed all of our underlying assumptions about the different chapters with the goal to create transparency and a red thread for our audience.
5 Case and empirical findings

This chapter is divided into a first part which describes the case study and a second part which contains a narrative describing our empirical findings. The first segment introduces the investigated company TvAB. To begin with, we specify the mission, the vision as well as the ownership directives. Second, the various BAs, the corporate functions as well as the internal board structures are described. Third, we point out the changes which the energy industry is experiencing. Thereafter, by using a story from our interview with the CEO, we describe TvAB’s historical development to explain what the company is about nowadays. Fifth, we elaborate upon the strategic planning cycle, the firm’s strategic challenges and the modified BSC. The second segment primarily focuses on the gathered data and it aims to provide a comprehensive overview to the audience regarding what the interviewees have told us. This segment ends with a conclusive remark about the empirical findings.

5.1 Case study at Tekniska verken

5.1.1 Introducing the company

TvAB is a regional company with approximately 1,000 employees which primarily operates in the energy industry. They are owned by the municipality of Linköping and therefore their parent organization is Linköping’s Stadshus AB. Due to the manifold parts of the business, the municipality-owned organization communicates that it is well situated to contribute to developing a more sustainable society (Tekniska verken, 2017a). The company’s activities shall be conducted in the region, considering the equality of municipalities and they must be in accordance with the cost principle. If the city council approves it TvAB can acquire shares or participations of other organizations (Allabolag, 2018).

With the combined effort of all BAs, TvAB strives to achieve the vision "to build the world’s most resource-efficient region" (Tekniska verken, 2017a). In detail, the company bases its climate activities on the Swedish climate policy, adhering to both national as well as common EU goals and policy instruments. With this vision in mind, the communicated ambition of TvAB is to surpass the national and EU goals. From the company’s perspective, this also means to serve as a national and more importantly, as
a global role model for sustainable development (Tekniska verken, 2017a). In addition, TvAB has the mission "to supply and develop infrastructure and energy solutions for our resource-efficient region" (Tekniska verken, 2017c). This mission steers all activities of the company and it has a significant influence on the product and service offerings. According to most recent data, TvAB has around 280,000 private and corporate clients who make use of products and services such as electricity, water, heating, district cooling, waste management, broadband and biogas (Tekniska verken, 2017b).

According to the ownership directives, the company's business purpose is to offer technical infrastructure and services to competitive conditions, good quality and with high reliability of delivery. Equally important, the purpose is to do business in an ecologically sustainable manner. Further, the organization is meant to have a strong environmental profile and to give reasonable returns to the owner (Allabolag, 2018). In summary, TvAB's ownership directives are threefold. They refer to societal benefits, environmental considerations and business economics (Tekniska verken, 2018).

**BUSINESS**
- Investments without owner contribution
- Annual distribution to Linköpings Stadshus AB
- Solidity > 30%, Operative cash flow > 0 mnkr and ROCE > 8%

**ENVIRONMENT**
- Actor in international environment and climate work
- Minimize climate effect of emissions
- Contribute to energy efficiency and effectiveness

**SOCIETY**
- Contribute to the attractiveness of Linköping
- Quality, reliable supply and competiveness
- Customer interest and prices below average

Figure 16. TvAB’s ownership directives

When generating societal value, the organization commits to providing services such as district heating, electricity, water, waste management, biogas, lighting and broadband (Tekniska verken, 2017a). If one is talking about ecological aspects, it means to find solutions to optimise the use of resources while considering the environment and the
climate. Business economics declares the commitment to offer attractive products and value for money while simultaneously generating profit enabling the firm to make future investments (ibid.).

5.1.2 Organizational structure

As mentioned above, TvAB has a multitude of BAs under its corporate umbrella group. The individual area is responsible for its own performance and it is led by a BA manager or a CEO (Chief Executive Officer). At this point, we consider it important to point out the differences between the BAs. Thus, we will shortly introduce each area in the following descriptions (Tekniska verken, 2018).

Figure 17. TvAB’s organizational structure
Figure 18. BA descriptions

**Waste management**
• Through recycling centers and customer-specific solutions, TvAB takes care of all types of waste from households and businesses.
• The firm provides a network for receiving and sorting goods from households, industries and recycling centers.

**Biogas**
• Svensk Biogas, a subsidiary of TvAB, deals with the market development for biogas as a vehicle fuel.
• Hereby, filling stations for the general public are built and the development of new processes and production concepts is vital.

**Utsikt Bredband AB**
• The unit is a supplier of safe and fast data communication services for private individuals, businesses, operators and property owners.
• The company offers broadband using fibre infrastructure. Utsikt is a joint-venture of TvAB and Mjölby-Svartådalen Energi AB.

**Fuel-based energy**
• TvAB is running two power plants in Linköping and Katrineholm to produce electricity, district heating and treat waste.
• For the most part, resources are used which would otherwise be lost.

**Bixia**
• TvAB owns the majority of Bixia, Sweden’s largest electricity trading company. The Group owns small hydroelectric plants.
• Bixia is independent of the three major electricity companies and it has its own power trading (Tekniska verken, 2017d).

**Renewable energy**
• TvAB’s 38 hydropower stations produce renewable electricity which help to reduce the electricity production from fossil sources.
• Besides, this unit is developing wind and solar power energy solutions.

**Electricity distribution**
• TvAB is in control of the electrical grid network in the Linköping municipality, parts of the municipality of Mjölby and large parts of the Katrineholm municipality.
• Also, the firm operates the majority of the public lighting network and supplies services within light designs and lighting in outdoor locations.

**Water and sewage**
• TvAB is responsible for the two main water treatment plants and additionally for nearly 200 million household pipelines.
• The business area takes care of drinking water, the sewage and water disposal in the Linköping municipality.
Besides the eight BAs, the organization encompasses various centralized corporate functions some of which are illustrated in figure 19 below. To point out, there is an ongoing process of centralizing some of these corporate functions. Marketing, for example, used to be a decentralized function and thus most of the businesses had their own marketing function. Nowadays, it is to a large extent a centralized corporate function intended to create one customer interface throughout the whole company (Tekniska verken, 2018).

![Corporate functions diagram](image)

**Figure 19. Corporate functions**

These functions support the BAs in their daily operations. For example, the employees of the business development department work as internal consultants for the different BAs. They charge the BAs per hour and provide them with resources and expertise. Not to mention that the financial department provides the BAs with their competence since they are a part of the internal boards. Nevertheless, due to the strong historical interdependence of the businesses, some of the corporate functions are still partly decentralized (Tekniska verken, 2018).

When it comes to evaluation and control, TvAB uses multiple boards with a special composition. First and foremost, the company is monitored by a political board which represents the municipality of Linköping. In essence, they are responsible for ensuring
that TvAB is delivering results in accordance with the owner's directives. Additionally, they have a board consisting of corporate management members. Besides that, they also have a so-called ‘group management forum’ which includes all of the BA managers. In this forum, they discuss overlapping questions and, in particular, elements related to strategy such as the corporate business plan. Above all, the businesses are evaluated and monitored in the internal boards. The following figure outlines how the water and sewage BA is internally assessed (Tekniska verken, 2018).

Figure 20. Internal board composition for the Biogas and Water & Sewage businesses

As can be seen in figure 20, the internal board consists of four members from corporate management. The board participants vary among the BAs. However, the assessment of the businesses does not happen in a standardized way. It is rather focused on the particular environment of the corresponding BA. On the whole, the board participants consult the BA and the board's recommendations are typically integrated into the different segments of the strategic planning cycle (Tekniska verken, 2017d).
5.1.3 Changes in the energy industry

For the past two decades, TvAB has been very well situated as the main provider of energy in the region. The firm’s services have been market-leading and few BAs experienced competition. Consequently, the customer base expanded and the conditions for conducting business in accordance with the ownership directives remained the same. In a similar manner, the financial results have been reliable and profits were stable (Tekniska verken, 2018).

![Financial results (million SEK)](image)

**Figure 21. Financial results 2012-2016**

However, as can be seen in figure 21, the sales of electricity are experiencing a slight downward trend (Tekniska verken, 2018). This is not unique to TvAB. On the opposite, many companies in the energy and utilities industry are facing the same situation. To elaborate, in 2013 the gross inland energy consumption in the EU was down to its level that it accounted for in the early 1990’s (Eurostat, 2015). This is a significant decrease by 9.1% and as predicted, revenue growth for energy companies has continuously slowed down since then. Explicitly speaking, the rise in demand for electricity has been lower than general economic growth for multiple years in a row (PwC, 2017). To summarize, the surroundings of energy organizations are undergoing a drastic change. Previously, the circumstances were stable and demand was growing. Nevertheless, in previous years, the shift went towards an instable and turbulent environment and hence, it is forcing
the impacted organizations to adopt more flexible structures and strategic initiatives (PwC, 2017).

5.1.4 The journey towards becoming 'One Tekniska verken'

The previous segment did not only shed light upon the BAs, but also did it summarize the corporate functions as well as the changes with which the energy group is confronted. Therefrom, it can be derived that TvAB operates as an almost all-embracing energy company. The development of the company towards becoming 'One TvAB' was most vividly explained to us by the CEO (C1). He described how much has changed since he became CEO and what ambitions the company is committing to nowadays.

TvAB comes from a traditional structure which used to be linear. Hereby, the BAs used to operate independently. After the deregulation of the energy market in the beginning of the 90’s, TvAB acted in an expensive manner by acquiring many new BAs. That is, the focus of its businesses became noticeably broad. For this reason, the owner of TvAB, Linköping municipality, wanted to tighten the BAs of the company. Consequently, they hired a new CEO with the mission to identify the core business of the firm (C1):

When I was appointed as CEO, the key mission was to identify what our core business should be and how it relates to our vision and mission.

In the beginning, the corporate management team started to discuss how they could gather all of the different brands under one single name. Because of the many acquisitions it became difficult to justify why they would benefit from being a part of TvAB. That is, many of the BAs wanted to have their own corporate functions. Hence, the mission for the management team was to clarify the benefits of gathering under one name. Simultaneously, the growth strategy of TvAB was possible because they managed to adapt to the deregulation of the energy market. Be that as it may, it also led to a shattered structure in which the different BAs ran into different directions. For this reason, together with his management team the CEO decided to gather all BAs around one single brand (C1):

We realized that we needed to have a clear brand strategy. And when we chose TvAB as the collective brand because it was the strongest one.
Further, they decided to rename all the fully-owned subsidiaries to TvAB. When it came to the partly-owned companies, such as Bixia and Utsikt, they remained the same. Notwithstanding the new direction was to develop a 'one company strategy' by moving away from having businesses with completely different purposes. To enumerate, they founded the vision of building the world’s most resource-efficient region. In addition, they gathered around three core values – business, environment and society – which were an interpretation of the owner directives. It was the foundation of becoming 'One TvAB' and it laid the groundwork for the forthcoming changes (C1):

The first thing was to divest the number of businesses. We took care of the sport park in Norrköping, a bathhouse in Skärblacka and so forth.

On that account, the CEO explained that by putting the businesses under one umbrella it enabled TvAB to work with common goals and a shared process coordination. That is, the diverse BAs started to collaboratively identify common ways of working. To demonstrate, the CEO used the metaphor of a highway to describe the process of working together (C1):

It does not make sense if Linköping would build a parallel highway to the E4 because the E4 is paramount. How the streets look in the city centre, however, is up to Linköping. But when it comes to the E4, it is up to corporate management to decide.

Thereupon, the idea was to identify some areas which could be defined as highways. One step was to change the structure of how to control the BAs. They created a forum to which they refer to as the ‘group management forum’ in which corporate management together with the BA managers meets to discuss strategic issues. In addition, they created internal boards for every BA and subsidiary. It meant that they established a common way of working with protocols, meetings and so forth. To explain, those who are chairmen in the different boards are also part of the corporate management team (C1).

This is our highway. If there are issues in the specific BAs, then we can have a dialogue on a corporate level.

Some of the initiatives of working commonly have been successful, such as procurement, while other actions have taken a lot more time than expected. For instance, the creation of a unified strategic process has tremendously developed by the adaption of common
goals. It has enabled TvAB to create mutual consistency between the corporate, business and functional level. Nevertheless, there have been some challenges where working with processes instead of a line structure has proven to be noticeably more difficult than expected. In addition, the amount of goals and objectives have been too many which has created confusion on how to break them down to the different levels. The CEO therefore explained that it is time to modernize the goals and objectives (C1):

Some get stuck with the idea of having the same objectives. But it is not possible. We need to measure different things on a corporate and business level. We also need to modernize our objectives and how we follow them up on a corporate level.

Due to the complexity of goals and objectives, there have been extensive discussions on how they are supposed to be applied by the BAs. On the one hand, it is argued that there are too many goals and objectives. Thereby, it is not possible to keep track of them. On the other hand, it is claimed that it is enough if corporate management has a control system with indicators monitoring whether things are going in the right direction or not. It is further elaborated (C1):

Some try to dissect everything and prove that the objectives are not 100 percent correct instead of focusing on the operational business. My opinion is that it is possible to set a goal which is good enough and shows if you are in the right direction or not.

To sum up, it is important to recognize that a strategic process is something iterative which takes time to change. Especially if the organization has a long history of working independently. One should instead examine the process in retrospect (C1):

What we did five years ago was good enough then. But it is not good enough today.

5.1.5 Strategic congruence and integrated control at Tekniska verken

With the help of the above-told story by the CEO, we aimed to emphasize the historical development of TvAB’s strategic efforts. Also, this story vividly explained how the organization has arrived where it finds itself today. Now, with the goal to shed light upon how the company works with matters of congruence and control, the following segment will present the yearly strategic cycle, the strategic challenges and the modified BSC.

Strategic planning process
TvAB works with a uniform strategic planning process which is illustrated in figure 22. The purpose of it is to unify all the various BAs under one umbrella and thereby align corporate objectives and strategies.

