Think inside the box

Understanding the role of internal branding for controlling behaviour in divisionalised service organisations

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Summary

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Think inside the box - Understanding the role of internal branding for controlling behaviour in divisionalised service organisations

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Background
Loyalty and commitment to the company and to the brand has historically been one of the hallmarks of SAS. However, after having restructured their company the authors of this thesis have interpreted that this has changed. This raised the curiosity and attention of further investigating the relationship between organisational structure and organisational behaviour. One challenge for divisionalised organisations when it comes to behaviour is goal congruence. The main purpose of management control is to help organisation obtain goal congruence. A corporate brand is often what unifies divisionalised organisations but has only recently gotten a more internal focus, creating the notion of internal branding. Furthermore, internal branding has not previously been linked to the organisational structure, nor discussed in management control literature.

Purpose
To explore the possibilities for divisionalised service organisations to use internal branding in order to obtain goal congruence between divisions.

Method
This study has been conducted using information from 12 qualitative interviews with representatives from four different companies, namely SAS, Länsförsäkringar, Handelsbanken and Linköping University.

Results
This study has resulted in the presentation of a behavioural framework, constituted by communication, leadership and the involvement of human resources. This framework provides a suggestion of how internal branding can be integrated into a management control system. Consequently, internal branding is a complement but not a substitute to more traditional control activities. Furthermore, an internal branding model illustrating this integration has been developed. The model consist of four stages that each are influenced by the management philosophy, which is considered to be the link that enables the integration. The research also indicates that integrating internal branding into a management control system could lead to the creation of goal congruence within divisionalised organisations.

Keywords
Internal branding, management control, divisionalised organisations, goal congruence, organisational behaviour
Think inside the box

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Abstract

This paper examines how internal branding can be integrated into the management control system to overcome the challenges faced by divisionalised companies regarding goal congruence and suboptimisation. A theoretical synthesis pointing out the similarities between management control and internal branding has been used together with the obtained information from interviews to create a new model on how to integrate internal branding into the management control system. Four organisations were included in the empirical research, namely SAS, Länsförsäkringar, Handelsbanken and LiU, which all have divisionalised structures. All of the organisations are in some way using internal branding, implicitly or explicitly, to control behaviour.

Our results show that internal branding on its own is not sufficient to control the behaviour within the organisation. However, integrated in the management control system and combined with the general informal control, internal branding is a rather inexpensive and effective way of coordinating divisional behaviour. We argue that a deeper understanding for behavioural control is needed and that internal branding should be given more importance within the management control area.
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Linköping, January 7th, 2008

Martin Ericson Madeleine Gustafsson Magnus Gunnarsson
Table of content

Introduction ................................................................................................................................. 1
  Background ................................................................................................................................. 1
  Problem discussion ...................................................................................................................... 2
  Purpose ..................................................................................................................................... 4
  Research question ...................................................................................................................... 4
  Target group ............................................................................................................................... 5
  Contribution ............................................................................................................................... 5
  Disposition ................................................................................................................................ 6

Research context .......................................................................................................................... 7
  Nature of the problem .................................................................................................................. 7
  Scientific view ............................................................................................................................. 7
  Research approach ...................................................................................................................... 8
  Research method ........................................................................................................................ 10
  Data collection ........................................................................................................................... 11
    Planning of interviews ............................................................................................................. 11
    Selection of organisations ........................................................................................................ 12
    Selection of respondents .......................................................................................................... 14
    The respondents ...................................................................................................................... 16
    Conduction of interviews ....................................................................................................... 16
    Secondary sources .................................................................................................................. 19
  Analysis of data .......................................................................................................................... 19
  Evaluation of a qualitative research ......................................................................................... 20
    Credibility ................................................................................................................................ 21
    Transferability .......................................................................................................................... 21
    Dependability .......................................................................................................................... 21
    Confirmability .......................................................................................................................... 22

Behaviour control – a framework ............................................................................................... 23
  Divisionalised organisations ...................................................................................................... 23
    Structure ................................................................................................................................. 23
  Management control in divisionalised organisations .................................................................. 25
    Goal congruence ...................................................................................................................... 25
    Key factors for goal congruence ............................................................................................ 26
    Divisional Performance Evaluation ....................................................................................... 27
    Incentive systems ..................................................................................................................... 28
    Suboptimisation ...................................................................................................................... 29
    Informal behaviour control .................................................................................................... 29
    Commitment ............................................................................................................................. 30
  Internal branding ........................................................................................................................ 31
    An inside-out perspective of brand management ................................................................... 31
    Brand identity ......................................................................................................................... 32
    Behavioural aspects of internal branding ............................................................................. 33
    Brand commitment ................................................................................................................... 34
  Behaviour control – a theoretical synthesis ............................................................................. 38
    Information and communication ............................................................................................. 40
    Leadership ............................................................................................................................... 41
    HR activities ............................................................................................................................. 41
    Incentives ................................................................................................................................. 42
### Table of content

**Observation and findings** ............................................................................. 43
  Scandinavian Airlines ................................................................................. 43
  Organisational structure .......................................................................... 43
  Divisional performance evaluation ............................................................. 46
  Brand related activities .............................................................................. 47
  Länsförsäkringar ......................................................................................... 50
  Company structure .................................................................................... 50
  Divisional performance evaluation ............................................................. 52
  Brand related activities .............................................................................. 54
  Handelsbanken ........................................................................................... 57
  Company structure .................................................................................... 57
  Divisional performance evaluation ............................................................. 58
  Brand related activities .............................................................................. 60
  Linköping University .................................................................................. 63
  Organisational structure .......................................................................... 63
  The ‘Strategy map’ .................................................................................... 65
  Divisional performance evaluation ............................................................. 65
  Brand related activities .............................................................................. 66
  Empirical synthesis .................................................................................... 69
  Empirical summary .................................................................................... 70
  Empirical themes ........................................................................................ 70

**Understanding behaviour** ........................................................................ 75
  Structure related problems of coordination ................................................ 76
  Inconsistent strategies ................................................................................. 76
  The acceptance of common decisions ........................................................ 77
  Suboptimisation .......................................................................................... 78
  Behavioural Framework .............................................................................. 80
  Communication ............................................................................................ 80
  Leadership .................................................................................................... 81
  The role of human resources ....................................................................... 82
  Activities ....................................................................................................... 83
  Evaluation ..................................................................................................... 84
  Management philosophy ............................................................................ 86
  The behavioural control model ................................................................. 87
  Further discoveries ....................................................................................... 89
  Level of internal branding integration ......................................................... 89
  Level of explicit internal branding ............................................................... 90

**Conclusion** ............................................................................................... 92
  Further research .......................................................................................... 93

**References** ................................................................................................ 94

**Appendix**
Introduction

This introduction will provide an insight into the background of the problem of this thesis. A problem discussion will follow, indicating how we have settled the purpose and the research questions. Furthermore, we will determine the target group as well as position our thesis while indicating our contribution within the research area. The chapter will end with a disposition that in an overview will present the contents of the thesis in a comprehensive way.

Background

The theme of this thesis originates from an observation of the case of the Scandinavian Airlines (SAS). In 2000, SAS introduced a new management philosophy for the company. The following text is extracted from the SAS annual report of 2000.

“SAS management philosophy
In 2000, SAS’s management philosophy was reformulated to reflect the trend towards more independent units with clear profit responsibility. The management philosophy is based on profit responsibility encouraging professionalism and motivation. Control and management of SAS must be permeated by common values. SAS is developing towards a composition of more independent operations each of which must be competitive within its field.

Management by objectives
Management by objectives uses decentralization and delegation of responsibility and decisions. Management by objectives means that the company management states the objectives and each operation sets its own targets which lead to competitiveness in an industry comparison. The operational targets must contribute to SAS’s objectives. Relevant attention must be paid to the Group perspective in order to avoid sub-optimization. (…) “

(SAS annual report, 2000, p. 30)
Introduction

In the year of 2004, SAS Airlines was divided into four subsidiaries: one company for each of the three Scandinavian markets, Denmark, Norway and Sweden, and one company for the intercontinental market. In June 2006, the recently appointed CEO, Mats Jansson, presented the strategy of SAS until 2011, called ‘S11’. One of the main ingredients of the ‘S11’ was what Jansson called the ‘cultural turnaround’, including customer orientation, increased participation and commitment and improved management (SAS Group Strategy 2011 presentation, June 13, 2007). The ‘cultural turnaround’ was included in the strategy partly as a response to the development of the harmful behaviour that was manifested through a period of strikes in the beginning of 2007 (SAS press release, 2007-08-10). Considering these facts, we interpreted it as a sign that the employees’ loyalty and commitment to SAS as a company and as a brand, that historically has been one of the strengths and hallmarks of SAS, was weakening. The challenge that the company is facing raised our attention and curiosity, specifically concerning the problematic relation between organisational structure and organisational behaviour. Could this problematic situation be found in other companies with similar organisational structures? Inspired by the SAS case, we decided to orient our research towards the problem that a divisionalised service organisation may face in controlling divisional behaviour. A decision was made to include SAS and three other organisations, namely Länsförsäkringar, Handelsbanken and Linköping University, in the research.

The reason why these specific organisations were chosen will be explained further on. The introduction of this thesis will now turn towards a deeper discussion of the problem, in order to give the reader a better understanding for its context and content.

Problem discussion

Decentralised organisations tend to use performance-oriented management control systems, where division managers are given freedom to make their own strategic decisions as long as the expected results are obtained (Mintzberg, 1981). One important challenge in divisionalised organisations is to obtain goal congruence between strategic business units (Merchant & van der Stede, 2007). Obtaining goal congruence is the main purpose of management control and is particularly difficult in organisations where business units are given a high degree of independence, due to the higher risk of conflicting strategies between
divisions (Merchant & van der Stede, 2007; Anthony & Govindarajan, 2007). A management control system that is not well adapted to the organisational structure risks to have negative effects such as suboptimisation.

Suboptimisation is closely related to the difficulty to create goal congruence between a company’s business units and can be seen as a result of traditional performance measures, taking only historical performances into consideration. In order to make the whole company strive for the same goal and vision and to obtain goal congruence between business units, managers should identify what the different divisions of the company have in common (Anthony & Govindarajan, 2007). A significant item that generally is common for the company as a whole is the corporate brand. From that point of view, one could ask oneself about the possible role of the corporate brand as a unifier and key factor for creating goal congruence in divisionalised organisations.

Brand management literature has traditionally been oriented towards the environment’s perception of the brand, focusing on building brand strategies based on market studies, target group segmentation, brand positioning etc. (Aaker, 2002). In other words, brand management and brand strategy has in its origin been based on the external perspective of the company and the brand. However, external brand communication creates expectations that companies must live up to in order to not undermine its credibility and reputation. Products or services must therefore correspond to the brand promise (Aaker, 2002), which has made brand management literature more internally oriented, introducing for example the notion of brand identity (Kapferer, 1997). Hence, in order to build strong brand identities, companies need to complement their external, market oriented brand management, with internal branding (Burmann & Zeplin, 2005).

The behavioural approach to internal branding appears to be a relatively new tendency in brand management literature (Burmann & Zeplin, 2005; de Chernatony & Vallaster, 2006; Henkel et al., 2007). In order to build strong and reliable corporate brands, companies must make sure that employee behaviour is aligned with the brand identity (Ind, 2003; de Chernatony & Vallaster, 2006). Henkel et al. (2007) emphasise the importance of brand consistent employee behaviour introducing the notion of behavioural branding. The concept of ‘living the brand’ is well known and is described as very important (Ind, 2001) in service companies in particular. Mitchell (2004), on the other hand, means that companies trying to
control their employees’ values and beliefs are wasting their time. Mitchell (2004) states, “if a company can’t let employees be themselves it will never convince anybody of its brand values” (Mitchell, 2004 p. 9). The disagreement regarding the possible role of the brand internally in the organisation keeps the question alive. Is internal branding a possible way for controlling employee behaviour?

Making employee behaviour correspond to the corporate brand has been described as particularly important for service companies (de Chernatony & Vallaster, 2005). Brand oriented leadership (Ulrich & Smallwood, 2007; de Chernatony & Vallaster, 2006), brand commitment (Burmann & Zeplin, 2005), and informal control (Henkel et al., 2007) are critical factors for a successful internal branding. However, the majority of the internal branding literature is related towards companies’ within a certain type of industry, focusing on the operations of the organisations. Few scientific articles connect the internal branding issue to the organisational structure. This has caught our interest and inspired us to investigate the matter further from a structural perspective. Consequently, based on the factors described in the preceding discussion, the purpose of this thesis is formulated the following way.

**Purpose**

To explore the possibilities for divisionalised service organisations to use internal branding in order to obtain goal congruence between divisions.

**Research question**

While fulfilling the purpose of this thesis, we will provide answers to the following questions.

- How can internal branding be used to control behaviour in divisionalised service organisations?

- In which way can internal branding be integrated into the management control system in such organisations?
Target group

We consider the target group of this thesis to be both the academic world as well as the business world. Within the academic world, our target group includes both students and researchers looking to get an insight in how, from our perspective, internal branding can be integrated into a management control system. The business world, and divisionalised service organisations in particular, could use the findings in this thesis in their management control activities.

Contribution

Our research has its point of departure in the challenge that, according to us, the Scandinavian Airlines (SAS) was facing. In other words, this thesis starts from the observation of one specific organisation. After having identified the organisational characteristics of SAS, such as its divisional structure and the fact that it is a service organisation, we realised that other companies with the same organisational characteristics could face similar challenges. Based upon that idea, we searched for other organisations and found three that we considered would be interesting to include in the study. With the possibility to include four organisations in our study, our ambition was to provide a research with theoretical relevance.

Thus, the research problem has en empirically based point of departure. Though, the purpose of this thesis was established first after a study of the literature within the management control area and the internal branding area. The theoretical dimension of the purpose of this thesis is a contribution to the ongoing debate about internal branding, where the authors of this thesis have recognised a lack of management control elements. Current management control literature contains different aspects of how to control behaviour in divisionalised organisations to achieve goal congruence. (Anthony & Govindarajan, 2007; Lindvall, 2001). However, there is a lack of solutions presented to the problem of suboptimisation. Internal branding on the other hand is in contemporary literature described as behavioural orientated (de Chernatony & Vallaster, 2006; Burmann & Zeplin, 2005; Henkel et al, 2007), focusing on the brand identity and how to create a brand consistent behaviour (Henkel et al., 2005) Consequently, both disciplines are occupied with how to create a desired behaviour. Our contribution will thus be a possible solution of how to integrate the behavioural approach of internal branding into the management control system.
Disposition

The outline of this thesis will follow the structure presented in the figure below.
In the following chapter we will introduce nature of the problem treated in this thesis and present the methodological consequences of our problem statement. Further, this chapter includes a critical reasoning regarding our data collection where we examine the types of observations that we have included in our research. Also, we will include a reflection of our data analysis and evaluate our qualitative research method by using four different criteria.

Nature of the problem

In accordance with Jacobsen (2002), the researcher must adapt the research methodology based on the nature of the specific problem. Thus, the scientific perspective, the research approach and the research procedure depend on the phenomenon that is to be studied. In the following parts we will further specify the characteristics of the research that are suitable for the purpose of this thesis.

Scientific view

With a hermeneutic point of view the researcher does not aim to find causality or to establish a common law for a specific phenomenon (Andersson, 1979). When establishing the appropriate scientific view of our research, regard must be given to the nature of the problem and the way that the purpose of the thesis is formulated. The aim of our research is to analyse a problem and concretise our empirical observations in a context, the context of service organisations with a divisionalised structure. This argues for the fact that our thesis has got more of a hermeneutical point of view rather than a positivistic.

Something that also argues for this thesis being more closely related to the hermeneutic point of departure is that we wanted to investigate how the concept of internal branding related to
management control is interpreted in the organisations we chose to study. This is a search for a meaning or signification for the phenomenon, which is unique for every observation. The key factor is the context in which our observations were made. Thus, the research should be made of a phenomenon that is closely bounded with the totality (Andersson, 1979).

Furthermore, behaviour cannot be explained by a constant cause-and-effect relationship. Thus, our wish to interpret the observations for a deeper understanding will lead to a subjective influence (Andersson, 1979) both from the researchers and the behaviour of the persons included in this study. This also argues for the hermeneutic point of departure in this study. Jacobsen (2002) also argues for the fact that a thesis has got a hermeneutical view when including studies of behaviour and organisational culture, since the interpretations and the loss of objectivity is not compatible with the positivistic view.

To summarize the above arguments the figure below illustrates that our point of departure is more closely related to the hermeneutic view, since this is a thesis based on behaviour and understanding of a phenomenon.