![Figure 22. TvAB's strategic cycle](image)

First, the process starts in quarter four (Oct-Dec) when a wide holistic corporate industry analysis is conducted. To emphasize, it is a macro-environmental analysis of the competitive arena in which TvAB acts in. The process by itself is coordinated by business development who organize strategic seminars with corporate and BA managers. Also, they individually interview all of the managers to ensure that all of the external conditions are taken into consideration. In addition, interviews are held with external stakeholders to get an outside perspective. In conclusion, the purpose of the industry analysis is to establish a common understanding of the future (Tekniska verken, 2018).

Thereafter, in quarter one (Jan-Mar), the next step is to establish a corporate strategic plan with a time horizon of five years. The external conditions are used to identify what TvAB refers to as its strategic challenges. Based on these steps, the corporate objectives and strategies are formulated. Not to mention that they have an organization-wide corporate BSC, including overall goals and indicators, which is supposed to be applied by all of the BAs.

In quarter two (Apr-Jun), the BAs are supposed to use the corporate strategic plan as an input when working with their own business plan. Under these circumstances, they are
supposed to formulate objectives and strategies. And lastly, in quarter three (Jul-Sep), the BAs are assigned to break down their objectives from the business plan into a budget with measurable objectives and activity lists.

**Strategic challenges, objectives and strategies**

TvAB has six strategic challenges which are displayed in figure 23. They are supposed to drive development throughout the whole company by raising awareness for the disruptive changes in the energy industry. Each strategic challenge consists of strategic objectives and strategies. Altogether, TvAB has 28 corporate objectives and 57 strategies to meet the identified challenges.

![Figure 23. TvAB's strategic challenges](image-url)
Modified balanced scorecard

Additionally, the umbrella organization has a corporate BSC which consists of six perspectives with six overall goals and 17 indicators (see appendix 9.4).

![Figure 24. TvAB's modified BSC](image)

To explain, they have overall goals in every perspective which all of the BAs need to take into consideration. But when it comes to the indicators, they are not broken down to the BAs (see appendix 9.4). That is, the BSC does not assess the corporate strategic objectives but rather tracks the overall health and well-being of the company. Thus, it is not used to assess corporate strategy (Tekniska verken, 2018).
5.2 Empirical data analysis

Based on the above-presented information about the case and the conducted interviews, the following section will illustrate our empirical findings. We will do so by telling a narrative which interrelates similar themes and interviewee perspectives. This narrative is based on a mixture of quotes and connecting paragraphs with which we re-tell what has been said by the interviewees. In detail, we will present accounts of the perspectives of the three strategic levels separately from each other. The depicted perspectives on processes, influencing factors and challenges are hereby grouped under headings which reflect the main themes. The chosen themes are in line with our research objectives. In regard to structure, every perspective starts with a table which summarizes the sub-headlines of each perspective. Thereafter, we discuss environment, strategic congruence and integrated control. All text with a first line indent is directly quoted from the interviews. In brackets, we indicate who said what according to figure 5 (p.53). Everything without an indent is also derived from the interviews, however, we paraphrased the text and we connected thoughts of different interviewees with each other.

5.2.1 Corporate management perspective

![Figure 25. Findings for corporate level perspective](image)
Environment

In the interviews with corporate management, it was strongly emphasized that the world is changing faster than ever and that it is not possible to predict what will happen in the future (C1, C2, C3, C4, C5). That is to say, the energy industry is acting in a highly uncertain and volatile environment. In particular, TvAB is exposed to external conditions such as legislation, electricity prices and whether conditions. One corporate member states (C6):

Legislation within EU will affect our businesses in an extreme way. Electricity prices determine if we make a profit of 100 million or a loss of 20 million. If it does not rain, we get a shortage of hydroelectric power and that is not something which is possible to foresee.

At the same time, the energy sector is facing technologies which are changing at an unprecedented speed. That is, the energy industry and ultimately TvAB, is going through a rapidly changing transformation in which top managers struggle to cope with this new situation (C2, C3, C5). When discussing whether corporate and BA management have a common understanding of the future challenges of the company, one corporate member says (C5):

No. I think we do not really understand it as good as we should. I do not understand what I think I should understand, but I think I understand more than others.

In addition, another corporate member makes clear that they are in the phase of discussing these issues and that they need to arrive at a decision at some point (C2). In this year, the theme of the strategic process has been what role TvAB is meant to have in the future landscape. However, it is a process which takes time and it needs to be communicated between different levels. This is highlighted by another interviewee (C5):

We should try to understand things together. I mean, to understand it is the first step. We do not need to do everything. But you have to understand it to know which role to take.

For the most part, there is a consensus about moving from a vertical to a horizontal structure (C2, C3, C4, C5). It is also stressed that working together is a prerequisite for surviving in the future energy business landscape. For example, when it comes to information-based technology, TvAB has the potential to build a smart platform with
applications which have the purpose to make life simpler for its customers. One manager enumerates (C2):

We need to work as ‘One TvAB’. Together with our diverse businesses, we have a possibility to survive in the future business landscape. But if we work separately, we have no chance.

**Strategic congruence**

*‘One Tekniska Verken’*

Altogether, corporate management has a unified point of view that ‘One TvAB’ has positively influenced the strategic process of the company (C1, C2, C3, C4, C5). It began at a point when business planning solely occurred on the business level. That is, a corporation-wide planning process did not exist. From a corporate perspective, a common corporate plan was the first step towards using the term of ‘One TvAB’. As expressed (C2):

We found that we needed to be better at identifying synergies between our BAs. It resulted in the work of a common corporate plan.

In the beginning of the process, a lot of people within the organization did not understand what the concept meant. Nowadays, however, it has gained acceptance throughout the whole organization with a will to work more similarly and together. As one corporate member says (C3):

I think that most people do see the need for finding the best practice and common ways of working. Primarily, with a focus on customer relations, but also on processes and activities.

Moreover, the concept of ‘One TvAB’ has clarified how BAs can contribute to the group’s overall goals and most importantly to the vision. However, several corporate members state that there is a long way to go and that it is much more difficult than expected (C1, C2, C3, C5). This is exemplified by the one interviewee’s statement (3).

One TvAB has been very successful in the way we talk. But in the way we act and work, we still have a long way to go.

**Challenges with ‘One Tekniska verken’**
To point out the challenges, corporate management agrees about the fact that it is difficult to break it down to the BAs on how to apply it in everyday life (C2, C3, C5, C6). One corporate member states that it is not always clear what is expected from the BAs. In addition, another corporate member expresses that there are not enough initiatives from the BAs themselves (C5).

They often refer to a central function who is supposed to keep everything together. But I think that there are not enough initiatives from the businesses themselves.

Another challenge is that the BAs are in different life cycles. Consequently, the different businesses and functions have diverse challenges. That is, when a BA tries to find synergies and does what is best for the company, there is always someone else who needs to give up something. Referring to this, one corporate member expresses the following (C3):

Some areas are probably not mature enough to focus on ‘One TvAB’ while others do not want to change.

Naturally, a BA manager wants to optimize his or her own BA in the best way. However, as stated by a corporate member, “what is best for a particular BA may not always be the best for the whole group” (C2).

Responsibilities

The role of corporate management is to participate in the strategic process by pointing out the overall directions. In particular, it means that corporate management takes on the overall responsibility for the whole enterprise. That is to say (C5):

We try to make the overall corporate plan as a package that every BA is supposed to consider when they do their business plans.

In addition, they are a part of the subsidiary internal boards of the company where they lead and monitor the work of the different businesses. Corporate management is also responsible for ensuring that the corporate plan is carried out in the BAs. One corporate member expresses that this is something which needs to be improved (C5):

We are responsible for ensuring that the BAs actually follow through with the strategic intentions. And this is something which we have not been good at.
Another corporate member expresses that management used to work with strategic directives a couple of years ago (C3). This was not fully appreciated by everyone. However, he explains that even though the BAs found it to be too formalized and detailed, in retrospect, they felt that it was appropriate and useful (C3).

I think many of our BAs feel that it would be good to have something similar again.

**Structure**

In regard to the structure of TvAB, there is an ongoing discussion on what to centralize and what to keep at the BA level (C2, C3, C4). Marketing and sales are to a big extent centralized with the aim to create one customer interface throughout the whole company. However, it took time to get acceptance for it (C4).

In the beginning, not all of the BAs liked the idea because it meant they needed to give up and move staff. Now, however, I think there is an acceptance for it.

Another corporate member stresses that it is important to have a combination of centralization and decentralization (C4). That is, business development needs to be very close to its business reality in which the particular BA owns the development of its own business. It is strengthened by another member who also stresses the challenge of finding the right balance (C2):

On one hand, one should not underestimate the ability of today’s business to kill tomorrow’s business. On the other hand, you cannot have a situation where you have development as a purely separate function.

Therefore, it is argued that some resources need to be close to the businesses while others need to be kept centrally. In particular, new businesses which are difficult to fit into a BA should be kept centrally. Notwithstanding, there still is a need to move from a vertical towards a horizontal structure. A corporate member enumerates (C2):

We need to have 'One TvAB' when it comes to how we meet the customer. We must have a coherent offering for the customers.

To sum up, there is a consensus among top management that they need to continue with working as 'One TvAB' in the future (C1, C2, C3, C4, C5). It is stated that they have come a long way towards being more congruent, nevertheless, they are, as one member expresses, "proud but not satisfied" (C5).
Integrated control

Strategic planning and goal setting

As illustrated in the case, TvAB has a common strategic process which aims to identify synergies between the businesses. That is, corporate coordination in the strategic planning and follow-up process enables them to establish a common business logic. In detail, the overall corporate plan is supposed to act as a guideline for the BAs. As expressed by a corporate member (C5):

We try to make the corporate business plan as a package that every BA is supposed to consider when they work with their business plan.

Furthermore, it is strengthened by an additional member that by breaking down corporate goals and objectives, the BAs can feel that they contribute to the overall goals of TvAB (C2). In contrast, however, another corporate member states that it is more difficult to break down goals in practice than in theory (C3):

I probably have a different opinion than what is expressed in the schoolbook. I am not a friend of the ambition to break down everything in detail to the BAs. We will get lost.

To put it differently, it is not as simple as described in theory to achieve a mutually consistent strategies between different organizational levels. One corporate member expresses that it is important that the corporate management does not live in a protected world (C2). That is, the insightful thoughts of the BAs need to be captured in some way (C2):

The thoughts and ideas of the corporate plan must be linked to underlying ideas of the BAs.

Generally speaking, corporate management agrees upon the fact that the corporate plan consists of too many goals and objectives (C2, C3, C4, C5, C6). It is expressed that there is a risk that they might end up in a situation in which they lose track of what to do in the future. To emphasize, there is a need to focus on fewer goals and objectives so that they can actually manage to conduct a thorough follow-up on them, says one corporate interviewee (C4):

What is stated on a corporate level, as strategic objectives and goals, must be precise and not too many. I am sure that we will definitely gain much by working more focused.
For this reason, it is important to establish a common business logic in regard to which terminology to use. That is, when talking about goals and objectives, it must mean the same thing throughout the whole organization (C3):

When we mix up things, we end up in a situation where every single activity is supposed to be measured as an objective. That is confusing in my opinion.

Consequently, due to the overload of goals and objectives, the corporate strategic plan has become too complex. It is stressed by several corporate members who believe that it is necessary to take away some components in order to develop a stronger focus (C2, C3, C5, C6). One member, in particular, expresses that the corporate plan needs to be more relevant (C5):

The whole content is too complex. We need to make it more and more relevant. Not more and more complex. To make it more relevant, we need to take away some of the components.

To sum up, some corporate members state that the corporation-wide strategic process with a five-year perspective is difficult to maintain (C2, C3, C5). That is, even though it is supposed to be a long-term plan it often leads to having a one-year perspective. One corporate member suggests working with another methodology in regard to the annual cycle (C2):

In year 0, we should plan for 5 years and only make some small modifications due to necessary changes. Then, in year 3, we add five additional years.

To point out, however, it is important to realize that the strategic process is something iterative. What was good enough before may require change now. And then it is important to find a new way (C2):

How the plan looks like in PowerPoint is not important. What is important is the effect the corporate business plan has on our BAs.

**Evaluation and follow-up**

Corporate managers explain that the evaluation and follow-up process occur in the internal boards of TvAB (C2, C3, C4, C5). To clarify, each BA has their own board in which the follow-up and approval of the business plan takes place. We asked if this structure could cause any confusion. One corporate member elaborates (C5):
Well, there is probably confusion but there should not be any because the business plan is supposed to be taken in the internal boards. I really do not think that it is confusing, but I can see that some people think it is confusing.

Moreover, there was a discussion about how the BAs are evaluated in their internal boards. That is, whether they are evaluated financially, strategically or both combined. Generally speaking, corporate management states that they were primarily evaluated financially (C2, C3, C4, C5). As one corporate member expresses (C3):

I would say in different ways. One is development compared to the previous year, another is compared to the budget and to a minor extent to the business plan. In that area we could definitely improve.

This was further strengthened by another member who says that they look more into the budget which is a problem because they put a lot of effort into the business plan (C5). Another point of view is that the quality of evaluation might vary between the BAs. In addition, it is stressed that the strong emphasis on financial evaluation has to do with history (C5):

We have done the financial evaluation for so many years, it is like a machine. In the other perspectives there is no such machine.

To sum up, in regard to the follow-up of the BSC and the corporate strategic objectives, it is revealed that there is a need for further improvement. That is, with respect to the BSC, it is evaluated once a year. But when it comes to the responsibility of evaluating the corporate strategic objectives, there is an absence of clarity (C3):

It is a good question. It is hard to point at someone else but the corporate management team and ultimately the CEO.

Altogether, even though that the corporate plan might be too complex, there is a clear process on how to conduct the plan and in which way to include the BAs. In regard to the evaluation and follow-up, there is a lack of clarity. That is, even though there is a structure within the internal boards, it remains unclear how the corporate strategic objectives are evaluated. Consequently, there is a risk to repeat mistakes and thereby to not learn from failure (C4):

We are bad in evaluating throughout the whole company. You have to evaluate yourself all the time to make sure that we are doing the right things. But we do not do that and
thereby allowing ourselves to do the same mistakes again and again. This is something we need to change.