![Figure 1. Scientific positioning (own)](image)

**Research approach**

The research approach, that can be either inductive or deductive, is an important aspect within the methodology area and represents two different strategies of performing research. The different approaches has each got supporters advocating for what they think is the best one. This basically means either taking theory as point of departure (deductive approach) or the empirical data (inductive approach). The determinative factor for the approach is the type of purpose used in the thesis. (Jacobsen, 2002)

When conducting an empirical research without any expectations of any specific findings on beforehand the study is inductive (Jacobsen, 2002). It is possible to argue that we formed some expectations or that we in other ways were affected prior to the realisation of our
empirical research. For instance, we may have developed some sort of expectations or assumptions about what the empirical research could provide since the interviews were preceded by a period of literature studies. This points out that our thesis in some aspects has got deductive influences. However, according to Jacobsen (2002), it is hard for a researcher not to have any expectation whatsoever. Some authors claim that the researcher still have to be familiar with the subject that is being studied (Saunders, Lewis & Thornhill, 2007). This argues for the fact that it was necessary for us to familiarise us with some theory on beforehand.

We have made efforts to minimise the ways in which the possible expectations could affect our empirical research while performing our interviews. The questions asked during the interviews have been formulated in a way to not affect or direct the interviewees’ answers, using rather open questions. Therefore, the way in which we have conducted our interviews argues for an inductive approach, as we have been more open to reach unexpected results (Jacobsen, 2002).

The fact that the questions have been formulated and the interviews have been performed in an inductive way may have affected the empirical findings. It is possible that, by being more directing in our way of formulating the questions, the answers may have been more straightforward and consequently easier to interpret and analyse. However, our ambition was to avoid putting words in the mouths of the interviewees and let them provide their own answers without our guidance.

To summarize, we argue that this thesis mainly has got an inductive approach, with some deductive elements. Though, the approach must still be regarded as more inductive than deductive, since the empirical findings were leading the thesis and the subjects included. However, there is a movement to the left in the Figure 2 since it is difficult to conduct a completely inductive study.

Figure 2. Applied research approach (own)
Research method

The research method is yet another methodological aspect that the researchers need to be aware of. The research method refers to the collection of data, which can be conducted through a qualitative or a quantitative method. The research method to be used should be adapted to the problem formulation and the research approach indicates which method your study is most likely to be linked with. Quantitative methods are often of a more deductive nature whereas the inductive approach is more often associated with a qualitative method. (Jacobsen, 2002)

The data that is collected should fit the information need and respond to the purpose of a survey. The qualitative method is related to researches that treat behaviour and analyzes in-depth interviews (Ghauri & Groenhaug, 2005), which is the information we have been seeking for in this thesis.

Consequently, our problem formulation and the fact that our research has got more inductive than deductive elements made the qualitative research method more relevant. Ghauri and Groenhaug (2005) also argue that studies that include behaviour research should be conducted with a qualitative method, something that further indicates that we have collected information using the most appropriate method. Moreover, Jacobsen (2002) argues that the qualitative in-depth research method suits studies of a small number of empirical observations, but where every observation provides a great amount of information. The main advantage with the qualitative method is that the data will be rich of information and there are no limitations for the answers, which creates opportunities for unexpected findings (Jacobsen, 2002).

We have now described the nature of the problem in this thesis and the methodological consequences related to that specific problem. In the following section we will present the actual collection of data. The data has been used to create both our framework for behavioural control and our empirical findings.
Data collection

When performing research there are two different types of data available that can be collected. The first is primary data, which means to collect data that has not been collected or published on a previous occasion. The aim of this is to find a solution to a particular problem formulation determined before starting to collect the data. Primary data can hence be collected by performing interviews or by gathering information using a questionnaire to mention just a few examples. Secondary data on the other hand is information that have already been collected or published in different ways. Consequently, this means that when collecting this kind of data a researcher has to be aware of the fact that it originally was not gathered to solve his or hers specific problem formulation. Examples of secondary data include information derived from books, scientific articles and previous studies in a subject to mention some. (Jacobsen, 2002)

For this thesis the primary data consists of interviews conducted with twelve representatives of four Swedish organisations. Secondary data mainly consists of books, articles published in academic journals, annual reports and press releases. Our primary data collection will be further described in the following sections.

Planning of interviews

The most common method for gathering qualitative data is the open interview, where the respondent is given freedom and time to answer without limitations (Jacobsen, 2002). According to Jacobsen (2002), a study that includes few respondents and where the researcher is interested in the individual opinions and interpretations of the interviewees is well suited for the open interview. Hence, this was considered the most appropriate collection forum for this thesis since we intended to interview a relatively small number of persons and their specific contexts and interpretations are important for our results.

A researcher also needs to decide to what degree the interview should be open i.e. how structured the interview guide ought to be. According to Jacobsen (2002), there are several levels of structure and the advantage with some structures is that the data collected does not end up divergent and complex. For the interviews, we have used an interview guide with a set
of questions that we wanted to focus on (see Appendix 1). The questions were formulated in an understandable way and we tried to avoid theoretical or technical vocabulary, which could confuse or complicate it for the respondents, such as words mainly used in the academic literature. Ghauri and Groenhaug (2005) refer to this type of interview guide as semi-structured. The advantage with our choice of structure was that we tried to keep the respondents within the research area for most of the time, but at the same time we did not limit the answers. There was a risk for long answers outside the interview area since we did not want to affect the interviewees. Their interpretations were in some cases misdirected and we experienced some irrelevant information gathering due to that.

The purpose of using the same interview guide for all interviews was to facilitate the comparison between the different interviewees within one organisation and also between different organisations. Another possible way to design interview guides would have been to adapt the topics and the questions to the specific organisation. If we had prepared each interview separately and based the questions on information that could have been found in a preliminary research, we might have been able to perform deeper going interviews. However, answers would probably have been more difficult to compare and we argue that such interviews would have been more appropriate for a case study of one single organisation. However, we did make minor adjustments in the interview guide. For example, depending on the interviewed person, we prioritized some questions that were related to the responsibility area of the interviewee. Though, all topics were to some extent included in all interviews.

We also distributed information by e-mail or by phone on beforehand, which described the themes of the thesis and the interviews to be conducted. Consequently, all respondents received some pre-information and had the opportunity to reflect over the topics within their specific context.

**Selection of organisations**

Our sample selection had its point of departure in the problem that we identified at SAS. Therefore we tried to identify other organisation with similar characteristics. Hence, the criteria were that the organisations should be divisionalised, operating in the service sector and organisations where the divisions were represented by one single and common brand. The
first criterion, that the organisation should be divisionalised, has to some extent been open for interpretation. By that we mean that opinions may differ regarding whether some of the organisations are divisionalised or not, depending on which definition of divisionalised organisations that is used. However, the organisations have been chosen for this study because they all were expected to deal with the coordination problem of autonomous divisions, companies or subsidiaries that represent one joint corporate brand. The most important factor is thus the problems that might arise in the management of the divisions rather than to what degree the organisations can be considered divisionalised. Also, all still operating in the service sector, the organisations differ by their type of services. However, according to us, as this thesis is focusing on the coordination perspective, the operational differences are not considered an issue.

According to Jacobsen (2002) a qualitative study should be limited in the number of samples since one interview can result in a great amount of information. This, in addition to the short amount of time that was available for this thesis, limited the collection of data to four organisations. Further, the reason for collecting data from only four companies was that we wanted to conduct in-depth interviews with more than one employee at each organisation, rather than performing interviews at more companies but with fewer interviewees per company. This also enabled us to conduct interviews at different levels of the organisations. That is, people working both on a central or supporting level and people working for the different divisions. In doing this we consider that the data collected is more relevant, as more than one opinion and different perspectives from each organisation has been analysed. However, in one organisation we did not reach an appointment with a middle-manager and replaced him with a more centrally placed manager who possessed the knowledge that we were seeking.

The organisations included in our study are Scandinavian Airlines, Länsförsäkringar, Handelsbanken and Linköping University. Below we will present the organisations from a structural perspective to clarify why we find these organisations relevant for this thesis. As can be seen they do differ somewhat in structure, but they all face the same coordination problem.
The SAS Group consists of various divisions that operate under the SAS brand, each functioning as separate business units. The SAS Group also owns other airlines that do not operate under their brand. However, for this project we have simplified the structure slightly by selecting the four SAS airlines for our research, since they include the brand name. These airlines are subsidiaries and are named SAS Denmark, SAS Norway, SAS Sweden and SAS Intercontinental (www.sas.se, 2007-12-10).

Länsförsäkringar is constituted by a group of 24 separate regional companies that together own Länsförsäkringar AB. Hence, the organisation does not have a central unit and divisionalised units at a lower level in the hierarchy. Länsförsäkringar AB rather acts as a support function for the 24 regional businesses (www.lansforsakringar.se, 2007-12-10). However, the regional companies together represent one common brand, which makes them interesting to include in this study.

Handelsbanken has a central office operating from Stockholm supporting the different regional offices. In Sweden there are six regional headquarters and also there are four regional offices abroad (www.handelsbanken.se, 2007-12-10). However, we will only take into consideration the Swedish regional headquarters since the regional offices abroad operate in a different environment with a different market situation.

In the case of Linköping University, we have identified the faculties as the divisions and the university management function constitutes the central unit (www.liu.se, 2007-12-10). The university structure is somewhat more complicated and includes several other types of organisational units. However, we argue that coordination problem classifies the faculties as divisions and we saw a challenge in including a public organisation, which differs significantly from commercial organisations in many aspects.

**Selection of respondents**

When contacting the organisations regarding their possible involvement we specifically expressed the desire to conduct the interviews with employees having experience or knowledge about management control and insight in the corporate brand area. Jacobsen (2002) calls this selection the information method, consequently we focused on the
knowledge of the respondents regarding the topics in this thesis for the selection of participants.

We also specifically requested to interview persons both from the top-management team (on a central or supporting level) as well as the mid-management team (division level). The choice of middle-managers as representatives for the divisions was based on the fact that they are normally the link between central management and the rest of the organisations and thus the most important managers to coordinate (Mintzberg, 1981). There is also a risk for unhealthy competition between division managers that can cause problems within the organisations (Lindvall, 2001).

Once the contact was established, we were given names and positions of possible interview objects that we later evaluated. When we approved the suggestions made by the organisation we established a contact with the specific interviewees and agreed on a time for the interview. The selection method used could imply some risk since we initially had to depend on the judgement of the organisations while deciding which respondents to include in the thesis. However, we argue that they were more competent to select the appropriate respondents than us.
The respondents

The interviews were conducted with the following people.

Table 1. The respondents

<table>
<thead>
<tr>
<th>Scandinavian Airlines</th>
<th>Länsförsäkringar AB</th>
<th>Handelsbanken AB</th>
<th>Linköping University</th>
</tr>
</thead>
<tbody>
<tr>
<td>Helen Fasth -Gillstedt</td>
<td>Christer Baldhagen</td>
<td>Marie Aronson</td>
<td>Göran Feldin</td>
</tr>
<tr>
<td>Vice President Strategic Leadership</td>
<td>Director of Corporate Communications</td>
<td>Director of Corporate Communications</td>
<td>Marketing Manager</td>
</tr>
<tr>
<td>Stockholm</td>
<td>Stockholm</td>
<td>Stockholm</td>
<td>Linköping</td>
</tr>
<tr>
<td>Linda Fredheim -Björk</td>
<td>Mattias Nordin</td>
<td>Robert Pettersson</td>
<td>Bo Hellgren</td>
</tr>
<tr>
<td>Vice President Corporate Brand Communication</td>
<td>Chief Controller at Länsförsäkringar Bank</td>
<td>Chief Controller, Handelsbanken Eastern Sweden</td>
<td>Dean of the Philosophical Faculty</td>
</tr>
<tr>
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Conduction of interviews

According to Jacobsen (2002), the open interview is normally conducted face-to-face, but there is also a possibility for telephone interviews. The advantage with face-to-face interviews is mainly that the personal contact could facilitate a discussion concerning sensitive subjects. Also, the interviewer has the possibility to see and read the body language of the respondent (Jacobsen, 2002). This thesis includes some information concerning problematic aspects of
the organisations and therefore we intended to conduct all interviews face-to-face. However, we had to realize two of the twelve interviews by telephone because of the time pressure for both the respondents and for the researchers. Although, we argue that those interviews were still of good quality since the respondents answered all questions without misinterpretations. The fact that we also met these respondents on a previous occasion, in connection with another interview, meant that we had at least developed some relationship with the respondents.

The location for the interview also affects the respondents since they tend to feel more secure in a known environment (Jacobsen, 2002). We held ten of the twelve interviews at the office of the interviewee or another location chosen by the interviewee and they all appeared to act relaxed and comfortable during the interviews. Also, all the face-to-face interviews were held in locations where disturbance was minimized. During the telephone interviews, the avoidance of disturbance was even more significant for the interview quality. Therefore, telephone interviews were conducted behind locked doors to minimize the risk of disturbance. Efforts were made to make the telephone interviews be as similar to the face-to-face interviews as possible. Thus, appointments were made on beforehand to make sure the respondent would have time to answer all the questions and a speakerphone was used so that all researchers were able to participate. Unfortunately, a technical problem with the recording equipment incurred during one of the telephone interviews. The problem was fixed within a couple of minutes and the interviewee did not appear to be affected or irritated by the interruption.

All three of us were present during all interviews, but to maintain a structured dialog between the interviewee and us we let one of us be responsible for the main part of the interview. The second person had a complementary role and assisted the responsible person, while the last one was passive holding track of time and recording equipment. This is recommended by Trost (1997) since we all could reflect over the tone, body language and pauses during the interview. Since all respondents seemed relaxed during the interview, we do not believe that the fact that we were three individuals present influenced the outcome in a negative way.

There are several recommendations as how to keep record of the gathered information, but the most common method related to qualitative interviews is to use a tape-recorder or similar
equipment (Jacobsen, 2002). The advantages with recording the interviews are that no information will be lost and that the interviewer can focus only on the respondent. On the other hand, there is also a possibility that the interviewee will behave unnaturally while being recorded or leave out sensitive information (Jacobsen, 2002). In this thesis, both personal and telephone interviews were recorded after acceptance of the interviewees. We did not notice that any of the respondents seemed uncomfortable being recorded. There is still a risk though, that the interviewees omitted some sensitive information knowing that they were recorded. During one of the interviews the respondent actually mentioned that the answer for a specific question had to be politically correct, as the answer would be recorded. Further, the interviewees were given the possibility to be anonymous in the thesis, but no one used that possibility.

The time limit for the interviews was set to one hour and the respondents were informed of the timeframe in advance. Though, the interviews varied between 20 and 60 minutes since the respondents put very different effort into the background questions. This was also due to the fact that after having conducted the first interview at each organisation, we had gathered the background information needed. Also, the telephone interviews were conducted relatively fast since it is more difficult to let the respondents take pauses while talking over the phone. However, we mean that this is normal for telephone interviews and did not affect the thesis in a negative way. Jacobsen (2002) recommends a maximum time of one to one and a half hour so we could have used more time for some of the interviews. However, we still consider that we were able to discuss the matters intended in an adequate way.

The interviews started with an introduction of the topics and the respondent was given the opportunity to ask questions before the interviewer initialised the interview. Ghauri and Groenhaug (2005) support this and also suggest that the interview guide should start with fairly simple background questions, which ours did. To make sure that the respondent had the possibility to make all his opinions heard we ended most interviews by asking if they wanted to add anything else to the matter.

The interviews were later transcribed and summarized for approval by the interviewees, something that is recommended by for example Ghauri & Groenhaug (2005). This proceeding
is a type of validation of the gathered information that strengthens the credibility of a thesis (Jacobsen, 2002).

**Secondary sources**

The second type of information is secondary sources, which consist of literature, academic articles and other documents that have already been produced by someone else. The most important issue to remember when including secondary sources in a thesis is that they were originally written for a different purpose (Ghauri & Groenhaug, 2005). On the other hand, secondary sources are easy to find and inexpensive information. Also, they provide a base for the understanding of what has already been done within the research area (Ghauri & Groenhaug, 2005).

Our study was initiated with an investigation of what had already been written within the areas of internal branding and management control. After the establishment of our purpose we selected the sources that were relevant for this thesis. The internal branding section, which is a relatively new subject, consists mostly of articles published in academic journals. The management control section is mainly based on literature since it has been a widely discussed subject for a long period of time. The empirical findings do also include some secondary sources. Information about the studied organisations have been found in their annual reports and in published press releases. Some electronic sources have also been used for background information about the organisations. We are aware of the risk with electronic information, but have only used the organisations’ homepages or homepages of established associations, which we consider to be reliable sources.

**Analysis of data**

The analysis of data is mainly a process of narrowing the information down from the great amount which was gathered during interviews to the information used in the thesis. Normally, according to Jacobsen (2002), the recorded interviews are transcribed and then categorized (2002). Further, the aim is to find patterns that later could be used in the analysis and quotes
that emphasise important aspects should be selected (Jacobsen, 2002). This summarises in a good way how we have treated our empirical findings.

All our interviews were transcribed so no details would be overlooked. The significant amount of information was thereafter divided first by organisation to create an overall picture of each organisation. Topics that were raised by the interviewees were identified and resulted in some variations between the organisations. The interview guide helped to create a structure that could be used for all organisations, even if the guide were slightly different depending on the organisation. All interviews were conducted in Swedish and all empirical findings had to be translated into English. This could imply a risk of misinterpretations because of the translation, but we had the empirical findings revised by the interviewees to avoid misunderstandings. Quotes that we considered interesting and important were marked and translated to English. We are aware of the risk with translating quotes, but they were also reviewed by the interviewees to avoid misinterpretations.

The topics that were identified in each organisation were thereafter combined in an empirical synthesis where patterns between organisations created the themes. This was done to facilitate the understanding of the analysis, where the topics discussed in all interviews were given a deeper meaning.

**Evaluation of a qualitative research**

To measure the quality of a research the terms reliability and validity are often mentioned. A research has got a high reliability if the result can be regarded as reliable as well as credible. A high validity on the other hand means that the empirical data gathered is relevant and valid. (Jacobsen, 2002) However, these measurements are often associated with quantitative research and some researcher doing qualitative research question whether they are applicable for a qualitative research (Bryman & Bell, 2007). Instead, Bryman and Bell (2007) present four other ways of evaluating quantitative research originally elaborated by Guba & Lincoln (1989).
Credibility

The credibility of a researchers work depends on how well the researcher can convince the reader that the reality created by the researcher and the respondent is the correct one (Guba & Lincoln, 1989). Guba and Lincoln (1989) present different techniques that a researcher can use to increase the credibility. To do this we have done what we argue is sufficient observation, which means that the number of interviews that we have carried out has enabled us to draw conclusion from them within our context. Furthermore, we have let the interviewees take part of a summary of the interviews so that they can verify their statements. Finally, during this process we tried to perform the interviews and analyse them without any preconceptions about what we wanted to find. All these raise the credibility of a research according to Guba & Lincoln (1989) and hence the credibility of our thesis as well.

Transferability

Normally, it is considered difficult to generalize from a qualitative research but according to Jacobsen (2002), there is a type of transferability that could be used for such investigations. This type of generalisation has its point of departure in a small number of empirical findings that could be generalized in a more theoretical level. The theory created could be used for a larger number of empirical observations for a certain phenomenon (Jacobsen, 2002). Guba & Lincoln (1989) argues that the degree of transferability is dependent on how careful you describe the time, the place, the context and the culture of your research environment.

We argue that our transferability is strong for organisations that fulfil the specific requirement that we used in our sample selection. That is service organisations that share a common structure. We also believe that we have described all aspects necessary regarding our research which also increases the transferability. However, every organisation faces a different context, which of course can affect the transferability of our results.

Dependability

The dependability of qualitative a research can be compared with the reliability notion in quantitative research (Bryman & Bell, 2007). How well the process taken during the research
has been tracked and documented determines the dependability as well as the conformability, which will be discussed in the next section (Guba & Lincoln, 1989). This can be called the auditing approach (Guba & Lincoln in Bryman & Bell, 2007). To increase the dependability a researcher shall consequently ensure that such things as selection of research participants, interview transcripts and data analysis decisions are made accessible (Guba & Lincoln in Bryman & Bell, 2007).

In this thesis we have thoroughly described how we have chosen the participants for the interviews as well as describing how we have analysed the data. Also, we have preserved the recordings and the transcriptions from all interviews and they can be made available through contact with the authors of this thesis. These aspects combined make the dependability of our thesis high.

**Confirmability**

If the researcher is aware of the fact that there is no such thing as complete objectivity when performing business research and when he or she can show that they have acted in an adequate manner the confirmability can be considered as high. With adequate manner is meant that the researcher has not evidently let personal values or theory influence the way in which the research has been carried out and analysed. (Guba & Lincoln in Bryman & Bell, 2007)

During the process of this thesis we have been aware of this problem and we have with our best capability tried to avoid it. Primary through the open interviews where we wanted to capture the interpretations of the interviewees without influencing the answers. Also, we let the empirical findings direct the analysis and create the topics used in this thesis since we wanted the research to be inductive.

We have now presented all information regarding the methodology of our research and will move forward with creating a framework for behavioural control. The framework will place the problem of the thesis in its context and function as a theoretical base for our results.
Behaviour control – a framework

In this chapter a theoretical base for the research area will be presented to provide the reader with a framework for deeper understanding of the problem. First, there will be a presentation of divisionalised organisations from a structural perspective. Second, the management control framework for divisionalised organisations and third, for the concept of internal branding.

Divisionalised organisations

As this thesis is treating the problem of behavioural control in divisionalised service organisations, the frame of reference is opening with an introduction to the nature of divisionalised organisations. The discussion includes divisionalised organisations’ characteristics, purpose and main challenges.

Structure

The organisation’s management is highly influenced by the organisational structure according to Anthony and Govindarajan (2007). Lindvall (2001) argues that the theories of structure are incomplete since they only consider the formal structure and leaves out the informal. However, to understand the organisations included in this thesis, and the behavioural problems associated with them, it is necessary to discuss formal divisionalised organisations.

Mintzberg (1980) describe the divisional organisation as a market-based structure, with a central headquarter overseeing a number of separated divisions, each of them operating with a
high level of autonomy. This type of organisational structure is also called the M-form, where “M” stands for multi-divisional structure (Ouchi, 1984). According to Lindvall (2001), the divisionalised organisations were historically developed to handle the problems that arose in functional organisations. In divisional organisations, the middle line level holds a central role in the organisation, where middle-level managers manage their divisions as if they were separate companies (Mintzberg, 1980; Ouchi, 1984; Lindvall, 2001). The manager is responsible for all the functions that is involved with producing and marketing a specific product/service or for a specific geographical area. The most important aspect is that the manager is responsible for the division’s profit, which is why the divisions many times are called profit centres (Anthony & Govindarajan, 2007; Merchant & van der Stede, 2007).

The mid-management in divisionalised organisations has relatively high autonomy, but the central unit is still important in many aspects. According to Mintzberg (1980), the main concern of the central headquarters is to coordinate the goals of the divisions with its own. A second role is to supply the divisions with some central supporting services. It handles the overall funds, sometimes approves budgets or plans and judges the performance of the mid-management. It also coordinates for example the general policies and offers central support-functions for human resources etc. (Anthony & Govindarajan, 2007; Lindvall, 2001)

There are several advantages with this type of structure. For instance, the mid-management receives a good education in general management and important decision-making is made closer to the market and the customer (Anthony & Govindarajan, 2007). According to Lindvall (2001), divisionalisation also increases the motivational level of the mid-management as they receive more autonomy and reduces the involvement of top-managers in the operative decision-making. However, as stressed by Mintzberg (1980) the main challenge for the central headquarters in divisional organisations is to coordinate divisional goals with the company’s overhead goals.

In the following two sections of the framework for behaviour control we will present possible solutions to how to create and control desired behaviour in such divisional organisations, with focus on service organisations. The discussion starts off with the aspects within the management control literature.
Management control in divisionalised organisations

Some basic conditions and purposes of management control will initiate this chapter. Also, this part will discuss the specific type of management control that can be used within divisionalised organisations and the possible effects of that particular control.

Goal congruence

"In a goal congruent process, the actions people are led to take in accordance with their perceived self-interest are also in the best interest of the organization”

(Anthony & Govindarajan, 2007, p. 98)

As the quote indicates there is a risk of conflict between the personal goals of the employees and the corporate goals. However, when goal congruence exists, both the personal and corporate goals tend to contribute to an increased value for the entire organisation (Anthony & Govindarajan, 2007).

The main purpose with goal congruence is to create consistency between the personal and corporate goals, but they do not necessarily have to be the same ones. For instance, if the middle-manager’s personal goal is a promotion as a result of a long period of high reported profits, it is also consistent with the organisation’s goal of profitability. Further, it is not realistic to believe that people within the organisation will adopt the corporate goals to the point where there is no conflict present (Anthony & Govindarajan, 2007). According to Merchant and van der Stede (2007), there is a motivational problem present because individuals are self-interested and there is always a risk of laziness. This motivational problem normally arises when personal and corporate goals are distinguished from each other and this could be solved with goal congruence. The main purpose is to at least prevent the employees to act against the corporate goals.

Top-managers try to prevent unwanted behaviour with formal management control systems, but it is not possible to avoid all problems using only such a system. Some researchers have
tried to solve this problem with the principal-agent theory, where contracts between the two parties are supposed to evade the behavioural problem. The theory implicates that the top-management (principal) establishes contracts and incentives that will motivate the middle-managers (agents) to achieve the corporate goals and thus create goal congruence. But, according to Anthony et al. (2007), the theory includes too many unrealistic assumptions and can consequently not be considered applicable to this problem. Further, there are studies (Buillon et al., 2006) that indicate that the principal-agent theory is only effective when there is a lack of strategy acceptance among managers. According to Buillon et al. (2006), it is relevant with monetary incentives to achieve corporate goals, but it is much less costly to have goal congruence through strategy acceptance and pro-organizational behaviour.

Lindvall (2001) stresses that the concept of goal congruence has changed over time. Historically it was concerned with the actual actions of the employees while it nowadays concentrates on establishing a framework for the actions and creates more autonomy for middle-managers. Normally, the strategy is the starting point for the development of that framework, to ensure that the general picture is included and not just the goals for an entity of the organisation (Lindvall, 2001). This argument is supported by a study of the correlation between delegation and goal congruence. Delegation also increases the responsibility and liberty of the middle-managers and the study provided a relatively strong relationship between the two variables. This indicates that top-managers prefer to create a framework for actions instead of giving the middle-managers precise instructions (Yukl & Fu, 1999).

**Key factors for goal congruence**

To fully understand the concept we need to look into the aspects that influence the behaviour and create goal congruence according to earlier studies. Anthony and Govindarajan (2007) mean that there are both informal and formal factors that affect to what degree goal congruence can be achieved. The informal factors include norms such as work ethics that can be national, regional or specific for the organisation. The company specific norms are normally referred to as the company culture, which includes behavioural norms, shared values and a common belief system. Further, the authors consider the management style to have an important role in goal congruence. There is not an optimal management style that fits all organisations, since every company has different needs for strong leaders. One organisation
might prefer managers that apply ‘management by walking around’ while others prefer strong leaders that execute tight control (Anthony & Govindarajan, 2007).

A crucial informal factor is communication although it can be very formal at times. It is a prerequisite for goal congruence to exist. Thus, if the managers do not understand the corporate goals they will not be able to fulfil them. In this context it is also important to consider the informal ways to communicate within organisations since the most effective communication channel is not always the formal one (Anthony & Govindarajan, 2007). Lindvall (2001) means that the exchange of information is the crucial aspect when managers are trying to create goal congruence. Further, he argues that the top-managers ability to emphasize the essential information decides to what degree goal congruence will be achieved.

As mentioned earlier there are also formal instruments that can be used to create goal congruence, but they have a more compulsory character. The instruments consist of the formal management control system and rules implemented by the managers. Thus, goal congruence is achieved to a certain level because of power and hierarchies (Anthony & Govindarajan, 2007).

**Divisional performance evaluation**

This discussion regards the formal management control system that top-management use to coordinate and motivate middle-managers. Although the divisionalised organisations are considered to be relatively autonomous there is always a need for control. The decentralisation does not imply that middle-managers are free to act without constraints, but rather that they have the authority to take own decisions to achieve certain corporate goals. The expectations of the top-management can be seen as the overall objectives that also constitute the base for evaluation of division managers. Researchers have named this type of control ‘management by objectives’ (Merchant & van der Stede, 2007).

Most commonly, the objectives are of economic character such as profit, return on assets or investments. Merchant and van der Stede (2007) refers to this type of evaluation as results control or as the strategy to pay for performance. The top-management is not involved in the process of generating profits but rather in the evaluation of the results that have been
produced. The basic requirement for results control is decision authority through empowerment, which is normally the situation in decentralised organisations. The authors also claim that results control is even a necessity in divisionalised organisations. The key factor is to motivate the division managers to act in the best interest of the whole organisations, which is why incentive systems are used. (Merchant & van der Stede, 2007)

**Incentive systems**

Through economic compensation top-managers are able to direct the behaviour of the mid-management and motivate them in their pursue of profitability or punish them for not achieving the pre-established goals. However, one important aspect of incentive systems is that they do not always consist of monetary compensation for reaching the targets. There are other ways to motivate and push middle-managers’ performance. Merchant and van der Stede (2007) state that:

> “Anything employees like or dislike can be linked with any performance measure used to distinguish good from mediocre or poor performance”

(Merchant & van der Stede, 2007, p. 393)

There are three main reasons for using incentive systems according to Merchant and van der Stede (2007). First, it serves an informational purpose since it reminds the middle-managers of which aspects that are important to focus on. It serves as a guide when the middle-managers have to face trade-off situation between for example cost and customer service. Second, incentive systems are motivational even for already hard working employees. And last, there is a personnel related benefit since an attractive incentive system helps to attract and retain competent and high performing managers. (Merchant & van der Stede, 2007)

Although, the incentive systems have several positive purposes they are not given effects of the implementation of such a system. The design and the measurements chosen have to be closely linked to the overall objectives. The development of an incentive system is a costly process and there is no guarantee for success, which is why some organisations might experience negative effects such as suboptimisation.
Suboptimisation

When evaluating divisional performance organisations normally use financial measurements, which are expressed in monetary terms. The challenge for the top-management is to identify the key financial measurements relevant for each division (Merchant & Van de Stede, 2007). If the top-management fails in the design of the evaluation and incentive system, it may result in unwanted behaviour from the mid-management.

Lindvall (2001) states that the most significant criticism towards divisionalised organisations is the suboptimisation problem. Basically, the decentralisation and independency are given too much significance, which can result in a behaviour that is favourable only to one specific division and not to the organisation as a whole.

Merchant and van der Stede (2007) stress the issue with suboptimisation in organisations that evaluate divisions on return on investment (ROI). This evaluation will probably lead to investments that are favourable to the division, but not necessarily for the organisation. Divisions with already high profitability will not invest if the cost of capital is under their current return on investment regardless of what the cost of capital is for the organisation (Merchant & van der Stede, 2007). This type of management control could be compared to managing a portfolio since the only requirement is profitability at the divisional level (Lindvall, 2001). According to Lindvall (2001) such organisations emphasise less on what type of operations they have than what the common denominator is that should keep the divisions together.

Apart from the formal management control system previously discussed there are also more informal factors that could decrease the risk for suboptimisation. In the following sections we will further explain those factors and how they can be used.

Informal behaviour control

More indirect control includes both personnel control and cultural control. Personnel control is connected to the self-monitoring that motivated individuals apply. This could be expressed by trust and conscience that lead the employee to act in the best interest of the organisation. The employee also seeks a feeling of self-respect and self-satisfaction, which is obtained
through high performance (Merchant & van der Stede, 2007). According to Merchant and van der Stede (2007), there are three methods of implementing personnel controls; selection and placement of employees, training and job design.

Organisations put a great amount of resources and effort into finding new employees that fit the organisation’s requirements. To have ‘the right man at the right place’ can secure a certain behaviour that the organisation desires. However, having a misfit between the employee and the job can be very costly for the organisation. Further, training is an efficient way of creating a desired behaviour since employees tend to perform better when understanding the job tasks more thoroughly. Also, training can be very informal for instance through mentoring programs, where the newly employed is educated in the daily work (Merchant & Van det Stede, 2007).

According to Merchant and van der Stede (2007) there is also a possibility for mutual monitoring through cultural control, where the group pressure creates the desired behaviour. Managers can affect the culture in various ways such as; establishing a code of conduct, apply inter-organisational transfers, agreements and using a certain tone at the top. Moreover, group rewards can be seen as a kind of cultural control since it encourages teamwork, training of newly employed by senior colleagues and put pressure on the individual employee to contribute to the group’s performance. (Merchant & van der Stede, 2007)

**Commitment**

In their article, describing an overview of the literature on the balanced scorecard as a mean of controlling organisations, Norreklit and Mitchell (2007) state that behaviour is affected by either external or internal commitment.