**Strategic control**

TvAB uses a modified BSC as a strategic control system. One corporate member explains in detail how it works in practice (C2). They have common overall goals in every perspective which all of the BAs need to take into consideration. But when it comes to indicators, however, they are not broken down to the BAs (C2).

If you break down indicators you lose relevance because the businesses are too different. In opposite, if you break them down on a goal level, then it is possible to get some relevance.

Consequently, the indicators have different meanings in different BAs. To enumerate, the environmental aspect of the BSC is completely different when comparing one business area with another. This is, to give an example, because BBE has a much higher influence on the environment than Utsikt. For this reason, TvAB has chosen to have common goals but varying indicators. Although the BSC has proven to be useful for the concept of 'One TvAB', there seems to be a growing scepticism towards it (C2, C4). In detail, it is argued that the goals are of a lagging character and that they do not drive development (C5):

I do not like them. I think they do not drive activities over the year. They just summarize the previous year.

Thereupon, the strategic challenges were added. It created a problem, however, because it led to having two structures which function in parallel on the same level. As elaborated by a corporate member (C2):

Both the BSC and the strategic challenges includes objectives and strategies. That is not good at all. Here we need to make a decision on how to improve.

In addition, it is expressed that the strategic objectives are not concrete enough which makes them difficult to follow-up on (C2, C3, C5). Notwithstanding, there is a vague connection between the BSC and the strategic objectives. Some of them are possible to connect, although that it is a bit farfetched to do so with many of them (C6):
They have a connection. But how clear the connection is, is possible to discuss. It works to connect some of them, but it is not very clear.

Thus, there was a discussion about whether it would be possible to connect them or not. Some seem to think that it is a good idea while others remain unsure because of the already complex goal material (C3):

I am convinced that we do not have one single person in the organization who is able to name the different targets that we have. And that is a big weakness in my opinion.

In opposite, however, some of the members argue that connecting them could simplify the complex goal material (C2, C4, C5). A corporate member expresses the following (C6):

The BSC and strategic objectives should be connected. There must be a red thread between them. However, they should not be static but reassessed from year to year.

5.2.2 Business area perspective

![Diagram](image)

Figure 26. Findings for BA perspective

Environment

Generally speaking, all BA managers are of the opinion that the future of the energy industry is volatile and uncertain (B1, B2, B3, B4). In regard to their individual BAs, some bring forward that one can only make best guesses. However, it is impossible to make
reliable and comprehensive predictions. Similarly, a considerable number of managers assumes that customer demands will change and new technologies will be introduced (B1, B2, B3). Moreover, one BA manager emphasizes that some businesses are not used to competing for customers because the market was stable for so long (B2). This unsettled state of the energy sector is further explained by an interviewee who stresses that the national prices for electricity are decreasing which is affecting competitors (B2).

We can see that other national companies like Vattenfall are having problems, their earnings have gone down and so on. But we haven’t really seen that in TvAB. We are really, year after year, doing well financially.

At the moment, TvAB’s earnings from energy may still be stable, however, they will significantly lower in the coming years, states a BA manager (B2). Further, he elaborates that it is mandatory for the organization to look at “what is beneath the horizon” (B2). Hereby, he is referring to future developments [IoT, digitalization] which will soon be fully realized. As a consequence, he believes that the umbrella organization must answer the following questions to itself (B2):

What role will TvAB play in the future? What will the different businesses focus on? What can we do to better anticipate the future?

These questions should be answered to determine in which direction the organization will go moving forward. In a similar manner, another interviewee argues that the organization must form opinions about the environmental factors and about where the group should move towards in the future (B1):

It is also important to have an opinion about the economy, regional policy and how we think the political regulations will look. One must ensure that we go into the right direction and have a common picture of the future.

**Strategic congruence**

*‘One Tekniska verken’*

From the perspective of most BA managers, 'One TvAB' is described as the direction in which the organization should go in the future (B1, B2, B3). Some BA managers enumerate that this overall direction is neither connected to concrete goals nor is it associated with explicit ways of working (B1, B3). This is not to be seen as a bad thing
because some additionally explain that 'One TvAB' is strongly connected to having an organization-wide message. This message must be “powerful and easy-to-understand” throughout the entire organization, says one BA manager (B3). Overall, according to most BA’s managers, it is a beneficial ambition for the group (B1, B2, B3). In addition to viewing the 'One TvAB' ambition as a guiding direction, the vast majority points out that its main goal is to better serve customers and to provide services as one company (B1, B2, B3, B4). The initiative has the potential to bridge the differences between the BAs and to benefit the customers, reckons a female interviewee (B3).

We have a broad variety of businesses and thus the benefit of being together as one group is that we can contribute to each other’s businesses. We have overlapping competences and this is where 'One TvAB' comes in. We deliver to our customers as a whole. It is the package that counts for the customer at home.

In like manner, another manager with responsibility for a BA complements this with the following (B1):

To be able to do that, we need to think together in a strategic way of how we are being experienced by the customers.

A male BA manager voices very similar opinions and elaborates (B2):

And if we are going to be able to fix the future, with all that will happen, we need to be one group not small individuals. So, I think it is really the right way to go but this change will take some time.

As can be seen, the business managers assign a great importance to the ambition. They do not only argue that it strengthens the ability to serve the customer as one company, but also that it will help to prepare TvAB for the volatile and uncertain future of the energy industry (B1, B2, B3). Simultaneously, given the above statement, some think that the full potential of becoming one organization has not yet been achieved (B1, B2). The same interviewees think that organizational change is happening at a slow pace (B1, B2).

**Challenges with 'One Tekniska verken'**

This can be explained by the fact that TvAB has strong historical roots in regard to some of its BAs and procedures. Due to the umbrella structure and the degree of independence
of the BAs, it has proven challenging to change processes. In particular, one BA manager confirms that the organization has a strong bond with its tradition (B2).

If we look on the energy side or even on water and so on, we have been working with this for 100 years. I think the electrical grid is also 100 years old. And you have a tradition and it will take some time to change this. And you have to have respect for that.

Thereafter, he further comments that 'One TvAB' may help to overcome wallowing in memories (B2).

The CEO really put out a goal with this 'One TvAB' that we should go in this direction. And you won’t turn this company around overnight. It will take some time to do that so actually, yes, we can say that we have taken quite many steps.

While he is positive about the valuable contribution of 'One TvAB', a minority thinks that the initiative is difficult to grasp for individuals who are not involved in strategic work (B1).

**Coordination and communication**

To summarize, the long-standing tradition of TvAB comes with challenges that impact the willingness to change. Naturally, the individual BA managers are experts in their corresponding fields. When working with the corporate plan together with corporate management, they however try to “take the responsibility for the whole company and its development” (B3). In that sense, on the one hand, the write-up of the corporate plan is used as an opportunity to increase collaboration. On the other hand, a female manager is skeptical and has a mixed opinion about how well corporate management and BA management collaborate and communicate (B1):

> Sometimes you can feel as a hostage as a BA manager. We are allowed to take part in workshops, however, suddenly we have already decided about objectives and strategies which I was not aware of. But still we are many people and it is very good that we can participate in giving input to the process.

In addition, the fact that TvAB’s BAs work in different segments of the industry raises more questions. A male interviewee points out that his BA’s core business differs from that of the umbrella organization (B2):
We are, as we say, an energy company. The energy market is the main market we are working in. And that is not the main market for my business.

He concludes that this is no problem for his particular BA (B2). Rather, he points out that his business does not require much help from the outside (B2). This is because he believes that “not many of the other businesses have the knowledge about our area or our badge” (B2). Although this may be true, he also emphasizes that there are untapped opportunities for cooperation between the BAs (B2).

I don't really hear or know about how the other businesses think or what they do in the long-term. I have a role as a board member to look at how I can maximize their interests. But still, it is sometimes that we lose the long-term perspective in the daily work.

He continues (B2):

We are really working separate.

Similarly, a second interviewee critically points out the following when we asked about how she prioritizes between corporate and BA goals and objectives (B1):

We cannot give up our own business to only help the corporation for the sake of 'One TvAB'. We need to find a way of doing both.

Hence, she is of the opinion that collaboration may be important to work towards the shared interests of the group (B1). Nevertheless, the BA managers must first and foremost prioritize their BAs. Several managers agree that it is challenging to foster collaboration due to the differences among the BAs and the fact that their product maturity is in different stages (B1, B2, B3). At the same time, they think that they can gain a lot from collaborating with their peer BAs (B1).

The difficulty on a corporate level is that we are kind of different between the different businesses. However, I think that there is still important to that we discuss the real things to do. Sometimes we get stuck with only discussing methods and strategic levels.

**Structure and responsibility**

To be more precise, the businesses are not only different regarding their strategic priorities and their product offerings, but also in regard to their internal organization. Throughout TvAB, departmental structures and functional responsibilities differ. Some businesses have their own functional departments while others make use of the
centralized corporate functions. One business manager says that the supporting staff provides valuable help to her BA (B3). Two others (B1, B2) point out that they rarely ask for assistance and one of them elaborates on this (B1):

The functional staff exists for supporting the different businesses. For example, the human resources department is extremely important for handling some issues, however, they are not the objectives but the means.

Moreover, the diverse nature of BAs in the umbrella group poses challenges for individual BAs to know how they can contribute to the group’s interests. And also, how they can break down goals and objectives from the corporate plan. Regarding this matter, the BA managers have mixed opinions (B3, B4). One female interviewee says that (B3):

On a BA level, it is easy to actually understand what the BA is supposed to contribute. Our businesses are directly linked to the vision and the mission, I would say so. It is easy to connect it to the overlaying vision and goals. Maybe the challenge is more when you try to break it down to single co-workers.

In contrast to her opinion, a male business manager thinks the opposite and regards the task to break down goals and objectives as the biggest challenge for his BA (B4).

We need help with the methodology linking the Group’s plan with our business plan. All BAs work a lot in their own house with this instead of working out a common methodology.

**Integrated control**

**Strategic planning and goal setting**

The common strategic planning process of TvAB is rigidly structured and it has the purpose to unify planning and coordination efforts for the diverse BAs, says a BA manager (B1). She further states that it may be well-founded in theory, however, she finds that the time frames are too tight, especially regarding the business plan write-up. The annual process consists of multiple layers and some of these contain a detailed set of goals. From the perspective of the BA managers, TvAB’s corporate goal material is very detailed and complex (B1.1).
Overall goals are about getting the businesses focused on something and having six perspectives you get no focus.

The majority of managers brings forward that overall speaking, goals have the task to drive actions and to create commitment (B2, B3, B4). However, the fact that the BSC perspectives and the strategic challenges do not currently have a strong interconnection leads to problems. In particular, it has been challenging to integrate the goal material into the daily work of the individual businesses, says one female interviewee (B3):

We have discussed that it would be nice if we could marry the goals within the perspectives with the strategic objectives so that they do not live two different lives. If that is possible it would mean that the measurements within the perspectives could merge into the strategic challenges.

Moreover, she elaborates that the particularities of her business complicate to set timely goals (B3). It is further intricate because the industry environment is volatile and rarely predictable (B3).

This year we want to be on this level...that would really be a beautiful world to live in! But we break them down into actions and this year we want to...these five actions are supposed to happen this year. And we think of course if we do these actions it takes us one level up towards the overall goals.

When another BA manager reflects upon the progress which TvAB has made regarding the formulation of objectives and goals, she is positive (B1):

We have improved our strategic process with the help of 'One TvAB', but we have increased the number of things that we are trying to handle. Now, I think it is time to focus on some specific things. I don’t think TvAB is able to point out what we are focusing on because we have built such complex material.

With this statement, she does not only point out that the complexity of the goal material reduces its usefulness for exercising control over the BAs (B1). But also does she state that TvAB has come a long way and that the 'One TvAB' initiative has helped to concretize the material (B1). To summarize, the BA managers are of the opinion that improvements have been made, nevertheless, there is further room for enhancement (B1, B2, B3). Due to the fact that much time is dedicated to designing the ideal goal
material, one can say that planning is prioritized over execution. One BA manager points out the following (B2):

Sometimes it is more important to do something that is, well, good enough, then trying to figure out and then the perfect way of achieving it, well, sometimes it is better to say that is good enough and then let’s go.

**Evaluation and follow-up**

As discussed above, TÅ’s BA managers have to fulfill a multitude of goals and objectives in their BAs which are derived from the corporate plan. When we asked the interviewees about how they conduct the follow-up of the set targets, most managers assigned this responsibility to different people in various functions (B1, B2, B3). Some assume that it is the CEO’s or the internal board’s duty while somebody else claimed that operational development is in charge (B1, B2, B3). One interviewee says that the ambitions in regard to goal fulfillment are high, however, the follow-up is neglected and not transparent (B2):

> Usually we put up a lot of different goals and we say, well, let’s do that and then we all go away and then we come together again and, okay, have we done anything about it, well, a little bit. We don’t really...You need to constantly monitor how you are working with that process, how far have we gotten in this and so on. So it is a constant process of monitoring.

A colleague of his elaborates that she wishes that the follow-up would be clearer (B1). Similarly, she criticizes that the follow-up procedure is solely done in the internal boards which reduces its open communication (B1).

> If I were in the corporate management group, then I would certainly like to know that and see the results and follow up on that. And then it is a difficult situation because we do follow up every business with our internal boards.

Some BA managers point out that they do assess what they have set their minds to deliver (B1, B2, B3). The same managers bring forward that they loosely follow what has been discussed with corporate management (B1, B2, B3). Instead of thoroughly following up, they assess their BA’s state during the end of the year to identify in which direction to proceed. Simultaneously, one interviewee has the following impression (B1):

> My feeling is that corporate management expect us to handle all of the different layers of goals and objectives which is not possible.
Despite these different opinions, the BA managers share the opinion that it is necessary to modernize the way in which TvAB conducts the follow-up of its complex goal material (B1, B2, B3, B4). As business managers, they all belong to internal boards and one interviewee acknowledges his responsibility to improve the procedure (B2):

Of course, I am responsible for that and I think that we could be much better on, I would say, putting pressure on each other throughout the organization.