“Individuals with external commitment are primarily motivated by variables outside themselves (such as managers’ instructions, organisational incentives and rewards) while individuals with internal commitment are motivated by variables within themselves (such as their own values and beliefs). External commitment is important for establishing organisational rules and communicating behaviour that is desirable and worthy reward, but it is insufficient for developing individuals who
are active and creative problem-solvers, since they are likely to act from internal commitment, i.e. they see themselves as responsible, self-motivating individuals.”

(Norreklit & Mitchell, 2007, p. 186)

Due to the limits of external commitment, Norreklit and Mitchell (2007) suggest to design balanced scorecards that are oriented towards the creation of internal commitment. Hence, internal commitment is described as a successful way to create desired employee behaviour. However, as expressed by the authors, the literature is lacking concrete descriptions of how this should be done.

The informal control of behaviour and the discussion of commitment are closely related to an ongoing debate about internal behaviour and the brand. Thus, the third part of this framework is centred around internal branding theory, which will provide further aspects of how to control behaviour in divisionalised service organisations.

**Internal branding**

The concept of internal branding is relatively new in the branding literature. This section aims to discuss in which way internal branding can be used to control behaviour. We will start by introducing the inside-out perspective of brand management, leading to a description of the notion of brand identity. We will then focus on the behavioural aspects of internal branding, to end with a discussion about brand commitment and how it can be created within the organisation.

**An inside-out perspective of brand management**

The traditional way of talking about branding has been concerned more about the image, adopting the so-called image-management approach. This outside-in perspective has consequently been more occupied with how the customers perceive the brand. Aaker (2002) calls this the classic brand management model. This model, since it is concerned with the image of the brand, has got a more tactical point of view, which leads to short term results. This is something that Aaker (2002) believes should be left to advertisers instead. The brand leadership model on the other hand is focused around the brand equity. As the brand equity
can be considered to be an asset, managing it well can lead to competitive advantages, which make branding a strategic issue. The model also emphasises that communication of the brand, should consequently not only be external, but internal as well (Aaker, 2002). Another way of explaining it is that a leader has to live the brand both externally and internally (Burmann & Zeplin, 2005). They however claim that many companies are behind regarding the implementation of this view (Burmann & Zeplin, 2005). This can however be seen as a somewhat contradictory view of that of Aaker (2002), that states that many firms have started to adopt his brand leadership model (Aaker, 2002)

Aaker (2002) is not alone adopting an inside-out perspective of branding. Kapferer (1997) has also stated that the identity part of the brand is more important than the image. Other authors (Sarkar & Singh, 2005) state that internal branding is one of three presently emerging themes in the branding literature. Even if the brand image is not unimportant, de Chernatony (1999) also emphasises that more attention needs to be given to the brand identity in the brand management processes. Consequently, it is easy to spot a trend in management literature stating that the brand identity is of great importance and should be regarded as more important than or at least as important as the brand image. Next we will discuss different authors’ perspectives on the notion of brand identity.

**Brand identity**

The notion of brand in this thesis refers to the corporate brand and not to product brands. Ind (1990) describes the corporate identity as the organisation’s sense of self, which is formed gradually through its history and its strategy. Keller (2006), on the other hand, means that it is an old fashioned way of considering the corporate identity, or personality. Instead, according to Keller (2006), the successful companies of the 21st century will be those who let the identity be the guide to their decisions and actions.

According to Kapferer (1997) a brand consists of six facets that together define the brand identity. These facets include the physical qualities of a brand, the brand personality, the culture surrounding the brand, the relationships created by a brand, the reflection of the user of the brand and the self-image of the user of the brand. Aaker (2000) states that brand identity is a promise made by the organisation to its customers and can be said to be what the
brand is or want to be associated with. There is a clear difference between the brand identity and the brand image. The brand identity refers to “I am”, consequently is states what the brand is from an internal point of view. The brand image on the other hand refers to how the brand is perceived by customers and other stakeholders, the “I am perceived as” (Lagergren, 1998).

Burmann and Zeplin (2005) claim that the dimensions that constitute brand identity presented by different well-known authors (Aaker, 1996; de Chernatony, 1999 & Kapferer, 2004) basically comprise the same important parts of the brand identity. Consequently, they claim that they all include the aspects organisational value, capabilities and behaviour (Burmann & Zeplin, 2005). Due to the behaviour orientation of this thesis, we will concentrate on the last of the three aspects of the brand identity stated by Burmann and Zeplin (2005).

**Behavioural aspects of internal branding**

The behavioural approach to internal branding appears to be relatively new in the brand management literature (de Chernatony & Vallaster, 2006; Burmann & Zeplin, 2005; Henkel et al., 2007). Brand management literature indicates that there is a growing united standpoint concerning the importance of assuring that the company performance lives up to the customer expectations. Research shows that strong brands are created when the performance of employees is consistent with what is communicated through external communication (Aaker, 2002). Henkel et al. (2007) emphasise the importance of brand consistent employee behaviour, arguing that “continuous brand success can be improved if the brand promise that is communicated through a company’s mass media campaigns is lived up to be each of its employees” (Henkel et al., 2007 p. 316). In their research, Henkel et al. (2007) emphasise the importance of brand consistent and congruent employee behaviour and use the notion of “behavioural branding” (Henkel et al., 2007 p. 310). de Chernatony and Vallaster (2005) describe the idea of internal branding as a “process to align staff’s behaviour with brand values” (de Chernatony & Vallaster, 2005 p. 181). Ind (2003) argues that a brand can obtain a certain level of strength through successful communication strategies, describing brand awareness as a hygiene factor for strong brands. However, what is significant for the strongest and most long-term performing brands is their ability to make the brand experience
correspond to the image created through the communication, differentiating them from other average brands (Ind, 2003).

Burmann & Zeplin (2005) also argue in favour of behaviour oriented internal branding, suggesting the notion of brand citizenship behaviour. The authors define brand citizenship behaviour with seven dimensions: helping behaviour, brand consideration, brand enthusiasm, sportsmanship, brand endorsement, self-development and brand advancement (Burmann & Zeplin, 2005). Ind (2003) argues that brands are about people, meaning that the attitude and behaviour of employees are essential for successful companies.

“This suggests that ‘living the brand’ is about ensuring the linkage between employee attitudes and behaviour and overall business goals. (...) If the things that make employees enthusiastic are also fundamental to business success, however, they will remain through both good and bad times and become central to the organisational culture.”

(Ind, 2003, p. 400)

Hence, the branding literature has come to a point today where internal branding is behaviour oriented, showing that employee behaviour is a crucial component for companies in their pursue of a strong brand. In other words, internal branding literature considers the same behaviour related problems as discussed in management control literature. The following section is focused on the notion of commitment and how commitment can be used to affect organisational behaviour.

**Brand commitment**

Henkel et al. (2007) refer to formal and informal control mechanisms, describing external control as a “means for addressing routine aspects of a problem by prescribing appropriate behaviour” (Henkel et al., 2007 p. 312). The limitations of formal control is that it is not well suited for creating flexible behaviour, adapt to changing conditions at the same time as it is constraining creativity. Informal control, on the other hand, is more appropriate for inspiring employees to behave in line with company values and increases brand commitment (Henkel et al., 2007). In other words, informal control could be used as a mean to create commitment.
However, the description made by Henkel et al. (2007), of what informal control consists of is vague and does not give a precise answer to how commitment can be created.

Burmann and Zeplin (2005) present a brand-oriented perspective on how to create desired organisational behaviour. In their article, the authors suggest a holistic model (see Figure 3) for internal brand management, where brand commitment is a key driver for brand citizenship behaviour. The holistic model for internal brand management includes three levers for generating commitment: brand-centred HR activities, brand communication and brand leadership. These three levers will constitute the frame for the following discussion, comparing them with other authors’ perspectives. However, the studied literature seems to agree concerning the importance of employee commitment.

![Figure 3. A holistic model for internal brand management (Burmann & Zeplin, 2005 p 286)](image)

**Internal brand communication**

According to Burmann and Zeplin (2005), companies need to create awareness for brand relevance among their employees. That is, make all employees understand their respective influence on the customers brand experience. The second step is the verbalisation of the brand, which implies that it has to represent all the facets of the brand identity and at the same time it has to be easily memorable. Burmann and Zeplin (2005) describe three forms of internal communication: central communication, cascade communication and lateral communication. Central communication can be based either on the push (i.e. newsletters) or
the pull principle (i.e. intranet). Cascade communication is communicated from the top of the organisation through the hierarchy whereas lateral communication is informal communication and does not follow the organisational structures. The authors suggest brand book, brand value statement, brand mantra and learning maps as means to verbalise the brand (Burmann & Zeplin, 2005).

However, Ind (2003) argues that the internal brand communication alone cannot alone result in committed employee behaviour. de Chernatony and Vallaster (2006) even argue that organisations believe that only through communicating the ideology they will automatically create a day to day behaviour, which is consistent with their specific ideology. Also, they claim that the organisation cannot force the employees to believe in their ideology.

De Chernatony and Vallaster (2005) discuss the importance of the internal brand building process in international service companies. Internal communication can be both verbal and non-verbal. However, in accordance with Ind (2003), de Chernatony and Vallaster (2005) argue that communication itself is not sufficient. Several sources stress the importance of the leadership to succeed in obtaining organisational and brand commitment (de Chernatony & Vallaster, 2005; Ind, 2003; Ulrich & Smallwood, 2007), which corresponds to Burmann and Zeplin’s (2005) second lever for brand commitment.

**Brand leadership**

Burmann & Zeplin (2005) encourage brand leadership on all levels of the organisation, distinguishing two major brand-relevant levels of leadership, namely the macro level and the micro level. The macro level is constituted by the CEO and the executive board whereas the micro level refers to executives throughout the whole organisation. Burmann and Zeplin (2005) argue that it is important that the brand identity does not become dependent of the personality of leaders, but that leaders can adapt and subordinate their personalities to the brand. Ulrich & Smallwood (2007) also discuss the risk that a “powerful and charismatic leader can develop a personal brand that overpowers the organisation’s own brand” (Ulrich & Smallwood, 2007 p. 96). The authors argue that companies’ should design leadership profiles that are adapted to the corporate brand identity, stressing that their observation has shown that companies with strong leadership brands tend to have above average P/E rations. Ulrich and Smallwood (2007) conclude:
“Boards of directors need to encourage the building of leadership brands; senior executives need to sponsor leadership brand initiatives; HR professionals need to design and facilitate programs that foster leadership brands. The CEO of a company must function as its ‘brand manager’ and be the driving force behind building it as an organizational capability.”

(Ulrich & Smallwood, 2007, p. 100)

Consequently, literature argues that the brand should play a central role in the recruitment and forming of leaders. The relation between the leadership role and the internal brand can also be inversed, defining the role of leadership in the internal branding process. de Chernatony and Vallaster (2006) emphasise the important role of leadership in internal branding, suggesting five propositions for leadership. The authors describe the role of leaders as integrators of elements of corporate identity, mediators between corporate branding structures and individuals, facilitators of brand commitment by acting as role models, and as designers of permeable corporate branding structures (de Chernatony & Vallaster, 2006).

In another study, de Chernatony and Vallaster (2005) describe the role of leadership in the internal brand process of international service companies. They conclude:

“Through their behaviours leaders can enhance awareness and gain acceptance of the vision for the service brand. This is firstly from their verbal communication, which needs to be strong, convincing and synchronised with the brand vision. Their non-verbal communication includes showing commitment to the defined brand vision, living the brand promise and trusting employees. “

(de Chernatony & Vallaster, 2005, p. 197)

Besides the brand leadership there is also a need for involvement of the HR department when it comes to educating and attracting leaders to an organisation, which will be described in more detail below.
Brand-centred human resource activities

The first of the three levers that Burmann and Zeplin (2005) present is the person-brand fit through human resource (HR) activities.

“A brand-centred style of HR management needs to ensure that applicants with high personal identity-brand identity fit are recruited and selected, and that those employees with a high person-brand fit are promoted.”

(Burmann & Zeplin, 2005, p. 287)

The authors also suggest that the HR department should organise orientation training for new employees including the brand identity, its history, vision, values and personality and that the initial training should be followed up with executive programmes during the employees’ careers. According to Aurand et al. (2005), there is a low involvement of HR activities in the internal branding process. The authors claim that the internal brand could profit from better internal communication and a higher impact of the internal brand among employees, if the HR department was more involved in the activities that traditionally are driven by the marketing department.

We have now described the two main parts of the framework for behaviour control and will complete this chapter with a synthesis where the two parts are combined for a deeper understanding of the connection between them.

Behaviour control – a theoretical synthesis

As the previous sections have shown, both management control and internal branding aim to create a certain desired behaviour. Below we will present a synthesis of those processes where the two topics are linked with each other, focusing on the similarities.

As stressed by Lindvall (2001) management control has its base in the overall strategy of an organisation. Internal branding on the other hand is discussed as a process that starts with the identification of brand identity, according to many of the researchers (Kapferer, 1997; de Chernatony, 1999; Keller, 2006). The next step in the processes is to create acceptance of the strategy within the organisation (Buillon, 2006), which will lead to a coordination and
avoidance of suboptimisation (Merchant & van der Stede, 2007; Lindvall, 2001). But, when brand identity is communicated throughout the organisation it will convert into brand values that the employees will include in the corporate culture (Burmann & Zeplin, 2005).

When strategy is accepted by the members of the organisation, they will create a framework for what behaviour the organisation is expecting from the employees (Anthony & Govindarajan, 2007, Lindvall, 2001). But, there is definitely a need for constant reminders and educational activities to preserve such favourable behaviour (Marchant & van der Stede, 2007). This phenomenon has a direct counterpart within internal branding since the brand values and the corporate culture also constitute a framework for the desired behaviour, but in this case related to the brand identity. Further, this brand consistent behaviour is maintained and improved by almost identical activities as the desired behaviour within management control (Aaker, 2000; Henkel, 2007).

Both processes have the aim to create an internal environment with total acceptance of the overall strategy and brand identity. In management control such acceptance would imply an organisation with goal congruence between all members and the organisation (Anthony & Govindarajan, 2007). In accordance, total brand identity acceptance would result in employees that all are ‘living the brand’ or that consider themselves as fully developed brand citizens (Ind, 2003; Burmann & Zeplin, 2005). Thus, the two processes can be illustrated as shown in Figure 4, where the connection point is the behavioural framework.
To further develop this synthesis we will in more detail present the means that create the desired behaviour of both management control and internal branding (see Figure 5). Note that three of the means are present both within the management control area and within internal branding. However, the similarities are only found between the informal control of behaviour and internal branding. The only formal mean, the incentive system, used is only discussed within the management control system and thus not used within internal branding.

**Information and communication**

As we have seen there are several similarities in the discussion of what to achieve within the control and internal branding areas, but there are also a consistence between the activities within the two topics. Information and communication are two key words while creating a management control or internal branding process (Aaker, 2002; Anthony & Govindarajan, 2007; Burmann & Zeplin, 2005; Lindvall, 2001). Lindvall (2001) emphasises the fact that no type of desired behaviour can be created without information and above all communication. Effective communication creates an understanding of what is expected from the participants within an organisation (Anthony & Govindarajan, 2007). Ind (2003) relates the importance of communication to the internal branding discussion where he argues that brand awareness
within the organisation is depending on the communication. Communication is also one brick stone in the holistic model of Burmann and Zeplin (2005) and thus crucial for creating commitment.

There are numerous examples of how to communicate, de Chernatony and Vallaster stress that communication can be both verbal and nonverbal. For example, one organisation can use a brand book (Aaker, 2000) while another can use group pressure as a communisation channel (Merchant & van der Stede). However, many of the researchers claim that communication on its own is not sufficient to create goal congruence or brand citizenship behaviour, hence there is also a need for strong leadership (de Chernatony & Vallaster, 2005; Ind, 2003; Ulrich & Smallwood, 2007).

Leadership

Anthony and Govindarajan (2007) claim that the management style is one of the key factors in the goal congruence development. In addition, Merchant and van der Stede (2007) argue that the tone at the top and training of newly hired by senior colleagues are two types of activities that increases the possibility of desired behaviour. Within the brand area Aaker (2002) has developed a leadership model that focuses on the brand equity and how to manage it internally. Moreover, Burmann and Zeplin (2005) as well as Ulrich and Smallwood (2007) argue that there is a need for brand leaders throughout the whole organisation, but that leaders at different levels have distinguished roles. Also, de Chernatony and Vallaster (2005; 2006) mean that leaders are central when an organisation wants to create a desired behaviour through internal branding.