On the hand, he believes that there is much room for improvement (B2). On the other hand, he makes the assumption that the follow-up must be more rigid and thus, it is required to hold BAs accountable in case of underachievement (B2). Another BA manager reveals that TvAB has recently began to re-prioritize the follow-up procedure and to strengthen the collaboration between the BA and the corporate management level (B1):

Now we are trying, both on corporate and business level, to make a connection from the beginning and make sure that we take the business plan into account.

**Strategic control**

TvAB’s modified BSC has a direct correlation with the follow-up procedures. The tool is typically used by organizations to guarantee that a variety of financial and non-financial indicators are examined. TvAB uses it with the ambition to have a common strategic control system for all BAs, mentions a BA manager (B4). All beside one interviewee ((B1, B2, B3) strongly emphasize the importance of a financial follow-up which is exemplified by one interviewee (B2).

The most important thing is to fulfil the financial objectives so it is possible for us to work with strategic investments for the future.

At the same time, many managers realize the need for an improved strategic follow-up procedure (B1, B2, B3). An advocate of doing a strategic follow-up argues that financial numbers do not always reveal all necessary information which are vital for making decisions about her BA’s future (B3). Further, she is of the opinion that the turbulent developments in the energy industry in particular and changes in regulations even decrease the importance of financial targets (B3). Despite the ambition to use a single
A strategic control system, not all businesses rigidly follow the segmentation of goals for the different perspectives nor do they attach great priority to the overall usage (B3).

I think, for sure, there are other tools that are also good. The BSC is not perfect and it does not cover everything. And I think it is really hard to find a tool that would cover everything. Of course, it can’t be the only tool.

The statement above indicates that the business manager regards the BSC as an aid, nevertheless, its replacement would not make a big difference to TvAB. The remaining BA managers express similar opinions (B1, B2, B3, B4) and one BA has even established its individual BSC (B1).

We have our own BSC. We use all of the perspectives but we do not have the same objectives because all of them are not relevant for us. We add on those that are specific for our business.

Hence, this female interviewee believes that it is complicated to aim for the same objectives throughout the whole organization (B1). In addition, she regards the BSC as a valuable tool but she prefers to make adjustments so that it better suits her BA purposes (B1). To sum up, the interviewed BA managers agree about entangling the currently complex and extensive goal material (B1, B2, B3, B4). At the same time, they have diverging opinions in regard to whom is finally responsible for the follow-up of set goals and objectives. Additionally, they feel that the process of following up is not transparent enough and that clearer guidelines could help to work with it more sustainably (B1, B2). Also, the BA managers attach different degrees of importance to the BSC (B1, B2, B3).
5.2.3 Functional level perspective

Environment

Among functional managers, there is a consensus that environmental changes have a tremendous impact on TvAB's operations (F1, F2, F3, F4, F5, F6, F7). In particular, legislative amendments can “affect a BA in its profitability quite a lot” (F4). Also, the interviewees admit that the rate at which technologies and business priorities change has drastically increased. As a consequence, one business developer points out that the organization’s future role needs to be constantly redefined (F3).

I think that in an organization with a long history such as TvAB, those changes make people think about their positions and what is happening. And top management starts to think about which position to take in this new landscape.

A second interviewee strengthens this assumption and elaborates that the corporate strategy must be very comprehensive to avoid missing out on possibly important business terrains in the future (F4). In addition to emphasizing corporate strategy, he argues that organizations must constantly rethink their business model to find their place (F4).
But I think it is very easy to end up holding on to your existing business models and really fight for it to be the long-term solution and then you might become the camera company who misses out on digitalization and nobody is buying your film anymore. And if you would have seen that earlier you would have the golden opportunity to start selling digital cameras.

A colleague of his repeatedly points out that TvAB is facing times of uncertainty and hence, he is of the opinion that the organization must pull together (F3). In his view, pulling together means to use the company’s vast experience to continue running smooth operations in the future and to profit from becoming 'One TvAB' (F3).

**Strategic congruence**

*‘One Tekniska verken’*

The functional managers to whom we talked believe that the initiative to become 'One TvAB' has strengthened the strategic work of the organization (F1, F2, F3, F4). In the past, the individual BAs used to independently develop their business plans and to determine their competitive arenas. A female interviewee describes what has changed associated with 'One TvAB' (F1).

We have gone more and more towards the ambition to have a group-wide planning. So it has really affected the strategic process, actually. The ambition that has been created around creating a group instead of completely independent BAs.

In particular, many of them believe that it is beneficial to have a certain degree of similarity in regard to control mechanisms and strategy development (F1, F2, F3, F4). Also, a majority is of the opinion that TvAB “has come a long way” (F3) comparing the current state to strategic and control efforts in the past. One male functional manager emphasizes that great progress has been made especially when considering the background history of TvAB (F4). A female colleague of his mentions additional areas of improvement (F5).

I think we have gained a lot, for example about the methodology that has been developed with the picture of the future and the way to approach the questions. I think that was very valuable. Now you can refine it and keep it alive.
Furthermore, multiple managers highlight the impact of the 'One TvAB' initiative concerning the unified efforts to develop more consistent strategies for the umbrella organization (F1, F2, F3, F4). From the view point of a male business manager, 'One TvAB' unifies all the BAs towards a strategy instead of having a more diverged strategy for each BA (F3). This of particular importance for the special organizational structure of TvAB, says a male interviewee (F4).

Especially for an umbrella structure, it is very important to have an aligned corporate strategy.

A colleague of his elaborates with the following in regard to the impact of becoming 'One TvAB' (F1).

I would say that it provides another opportunity to take advantage of the Group's full potential by thinking of strategies at the group level. It is about the question: Where should we take the whole ship?

Hence, she establishes a strong connection between 'One TvAB' and using the success factors of the individual businesses (F1). The strategic collaboration among the BAs can therefore create advantages which an individual business could not achieve. Nevertheless, one female interviewee stresses that one must not forget about certain prerequisites for acting as one corporate umbrella group (F5). From her view, it is further necessary to improve the common structures at TvAB and to create a 'red thread' regarding corporate and BA goal formulation (F5).

**Challenges with 'One Tekniska verken'**

The perspective of this interviewee sheds light upon the complex undertaking of aligning such diverse BAs under one corporate umbrella. To a large extent, the functional managers realize that this diverse nature of TvAB's businesses poses obstacles towards finding a common way of working with strategy in particular (F1, F2, F3, F4, F5, F6).

**Coordination and communication**

The challenges are present at many different levels. It is a challenge to find a common strategic agenda because there is a very wide range of activities and because we move in such enormously different areas, regulatory frameworks and competitive situations.
Accordingly, the BAs do not only operate in different competitive arenas but also are subject to dissimilar regulations. Despite these facts, the majority of functional managers thinks that all parts of TvAB must increase their efforts to pull together (F1, F3, F4, F5, F6, F7). According to a female interviewee, the BAs are creating valuable products and services in a consistent manner (F2). However, she identifies the need to develop more similar ways of working (F2). This is because she assumes that more common features in the BAs facilitate the strategic steering of TvAB by corporate management in its turbulent environment (F2). While this functional manager thinks that the businesses have very different approaches towards writing up the business plan and adhering to the corporate plan, another manager emphasizes that changes are underway (F3).

I think it is easy to lose BAs in the process. But in this year's process, I think this has been a good initiative to get BA managers more involved in creating a greater commitment towards the corporate plan.

In addition, he elaborates about finding a balance between empowering the BAs and strongly pursuing the corporate plan to unify strategic planning and coordination efforts (F3).

I have the utmost respect for our BAs. Many questions are unique and much competence is unique. There is a big difference between broadband and water activities. So I have all respect for that. You need to keep the BAs right unique with specific skills.

From his statements, it can be derived that the ambition to becoming 'One TvAB' and therewith associated, becoming strategically congruent to a higher degree strongly relates to questions of organizational structure and responsibilities.

**Structure and responsibility**

To be more precise, the initiative to prioritize acting as one umbrella group requires to make operations more efficient. Consequently, one male functional manager brings forward the following (F3):

If you want 'One TvAB', I think you need more skills to be more centralized. Take business development as an example, if you have it decentralized then there is a greater risk of being fragmented because you have different views as you optimize on the business where you
sit. The advantage of centralizing is that you get a stronger 'One TvAB' but of course you lose something else.

Most recently, TvAB has been adding resources on the corporate level and therewith reduced resources in the BAs, tells one functional manager (F3). From the perspective of functional managers, the whole organization may benefit the most from a balance between a centralization of functions and a decentralization of BAs (F1, F2, F3, F4, F6). Hereby, centralization can unfold synergy effects due to enabling the central functions to provide better services and to establish common methodologies (F4).

I believe in centralization with the size of the company TvAB and us, the support functions, being able to support the organization to do the best. The businesses should receive a good quality in the delivery of those services.

The functional personnel acts on requests of the BAs. They conduct internal consulting work and two managers particularly point out that they have the capacity to provide more support. One manager thinks that “similar ways, controls and expectations in all BAs” could benefit the entirety of TvAB (F4). This is because he believes that due to dissimilar ways of working the quality regarding the business plan and the industry analysis is very different (F4). At the same time, a slight degree of decentralized responsibilities can facilitate to quickly adopt to changes in the specific environments of the businesses. Further, a manager elaborates that decentralized functions spread the required knowledge through TvAB (F1).

I think it is important to some extent have a decentralized organization with people who have the necessary kind of skills in different BAs.

However, one functional manager has doubts (F4).

It could also be that by empowering the BAs to be more independent there is also obviously a risk that they will not have the resources and the knowledge to look beyond what they are doing today, to look further ahead, where are we going to be in ten years’ time.

Most managers point out that the balancing act between centralizing and decentralizing activities is an immense challenge and requires a time-consuming transformation (F1, F2, F3, F4, F5). One female interviewee describes how she attempted to find a suitable balance between centralization and decentralization (F2). She assigned a business developer to work in the management team of one of the biggest BAs with the goal “to
support continuous strategic work” (F2). As a consequence, there is no need to hire somebody from the outside. However, she concludes that the test did not work out as well as expected (F2). In summary, the organization is actively testing new approaches in regard to structure and responsibility. A functional manager highlights that the ambition to become 'One TvAB' requires more centralized control and more common approaches (F4). He concludes with the following (F4):

It is important to take that dialogue and a conscious decision on how to control the Group.

**Integrated control**

**Strategic planning and goal setting**

Generally speaking, the development of a common strategic process has contributed to become more strategically-oriented through the whole organization. To emphasize, it is seen as an iterative process with continuous improvements. For instance, one functional member states that the BAs were involved to a higher degree in this year’s process (F7):

I think it was a good initiative to involve the BA managers at an individual level. Because it creates a commitment to the corporate business plan.

Notwithstanding, most of the interviewees are of the opinion that the corporate plan is too complex and difficult to comprehend. That is to say, there are too many goals and thereby it is not possible to have a clear focus. Above all, many of the goals are of a lagging character and they do not stimulate development (F5):

Many of the goals have a lagging character and they do not drive development. The strategic challenges are supposed to do so but they are rather challenges than goals.

Consequently, due to the complexity of the corporate business plan, it is difficult for the BAs to know what to emphasize and to measure. One functional member goes as far as to say that it is widely agreed that the plan is too complex (F2):

Everyone agree about that we have a complex goal material and that there is no clear logic through it. We will not become 'One TvAB' if there is no structure with a common thread throughout the whole organization.

Under those circumstances, many functional managers argue that it is important to narrow it down into fewer objectives and strategies (F1, F2, F3, F4, F5, F7). Then, it would
be easier to focus on execution and aligning the BAs to the corporate goals and objectives (F4):

I believe in having few objectives and strategies. And they must be clear so that it is possible to see whether we are moving toward them. This is something we can improve.

To sum up, it is expressed that the entire strategic planning process tends to get stuck in a one-year perspective. That is, despite the time horizon of five years, everything starts over each year which has led to difficulties with aligning the business plans with the budget (F5):

We need to handle the issue of getting stuck in a one-year perspective. We have a heavy work load which generates business plans but in some cases they are just lying there.

**Evaluation and follow-up**

To repeat, the internal boards of each BA are responsible for the evaluation and follow-up process. That is, for instance, to approve the business plan and to monitor the goals and objectives of the BA. One functional member thinks that the structure by itself is clear but that there is an issue with how it works in reality (F1):

The structure is clear. I do not think, however, that the internal boards are always prioritizing the strategic questions. That is my suspicion.

Another functional manager is of the opinion that the structure is confusing and unclear (F4). To be more precise, it is expressed that it is difficult to know who is ultimately responsible for the evaluation of the BAs (F4):

The internal board is responsible but in the end of the day it goes up to corporate management in a very condensed format. They are together responsible for the strategy of the BAs. It is not a completely independent decision.

Above all, regarding whether the BAs are evaluated financially, strategically or both, it is generally stated that it is the responsibility of the internal boards and that they do not know how it is carried out. One functional manager, however, says that there is a strong emphasis on the financial evaluation (F2):

We can tick off the financial follow-up. We can establish that. But I am not so sure of the rest. It is unclear who has the responsibility to follow up the strategic objectives.
Another functional manager strengthens this by stressing that there is no strong emphasis on the evaluation of the business plans (F3). He thinks that there is a lot of work in the strategic planning process to develop the business plans but not so much focus on evaluation and follow-up (F3):

Corporate management give input to the BAs, but I do not think that they have a good idea of the output from the BAs. Neither in quality control of the business plans nor in monitoring their objectives.

Furthermore, it is expressed that the internal boards work in different ways and it is thereby difficult to compare the outcome (F2):

The internal boards do not work in a common way and it is therefore not possible to have a relevant follow up. Because the outcome is not comparable if everyone does not do it similarly.

In conclusion, most interviewees agree about the fact that it is the responsibility of corporate management to evaluate and follow-up the corporate objectives (F1, F2, F3, F4, F5). To point out, it is expressed that corporate management must clarify how they are applied in the BAs (F4):

How are the corporate objectives applied in the BA and are they actually working with them? I do not really see the feedback loop.

**Strategic control**

To repeat, TvAB uses an adjusted BSC as a strategic control system. One functional manager explains that the corporate BSC is used to establish different important measurements (F6). For instance, nitrogen emission are measured because there is a regulation in the environmental permit which Tekniska verken is required to follow (F6).

They do not need to be formulated goals but rather critical indicators which is important to control continually. There are many things, for instance regulations, which affect our businesses which we are forced to follow-up on.

Hence, the BSC is not used to assess corporate strategy. It is noticeably being used for tracking the overall health and the well-being of the company. Another functional manager thinks that this is a great way to do it. But he also points out that it does not drive development (F4):
I think it is good to use the metrics to see what is happening within the company. Are we losing profitability or is our satisfaction decreasing and so on? They are important parameters for where we are but they do not say where we are going.

As mentioned before, many of the functional managers think that the goals of the BSC are of lagging character (F1, F2, F3, F4, F5). That is, they do not contribute to development. One functional manager stresses that she rather sees the goals as indicators and she thinks that they are relevant for the owners of TvAB (F2). However, according to her, they do not steer development (F2):

They are things we need to follow because it is in the interest of our owners. They are at that level. But they cannot be used to lead and develop our company.

Under these circumstances, the strategic challenges were created. There seems to be a disagreement, however, about the interpretation of them. One functional member from business development states that they are not measurable objectives (F1):

One has to remember that they are not measurable objectives but rather a clarification of challenges than anything else.

Another functional manager believes that it would be good to connect the strategic objectives within the challenges with the BSC (F2). Someone else thinks that it is necessary to measure them because, if it is done, it would be easier to create an engagement around them (F6):

If we measure them and set targets we could create an engagement around it. Then, we would have objectives and strategies which drive development. As it is now, they do not really fulfil that function.

5.3 Conclusion of empirical findings

To conclude our findings in regard to the three presented perspectives, we have chosen to apply the model of Goold et al. (1994). By applying the model, we have the opportunity to establish to what extent the case company is congruent. As an illustration, dark green stands for the fact that the coloured theoretical input very much applies to the company. Light green means that there is a match to some extent. If a table element is not highlighted, the theoretical input is not applicable at all. To point out, even though we
strongly base our interpretation on theory, the marking is our subjective and potentially biased interpretation based on our empirical findings.

Hereby, our main assumption is that a company should preferably be close to a ‘strategic planning’ typology to be considered congruent. Notwithstanding, it is important to once again stress that we do not think that it is possible to state whether a company is fully congruent. This is because congruence is difficult to operationalize and not to mention that the current conditions are only temporary. Given these points, the model is instead used to provide an approximate truth of the investigated phenomena. Consequently, a company can have features of a ‘strategic control’ typology and still be considered to be congruent.
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Table 7. TvAB’s fit into corporate strategy typologies (based on Goold et al., 1994)

5.3.1 Corporate management influence

To start with, our empirical findings showed that TvAB has a high potential for synergy due to the coordination in the strategic planning and follow-up process. In detail, they have a common strategic planning process in which all of the BAs participate. This enables them to establish a common business logic. Not to mention that the overall corporate plan is supposed to act as a guideline for the BAs.
5.3.2 Role of the BAs

Moreover, regarding the role of the BAs, the planning process is relatively decentralized. In this process, the BAs are expected to propose an appropriate business plan which is accompanied by a budget. Thus, corporate management’s role is to examine these plans to make sure that they are of acceptable quality. This is done within the internal boards. However, the empirical findings show that they work in different and non-standardized ways. Thus, it is difficult to compare the outcome. In addition, the interviewees brought forward that few information exchanges happen between the boards. Nevertheless, the BAs are supposed to use the corporate business plan as an input when formulating their plan. Conversely, there is no clear procedure on how the businesses are actually following through with the strategic intentions. This is something which corporate management acknowledges which they need to improve upon.

5.3.3 Functional support

On the subject of functional support, some of the corporate functions are centralized while others are decentralized. That means that there is a large amount of functional staff at the centre which includes areas such as marketing, human resources, finance and business development. However, many of the businesses also have their own functional services. For instance, almost all of the businesses have their own business development function. When it comes to business development on a corporate level, they are more focused on supporting corporate management with the coordination of the strategic planning process. Some of the interviewees brought forward that the corporate functions generally have the capacity to dedicate more of their time to support the BAs. By giving more advice to the different areas, it would be possible to increase the flow of inter-organizational knowledge.

5.3.4 Corporate evaluation and follow-up

When it comes to evaluation and follow-up, it is evident that the primary focus is placed on the budget and to the commitment towards reaching the financial targets. In detail, the evaluation is performed by comparing the budget and, to a minor extent, the content of the business plan with the results of the previous year. This is probably because the energy industry has been a stable sector for a very long time and thus the financial
evaluation has become a formalized process. Furthermore, when it comes to the BSC there is a procedure on how to follow-up the overall goals as well as the indicators. However, there is no such procedure regarding the strategic objectives.

5.3.5 Environmental turbulence

Generally speaking, all three managerial perspectives agreed that the future of the energy industry is volatile and uncertain. That is, the world is changing faster than ever and thus, it is not possible to predict what will happen in the upcoming years. In addition, TvAB is exposed to external factors such as legislations, electricity prices and weather conditions. Hence, one can argue that they are acting in a high-risk and volatile industry which requires to adopt a long-term strategic perspective. At the same time, TvAB has diverse businesses. On the one hand, this enables the organization to respond to changing demands at multiple pivoting points. On the other hand, it remains challenging to pull together as one umbrella organization.
6 Discussion

In this chapter, we first compare the empirical findings complemented with the information from the case description with the theory presented in the theoretical background. Hereby, we attempt to use as much theory as possible to emphasize the contribution of this study. Second, we establish a comparison between the empirical findings and the ‘tentative model’ by Nilsson and Rapp. Through this contrast, we aim to refer back to the problem discussion as well as to the conceptual framework in which we point out our criticism. Lastly, based on all the above, we answer the main research question and the two sub-questions. We do so with the goal to generalize from theory and not only from the case.

6.1 Empirical findings compared to theory

![Diagram](environmental_turbulence стратегический синхронизм corporate_strategy business_strategy functional_strategy integrated_control planning follow-up strategic_control)

Figure 28. Empirical findings compared to theory

In this first segment of the discussion, we will compare our empirical findings with the scientific knowledge which has been discussed in the theoretical background (see figure 28). This comparison will primarily be drawn up based on the structure of the theoretical background. Hence, the theory dictated the structure for this discussion because it enabled us to make use of as many included theoretical aspects as possible. While the theoretical background dictated the structure, we used our assumptions made in the conceptual framework to support the empirical findings. We did so in the hope to
develop transparent connections between our findings and the underlying theory. To elaborate, we revisited our theoretical chapter and we selected the most influential scientific topic sentences related to the empirical study. Thereafter, we accurately identified similarities and inconsistencies.

6.1.1 Environmental turbulence

The empirical findings showed that the energy industry is currently undergoing a transformation towards becoming a more volatile and uncertain environment. In particular, it was noted that external conditions such as weather conditions, legislations, technologies and changing customer demands determine every-day operations at the case company. This was because the developments in the sector have a significant impact on the business priorities. As a consequence, it can be argued that the externalities of the firm were perceived as highly important. Equally, Chapman’s (1997) contingency theory claimed that the ideal path of strategic actions depends on the internal as well as on the external circumstances of organizations. To put it differently, internal coordination in regard to congruence and control is insufficient if organizations are neglecting external factors. Poth (2014) elaborated that the interpretation of the external environment is heavily linked to executive management’s awareness of the latter.

Child (1997) as well as Aragón-Correa and Sharma (2003) similarly argued that top management’s interpretation of changes in the environment affects their decisions and following actions for a firm’s development. The findings supported these theoretical assumptions as we found that corporate management in particular is consciously taking external changes into account. In detail, we observed that top management approaches decision making regarding strategy and control based on their interpretation of external factors and potential future developments.

Another similarity was found in regard to Miles et al.’s argumentation (1974). The authors argued that, first and foremost, a company may solely react to external developments which it actively perceives. Due to the fact that top management plays a decisive role in interpreting the status quo, it can also be regarded as a facilitator to establish strategic congruence and integrated control systems (Jannesson, et al., 2014). Likewise, in this thesis, corporate management was the determining factor for
empowering the 'One TvAB' initiative as well as the adoption of integrated control systems.

In summary, umbrella organizations must carefully consider external factors because thoughtful internal coordination by itself is insufficient to facilitate strategic congruence and integrated control. Corporate management can hereby be regarded as the most important player to interpret the environment and as a facilitator to achieve well-working congruence and control.

6.1.2 Strategic congruence

The review of scientific articles in chapter 2 defined strategic congruence as the consistency between the corporate, business and functional level. According to many scholars, the coordination of corporate operations, namely congruence, is twofold. First, it requires to decompose strategy and second, it is vital to create a joint understanding on all organizational levels (Nilsson & Rapp, 2005; Goold & Quinn, 1990; Jannesson, et al., 2014; Goold, et al., 1994). When organizations succeed in establishing a clear core business with mostly similar critical success factors this coordination is facilitated (Goold, et al., 1994). Our empirical findings showed that these made assumptions practically apply to a large extent. The case example illustrated that operational coordination is an essential hurdle with which the organization must deal with. All things considered, the existence of a clear core business with similar critical success factors was a prerequisite for facilitating coordination. This implied organization-wide comprehension regarding strategy.

Corporate strategy

The primary function of corporate strategy is to illustrate how organization-wide goals and objectives are to be achieved (Schendel & Hofer, 1979). The empirical findings confirmed this theoretical assumption. Nevertheless, previous research identified few obstacles towards developing a strategy which aligns the way in which goals are achieved. The case company example demonstrated that corporate strategy has a high influence on how rigidly a common frame of reference is applied in the entire organization. To put it differently, it was the responsibility of corporate management to decisively point out the overall direction towards which the entire organization should
go. This resembled another similarity with research. That is to say, Goold et al. (1994) emphasized that corporate management must take into consideration how it should exert influence upon its BAs as a mean for steering the whole company.

*One Teknika verken*

According to Goold et al. (1994), the development of a compelling strategy which is of great use for the umbrella group and the BAs requires a common business logic. In the problem discussion we assumed that this common logic resembles the 'one company concept'. We partly did so because Nilsson and Rapp (2005) reason that the existence of multiple common features in the BAs helps corporate management to actively participate in the BAs’ development. In conformity with these theoretical statements, our findings validated our assumption. To enumerate, we observed that the initiative to become 'One TvAB' resembled the attempt to serve the customer as one company. Further, it was associated with creating common ways of working and thus, it enabled corporate management to steer the BAs with the help of strategy and control mechanisms. Therewith, the case example proved that the introduction of a 'one company concept' can improve coordinative and collaborative efforts of an umbrella organization.

*Challenges with strategic congruence*

Further, we found that corporate strategy, and therewith associated the degree of uniformity of the chosen management style, was subject to pitfalls. According to Porter (1987), a frequent pitfall was that corporate management assumes that collaborative efforts will occur on their own without them actively promoting it. In conformity with Porter’s assumption (1987), the case disclosed that the benefits of collaboration as well as communication tend to be underestimated. This was particularly evident because, on the one hand, corporate management was expecting more cooperative initiatives from the businesses. On the other hand, some businesses claimed that they know best how to achieve success for their BA. In a similar manner to Porter, Prahalad and Hamel (1990, 1996) developed the argument that an organization’s success relates to a firm’s ability to cultivate collective learning and to coordinate skills. When speaking about the coordination of skills at the umbrella company, we discovered that corporate management is vividly discussing which functions to centralize and which to keep
decentralized. This debate indicated that the distribution of skills and expertise is a vital step towards achieving a higher degree of strategic congruence in umbrella organizations. To sum up, building on the engagement of corporate management, the encouragement of a close interaction can be understood as a continuous learning cycle. This, in turn, leads to internal arrangements which facilitate a common business logic. To the same extent, we understood the process to become congruent as an iterative learning process. Using the previous literature about strategic congruence as a starting point, it was described as something relatively straight-forward to implement. However, our findings showed that it requires an organization-wide acceptance and more importantly, the full commitment of corporate management to constantly improve cooperation.

**Business area strategy**

Regarding business strategy, Goold et al. (1994) argued that BAs must have very similar critical success factors. To agree upon similar success factors, the umbrella group must focus its core activities on particular markets and industries. Under this prerequisite, corporate management is empowered to establish strategic congruence (Goold, et al., 1994). If that is the case, the setup for a common business logic as well as a clear management style is facilitated (Goold, et al., 1994). These scientific assumptions were similar to what we found in practice. Among managers, there was a consensus that the case company understands itself as an energy group. Some of the services offered by TvAB may also relate to infrastructure projects, however, these were realized to develop better energy solutions for the customer as well. Due to this identification of core activities, the initiative to become 'One TvAB' was made easier for corporate management. Also, it facilitated to make corporate strategic decisions which affect the overall development of the umbrella group. Nevertheless, we discovered an internal restriction towards setting up a common business logic which has not been addressed by previous research. To be more specific, we found that the historical development of the case company slows down the pace of becoming 'One TvAB'. In particular, a BA manager explained that the previous autonomy of the areas complicates the journey towards a uniform management style in the businesses.
Furthermore, as described in the theoretical background, a business strategy gives indication about what the BA must do to accomplish its market objectives (Grant, 2016; Merchant & Van der Stede, 2012). As the areas directly compete on the market they are to be regarded as the most important elements of an organization (Goold, et al., 1994). Moreover, due to changing market conditions, Trever and Varcoe (2016) assumed that business strategies and structures need to be constantly adapted to changing market conditions across the entirety of an organization.

On the basis of our empirical findings, we confirmed these theoretical assumptions. The different BAs were at the forefront of the TvAB group. The level of competition differed between them and the strategic cycle enabled the areas to react to external developments on a yearly basis. More importantly, however, all interviewees repeatedly emphasized that the differences among the businesses must not be underestimated. These findings were in conflict with Porter’s assumptions about business strategy typologies. In accordance with Porter (1980), his business strategies mutually excluded each other and a combination of them caused the risk to lose all benefits. Our empirical findings pointed out that his typologies are thus insufficient to investigate strategic congruence. Thereupon, we assumed that it is more appropriate to apply the framework of Miles and Snow. Alternatively, the framework of Gupta and Govindarajan could be used because both frameworks highlight the temporal development of business strategies.