Human resource activities

The desired behaviour of leaders can be achieved through a careful recruitment, which is another topic that is discussed within both areas. Merchant and van der Stede (2007) argue that the right man at the right place is essential in the management control area and also a cost saving activity. In addition, Burmann and Zeplin (2005) include Human Resource activities in their holistic model and emphasise the importance of both recruiting and promoting the persons with the highest personal identity-brand identity fit.
After a careful recruitment process there is also a need for training of the employees. Merchant and van der Stede (2007) mean that training is both personal and group control since it develops the employees’ personal behaviour and understanding and also the group can train its members to behave according to the group rules that may be either formal or informal. The importance of training is also mentioned by Burmann and Zeplin (2005) and they emphasise the training that is necessary for newly hired persons so they can develop an understanding for the values and the brand identity. Further, the authors argue that the initial training should be followed by additional programs during the employee’s career. Finally, there is also mentoring programs that are suggested as a more informal training alternative by Merchant and van der Stede (2007).

**Incentives**

One activity is only found in the management control part and is of a more formal character (Merchant & van der Stede, 2007). Incentive systems do not seem to be included in the ongoing debate about internal branding although it is closely related to the creation of desired behaviour. Incentives can according to the authors serve many of the purposes of the control aspect, but it should also be pointed out that the effects are not given only possible effects.

The previous discussion outlines the patterns that we have identified within the existing theory in the behaviour control field. We will now turn to the thoughts and patterns that can be detected in an empirical research.
This section contains a presentation of our empirical findings. First, we will present an overview of the findings of each company separately. We will then continue by presenting an empirical summary and finally, we will present a number of broad themes that have emerged from the interviews with all the organisations. While presenting the findings we have slightly changed the titles of the respondent in a more abbreviated way to enhance the readability.

Scandinavian Airlines

Organisational structure

SAS Scandinavian Airlines is part of the SAS Group, which also includes SAS Individually Branded Airlines and SAS Aviation Services. This thesis though, is focusing on SAS Scandinavian Airlines, which in turn is constituted of four subsidiaries, namely SAS Denmark, SAS Norway, SAS Sweden and SAS International (www.sasgroup.org, 2007-12-29). These four are separately managed subsidiaries, still being unified by the fact that they all represent the SAS brand. This structure is relatively new and is the result of the reorganisation that the corporation has executed, starting in the year 2000. Until the year 2000 the Scandinavian Airlines consisted of only one company.

“[The forming of separate subsidiaries] started already in 2000 actually, but it was intensified during 2003 and 2004 by establishing a statement of income and a balance sheet and establishing separate contracts with suppliers and customers.”

(Leadership manager, 2007)
Advantages with the structure

There are several reasons why the Scandinavian Airlines (SAS) was divided into separate subsidiaries. In the beginning of the 21st century, SAS faced a number of threats affecting the airline industry as a whole. The deregulation of the airline business had resulted in new upcoming low-cost competitors such as Ryanair and Easyjet. At the same time, the industry suffered from an emerging depression which was amplified by the events of September 11, 2001 according to the leadership manager. Hence, the management of Scandinavian Airlines realised they had to adapt to the changing environment and faced an urgent need to cut costs dramatically to survive.

“In a monopolistic world, the needs for cost efficiency are not the same. (…) The truth is that when the crisis arrived, no company had such high prices, such high yield as SAS and no one had such large costs. (…) Today, we have cut 40% of the costs and we should still cut 10-20% in order to be in level with our competitors. But to realize such a pressure you have to delegate.”

(Leadership manager, 2007)

In other words, the SAS management wanted to create a stronger awareness of the need to cut costs in the company and therefore decided to delegate responsibility by creating separate subsidiaries, each of them being responsible for their revenues and costs. According to the leadership manager, the transformation has proved to be successful, turning yearly deficits of a couple of billions of Swedish crowns into profit in a period of about five years. The leadership manager stresses that an important effect of the new structure was the energy and entrepreneurship that came from delegating responsibility to the separate subsidiaries. Before the transformation, if a certain part of the company was loosing money the loss could be compensated by another, more profitable activity. Today, each division must be profitable on its own, which puts pressure on them to reduce costs and secure profits. As a consequence, the delegation of responsibilities has not only reduced costs but also increased the awareness, involvement and motivation among managers in all of the airline subsidiaries, which is stressed by all of the interviewees.

Disadvantages with the structure

The product manager and the brand manager also stress more market-oriented reasons why SAS was divided. The product manager states the need to get a faster time-to-market, in other
words, be closer to the local markets and being able to adapt to them. The new structure has made it possible for each of the subsidiaries to adjust their offers to specific and local customer needs. However, the possibility for each company to adapt their offers also leads to some disadvantages or challenges. The product manager means that the management was under high pressure and stressed that when the forming of new subsidiaries was executed, the delegation did not include constraints clear enough to keep the subsidiaries gathered. Consequently, the subsidiaries have been able to adapt their respective market strategies a little too much, according to both the brand manager and the product manager.

“Shall we take the step towards a low-price strategy or keep to our network strategy? As the central management control has been too loose, the freedom of choice has resulted in quite big differences between the four companies in how they consider their soul and heart, in other words how they have perceived their brand. This is very visible when we do measurements of our brand. We get very different answers. We do not have a clear positioning in brand tracking, it is very struggling.”

(Product manager, 2007)

“If the management in Norway wants to position SAS as a low-price carrier but the management in Denmark says it wants it to be a business airline, we have to act because they cannot have a different brand positioning or values. (…) It is a continuous struggle, I must say, because each of them say they know which is the best way to position the SAS brand.”

(Brand manager, 2007)

Hence, there are several ways in which the subsidiaries can differ. The product manager explains that there can be large differences in the marketing communication depending on which of the subsidiaries is the sender. For example, one company may consider the flight to London as a typical business related flight whereas another may consider it as a leisure flight. As a result, the message in the marketing communication can be expressed in different ways, aiming different target groups and different prices may be communicated. The differences are not only apparent in the subsidiaries’ communication, but are also visible in the delivery of service on board. According to the product manager, the price of a can of Coca-cola can differ on a flight between Stockholm and Copenhagen, depending on which subsidiary that carries that specific flight. To sum up, the experience of SAS from the customer point of view can be
different from time to time, or flight to flight, and so on, due to the fact that the brand is represented by four separated subsidiaries.

**Divisional performance evaluation**

The management control philosophy, explains the leadership manager, is based upon the belief in autonomy, the delegation of the responsibility of the results and the need for each subsidiary to be competitive in its own market. This philosophy was presented in the beginning of the establishment of the individual subsidiaries. The leadership manager further explains that the management control system used by the group to control the four subsidiaries is based on a certain measures that are followed up. SAS uses a couple of result related measures such as cash-flow return on investment (CFROI), a measure that is specifically used by airlines, as airplanes often are leased and consequently off balance. Moreover, there are a number of operational measures, so called block hours, such as the number of hours that a plane is in the air, the number hours that pilots are flying, the number of hours that the cabin crews are working etc according to the leadership manager. Furthermore, there are a number of market-oriented measures such as customer satisfaction as well as brand tracking measures. The leadership manager also informs that top managers are taking part of an incentive system based on target contracts where they receive a bonus if targets are obtained.

Leadership and governance is strongly connected, says the leadership manager, and explains that the management control system that SAS is using demands a certain type of leaders. Delegation implies that leaders must be independent, drifty and strong enough to carry the responsibility. They must be comfortable in their roles as leaders and be able to create pride and loyalty within the organisation. Consequently, the management control system implies that it is very important to find the right type of leaders and to give them the right type of incentives. However, according to the leadership manager, leadership governance has not been in focus during the reorganisation period and there are improvements to be done.

“All those things can be measured and evaluated. However, we have not been doing this during the last five years. We have not had the time and have not afforded it. It is as simple as that. It has more been like, out and survive.”

(Leadership manager, 2007)
The product manager describes the same picture and thinks that the delegation could have been carried out in a better way stressing the fact that top managers should have given more restricted guidelines to avoid different strategies from being chosen by the strategies.

**Brand related activities**

The transformation of the organisational structure, including the creation of four subsidiaries, has implied a larger challenge when it comes to brand-related questions, compared to when there was only one integrated SAS company, the brand manager admits. The product manager states that it was probably easier to keep the company and the brand unified before the new structure was applied and refers to the period when Jan Carlzon was the CEO of SAS in the 1980’s.

**Negative effects on the culture due to cost cutting focus**

Due to the fact that cutting costs has been in focus the last five years, the internal brand related tasks have had a low priority. During the organisational transformation, the focus on cost reduction and the radical reduction of the number of full time employees in the subsidiaries has affected the corporate culture in a negative way, says the brand manager. The leadership manager also stresses that the last five years have been a difficult period.

> “Imagine a company that has a fantastic and successful history with a strong brand, strong identity and a lot of pride and at the same time being based on a bunch of horrible cost structures and union agreements. To enter such an organisation and in a period of five years change both the structure, the management control system (…), we have changed our business model. (…) We have gone through a heart transplantation.”

(Leadership manager, 2007)

The transformation and the present situation, which is described as an identity crisis, are visible in the organisational behaviour. As was described while treating the organisational structure, the customers’ experience of the service can differ depending on the operating SAS company.
“There are thousands of contacts with customer every day and there must be a clear message, so to say. Anyway, there may be a clear message in Sweden, a clear message in Norway and a clear message in Denmark. We have succeeded in doing that. The problem is that if you compare these three messages, they are not the same. (...) The customers are meeting all three or four airlines and the staff too, which makes it unclear.”

(Product manager, 2007)

‘Cultural turnaround’
The strike that was taking place in Denmark in the beginning of the year 2007 is another example of how the identity crisis has affected the organisational behaviour, says the brand manager, meaning that the strike was carried out without realising what consequences it had for the economy of the company and for the customers. The brand manager also claims that the company’s new CEO, Mats Jansson, probably was surprised by such a harmful behaviour and realised that it showed that the organisation has been through a tough period. In the summer of 2007, the CEO Jansson launched the new SAS strategy for the period 2007 to 2011, internally called ‘S11’. The strategy includes what Jansson calls the ‘cultural turnaround’ (SAS Group Strategy 2011 presentation, June 13, 2007), as an initiative to change this harmful organisational behaviour. However, it appears unclear what the ‘cultural turnaround’ consists of. The product manager describes a need to create a culture of consequences, meaning that there must be consequences if one do not act as one is supposed to. The brand manager admits not being exactly aware of the concrete meaning of the ‘cultural turnaround’, but expresses a need to create a more customer oriented behaviour. The brand manager also explains that the person being held as responsible for the ‘cultural turnaround’ is the human resource manager of SAS Group.

HR involvement in brand related activities
There has not been any specific focus on what is called ‘living the brand’, says the brand manager, but a new project is being launched focusing on the employer brand which is a part of the ‘cultural turnaround’. The purpose of the employer brand project is to make everybody follow common guidelines regarding the SAS brand.

The project, which therefore is rather internally oriented than aiming to attract potential new employees, is an example of how the brand manager collaborates with the human resource
manager. As mentioned earlier, the leadership manager stresses the importance of strong leaders and says that there is a clear leader profile that is used when recruiting new managers. The creation of a performance management culture is being under development. However, the leadership manager hesitates when answering whether the brand plays a role in the leader profile.

“Both yes and no. (...) The profile of the person to be recruited should match our leader profile, which in turn matches our business related challenges, to be able to manage a very dynamic business which is highly exposed to competition. Straight, simple, secure, reliable. All that we want SAS to represent as a brand is also what we seek among our leaders. So there is a very high correlation.”

(Leadership manager, 2007)

However, the leadership manager is not sure whether the leader profile originates from the SAS brand, but thinks it is rather based upon the customer needs and what SAS must do to satisfy those needs and that these factors are very close to the brand. SAS has no specific principle for whether managers should be recruited internally or externally. The leadership manager thinks that among the top 150 managers, the proportion of externally recruited is a quite large, between 30-50%. The brand manager thinks that the brand can be used to control organisational behaviour, however, stressing that the brand cannot be treated separately as the brand embraces everything.

“You are the brand, whether you want to or not. I do not think one should have a project for the brand to affect behaviour, I believe it is a part of whole. But then you must have a brand that you, as an employee, believe in, that you can relate to and that has values that you agree with…”

(Brand manager, 2007)

The leadership manager is not sure whether the brand should be used to control behaviour.

“There is a strong proprietorship, a loyalty and involvement related to the brand (...) but I am not sure whether it is at the same level as Coca-cola, for example. I mean, living the brand, I am sceptical. (...) The brand gets a lot of attention in SAS, (...) but I cannot see any connection with the governance.”

(Leadership manager, 2007)
Länsförsäkringar

Company structure

The 24 regional companies of Länsförsäkringar are all independent. The director of corporate communications emphasise that he does not work at the central office, the headquarters. Länsförsäkringar rather has got 24 different regional headquarters in Sweden and can be described as bottom up rather than top down. The chief controller states that even if the group has got only one bank charter they try to run the bank as if they had 24 independent banks, each with its own bank charter. The reason for this is that they want the price setting to be made as close to the customer as possible. The companies are also free to collaborate with other financial actors, the chief controller explains.

The CEO uses a metaphor to describe the structure by stating that the organisation consists of 24 mothers that control the business and the development that takes place within Länsförsäkringar AB. Furthermore, the different companies have the power to make decisions regarding all local strategic issues. However, the companies sometimes decide to create common IT-systems, for example. Additionally, if they want to perform nationwide marketing campaigns they give their common marketing department that project. However, this needs to be preceded by a decision between all of the 24 companies. Another way the CEO uses to describe the decision-making power of the companies in the group is by comparing Länsförsäkringar with Handelsbanken where he has worked previously. The CEO states that when working there, as a manager, the top management could monitor how many employees that where employed at his division. In Länsförsäkringar, on the other hand, the CEO of each company has got the complete power of managing his workforce together with his board of directors. At the same time the CEO also states that there is no right or wrong, both companies are successful. The important issue is being aware of the consequences of the way you do your business.

Advantages with the structure

According to the chief controller, to reach a decision can take time. However, when that is done the decisions can be implemented with great force, which can be regarded as an
advantage of the structure. Furthermore, the chief controller argues that having regional companies enable them to meet local challenges more easily. It is also hard for competitors to meet or imitate their offers, as they have 24 different ones nationwide. The chief controller also states that each company is less vulnerable losing customers, being part of a larger group of companies than if they should have acted on their own. The CEO has got a similar reasoning presenting the fact that the companies are able to assume risks as large as the ones taken by national or international companies, which would have not been possible if they had acted alone on the marketplace. For example, after the storm “Gudrun”, one regional company would probably have gone bankrupt if they had not been part of the group. In addition to this, the CEO points out a synergy effect regarding IT-systems and the fact that they can make local decisions faster without having a headquarter that needs to be involved in all decisions as advantages. The CEO argues that this enables them to have more satisfied customers.

Another advantage is that the companies do not have any pressure from above to perform, but rather from the side. The CEO explains this through comparing it with the pressure coming from your friends, which he argues creates more of a competitive atmosphere. If a friend says something, he states that you tend to listen more closely than if your parents would have said the same thing. That is somewhat unique for Länsförsäkringar, and a great advantage in creating success, according to the CEO.

**Disadvantages with the structure**

One potential disadvantage that the chief controller states, which others have pointed out to him, is that the leadership might be a bit diffuse. This is however not something that he has experienced when comparing Länsförsäkringar with other companies where he has worked previously. However, the chief controller reckons that it might be hard to mobilise resources in crisis situations, as the path towards establishing a decision often is quite long. To conclude his reflection, the chief controller states that there are both advantages and disadvantages having a long journey in establishing a decision. The advantage is that once the decision is taken, the companies can act upon the decision with great strength. Though, the disadvantage is that it can take time to reach a decision.
Observation and findings

The CEO also states that it can take time to make decisions. However, once they are made, it is easy to implement them. The CEO does not see that his regional company has lost any business opportunities due to this structure and consequently does not consider the decision time to be a disadvantage. He also states that sometimes it is good that it takes time to reach decisions, rather than having a central unit that decides something and still need to spend lots of time to convince their units that they have made a good decision. The director of corporate communications, on the other hand, agrees that there are some disadvantages with the structure, but the advantages overcome them. From a branding point of view, the director of corporate communications also claims that Länsförsäkringar has a greater uniformity in how they perform their branding and profiling than the majority of other financial actors in the country, even though they are 24 separate companies.

Regarding the co-ordination of the 24 companies and the potential problems arising, the CEO once again states that there can be a long process before reaching a concluding decision. The CEO also says that even if they all have to agree, some might not think an idea is as good as others. However, if 20 out of 24 companies consider an idea to be good and the others do not, but still agree to implement it, the result can still be satisfactory according to the CEO. He also states that they have never had to use their share proportions when making decisions, rather have they managed to reach an agreement anyway.

Divisional performance evaluation

According to the CEO, Länsförsäkringar uses benchmarking to measure the different ability on the market for the 24 companies.

“We have a tougher control than many others. We are constantly monitoring the result of the company for the first, second, third and fourth quarter. We compare the yield of money that we manage, we compare cost of operation in percent and the cost of injuries in percent, how the bank is growing (…) so we are benchmarked constantly.”

(CEO, 2007)

The chief controller, from his bank perspective, points out growth and profitability in the bank sector as some criteria for control. He also adds that they measure activity and user rates. The
banks are also given income statements and balance sheets on a monthly basis. The banks at the different companies are also free to keep what their income statements shows states the chief controller.

“…they [the banks] get to keep the money shown in their income statement…so there are many ranking lists, so that we create a competitive atmosphere between the banks on which is the most successful and which is the least successful.”

(Chief controller, 2007)

Moreover, they conduct coaching sessions with the banks at least twice a year, when they discuss what the banks are doing right and what they are doing wrong. The 24 companies also sign a business contract containing information of what they are expected to achieve and sell during a year. This contract is processed by Länsförsäkringar Bank, but has been preceded by a process including the 24 companies according to the chief controller.

Also, the control systems include a control document that the companies produced in 2002 and are constantly updating and revising, they also decide upon which are their strategic target groups and they share a brand strategy as well as a IT-strategy, according to the CEO. Regarding the rewards, both the CEO as well as the chief controller emphasise the competition, and the reward being the best or among the best. Both of them state that when the CEO:s have their meetings following up on their performance, no one wants to be the one that has performed the weakest result. This is a huge driving force according to the CEO.

The director of corporate communications also emphasise the competitive environment as something important. He exemplifies by saying that his department prepares information that the different companies can send out to the regional press. However, not all of the companies do this frequently. What they do at his department then is that they show the different companies how many times Länsförsäkringar have been present in different regional newspapers. That way the companies are being compared, something that he thinks triggers the competition between the companies.
Brand related activities

When it comes to the brand, the 24 companies have, as previously mentioned, a joint brand strategy. The group also has got a market communication function at Länsförsäkringar AB. Länsförsäkringar also has a market group consisting of representatives from the 24 companies. They can be handed the responsibility to change the profile of the company and precede by presenting a suggestion that the 24 CEO:s together evaluate before implementing. What is decided is then communicated through their intranet according to the CEO.

Creation of brand values

The company has got a set of core values that all companies share, as they come from similar backgrounds. According to the CEO, those are being local, acting near the customer and being accessible. These values are also established in the market strategy that in a broad sense establishes how they should act. According to the CEO, the values are something that is formed while working together, discussing strategic issues or the market strategy etc. However, he also states that they do not often sit down and talk explicitly about their values. The chief controller has got a similar point of view. Though, he states that values is something that is often discussed, but not something that is firmly established by someone. They are rather formed while employees interact with each other, it is the employees that load the brand with its values. The director of corporate communications mentions that when he started at Länsförsäkringar he thought that they were talking and discussing things too much. However, now he has reached the conclusion that this is aligned with their values and represents a constant attendance to the brand values.

Furthermore, the director of corporate communications explains that the fact that they do not have shareholders. Rather, they are owned by their customers who have helped to form their values. The director of corporate communications says that it is important to listen to the customers. To illustrate this he says that if five people call to a particular Länsförsäkringar company and complains about the same fund, it is likely to create activity within that company. The information will reach the CEO of that company that can act upon this, which he does not regard as likely in other organisations than Länsförsäkringar. This is because the regional companies of Länsförsäkringar act close to the customers. In other companies, the
complaint would not end up in the hands of the CEO according to the director of corporate communications.

The chief controller mentions that some values that the company wants to be related with, is being socially responsible. This is also confirmed by the director of corporate communications that says:

“I had to abandon my really cool car when we established our environment policy, it might sound silly but you always have to act in line with what you support.”

(Director of corporate communications, 2007)

External campaigns affecting the behaviour
The controller declares that he believes that it is possible to control behaviour using the brand. To exemplify, he mentions a recent external campaign regarding home loans that exposed the brand to the public. While getting a good response from the public about the campaign he believes that the employees felt proud about the brand and working for the company. This is something that he says creates a lot of positive energy within the company. According to the director of corporate communications it is important that an external campaign reflects what the organisation is like from the inside, so that confusion is not created among employees.

‘Living the brand’
The director of corporate communications also believes that it is possible to control behaviour in organisations using soft control factors, such as values. He believes that this is important today, as a lot of young people only want to work for companies with values that they can relate to. Once again, he says that it is important to act in a way aligned with what one wants to be, meaning that one has to live the brand. He finds it hard to articulate what it is to live the brand as he states that he is so used to live according to his values. However, as an example he mentions one employee that almost turned down a job because he had young children. The director of corporate communications thought it was silly and encouraged the person to take the job. He says that it is important to be an attractive employer, to care about others.
HR involvement in brand related activities

The director of corporate communications explains that you cannot force anyone to live a brand if they do not share the same core values. He says that what you can do is to act in that way yourself to encourage that sort of behaviour. However, this also means that the recruitment process and the human resource manager have important roles in the internal brand building process. The director of corporate communications says the following about the role of the human resource manager:

“Some people think that it is just the marketing manager that should work with the brand. In that case you have misunderstood the entire concept. The person, the function that has got the most crucial part in working with the brand is a company’s human resource manager.”

(Director of corporate communications, 2007)

The CEO on the other hand, from his regional perspective, states that the human resource department only partly has got a role when it comes to brand related activities. That is that they are responsible for the education of leaders and the staff. The recruitment of leaders is done both externally and internally, about 50-50 according to the CEO. The controller says that for the bank sector they have recruited mostly externally due to lack of competence within the company. However, he has got a feeling that for other positions the recruitment is done mostly internally. The human resource department has also established profiles that they seek for when recruiting both leaders and co-workers according to the controller.
Handelsbanken

Company structure

Handelsbanken’s structure has its origin in the reorganisation that was implemented in the early seventies. Earlier it had been a centralised commercial bank with its headquarters in Stockholm, Sweden. Though, according to the director of corporate communications and the corporate controller, after several years of financial difficulties, a major restructure and a new management control policy with decentralisation were implemented. The organisation kept the headquarters in Stockholm, but created seven regions that were given a vast autonomy. Today, six of the Swedish regional headquarters still exist and each regional office supports the local offices within its geographical area, according to the director of corporate communications. In total, Handelsbanken is represented by 459 local offices throughout the country (www.handelsbanken.se, 2007-12-07). According to the interviewees, there is a high level of autonomy both for the regional headquarters and for the local offices. They all emphasise the importance of decentralisation within the organisation and the regional chief controller names it the hallmark of Handelsbanken. The corporate controller argues that the headquarters in Stockholm has to handle certain tasks to increase the effectiveness of the organisation. For example, the central headquarter is responsible for the liquidity and for legal demands that concerns the organisation as a whole. It would not be effective to let each region handle the tax reports every month, according to the chief controller. The director of corporate communications calls it a solution of coordination, mostly for establishing the overall direction of the organisation’s operations.

Advantages with the structure

All the interviewees agree on the structure as a positive suit for the organisation. The most thoroughly expressed reason for the chosen structure is the desire of closeness to the market and to the customers. That was the main reason for changing the structure and management control system and decentralisation is one of the words used most frequently by the interviewees.
The regional chief controller emphasises the market differences between regions and that the structure enables all regions to meet their specific demands. Further, he stresses the possibility for competition between regions, since they are structured in a way that allows comparisons to be made through internal benchmarking. All interviewees agree on benchmarking to be the most motivational factor since no region wants to find itself in the bottom of the ranking list.

Disadvantages with the structure

Despite the positive effects related to the structure, there is also a risk for duplication of work according to the regional chief controller. Because of the structure there are six banks within the bank and they all develop their own work policies. This is not as effective as it could be with centralised directions of how to conduct certain activities. The director of corporate communications also states that there has been some effectiveness loss because of the vast decentralisation and the restructuring. The regional chief controller explains the situation:

“We manage the operations, every regional bank as a company within the company, so there is some duplication of work. Sometimes we sit and invent the wheel at six locations.”

(Regional chief controller, 2007)

The director of corporate communications means that there is a risk for suboptimisation since the structure, together with the decentralisation, implies a focus on every regions’ own costs. There can be negative attitudes towards investments that are favourable to the organisations as a whole, but unfavourable for the specific office or regional headquarter. On the other hand, there are no important unfavourable effects with the structure according to the corporate controller.

Divisional performance evaluation

In divisionalised organisations it is interesting to discuss the coordination of the different entities. As mentioned earlier, Handelsbanken has divided its operations in Sweden into six regions that all possess a high level of autonomy. However, all the interviewees state that the coordination is not considered problematic.
The control system changed dramatically in the early seventies and Handelsbanken has not been using budgets for the last 35 years, according to the director of corporate communications and the corporate controller. Instead, they use an almost instant report system where each office can be evaluated at any time. All offices have their own income statement and balance sheet, which enables the comparison of profitability between offices, says the corporate controller. The main criteria and objective for the bank is according to ‘Mål och medel’:

“Handelsbanken’s objective is to have higher profitability than other banks in our domestic markets.”

(Director of corporate communications, 2007)

The control of the regional offices follows the same principle. They are benchmarked internally between the six regions, the profitability is central according to the regional chief controller. The corporate controller explains the importance of the competition factor:

“Local offices compare themselves with local offices, regional banks compare themselves with regional banks, Handelsbanken in total compares itself with all other banks. And the main objective, to be over the average profitability compared to others, that really triggers all our work.”

(Corporate controller, 2007)

Handelsbanken does not use individual incentive systems, not even for managers. But, they have a retirement bonus system, called “Oktogonen”. The system gives equal shares to all employees from CEO to teller, if the bank reaches its main objective. Though, the retirement bonus is not available to the employees until they turn 60 years, according to the corporate controller and the regional chief controller. Instead, the corporate controller argues that they get rewarded through individual salary negotiations. Thus, managers can raise their monthly pay through excellent work, which in this case is not only related to the profitability.
Brand related activities

Management communication

The formality rules that need to be followed are mainly the ones stated by law according to the director of corporate communications and those are expressed in great detail. However, all interviewees stress the loose management in the decision-making process. Thus, they refer to the internal guide ‘Mål och medel’ (Goals and means) as the informal framework for behaviour. It was first written in the seventies for the mid-management, but has developed into a guide for all employees within the organisation, according to the director of corporate communications. The small book is frequently used by all the interviewees and it has not changed significantly since the first edition was published, according to the corporate controller. Normally, ‘Mål och medel’ is developed by the CEO alone, but sometimes the manuscript has been reviewed by some vice presidents, according to the director of corporate communications.

In addition, there is a monthly letter from the CEO that was described as very important by the director of corporate communications and the regional chief controller. Further, they both claim that the letter has great impact on the behaviour of the employees at all levels. There are also regional vice president letters that are being distributed to each region every month, also containing recommendations of behaviour according to the regional chief controller.

Finally, Handelsbanken has a form of bottom-up communication, which is called “VD-info” (CEO-info), according to the director of corporate communications. In this discussion forum, all vice presidents participate and ventilate issues that affect their regions or the bank as an organisation, claim the director of corporate communications.

Brand values

Handelsbanken has dissolved most of their marketing department and is presently managing almost all external marketing in their local offices, explains the director of corporate communications. The director of corporate communications states that this has reduced costs for the organisation, but also caused an external confusion regarding for example the corporate sign and symbol. However, according to all interviewees, the focus on the brand
internally has been handled in a very different manner and there are several factors that affect the outcome of the internal brand related activities at Handelsbanken.

All interviewees mention the book ‘Mål och medel’ while explaining how they create their internal brand values and they also equalise it with their strong corporate culture. Also, they hold meetings on a yearly basis where the book and its content are discussed. These meetings are both for newly employed and managers, where the values and behaviour always are included, according to the regional chief controller. In addition, there are chief educations where these issues are discussed and further developed, says the corporate controller. The corporate controller explains:

“I believe that the whole ‘Mål och medel’ is our brand. And that is that, how you should act as a Handelsbanken employee. And that is tremendously important.”

(Corporate Controller, 2007)

“I am sure that when you enter as new you will notice it immediately, this is a strong corporate culture and it is important to pass it on. And we reward our leaders for developing employees.”

(Corporate Controller, 2007)

**Acting according to the brand values**

That fact that the brand values are being passed on was also stressed by the director of corporate communications, who believes that co-workers learn from their senior colleagues. In accordance, the corporate controller states that a new member of the organisation is assigned with a mentor, who is responsible of introducing the new employee to the concept of being a Handelsbanken employee. Further, there is a policy of mixing senior colleagues with younger ones since the more experienced ones can advice newly employed to behave in accordance with the brand values and the identity of Handelsbanken, says the corporate controller. The regional chief controller agrees and adds that managers circulate the offices and constantly remind employees at all levels of the importance of the brand values. He states:
“I am convinced that, because I believe that we do that in Handelsbanken, if you, regarding the brand, equalize it with culture or corporate culture, then it is a strong control factor (…)”

(Regional chief controller, 2007)

**HR involvement in brand related issues**

According to the corporate controller, the recruitment policy is also focused on preserving the values and behaviour within the organisation, since all available jobs are first announced internally. Further, the regional chief controller emphasises that chief recruitments are preferably done within the organisation. This is also stressed by the director of corporate communications, who argues that there is a consistency in the corporate behaviour and culture. That is something that could be due to the fact that all CEO:s, since the early seventies, have been recruited internally, explains the director of corporate communications. For instance, the present CEO, Per Boman, has been a controller, local office manager, operations manager, vice president and now CEO. That simplifies his understanding for the organisation, according to the corporate controller.
Linköping University

Organisational structure

The university director of LiU describes the organisation with a matrix structure. According to him, the different faculties have got strong independence because they receive most of their legitimacy from the government and not from the top management of the university. He claims that the principal and the university board have got little power regarding the content of both research and education. The university director also refers to two legal documents that state that academic issues belong to the faculty level. Furthermore, he states that the top management is more concerned with management functions, such as for example handling resources. The person with the most responsibility regarding the content of education is hence the dean, the head of a faculty. However, to fully understand the responsibility distribution a historical perspective is also necessary according to the university director. According to the dean, even if the faculty has some power to decide what research shall be done, the current principal of LiU wants the researchers themselves to be the ones deciding what research shall be carried out.

The organisation can also be described as having a triangle-structure to emphasise that it is not strictly hierarchical. The university director states that even if they do no uphold this way of describing the organisation people still use it. In this structure, communication goes from one corner to another in the triangle, but never through all three corners at the same time. The different corners are the top management team, the institutions and the faculties, according to the university director.

The marketing manager does not want to use the term divisions for the faculties, as they are not bound to implement all ideas that have been implemented at a higher level. However, he still describes what can be interpreted as a heavy decision making power of the faculties. The dean starts his description of the structure by saying that LiU is not a line organisation. Depending on the principal at the time, the organisation is always described in many different ways. He also points out the higher education ordinance, which states that each university shall have a faculty and a faculty board. Consequently, this part of the organisation structure is not debatable. The responsibility of the faculty is to deliver the core work, which is
research, research education and education on a basic as well as an advanced level. The faculties are not responsible for personnel issues, the institutions are. However, a person is never employed at institutional level if the faculty has not accepted the person on beforehand. This is for example due to the fact that the faculties are responsible for the quality, which means that they have an interest in which person that is employed. This is one of the factors that the dean points out that make it hard in some cases to distinguish who has got the responsibility for what. Another one is that, in some cases, the principal has got a direct contact with the institution.

The university also has got directorate constituted by the principal, the university director and his closest administrative executives as well as the deans for the faculties. They meet once a week and have what can be interpreted as an open discussion. If the representatives do not agree they argue for their cause. However, even if they do not agree fully all the times, they do stand behind the decisions made jointly. The dean points out that this form of governance and the fact that the faculties work closely together leads to interdependency, which is good when they have shared responsibilities.

**Advantages with the structure**

The advantages as pointed out by the university director regarding the structure, are that they avoid double and triple work. He also points out that it is a clear allocation of responsibilities and the faculties get to do what they are good at. Another advantage is that the faculties do not have to invent all strategies on their own. Rather, the ones decided at a higher level help to push the faculties in the right direction, the university director argues. The marketing manager states that they would not have this structure if it should not have academic advantages.