Furthermore, we observed that the initiative to become ‘One TvAB’ has had twofold consequences. On the one hand, the case example portrayed that the businesses collaborate to better achieve the umbrella group’s ambitions. On the other hand, we found a minor reluctance of some BAs to subordinate themselves to the ambition. This was because some managers assume that the differences among the areas are too big to be bridged. Nevertheless, the outlook among management was good as we discovered that the business managers assigned great importance to the ambition. According to our empirical findings, it did not only strengthen the ability to serve the customer as one company, but also will it supposedly help to deal with the volatile developments in the energy sector.
Altogether, we concluded that the identification of core activities across the BAs enabled corporate management to make corporate strategic decisions which better affect the entire umbrella group. Nevertheless, the differences among the areas must not be underestimated. This was challenging since business strategies always need to be re-adjusted as the businesses themselves were the most vital parts of an umbrella group.

**Functional strategy**

When talking about functional departments, scientists are most typically referring to sales, marketing, human resources, business development and finance (Goold, et al., 1994; Steyn, 2004). Goold et al. (1994) highlighted that the strategy field has typically overemphasized corporate and business strategies in comparison to how much attention has been paid to functional strategy. Generally speaking, however, there is a consensus among researchers that functional areas can grow into distinctive competencies to provide the corporate and the business level with support (Steyn, 2004; Nilsson & Rapp, 2005; Snow & Hrebinia, 1980). In a similar manner, our findings showed that the case company paid particular attention to the functional departments. In particular, this was evident because business development is responsible for preparing as well as guiding the strategic process. Another example for this can be found when looking at the finance department. To be more precise, all controllers are engaged in different internal boards and therewith, they gain a comprehensive overview of the financial well-being of the entire organization. Besides, there is an ongoing process of centralizing some of the functions. Hereby, the aim is to better coordinate the corporate functions and hence, enabled them to further improve the level of support which they can provide the businesses with.

In essence, functional departments are to be understood as distinctive competencies which add value to the umbrella organization. They do so by providing the corporate and the business level with beneficial support.

**6.1.3 Integrated control**

Integrated control underlines the importance of design and usage of strategic planning and follow-up at all organizational levels (Poth, 2014). Namely, it enables a common
frame of reference regarding terminology and alike control standards (Nilsson & Rapp, 2005). Above all, it facilitates a stronger interlinkage between the corporate, business and functional objectives and strategies (Jannesson, et al., 2014). Notwithstanding, previous research paid modest attention on how to achieve mutually consistent strategies with the help of integrated control. In detail, Nilsson and Rapp (2005) mostly focused on the integration of management control and manufacturing control. The empirical findings, in opposite, pointed out the practical relevance of integrated control. This was because our findings illustrated the possibility of facilitating a stronger interlinkage between corporate, business and functional strategies by having a corporate-wide planning process. Given these points, our empirical findings stressed that a system of integrated control was a prerequisite for achieving congruence.

In the following segments, we will now compare previous research within planning, follow-up and strategic control to our empirical findings.

**Strategic planning**

Previous research indicated that the integration of strategic planning can facilitate the coordination and alignment of goals across the corporation, BAs and functional areas (Dye & Sibony, 2007; Nilsson & Rapp, 2005). The empirical findings of the case study confirmed these theoretical assumptions. This is because the company has a wide corporate planning process in which all the BAs are included. Generally speaking, the planning process of the case company resembled with the theoretical recommendations of previous research. That is, it contained an industry analysis, goal setting and choice of strategy which translated the business plan into a budget and continuous follow-up. Above all, the BAs were all part of the process and contributed with their ideas so that it was linked to the corporate plan. Under those circumstances, the corporate plan is a package that every BA is supposed to consider when they work with their business plan. Thereby, as previous research stressed, the progress of goals and objectives can be tracked organization-wide to ensure that it is aligned with desired outcomes (Malmi & Brown, 2008; Andersen, 2000).

Notwithstanding, it is important to separate the meaning of goals and objectives. Goals are something symbolic, with the purpose to convey an idea, while objectives are measurable and act as evaluation criteria (Meyer & Rowan, 1977; Jacobsen & Thorsvik,
The empirical findings, however, showed that this is not always clear. That is, the interviewees had different understandings of the goals and objectives. First of all, the modified BSC with six objectives contained indicators which included targets that are measured. Altogether, they were considered to be well-understood. However, they did not drive development. The strategic objectives, in contrast, were supposed to drive development. Notwithstanding, there was a disagreement about their interpretation. To enumerate, an interviewee stated that they were clarifications of challenges rather than being measurable objectives. In other words, they were symbolic goals with the purpose to convey an idea. Consequently, the large amount of goals and objectives has led to a content which is too difficult to comprehend for the different levels. Above all, they were interpreted differently throughout the organization.

To sum up, there is one important lesson to derive from theory and previous research. It is important to establish a common interpretation of goals and objectives. Otherwise, it will not be clear what is expected from the BAs. Not to mention that it is difficult to evaluate and follow up the output of them.

**Follow-up**

The following up process started by collecting both monetary and non-monetary information about the current progress of the businesses. That is, as previous research stated, to provide managers at all levels with monthly reports to compare the current situation with strategy and budget (Nilsson & Rapp, 2005). In accordance with research, our empirical findings showed that all of the businesses are evaluated on a quarterly basis in their internal boards. However, it was expressed that the internal boards did not work in a common way and consequently the quality of evaluation vary.

Above all, the described process are strongly affected by a firm's environment. To enumerate, tight controls are more appropriate in stable environments where objectives are easily identifiable while lose controls are preferable in unstable environments where objectives are difficult to specify (Goold, et al., 1994; Nilsson & Rapp, 2005). In addition, Nilsson (2002) stated that this position is dependent on synergy potential to increase the probability of integrated control. Given these points, a successful implementation of strategy makes certain controls more appropriate under certain circumstances (Atkinson, 2006). Our empirical findings showed that there was a strong emphasis on
tight control because the BAs were primarily evaluated based on their financial result. Due to previous research, it was reasonable to say that the case company would benefit by working more flexible. That is to say, to not only put emphasis on the financial result but also on the outcome of the business plan.

To summarize, to achieve integrated control it is important to establish a common frame of reference and in particular alike control standards. In addition, due the turbulence of the environment, there should be a stronger focus on the output of the business plans.

**Strategic control**

Previous research stated that the purpose of strategic control is to monitor the strategic progress and to ensure the implementation of strategic plans (Ittner & Larcker, 1997). That is to say, it serves as a basis for future actions because it identifies corrections to steer the corporation towards desired results (Ruefli & Sarrazin, 1981; Simons, 1995; Lee & Puranam, 2016). Given these points, we will discuss the strategic control system of the case company.

To begin with, as mentioned before, the case company used a modified BSC as their strategic control system. In accordance with Kaplan (1992), it was supposed to translate the company’s strategic objectives into a coherent set of performance measures. Above all, the case company used it to track the well-being of the company. Not to mention that some of the indicators were necessary to monitor due to regulation. All of the BAs were applying the BSC, nevertheless, it was used in different ways. In detail, the objectives were broken down to all of the BAs whereas the usage of indicators differ from BA to BA. This was because it would otherwise be difficult to keep it relevant. Hence, the BSC is used as a “template not a strait jacket” (Kaplan & Norton, 1996a, p. 34).

Research in the field of management, however, has raised concerns about the practical relevance of the BSC. For example, it was criticized for strengthening formal control, increasing unreflected measurements and reducing commitment (Antonsen, 2014; Dror, 2008). Above all, it is claimed that there is no convincing evidence of whether the companies attain the claimed results of the BSC (Neely, 2008; Nørreklit, 2000). Our empirical findings disclosed that there was a resemblance with the criticism. Generally speaking, the interviewees expressed that the BSC mainly contained lagging indicators.
In other words, it was not seen as a strategic control system which drives development. Another dilemma was that the BSC was in conflict with the strategic challenges. The objectives within the challenges, in turn, were supposed to drive development. However, they were neither measured nor followed up. Consequently, it led to confusion since the BAs did not know what to focus on. Atkinson (2006), in contrast to the criticism, argued that the unsuccessful initiatives of the BSC did not follow the original instructions available in the literature. Our empirical findings displayed a desire to marry the BSC with the objectives. Hereby, the focus would be on the BSC as a strategic control system which can be used to steer the corporation towards desired results.

In conclusion, the successful implementation of the BSC depends on top management commitment, the sense of worth and proper facilitation (Bourne, et al., 2002). Our case example indicated that not all managers are convinced of the BSC’s usefulness. As a consequence, its use is not promoted during the entire organization which leads to less desired outcomes. With this in mind, our findings further indicated that a more sophisticated usage could benefit the control mechanisms of the case company.

6.2 Empirical findings compared to the ‘tentative model’ of Nilsson and Rapp

In this second part of the discussion, we will establish a comparison between the ‘tentative model’ of Nilsson and Rapp and our empirical findings. This will enable us to directly connect our findings to the problem discussion as well as to the assumptions which we make in the conceptual framework. Also, we believe that it will further help to create a red thread through the entirety of our thesis project.

In their ‘tentative model’, Nilsson and Rapp (2005), who based their thinking on Porter’s strategy typologies, assumed that there are two strategic options for achieving congruence. The first option is to combine activity sharing and differentiation. Regarding the first option, we found that it is feasible to combine these two strategies while still achieving congruence. We assumed so because the BAs at the case company are highly diverse while the umbrella group management makes centralized decisions. Notwithstanding, we still believe that it is a simplistic view because they accept the notion that business strategy is something static. Instead, based on our findings, business typologies should rather be understood as archetypes.
The second option is to combine portfolio management and cost leadership. Our empirical findings spoke against the second option because the case company works with a common strategic process for which all businesses can give their input. Hence, despite offering different services, the BAs are collaboratively creating an organization-wide strategic framework. This likewise contradicted the argumentation of Nilsson and Rapp (2005). Second, it was also made difficult due to the fact that the businesses and their products have unalike levels of maturity. To elaborate, we found that the business strategies of all BAs at the case company were particularly vivid because of the above-mentioned collaboration. Related thereto, many managers brought forward that the case company risks becoming uncompetitive if the BAs do not adjust and reinvent their business models to changing market conditions. With this in mind, we disagree with Nilsson and Rapp. We instead argued that strategic congruence, and therewith a common business logic, did not require the exact similarity of the different BAs. It was instead reflected in the close interaction between corporate and business management in which cooperation was a part of a learning process. Further, this cooperation strengthened the case company's capacity to cultivate collective learning and thereby to achieve a common business logic.

Lastly, our case produced findings which emphasized that the functional departments provide valuable support for both the corporate and the business level for achieving congruence. Thus, the fact that Nilsson and Rapp (2005) relativized their valuable contribution stood in opposition to our findings.
6.3 Answering the research questions

In the third part of the discussion, we will respond to our main research question as well as to the two sub-questions. Hereby, the sub-questions help to find an answer to the main research question. In the following, we will outline the respective answers.

6.3.1 Response to research question 1

What are the challenges with strategic congruence and integrated control?

In this master thesis, we identified two main hurdles towards achieving strategic congruence. First, we found that it is challenging to foster transparent communication and collaboration between BAs under one corporate umbrella. One reason for this is that corporate management must assume responsibility to foster collaborative efforts. Another reason is that it is a complex and time-consuming process to achieve congruence. In other words, it can be understood as a continuous learning cycle which requires full acceptance and long-term commitment. Second, it is equally important to optimize organizational structures and to design clear responsibility areas. These challenges arise because it is a difficult task to distribute skills and expertise throughout an organization. Furthermore, corporate management’s actions are constrained because past conditions may hinder new developments and can cause minor reluctance among the businesses to subordinate themselves to the umbrella group’s aspiration.

With regard to integrated control, we addressed two central challenges. First, our empirical findings showed that one of the main challenges is to break down the complex content of the corporate plan to the BAs. Due to the parallel structures of the BSC and the strategic objectives, it creates confusion among the BAs and thus they do not know what to concentrate on. Above all, there are different interpretations of the corporate plan’s content and on how to apply the BSC. Consequently, the BAs have difficulties with decomposing the corporate plan. Second, the empirical findings revealed that the internal boards do not work in a common way. On that account, it creates differences in the quality of evaluation. Not to mention that the evaluation process is heavily focused on financial control and only to a minor extent on the business plan.
6.3.2  Response to sub-question 1

How can these challenges be managed by corporate management?

All things considered, our empirical findings indicated that the creation of a common business logic can help to solve the challenges associated with establishing strategic congruence. In order to solve the first challenge regarding strategic congruence, corporate management must encourage the regular exchange of information regarding external circumstances and predictions between the BAs. To enumerate, due to the environmental turbulence of the energy industry, it is necessary to create a consensus among the BAs where collaboration enables the group to embrace more flexible structures and strategic initiatives. Corporate management can address the second hurdle by providing clear guidance in regard to which activities must be centralized and which must remain decentralized. Also, it can be advantageous to strengthen the role of the corporate functions and thereby enable them to provide more support to the BAs as well as to corporate management.

Given the challenges of integrated control, we argue that corporate management must further strengthen a common frame of reference regarding terminology and alike control standards. In practice, this means that they must simplify the goals and objectives of the corporate plan. Above all, they must make sure that the content of the corporate plan is widely accepted and agreed upon. In addition, the empirical findings illustrate that corporate management should put more focus on the business plan evaluation. This is because the evaluation in the internal boards mostly focuses on financial control and only to a minor extent on the business plans. Also, there is no current evaluation of the strategic challenges which contain objectives of the corporate business plan. Thus, we think it would be beneficial to implement a uniform way of how the business plan’s content is assessed.

6.3.3  Response to sub-question 2

How can strategic congruence and integrated control be understood from an empirical perspective?
Our main conclusion is that it remains difficult to grasp the elusive concept of strategic congruence. This is because it is an iterative process which contributes to the development of internal structures. However, by shedding light on integrated control the empirical notion of strategic congruence becomes clearer. Our empirical findings showed that with the help of integrated control diverse BAs can gather around one corporate umbrella. To explain further, common planning and follow-up procedures as well as strategic control mechanisms may facilitate congruence. Furthermore, from our findings we derived that the presence of strategic congruence and integrated control facilitates a common business logic. It means that there is a well-considered overall strategy, in the form of limited critical success factors, which can bring diverse BAs together under one corporate umbrella. We believe that our study collected compelling evidence that is similar to the ‘one company concept’ or ‘One TvbAB’.

To sum up, our findings showed that the underlying idea of a common business logic, namely a cooperative way of working with strategy and control across strategic levels, displayed strong similarities with ‘One TvbAB’. The fact that a common way of working empowered the case company’s corporate management to steer the businesses with the help of strategy and control mechanisms supports this conclusion.
7 Conclusion

This final thesis chapter summarizes the main findings based on the empirical data analysis. We briefly recapitulate the purpose and we draw conclusions from the previous chapters. Moreover, we present the theoretical contributions and compare what we hoped to find with our initial aspirations. Thereafter, managerial implications for practitioners are emphasized. Lastly, we point out the limitations of this master thesis and we derive opportunities for further future research.

7.1 Thesis summary

In essence, we conclude from our findings that the BAs of umbrella organizations can be diverse while simultaneously being congruent. With the help of a 'one company concept' combined with shared planning and follow-up mechanisms it is thus possible to create a common business logic. Hereby, we found it valuable to have applied a contingency perspective as our empirical investigation showed that there is no optimal way of organizing or leading umbrella organizations.

Theoretically speaking, we found that being congruent can be understood as adopting a 'strategic planning' strategy. We came to this conclusion because of the strong efforts by the case company to join forces in regard to planning procedures. Further, we discovered that organization-wide procedures of integrated control have the potential to facilitate becoming strategically congruent. As a matter of fact, the case company’s initiative to become ‘One TvAB’ illustrated the challenges that come with aiming to develop consistent strategies which bring diverse BAs together beneath one corporate umbrella.

In a nutshell, we found that our chosen conceptual framework, which is partly based on well-established theory, did help to display a vital challenge of management reality from a theoretical perspective. Hereby, we found convincing evidence that our research findings developed new insights which could stand for a number of umbrella organizations.
7.2 Theoretical contribution

The purpose of this master thesis was to point out the challenges with implementing organization-wide congruence. Above all, our intention was to investigate the benefits of a common business logic in the strategic planning and follow-up process. Given these points, we will now revisit the four contributions which were presented in 1.4.

1. First, we attempted to examine the practical relevance of Nilsson and Rapp’s (2005) ‘tentative model’ by suggesting a new plausible explanation regarding the interplay of strategic congruence and integrated control. To be more precise, the conceptual framework of this paper contributed to narrowing down the gap between theory and practice by shedding more light on integrated control in particular.

2. Second, due to the few existing studies on congruence and control, we wanted to investigate the phenomena to provide a more contemporary perspective of the topic. As we made our observations at an umbrella organization which is an energy firm operating in a rapidly changing and volatile environment, we assume that firms in similar positions will face similar challenges. To enumerate, based on the conclusions which arose from our discussion as well as based on the statements of interviewees, we believe that our conceptual model is transferable to other mid-size or large umbrella organizations which are operating in turbulent environments.

3. Third, we noticed that few research projects have paid detailed attention to corporate functions such as business development, operational development and finance. Hence, we attempted to investigate how functional services are involved in the process of congruence and control. The empirical findings showed that they play an important role in the process which is contemporarily underestimated in research.

4. Lastly, we aimed to stimulate agreement upon a more consistent definition of congruence. Our conclusion is that the previous definition of congruence is rather positivistic and too simplistic. Due to the difficulty of operationalizing congruence, we think that it is not possible to state whether a company is fully congruence or not. Nevertheless, the findings of this thesis revealed that by
emphasizing the relevance of integrated control it contributes to clarifying the empirical notion of congruence.

7.3 Practical recommendations

This study benefited the understanding of practitioners in regard to the process of becoming more strategically congruent and establishing procedures of integrated control. In particular, it identified new ways of approaching the challenges that we have identified associated with the two theoretical concepts.

7.3.1 Strategic congruence

First of all, this case study helped to make more deliberate decisions regarding the centralization or decentralization of corporate functions in umbrella organizations. We found that both should be treated as relative and not extreme concepts. In other words, any umbrella organization must not be totally centralized or totally de-centralized. Nevertheless, the case example showed that an inconsistent way of organizing causes additional hurdles. To enumerate, it is important that development in the corresponding BAs is driven by functions which are equally distributed to all businesses.

Second, managers can gain from this study that the formulation as well as the execution of strategy are strongly intertwined. From our findings, we concluded that a thorough planning phase is not sufficient by itself. Similarly, with the goal to achieve a higher degree of strategic congruence, it is important to create an organization-wide commitment towards achieving strategic congruence and ultimately a common business logic. To achieve this, strategy formulation can be carried out with a top-down approach, however, strategy execution requires a bottom-up approach.

Third, practitioners should be aware that the journey of building strategic congruence should not be underestimated. To enumerate, it requires a lot of time as well as resources and thus, if it is desired by corporate management to gain the benefits of congruence, it involves a long-term perspective in respect to mechanisms of strategy and control. In detail, this has proven to be of importance for the case company because of the changing external environments in the energy industry. The volatility of the sector is increasing
and if applied successfully, strategic congruence can reveal new ways of developing more flexible structures and strategic initiatives.

7.3.2 Integrated control

Given the challenges of integrated control, it is appropriate to propose practical recommendations which apply to the case company of this master thesis. These suggestions are supposed to further strengthen a common frame of reference regarding terminology and alike control standards. Hereby, four recommendations are presented as illustrated in figure 29 below.

![Figure 29. Practical recommendations regarding integrated control](image)

First of all, the interviewees pointed out that the strategic planning process by itself is satisfactory but that it easily leads to a one-year perspective. This is because an immense effort is placed on the planning stage. Unfortunately, evaluation and follow-up do not get the same comparable attention. Given these points, it is appropriate to modify the current structure.

Second, all of the interviewees agreed upon the fact that the content of the corporate plan is too complex. Hence, the corporate objectives must be precise and not too many.
Otherwise it will be difficult to get a clear focus and thus the BAs will not know what to concentrate on. In particular, corporate management must ensure that the content is widely accepted.

Third, the current evaluation and follow-up process should be investigated. This is because there is no control system in place for ensuring that the objectives within the strategic challenges are carried out. Not to mention that the BAs are evaluated differently in their internal boards. Hereby, we think that it would be favorable to implement a uniform and transparent way of how the BAs are evaluated.

Fourth, it is important to agree upon a common purpose of the BSC. Due to the parallel process of the strategic challenges, it has created confusion among the BAs on what to prioritize. One interviewee exemplary pointed out that the purpose is to track the well-being of the company. Hence, in contrast to its traditional idea, the BSC serves as a control system which displays the current state of the company rather than driving development.

7.4 Limitations

The purpose of this master thesis was to critically assess the challenges of strategic congruence and integrated control. We also emphasized the benefits of a common business logic in the strategic planning and follow-up process. Under those circumstances, it is important to point out the limitations of this study. To emphasize, our empirical findings need to be handled with caution as they are based on a single case study. In the following, we will hence point out three main limitations.

First, the theoretical background of this master thesis mainly consists of relatively well-established theoretical models of strategy and control. One could therefore argue that it would be beneficial to investigate more contemporary theory of strategy and control. Nevertheless, theories such as the resource-based view do not specifically address how corporate management can relate to the BAs under its control.

Second, this paper solely focuses on the corporate, business and functional level. We thus recognize that a more holistic approach would be favorable by interviewing employees on other lower levels. It would possibly provide a more sophisticated analysis
of how strategic congruence and integrated control are perceived by the organizational members of the case company.

Lastly, we once again think that it is important to point out that the interpretation of our empirical findings is subjective and resembles no universal truth. Above all, as mentioned before, one of us was employed in the case organization during the thesis period. Thus, it cannot be overlooked that the close collaboration with the company could have led to biased findings. However, we believe that it was an advantage to our study since it enabled us to have very open interviews with many senior managers.

7.5 Future research

In this study, we put emphasis on the mutual dependency of strategic congruence and integrated control to establish shared critical success factors and ultimately, to create a common business logic. For this purpose, we examined three strategic levels and we developed a conceptual framework which realigned the focus of the ‘tentative model’ by Nilsson and Rapp towards the above-mentioned assumptions.

In order to logically build upon our findings, future research should explore the challenges which we have identified in umbrella organizations. To be more precise, we detected two main challenges regarding the achievement of strategic congruence. In addition, another two hurdles towards the implementation of integrated control were found.

The compelling findings are further providing a base to conduct more research on the practical application of strategic congruence and integrated control. This could not only help to strengthen the operationalization of strategic congruence, but also to explore more prerequisites as well as features of a common business logic. With this in mind, we suggest twofold opportunities. First, we recommend utilizing a multiple case study design which aims to replicate our research strategy and data collection procedure. On this basis, scientists could test if our findings apply to other case company examples in a similar way. To be more precise, one could start with examining other energy organizations as they are facing similar challenges such as our case company. Second, although there is still much to be gained from the mechanisms in regard to strategy and control at the case company, the generalizability of the findings should be
examined. Hence, researchers could use a comparative case study design with the goal to investigate how the presence of strategic congruence and integrated control differs among umbrella organizations.
8 List of references


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## 9 Appendix

### 9.1 Interviewee information

<table>
<thead>
<tr>
<th>Organizational level</th>
<th>Position</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate level (C)</td>
<td>CEO</td>
<td>2018-02-21</td>
</tr>
<tr>
<td></td>
<td>Vice President</td>
<td>2018-03-09</td>
</tr>
<tr>
<td></td>
<td>Financial director</td>
<td>2018-02-28</td>
</tr>
<tr>
<td></td>
<td>Marketing director</td>
<td>2018-02-28</td>
</tr>
<tr>
<td></td>
<td>IT director</td>
<td>2018-02-21</td>
</tr>
<tr>
<td>Business level (B)</td>
<td>CEO of Elnät</td>
<td>2018-02-27</td>
</tr>
<tr>
<td></td>
<td>CEO of Utsikt</td>
<td>2018-02-27</td>
</tr>
<tr>
<td></td>
<td>BA manager of Water, Biogas</td>
<td>2018-03-01</td>
</tr>
<tr>
<td>Functional level (F)</td>
<td>Head of business development</td>
<td>2018-03-09</td>
</tr>
<tr>
<td></td>
<td>Head of operational development</td>
<td>2018-03-01</td>
</tr>
<tr>
<td></td>
<td>Business developer</td>
<td>2018-02-26</td>
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<tr>
<td></td>
<td>Business developer</td>
<td>2018-02-26</td>
</tr>
<tr>
<td></td>
<td>Head controller</td>
<td>2018-02-20</td>
</tr>
<tr>
<td></td>
<td>Operational developer</td>
<td>2018-02-20</td>
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Table 8. Interviewees from thesis project in spring 2018
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<tr>
<th>Organizational level</th>
<th>Position</th>
<th>Date</th>
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<tr>
<td>Corporate level (C)</td>
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<tr>
<td>Business level (B)</td>
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<td>2017-11-14</td>
</tr>
<tr>
<td></td>
<td>CEO Utsikt</td>
<td>2017-11-07</td>
</tr>
<tr>
<td></td>
<td>BA manager Water, Biogas</td>
<td>2017-11-15</td>
</tr>
<tr>
<td></td>
<td>BA manager fuel-based energy</td>
<td>2017-12-07</td>
</tr>
<tr>
<td>Functional level (F)</td>
<td>Controller</td>
<td>2017-12-01</td>
</tr>
</tbody>
</table>

Table 9. Interviewees from internal project in autumn 2017
### 9.2 Interview guides