**Disadvantages with the structure**

The disadvantages with LiU:s structure can, according to the marketing manager, be that who has got the responsibility for what can be diffuse, which is opposite to what the dean thinks. The university director on the other hand means that there are no clear weaknesses in the structure, which is the reason why they have it.
The ‘Strategy map’

All three respondents mentioned the ‘Strategy map’ at some point during the interview. The ‘Strategy map’ has been developed by the current principal to find the right path for LiU to take in the ever-changing environment in which they work (Fördel LiU, 2006). The university director describes it as a strategy map showing within which frames the different faculties have to operate. The purpose of the ‘Strategy map’ is to make sure that the university has got one single policy instead of four. However, he also emphasises that within the frame they can orientate in different directions. He also states that the ‘Strategy map’ is always kept in mind and is the foundation to different discussions within the university board. The marketing manager states that the ‘Strategy map’ has had a real breakthrough, something that he thinks is impressive in such a short time span.

Divisional performance evaluation

The university director points out some different ways that the faculties are being measured, with the ‘Strategy map’ as a starting point to find these measures. These include how much time each student spend studying each week and how pleased they are with their education. They also measure how pleased the co-workers are. The reward system for them includes a mix of praises, resources and salary. The university director points out that:

“The praises are easiest to hand out and often very much appreciated as a matter of fact.”

(University director, 2007)

The marketing manager emphasises new students and research funds as two ways of controlling the faculties. He points out that those are the two alternatives to make money. Hence, this is what is being measured.
Observation and findings

Brand related activities

Corporate image campaign

Regarding the brand the marketing manager reports that one and a half years ago they conducted a brand exercise to establish the campaign, called ‘Expanding reality’. They used focus groups both internally and externally and first came up with about fifteen buzz-words that described what LiU is and what it stands for. These where later narrowed down to three words: innovative, multidisciplinary and relevant. These three and ‘Expanding reality’ were settled and later distributed internally in a magazine that presented the story behind this, explains the marketing manager.

“This is a schoolbook example on how to establish a corporate image.”

(Marketing manager, 2007)

To the question whether the purpose was to create a coherent image externally or if it had a management control purpose as well, the marketing manager says that you will get as many answers as people you will ask. He also points out that LiU has got a self-image of being young and alert and being inclined to change. However, this has started to solidify, the marketing manager says. Nevertheless, he hopes that this campaign can bring LiU back so that they are and live this way, that they once again are alert, agile and prone to change. The marketing manager says, as a response to the possible effects of the campaign, that it is good to have a route given, and that it is nothing that counteracts it. He mentions himself and the information director as important persons to make sure that the campaign lives on. When confronted with the fact that another respondent was not aware of the three buzzwords he says that the important thing is that there is an awareness of the ‘Strategy map’.

Regarding the presence of any informal ways in which the organisation is controlled, the marketing manager points out the principal and his directorate. He also mentioned the work that the principal started regarding the brand and new profiling etc.
Creation of common values

A dean is partly elected by his colleagues and partly decided by the principal for a three-year mandate period. However, they are often re-elected so that they stay at their post for six to nine years and they have in most cases been in the organisation for a long time. The university director says it is hard to claim that they share some kind of profile. However, the principal, the deans and the heads of departments have together compiled a list of some priorities and values that the leaders shall share. Those are values that they think are valuable to be able to execute their ‘Strategy map’. The university director does not think that it is possible to control behaviour with the brand if you do not make the brand part of the culture. He believes that the work that the principal has started can lead to a somewhat new culture, but emphasises that they have always had a culture. They have the conception that they do things differently and smarter than others, which is something that affects the ability to be innovative. Instead of imitating others, he claims that, at LiU they are more prone to think by themselves, they are more confident than others.

“There has always been a thought of youthfulness and the willingness to do something new, not to do things the way the parents would do it themselves.”

(University director, 2007)

The university director also states that:

“The brand and the culture can strengthen each other, because this is an organisation that is controlled by culture, something that I think also applies for other knowledge-based organisations.”

(University director, 2007)

However, the university director also states that the value of multidisciplinarity no longer is as important as it used to be. The university has decreased its ambitions to organise itself this way, however they still encourage interactivity between different disciplines if this is in the interest of the respective researchers. To the question if there are other things that can identify what LiU is he concludes that it can be that from now on the best researchers shall be given funds for research no matter the discipline. The university director also says that this is something that they have not translated into a brand activity, but also that the fact that they are going to focus on the best researchers might have the potential to be part of the brand.
Furthermore, he states that even if the principal has started something that can be described as a culture revolution, this has not been packaged and distributed as part of the brand yet. He thinks that the principal might think that they are too early in that process yet to use that kind of term.

The dean thinks that it might be possible to control behaviour using the brand, even if he considers brands to more externally focused. However, if included in the notion of brand such things as identity he agrees that it might be possible.

“I think you can do that, however with some hesitation, especially in an organisation as this one. Because, I mean, what is it that characterises people at the university? They are wackos, wackos in that sense that they are pronounced individualists.”

(Dean, 2007)

He further explains that the individualism and the fact that people at universities tend to be good at problematisation can lead to problems in having a shared identity. He exemplifies by saying that if he takes a decision there is always someone who is likely to find different ways of interpreting it, hence he says that:

“The idea that we all should share some kind of identity, I think that is to go too far.”

(Dean, 2007)

The dean continues by saying that the different faculties have got different identities, but that the university structure helps to overcome these differences. He also emphasises that even the faculties themselves are heterogeneously when it comes to the identity. When it comes to the three words that describe LiU, he thinks that the one that stands for multidisciplinary is the only one that can have a controlling impact. He mentions that the other two, relevant and innovative, are not bad in any way, but emphasises that it would not be possible not to have them. It would not be possible to be not relevant, nor not innovative.

The marketing manager says that even if the different faculties sometimes use different brands, for example the technical faculty market themselves as LiTH that does not necessarily
Observation and findings

weaken the LiU brand. He says that this is not a problem because of their structure. Furthermore, he also claims that as LiTH is a strong brand it does not harm the LiU brand. To conclude, he also states that the two brands are more balanced today than they were about 20 years ago.

HR involvement in brand related issues

The university director also points out that the university has got an educational program for their middle-managers. The program started a year ago and about 100 leaders have passed through the education, and another 50 have recently started the education as of today. During these introduction days and the educational program, the principal holds sessions about his ‘Strategy map’ according to the marketing manager and the university director. The heads of the departments have also taken part of discussion around the ‘Strategy map’ during their recurring meetings. The dean also points out that the principle has held lectures about the ‘Strategy map’ at institutional level as well.

Empirical synthesis

This section contains a table that provides a comprehensive overview of the most important contents of the empirical findings. Finally we will group the empirical findings into themes that have emerged during the interviews to highlight the similarities and differences between organisations.
Empirical summary

Table 2 Empirical summary (own)

<table>
<thead>
<tr>
<th>Structure</th>
<th>SAS</th>
<th>Länsförsäkringar</th>
<th>Handelsbanken</th>
<th>LiU</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Recently restructured .</td>
<td>24 independent companies .</td>
<td>Decentralized with a high autonomy .</td>
<td>A public and academic organisation with a complex structure .</td>
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<td></td>
<td>4 independent companies</td>
<td>All decisions are based on consensus .</td>
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<tr>
<td>Positive aspects of structure</td>
<td>Successful delegation .</td>
<td>Congruent behaviour and fast implementation of decisions .</td>
<td>Creates a competitive environment .</td>
<td>Encourages an academic spirit .</td>
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<tr>
<td></td>
<td>Cost-cutting focus .</td>
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</tr>
<tr>
<td>Negative aspects of structure</td>
<td>Diverse local strategies .</td>
<td>Slow decision making process .</td>
<td>Efficiency losses . Risk for sub - optimisation .</td>
<td>Complex and difficult to control .</td>
</tr>
<tr>
<td></td>
<td>Identity crisis .</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Lack of communication .</td>
<td>Internal discussions of brand core values .</td>
<td>Mål &amp; Medel .</td>
<td>Elite researchers .</td>
</tr>
<tr>
<td></td>
<td>Cultural turnaround (employer branding project .)</td>
<td>External communication of values .</td>
<td>Monthly CEO letters .</td>
<td>Strategy map .</td>
</tr>
<tr>
<td></td>
<td>Leadership profile lacks evaluation .</td>
<td>Living the brand leadership .</td>
<td>Mentor programs .</td>
<td>Lack of acceptance of values .</td>
</tr>
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<td></td>
<td></td>
<td>Recruitment based on brand identity .</td>
<td>Internal recruitment .</td>
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Empirical themes

When combining the empirical findings some broad themes that emerged during the interviews were identified. In the following part we will present these themes and point out the similarities and differences found.
Structure

SAS is an organisation that recently has implemented a divisional structure and that suffers from its direct negative effects, the difficulty of coordination in particular. For Länsförsäkringar and Handelsbanken, on the other hand, the lack of coordinating the regional companies or divisions is not apparent to the same extent. The organisation of Länsförsäkringar is characterised by its principle of consensus between all 24 regional companies for decisions made for common strategic issues. The positive effects of the consensus principle are that once a decision is made, all included parties agree and will move in the same direction. Hence, the decision making process may take time for Länsförsäkringar, but the problem of coordination seems almost inexistent compared to the SAS case, for example. Despite the strong spirit of decentralisation within the organisation, Handelsbanken does not suffer from any diverge behaviour between divisions. When it comes to LiU, the structure is rather complicated due to its academic character and the fact that the organisation is public. Consequently, coordination of faculties appears rather difficult to manage, since they are coordinated both within the academic walls and controlled by the government.

Management philosophy

The interviews reveal that the management philosophy of SAS, which is based on delegation of responsibility, has resulted in differences in strategies between its subsidiaries. As a result, the lack of conformity risks damaging the company and its brand in a long-term perspective, since the customer experience may differ from time to time. The interviews include some critics meaning that the unconformity is due to that the level of central governance has been too weak. On the other hand, according to interviews, the high level of autonomy and delegation of responsibility to the subsidiaries have saved the company from the economic crisis it has gone through by cutting costs and has also contributed to a stronger spirit of entrepreneurship that must be taken into consideration.

The spirit of entrepreneurship is an effect that can be seen in the other organisations as well. The regional companies of Länsförsäkringar and the divisions in Handelsbanken are said to be managed nearly as independent companies and the faculties of LiU are to a large extent free to make decisions on their own, which encourages the academic spirit.
Communication and information

At Handelsbanken all employees refer to the book *Mål & Medel* on several occasions. The book states what the desired behaviour as a Handelsbanken-employee is and seems to influence greatly the behaviour of the employees. Also, it functions as an information guide when an employee is confronted with a new situation. Moreover, the CEO and the vice presidents provide the organisation with informational letters on a monthly basis. The other organisations do not have similar books or information channels. However, they all mentioned some documents of more strategic nature such as the ‘Strategy map’ of LiU. The ‘Strategy map’ is also a document that is frequently used, but rather at the central level than in the entire organisation. A similar document has recently been presented in SAS, the so called ‘S11’, which also provides a strategic framework for the years to come. Also, there is also a strategic document in Länsförsäkringar that has been established by the 24 CEO:s, which is closely related to the other ones.

The role of the leader

In all organisations the leaders have got a role to create desired behaviour. In Handelsbanken leaders get rewarded for helping employees develop, they also act as mentors for new employees. At Länsförsäkringar the leaders have an important role as behaviour is not something that you can force upon someone. However, acting in a certain way aligned with your brand values can inspire employees to act in the same way. At SAS, the leaders need to be able to create loyalty and pride about working for the company. Leaders at LiU are mostly selected by colleagues and are therefore automatically trusted within the organisation. LiU as well as Handelsbanken retain their leaders within the organisations for a long period of time while Länsförsäkringar and SAS do not have an outpointed strategy for how to create stable leaders.

Recruitment and the role of H&R

At all organisations some of the manager recruitment is done internally, but to what extent varies significantly. At Länsförsäkringar one of the interviewees acknowledged the human resource manager as the key person in a brand identity process. However, it is at Handelsbanken where they emphasised the most that they prefer to recruit internally to maintain their culture and values. This is also the scenario at LiU where management positions are partly appointed after recommendations from colleagues. SAS is the
Observation and findings

organisation that emphasises the least on internal recruitment and promotions, but they do use a leader profile while recruiting.

The human resource function does however not seem to have a large influence in the working with the brand internally as they were seldom mentioned being part of that type of work. To have educations for the staff regarding values and identity does not seem to be common, rather a small part of the internal education of managers. However, in the case of LiU, the ‘Strategy map’ has got an emphasised role in their education of middle managers.

Evaluation and rewards

The use of performance evaluation is something that is common in organisations as a mean to control behaviour. The origin of the goals can differ as we have seen Handelsbanken’s goal is to be more profitable than its competitors whereas the targets for LiU are set in their ‘Strategy map’. Furthermore, the four organisations studied act in different business sectors resulting in different types of measurements. However, what is important to point out is the fact that they all do evaluate pre-set targets. Handelsbanken and Länsförsäkringar has profitability as their main objective, which is a relative measure that facilitates the comparison between units. The driving force for Länsförsäkringar and Handelsbanken to reach these goals are the competition between different units and the avoidance of embarrassment. At both companies they emphasised that being number one is what mostly motivates them to perform. At SAS and LiU they did not mention relative measurements or competition between different units as a mean to reach the goals. However, SAS is using a wide set of economic target that is evaluated and connected to an incentive system. LiU, on the other hand, is evaluated on the performance of students for instance, but there was no specific incentive system mentioned.

In general, bonuses and other economic compensations have not emerged as a great driving force in the organisations studied. Bonuses exist at both Länsförsäkringar and SAS while Handelsbanken has got a special retirement system where all employees receive the exact same amount when targets are reached. However, none of these have been given much attention by the interviewees during the interviews.
Internal focus on the brand

Regarding the creation of values, at Handelsbanken these are mentioned in their *Mål & Medel* and maintained by acting aligned to the book. The source of the values for the other organisations are however somewhat different. At Länsförsäkringar what is emphasised is that the values are being formed by the companies working tightly together. To reach a decision and consensus between 24 companies is a long process and often preceded by many discussions where company values are being formed. At LiU a list of values has been created by the principal, the dean and the heads of departments. However, it was also clear that other values exist and have existed since the university started. SAS is a special case since they historically have had strong values within the organisation, but have somewhat lost track of them during the restructuring period and are now trying to regain the support of the employees.

Regardless of how the organisations discuss their values it is not done with an internal focus on the brand. At SAS the reason has been the company’s turbulent last few years according to the interviewees. However, they will launch a new campaign soon with an internal focus. LiU’s ‘Expanding reality’ campaign was internally orientated as well, but if the purpose was internal more than external depends on who you speak to within the organisations. At Länsförsäkringar and Handelsbanken they do not have any clear outspoken activities that they relate to the internal brand, but they clearly emphasise the importance of values.
Understanding behaviour

In this section we present our viewpoint of how the research questions of this thesis can be answered. We will successively present a four-stage model that we call the internal branding control model. Furthermore, the section ends with a discussion of findings that were not expected at the starting point of our research, opening for further questions in the internal branding area.

The framework for behaviour control and the empirical findings of our research once presented, our suggestions for how the research questions of this thesis can be answered will now be discussed. In order to explain our viewpoint of how the second research question can be answered, that is how internal branding can be integrated into the management control system of divisionalised service organisations, we will present what we call the internal branding control model. The arguments answering the first research question, showing how internal branding can be used to control behaviour in divisionalised service organisations, will be included while presenting the internal branding control model.

The model has been developed being inspired by a model presented by Holmström, lector at Linköping university, illustrating the process of a management control system. The model includes the four stages, namely the forming of strategy, planning, operations and evaluation, all being permeated by the organisations management philosophy. However, the behaviour control model is adapted in a way showing how internal branding can be integrated in a management control system. We will now present its stages.
Structure related problems of coordination

In the introduction of this thesis, a number of possible structure related coordination problems are described. This section discusses three main structure related coordination problems that we have identified among the studied companies during the interviews. Thereafter, we will show that each of problems can be derived to the brand identification issue, concluding by presenting the first stage of the internal branding control model.

Inconsistent strategies

The first main problem that we would like to highlight from our empirical findings is the existing difficulty of making the divisions have conformed strategies. The findings show that the fact that divisions in the organisations are given a high degree of autonomy risks to result in inconsistent strategies that risk to be conflicting. The identified problem of differing strategies is in line with what theory (Lindvall, 2001) refers to as a common management control related problem. This fact confirms the description that Mintzberg (1981) makes of divisional structures, stressing that the main challenge of the central unit is to coordinate divisions (Mintzberg, 1981).