<table>
<thead>
<tr>
<th>Theme</th>
<th>Question</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>How did the idea of ‘One Tekniska verken’ come up?</td>
<td></td>
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<td></td>
<td>What was the initial purpose and has it change?</td>
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<td></td>
<td>In which way has the implementation of ‘One Tekniska verken’ influenced the strategic process?</td>
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<td></td>
<td>How has it been communicated down to the BAs and support functions?</td>
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<td></td>
<td>What have the challenges been so far?</td>
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<td></td>
<td>How do you evaluate the different BAs? Financially or strategically?</td>
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<td></td>
<td>Who is responsible for ensuring that the corporate strategic objectives are carried out?</td>
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<td></td>
<td>In which way and when is the corporate BSC evaluated?</td>
<td></td>
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<tr>
<td><strong>Common business logic</strong>&lt;br&gt; - frame of reference&lt;br&gt; - terminology&lt;br&gt; - synergy</td>
<td>Do you think that the BA managers are enough committed or involved in formulating the corporate plan?</td>
<td>(Goold, et al., 1994) (Nilsson &amp; Rapp, 2005) (Jannesson, et al., 2014)</td>
</tr>
<tr>
<td></td>
<td>Are you satisfied with the progress of ‘One Tekniska verken’?</td>
<td></td>
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Table 10. Interview guide CEO
<table>
<thead>
<tr>
<th>Theme</th>
<th>Question</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Say thank you for participating</td>
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<td></td>
<td>• Introduce interviewers, project</td>
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<td></td>
<td>• Assure anonymity</td>
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<td></td>
<td>• Offer to hold interview in English or Swedish</td>
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<td></td>
<td>• Ask for permission to record conversation</td>
<td></td>
</tr>
<tr>
<td>Initial question</td>
<td>Could you briefly introduce yourself and your area of responsibility?</td>
<td></td>
</tr>
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<td>Strategic congruence</td>
<td>In which way has the implementation of “Ett Tekniska verken” influenced the strategic process?</td>
<td>(European Business Review, 2016)</td>
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<td></td>
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<td>(Tuck Executive Education, 2016)</td>
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<td></td>
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<td>(Jannesson, et al., 2014)</td>
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<td></td>
<td></td>
<td>(Nilsson &amp; Rapp, 2005)</td>
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<td></td>
<td></td>
<td>(Goold, et al., 1994)</td>
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<td></td>
<td>How are you involved in the strategic process of the corporate plan?</td>
<td>(Bouillon, et al., 2006)</td>
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<td></td>
<td>Are you satisfied with the information that you receive before the strategic workshops?</td>
<td>(Aragón-Correa &amp; Sharma, 2003)</td>
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<td></td>
<td>In which way does corporate management assist IBAs to arrive at better plans and strategies?</td>
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<tr>
<td>Integrated control</td>
<td>How does corporate management assess and approve business plans?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
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<td></td>
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<td>(Archer &amp; Otle, 1999)</td>
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<td></td>
<td></td>
<td>(Antonsen, 2014)</td>
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<td></td>
<td>How is the performance of businesses evaluated? Financially or strategically?</td>
<td>(Dye &amp; Siibony, 2007)</td>
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<td></td>
<td></td>
<td>(Ruefli &amp; Sarrazin, 1981)</td>
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<td></td>
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<td>(Anthony, 1963)</td>
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<td></td>
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<td>(Atkinson, 2006)</td>
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<td>(Goold &amp; Quinn, 1990)</td>
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<td>(Ittner &amp; Lærker, 1997)</td>
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<td>(Preble, 1992)</td>
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<td>In your opinion, how well is the scorecard being used to assess current strategy?</td>
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<td>Common business logic</td>
<td>Do you have a common way of working with the business plan and budget?</td>
<td>(Goold, et al., 1994)</td>
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<td></td>
<td></td>
<td>(Nilsson &amp; Rapp, 2005)</td>
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<tr>
<td></td>
<td></td>
<td>(Jannesson, et al., 2014)</td>
</tr>
<tr>
<td></td>
<td>Are you satisfied with the current structure of the strategic process?</td>
<td></td>
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<tr>
<td></td>
<td>Do you think that the corporate and business managers have a common understanding of the future challenges?</td>
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<tr>
<td></td>
<td>Is it necessary to make strategic processes more similar at Tekniska verken?</td>
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**Table 11. Interview guide corporate management**
<table>
<thead>
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<th>Theme</th>
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<td>• Offer to hold interview in English or Swedish</td>
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<td>• Ask for permission to record conversation</td>
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<tr>
<td>Initial questions</td>
<td>Could you briefly introduce yourself and your area of responsibility?</td>
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<tr>
<td>Strategic congruence</td>
<td>In which way has the implementation of 'One Tekniska verken' influenced the strategic process?</td>
<td>(Aragón-Correa &amp; Sharma, 2003)</td>
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<td>How are you involved in the strategic process of the corporate plan?</td>
<td>(Poth, 2014)</td>
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<td>Are you satisfied with the information that you receive before the strategic workshops?</td>
<td>(Jannesson, et al., 2014)</td>
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<td>What strategic directives has corporate management formulated for your particular BA?</td>
<td>(Goold, et al., 1994)</td>
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<td>In which way does corporate management or functional staff assist your BA to arrive at better plans and strategies?</td>
<td>(Schendel &amp; Hofer, 1979)</td>
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<td>Integrated control</td>
<td>How does corporate management assess and approve your business plan?</td>
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<td>Do you know which corporate strategic objectives to prioritize?</td>
<td>(Merchant &amp; Van der Stede, 2012)</td>
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<td>How do you break down your objectives into specific targets for each year?</td>
<td>(Steyn, 2004)</td>
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<tr>
<td></td>
<td>How is the performance of your business evaluated? Financially or strategically?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td>In your opinion, how well are you using the BSC to assess current strategy?</td>
<td>(Goold &amp; Quinn, 1990)</td>
</tr>
<tr>
<td></td>
<td>Who is responsible for ensuring that the corporate strategic objectives are carried out?</td>
<td>(Preble, 1992)</td>
</tr>
<tr>
<td></td>
<td>How and when do you follow up the corporate objectives? Do you have an activity list for that?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td>In which way and when is the corporate BSC evaluated?</td>
<td>(Antonsen, 2014)</td>
</tr>
<tr>
<td>Common business logic</td>
<td>Do you have a common way of working with the business plan and budget?</td>
<td>(Dye &amp; Sihony, 2007)</td>
</tr>
<tr>
<td></td>
<td>Are you satisfied with the current structure of the strategic process?</td>
<td>(Ruefli &amp; Sarrazin, 1983)</td>
</tr>
<tr>
<td></td>
<td>Do you think that the managers have a common understanding of the future challenges of the company?</td>
<td>(Anthony, 1969)</td>
</tr>
<tr>
<td></td>
<td>Is it necessary to make strategic processes more similar at Tekniska verken?</td>
<td>(Atkinson, 2006)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Goold &amp; Quinn, 1990)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Ittner &amp; Larcker, 1997)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Preble, 1992)</td>
</tr>
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Table 12. Interview guide BA managers
<table>
<thead>
<tr>
<th>Theme</th>
<th>Question</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Initial question</strong></td>
<td>Could you briefly introduce yourself and your area of responsibility?</td>
<td></td>
</tr>
<tr>
<td><strong>Strategic congruence</strong></td>
<td>In which way has the implementation of ‘One Tekniska verken’ influenced the strategic process?</td>
<td>(European Business Review, 2016)</td>
</tr>
<tr>
<td></td>
<td>How are you involved in the strategic process of the corporate plan?</td>
<td>(Tuck Executive Education, 2016)</td>
</tr>
<tr>
<td></td>
<td>Are you satisfied with the information that you receive before the strategic workshops?</td>
<td>(Poth, 2014)</td>
</tr>
<tr>
<td></td>
<td>In which way does corporate management assist BAs to arrive at better plans and strategies?</td>
<td>(Jannesson, et al., 2014)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Goold, et al., 1994)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Bouillon, et al., 2006)</td>
</tr>
<tr>
<td><strong>Integrated control</strong></td>
<td>How does corporate management assess and approve business plans?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td>How is the performance of businesses evaluated?</td>
<td>(Archer &amp; Otley, 1991)</td>
</tr>
<tr>
<td></td>
<td>Financially or strategically?</td>
<td>(Antonsen, 2014)</td>
</tr>
<tr>
<td></td>
<td>In your opinion, how well is the BSC being used to assess current strategy?</td>
<td>(Dye &amp; Sibony, 2007)</td>
</tr>
<tr>
<td></td>
<td>Who is responsible for ensuring that the corporate strategic objectives are carried out?</td>
<td>(Ruefl &amp; Sarrazin, 1981)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Anthony, 1965)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Atkinson, 2006)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Goold &amp; Quinn, 1990)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Ittner &amp; Larcker, 1997)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Preble, 1992)</td>
</tr>
<tr>
<td></td>
<td>How and when do you follow up the corporate objectives?</td>
<td></td>
</tr>
<tr>
<td><strong>Common business logic</strong></td>
<td>Do you have a common way of working with the business plan and budget?</td>
<td>(Goold, et al., 1994)</td>
</tr>
<tr>
<td></td>
<td>Are you satisfied with the current structure of the strategic process?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Jannesson, et al., 2014)</td>
</tr>
<tr>
<td></td>
<td>Do you think that the corporate and business managers have a common understanding of the future challenges?</td>
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Table 13. Interview guide functional staff (finance department)
<table>
<thead>
<tr>
<th>Theme</th>
<th>Question</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Say thank you for participating</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Introduce interviewers, project</td>
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<tr>
<td></td>
<td>• Assure anonymity</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Offer to hold interview in English or Swedish</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ask for permission to record conversation</td>
<td></td>
</tr>
<tr>
<td>Initial question</td>
<td>Could you briefly introduce yourself and your area of responsibility?</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>In which way has the implementation of 'One Tekniska verken' influenced</td>
<td>(European Business Review, 2016)</td>
</tr>
<tr>
<td></td>
<td>the strategic process?</td>
<td>(Tuck Executive Education, 2016)</td>
</tr>
<tr>
<td>Strategic congruence</td>
<td>How do you support the different BAs in the strategy and budget process?</td>
<td>(European Business Review, 2016)</td>
</tr>
<tr>
<td>• one company concept</td>
<td></td>
<td>(Tuck Executive Education, 2016)</td>
</tr>
<tr>
<td>Integrated control</td>
<td>How well is the BSC used to assess current corporate strategy?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td>• follow-up</td>
<td></td>
<td>(Archer &amp; Otley, 1991)</td>
</tr>
<tr>
<td>• planning</td>
<td></td>
<td>(Antonsen, 2014)</td>
</tr>
<tr>
<td>• evaluation</td>
<td></td>
<td>(Dye &amp; Sibony, 2007)</td>
</tr>
<tr>
<td>• BSC</td>
<td></td>
<td>(Ruefli &amp; Sarrazin, 1981)</td>
</tr>
<tr>
<td></td>
<td>Who is responsible for ensuring that the corporate strategic objectives</td>
<td>(Anthony, 1965)</td>
</tr>
<tr>
<td></td>
<td>are carried out?</td>
<td>(Atkinson, 2006)</td>
</tr>
<tr>
<td></td>
<td>How do you evaluate the performance of the different businesses?</td>
<td>(Goold &amp; Quinn, 1990)</td>
</tr>
<tr>
<td></td>
<td>Financially or strategically?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Jannesson, et al., 2014)</td>
</tr>
<tr>
<td></td>
<td>How well is the BSC used to assess current business strategy?</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Do you have a common way of working with the business plan and budget?</td>
<td></td>
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<tr>
<td>Common business logic</td>
<td>Are you satisfied with the current structure of the strategic process?</td>
<td>(Goold, et al., 1994)</td>
</tr>
<tr>
<td>• frame of reference</td>
<td></td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td>• terminology</td>
<td></td>
<td>(Jannesson, et al., 2014)</td>
</tr>
<tr>
<td>• synergy</td>
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<tr>
<td></td>
<td>Is it necessary to make strategic processes more similar at Tekniska</td>
<td></td>
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<td>verken?</td>
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Table 14. Interview guide business developers
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<thead>
<tr>
<th>Theme</th>
<th>Question</th>
<th>Reference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate plan</td>
<td>Do you think that the corporate industry is relevant for your BA?</td>
<td>(Chapman, 2005)</td>
</tr>
<tr>
<td>strategic congruence</td>
<td></td>
<td>(Floyd &amp; Wooldridge, 1992)</td>
</tr>
<tr>
<td></td>
<td>Does it include your future challenges?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td>Do you think that the strategic challenges in the corporate plan has a clear connection with the objectives and strategies?</td>
<td>(Jannesson, et al., 2014)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Poth, 2014)</td>
</tr>
<tr>
<td>Business plan</td>
<td>Do you formulate your business plan based on the assumption of the corporate objectives and strategies?</td>
<td>(Marr &amp; Schiuma, 2003)</td>
</tr>
<tr>
<td>Planning</td>
<td></td>
<td>(Floyd &amp; Wooldridge, 1992)</td>
</tr>
<tr>
<td>follow-up</td>
<td></td>
<td>(Gupta &amp; Govindarajan, 1984)</td>
</tr>
<tr>
<td>communication</td>
<td></td>
<td>(Shavarini, et al., 2013)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td></td>
<td>How do you break down the corporate strategies to your business plan?</td>
<td>(Poth, 2014)</td>
</tr>
<tr>
<td></td>
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<tr>
<td></td>
<td>Who participates in the business plan process?</td>
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<td></td>
<td>How do you communicate the business plan to all your employees?</td>
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<tr>
<td></td>
<td>Is the business plan used as a strategic tool for guidance and decision making?</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>How do you follow up the strategic objectives of your business plan?</td>
<td></td>
</tr>
<tr>
<td>Integrated control</td>
<td>Do you follow up your objectives with corporate management?</td>
<td>(Nilsson &amp; Rapp, 2005)</td>
</tr>
<tr>
<td>follow-up</td>
<td></td>
<td>(Archer &amp; Otley, 1991)</td>
</tr>
<tr>
<td>BSC</td>
<td></td>
<td>(Antonsen, 2014)</td>
</tr>
<tr>
<td></td>
<td>How is the BSC used?</td>
<td>(Dye &amp; Sibony, 2007)</td>
</tr>
<tr>
<td></td>
<td>How is the business plan used in the budget process? Do you consider the strategic objectives?</td>
<td>(Ruefl &amp; Sarrazin, 1981)</td>
</tr>
<tr>
<td>Concluding question</td>
<td>Do you see any potential improvements of the current strategic process?</td>
<td></td>
</tr>
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</table>

Table 15. Interview guide BA managers (Internal project)
9.3 Organising empirical findings

Figure 30. Brainstorming pictures

9.4 Overall goals and indicators

<table>
<thead>
<tr>
<th>EKONOMI</th>
<th>MARKnad</th>
<th>MILjÖ</th>
<th>INNOVATION / UTVECKLING</th>
<th>PROCESS</th>
<th>MÈDARBETARE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bevarad lönsamhet genom starkt kostnadskontroll</td>
<td>Upp ur hållaren &amp; in i värdegränsernet</td>
<td>Minskad global miljöpåverkan</td>
<td>Systemotiskt innovationsarbete</td>
<td>Okad produktivitet</td>
<td>Kompetenta och engagerade medarbetare</td>
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<tr>
<td>Avkastning på totalt kapital</td>
<td>Nöjd kundindex</td>
<td>Utslipp</td>
<td>Strategisk balans i Innovationsportfölj</td>
<td>Processmagnad koncerngemensamma resurser</td>
<td>Ledarskap</td>
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<tr>
<td>Soliditet</td>
<td>Okad tillgänglighet och service genom digitala kanaler</td>
<td>Utslipp av kväve</td>
<td>Operativ effektivitet i innovationsprocess</td>
<td>Aantal genomförda förbättringar per anställd</td>
<td>Medarbetskap</td>
</tr>
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<td>Operativ kassafördre</td>
<td>NPS (Net Promoter Score)</td>
<td>Tekniska verksamhetslän i att uppnå CO2-neutralt Linköping 2025</td>
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<td>Attraktiv arbetsgivare</td>
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<td>Mångfald</td>
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</table>

Figure 31. TvAB’s BSC indicators