According to us, the problem of inconsistent strategies is much less significant for Handelsbanken and Länsförsäkringar, than for the other two organisations. What lies behind the difference of strategies between divisions? Why do SAS and LiU suffer from the lack of
strategic conformability? Referring to the theoretical synthesis, inconsistent strategies between divisions can be related to the heterogeneity in corporate brand identification. Based on the observation of SAS and LiU, in combination with the theoretical synthesis, we believe that if the identification of management in organisational divisions is linked to the division rather than to the organisation as a whole, strategies risk being decided on a divisional basis. In other words, our interpretation is that the problem of inconsistent strategies is strongly related to a scattered organisational brand identity.

The acceptance of common decisions

The second main problem identified among the studied organisations that we would like to stress is the difficulty of achieving acceptance of common decisions between divisions. This problem is visible in different ways in the organisations. From our point of view, the problem can be related to the management philosophy of the organisation.

The first type of difficulty related to the process of acceptance of decisions is that it may take long time to reach a decision. We have identified this type of problem in the case of Länsförsäkringar in particular. The interviewees explain that this is due to that all decisions are made on the basis of consensus between the 24 regional companies, sometimes implying long periods of discussion and negotiating between the managers. In other words, the consensus principle, which we identify as a part of their management philosophy, can be the reason behind the difficulty to obtain acceptance of common decisions.

Another difficulty that may arise in divisionally structured organisations is that divisions may make opposition when they are expected to implement decisions that are taken by the central unit. As described in theory, a divisionalised organisation structure implies high autonomy of divisional managers (Mintzberg, 1981; Merchant & van der Stede, 2007). Our interpretation is that this should reasonably create expectations among division managers and is likely to result in scepticism to centrally taken decisions. Based on the interviews, we have understood that it is not possible, or at least very difficult, for the central unit to make decisions and order the divisions to implement them, without making sure on beforehand, that the decision has their support. This is probably due to that the organisations are strongly permeated by the belief in decentralisation, or what is called management by objectives (Merchant & van der
Stede, 2007). Some interviewees claim that the central unit should give more distinctive directives. However, based on the theoretical literature and the experience from the studied organisations, we believe that doing so would have opposed the management philosophy and probably created confusion or irritation among the divisional managements.

The same difficulty of making divisions implement centrally made decisions is described during the interviews with the representatives of LiU. According to them, due to the lack of formal possibility for the central unit to make faculties implement decisions, decisions that are made by the principal in discussion with the deans are rather seen as recommendations. Due to the complexity of the organisation of LiU and its surrounding context, we find it difficult to identify the management philosophy of the organisation. However, in our opinion, an important fact that permeates the organisation could be described as the need for academic freedom.

From our point of view, the findings show that no matter the organisation’s management philosophy, problems concerning the acceptance of common decisions will probably arise. Though, the difficulty to obtain acceptance of common decisions seems to be more significant in some of the observed organisations. In our opinion, the reason why common decisions are more difficultly accepted in some cases is not necessarily due to a misfit of the management philosophy. Our findings rather show that acceptance of common decisions is more easily achieved in the organisations where we perceive divisional management identification being more related to organisation as a whole, rather than to the division. That is why we relate the difficulty of acceptance of common decisions to the identity problem as well, as we did with the problems of strategic inconsistency discussed above. We will now present the third main coordination problem related to the structure, showing that it can be related to the identification problem as well.

**Suboptimisation**

The third main problem that we have observed among the studied companies that is related to the divisional structure is suboptimisation. The phenomenon exists in all of the organisations, and corresponds to what is described in the management control literature (Merchant & van der Stede, 2007). The literature stresses that the suboptimisation problem is strongly related to
the structure of divisional organisations and is a result of the difficulty to design formal management control systems.

Based on our interpretation of both empirical findings and the literature concerning the sense of self (Merchant & van der Stede, 2007; Ind, 1990; Lagergren, 1998), suboptimising behaviour can be described as rather selfish behaviour of divisions. From that point of view, selfish behaviour is related to the actor’s self-identification. Hence, if divisional management identifies itself with the division, its actions will be selfish and based on what is best for the division. On the other hand, if the identification is linked to the organisation as a whole, actions will be less selfish, and consequently be less suboptimising. Hence, we argue that the suboptimisation problem is related to organisational brand identity as well.

To summarise, all three coordination problems related to the structure of divisionalised organisational can be derived to the brand identification issue. The fact that the organisation’s brand identity is the starting-point of internal branding and that it is closely connected to strategy, is visible in the theoretical synthesis as well. That is why we suggest that an organisation dealing with problems related to the coordination of divisions first should establish one consistent the brand identity. Hence, the first stage of our model starts with the brand identity.

![Figure 7. Brand identity – The first stage of the internal branding control model (own)
Behavioural Framework

The following part of the analysis will present solutions to the problems discussed previously, both coming from our empirical observations and from the theoretical literature. These solutions constitute a behavioural framework composed by three elements that can be used to create a consistent brand identity in divisionalised organisations. These are communication, leadership and human resources. Our description of the three elements will result in the presentation of the second stage of the internal branding control model.

Communication

Communication, which is part of the behavioural framework, is one mean to overcome structural coordination problems. Depending on the management philosophy, different communication is used according to our study.

One possible way is to use cascade information while using a book containing brand communication (Burmann & Zeplin, 2005) and/or code of conducts (Merchant & van der Stede, 2007). However, according to our study, when an organisation is decentralised, central decisions may not be received in a positive way. Handelsbanken applies cascade communication to overcome their structural problems, using ‘Mål och medel’ and the CEO-letters, for instance. Theory (Henkel et al., 2007) also states that this type of informal control is suitable to get employees to act according to brand values. We also interpret, from our empirical findings, that the organisation members are accepting the values communicated this way, to a large extent. Interpreting the guiding role of ‘Mål och medel’ and how frequently that the interviewees refer to it, we would like to describe the document by drawing a parallel to a religious script. The ‘Strategy map’ of LiU, is another example of written document that is used to control behaviour within the organisation. The ‘Strategy map’ can be seen as an attempt to apply a form of cascade communication in order to create a shared identity. However, its role is not as dominant as ‘Mål och medel’ is for Handelsbanken.

LiU has communicated its values through the campaign of ‘Expanding reality’, but has not followed up on the level of commitment that was reached. According to the internal branding theories it is not realistic to expect that employees behave in the desired way just through
expressing the values (Ind, 2003). In other words, the communication must consist of several complementing channels. From our study, we have identified meetings as an important communication channels. These meeting could work as a forum where brand values and desired employee behaviour are discussed, as done in Handelsbanken, for example.

To summarise, the communication of values and desired behaviour can help avoiding an inconsistent brand identity and sub-strategies. Based on the study of the four organisations both cascade communication and the communication based on consensus can be successful to use as a part of the behavioural framework, depending on the management philosophy. We assume that by studying a larger number of organisations several other ways to communicate could be found. However, one aspect is, according to theory, common for all these organisations regardless of which type of communication, namely leadership, which leads us to the next theme within the behavioural framework.

Leadership

Leadership, which is the second part of the behavioural framework, is visible to different extents in the organisations studied. We argue that organisations that do not have a leadership profile based on the brand are those that have the most scattered identities. On the other hand, the organisations with a leadership profile aligned to the brand identity seem to have a common brand identity. The phenomenon is supported by theory, stating that the brand identity should constitute a framework for the leadership profile (Ulrich & Smallwood, 2007).

According to theory, the leadership of an organisation should not depend on the specific personality of the individual (Burmann & Zeplin, 2005; Ulrich & Smallwood, 2007). Our observations show that the companies that present the most congruent behaviour of divisions are characterised by that the behaviour of leaders is subordinated to the brand identity. We believe that the reason why the subsidiaries of SAS present different perceptions of the brand identity is that the divisional management has been given too much independency. On the other hand, even though the regional banks of Handelsbanken are given high autonomy, we perceive the regional management as subordinated to the brand identity. At Länsförsäkringar, the brand seems to be more important than preferences of individual leaders. We argue that
the structure in itself prevents the managers personality from being greater than the brand identity, as common decisions are made based on consensus.

To summarise, the leadership is important to create congruent behaviour. However, our research shows that the organisations that are likely to succeed in controlling divisional behaviour are those where the leadership is aligned and even subordinated to the brand identity.

The role of human resources

Yet another part of the behavioural framework is the human resources. Both the management control literature and the internal branding literature emphasise the recruitment process and training as means to control behaviour in an organisation. All organisations studied have some form of education, however to include brand related activities and discussions did not seem very common, except in the case of Handelsbanken. When it comes to recruitment, the use of co-worker and leader profiles for recruitment was mentioned during the interviews. Internal recruitment can be used as a way to ensure the maintenance of the company values, and hence ensure that the different management philosophies are being preserved. Internal recruitment was mentioned and used by all organisations in different degrees.

Another way to preserve the values is to pursue long lasting employment. Keeping employees within the organisation for a long time and letting them work in different functions and at different divisions appears to be an effective means for maintaining values and creating congruent divisional behaviour.

The three elements described, namely communication, leadership and human resources, form the behavioural framework, which constitutes the second stage of the behaviour control model presented below.
Activities

The brand identity, which constitutes the first stage of the internal branding control model, helps to formulate the behavioural framework to reach the strategy goals. The behavioural framework, in turn, is executed through a certain number of activities related to internal branding, constituting the third stage of the internal branding control model. The activities presented below are the tangible actions that can be used in order to generate desired divisional behaviour. These activities have been proved successful in the studied organisations or are mentioned in the literature within management control or internal branding.

- Written documents containing behavioural guidelines and values
- Creation of values through discussions
- Brand aligned behaviour of leaders
- Internal recruitment and mentoring of new employees
- Letter from the CEO / middle managers
- Employer brand project
- Corporate image campaign
- Recruit according to personal identity-brand identity fit
- Training regarding brand identity
- Verbalise the brand
- Communicate the brand internally
- Design leadership profiles adapted to the brand
The activities presented above represent the third and the most concrete stage of the behavioural control model.

![Diagram of the third stage of the internal branding control model](Figure 9. Activities – The third stage of the internal branding control model (own))

**Evaluation**

The fourth and stage of the internal branding control model is evaluation. The evaluation of performance in organisations is, as Merchant & van der Stede (2007) pointed out, the formal way of controlling divisionalised organisations. The most appropriate management philosophy for divisionalised service organisations is management by objectives, according to both theorists and our empirical findings. That particular management philosophy is used most clearly within SAS, but Handelsbanken and Länsförsäkringar do also apply this philosophy to some degree. This type of management philosophy is closely related to evaluation of economic measurements, which is a type of results control (Merchant & van der Stede, 2007). LiU on the other hand has a different kind of evaluation, which includes more qualitative measurements.

The evaluation applied in these organisations creates a feeling of external commitment according to Norreklit & Mitchell (2007) and is closely related to formal control and monetary incentives. Further, most of the evaluations and rewards are linked to economic measurements that easily can be quantified. Incentive systems are often linked to profitability, which gives the middle-managers a signal of what the top-management wants according to the informational purpose of incentive systems (Merchant & van der Stede, 2007). However, the
benchmarking and competitiveness between units were emphasised in a much larger extent then monetary incentives. This indicates that rewards can be of very different types and money is not the most motivational, which is line with what Merchant and van der Stede (2007) discuss concerning incentives.

Interestingly, evaluation is an aspect that is not considered in the discussion of informal control or internal branding. Both theorists and the organisations included in this study emphasised the importance of brand consistent behaviour, but there are no recommendations as how to evaluate or reward such behaviour. Though, we argue that if internal branding measurements would be integrated in the planning and evaluation stage, the area would also be given more attention. Handelsbanken is the only organisation that has some type of reward connected to internal branding activities, as managers can be rewarded with a higher salary when the successfully integrate new employees in their corporate culture. The organisations have qualitative measurements included in their evaluation. Though, none of the measurements seem connected to the internal branding issue.

In summary, we have discovered a lack of attention in the fourth stage of the internal branding control model, which is the integration of internal branding in the evaluation stage. The formal evaluation though, is in line with the management philosophies and is also included in the incentive systems and the competitions between units. Unfortunately, there seems to be no connection between the more informal aspects of control and the evaluation. This leads to a problem with the evaluation of the internal branding strategy and hence the brand identity, which constantly should be revised and improved to be in line with the overall strategy. Consequently, in our behavioural control model evaluation is present as the fourth building block as presented in the figure below.
Management philosophy

The previous discussion has described the four stages of the internal branding control model. We will now explain the role of the management philosophy. While introducing the first step of the model, the discussion stressed the strong relation between strategy and brand identity. The discussion also included the strong influence of the management philosophy on overall organisational behaviour. Considering this, we would like to highlight the management philosophy as a possible link for integration of internal branding in the management control system.

The organisation should make sure that the organisation’s strategy and the brand identity correspond to each other. From that point, the management philosophy can be established, which in turn should constitute the guide for the control of divisional behaviour. In other words, making sure that the organisation’s strategy, brand identity and management philosophy are aligned will help designing a behavioural framework and, in turn, establishing activities.

We find it difficult, though, to describe a definite order of the process. The behavioural framework and the activities could also be considered as a way to create consistency between the strategy and the perceived brand identity within the organisation. However, the model describes a concept where all stages and the management philosophy should be mutually
adapted. Our interpretation is that the organisations being the most successful in creating goal congruence are those where the strategy, the brand identity and the management philosophy are closely aligned. Hence, the management philosophy influences the internal branding control process as a whole, as illustrated in the model below.

![Internal Branding Control Model](image)

**Figure 11. The internal branding control model (own)**

The discussion held has explained how the research has shown that internal branding can be used to control behaviour and in which way internal branding can be integrated into the management control system of divisionalised service organisations. We would like to stress that internal branding could complement and improve the efficiency of an organisation’s management control system, though not replace it. However, it can play a significant role in the management control system when it comes to create goal congruence. We believe that more focus on internal branding could be a solution to the coordination problem that many divisionalised organisations face today.

To clarify the role of internal branding in the management control system, from our point of view, the internal branding control model can be placed in a larger context, as illustrated below in what we call the behaviour control model.
The model shows how an organisation’s management control system is constituted by several entities, which are represented in the model as layers. The layer in front represents the management control system as a whole. The layers behind represent the different entities that the management control system is constituted of. As illustrated, the internal branding control model constitutes one of these layers, showing how internal branding can be a part of the management control process.

The internal branding control can influence each stage of the management control process, the organisation’s strategy being in line with it’s brand identity, the behavioural framework being a part of the planning, the internal branding activities constituting some of the company’s operations and the evaluation including internal branding aspects.

Figure 12. The behavioural control model
Further discoveries

The behaviour control model shows how internal branding can be used to control divisional behaviour and in which way it can be integrated into an organisation’s management control system. However, besides providing answers to the research question of this thesis, our research has contributed to some further discoveries. We found it interesting to ask ourselves whether a tight integration of internal branding methods is necessary for succeeding in controlling divisions and creating goal congruence. In addition, we found it interesting to reflect over the need for the explicity of internal branding.

Level of internal branding integration

According to our observations and interpretations, the studied companies show different levels of integration of internal branding in their management control systems. To evaluate their respective levels of integration, we have used the three elements of the behavioural framework previously discussed, namely the communication, leadership and human resources. According to us, Handelsbanken is the organisation that has the highest level of integration in our study as we estimate their communication, leadership and human resources activities to be highly used to control behaviour. Länsförsäkringar represents a high level as well. Though, we consider the human resource activities to be a bit less behaviour oriented than in Handelsbanken.

When it comes to SAS and LiU, the level of integration of internal branding is considerably lower. As we consider the leadership profile to be partly adapted to the brand identity, the level of internal branding oriented human resources activities appears to be a little higher than for LiU. On the other hand, we estimate the internal communication of LiU to be slightly more behaviour oriented that the one of SAS. When it comes to leadership, both organisations present quite a low level of internal branding. For example, neither of the organisations leadership profiles appears to be oriented towards the ‘living the brand’ philosophy.

Hence, our evaluation of the organisations behaviour framework elements shows that they present different levels of integration of internal branding in their respective management control systems. In our opinion, Handelsbanken and Länsförsäkringar represent high levels of integration whereas the levels of SAS and LiU are rather low. However, we would also like to
stress that we consider that the internal branding elements are more explicit in some of the organisations than others.

**Level of explicit internal branding**

From our point of view, irrespective of how much internal branding is integrated in the management control system, the internal branding elements could either be explicit or implicit. In other words, either can the interviewees use vocabulary and expressions that belong to the internal branding literature or else they may use another linguistic framework, still referring to the same type of behavioural framework or activities.

In our opinion, even if the level of integration in Handelsbanken can be described as high, we consider that the internal branding elements are not expressed with internal branding vocabulary. The presence of internal branding is therefore rather implicit. On the other hand, when it comes to Länsförsäkringar and SAS, we think that the interviewees use the internal branding vocabulary to a high extent, even if their level of integration is differing. The interviews of LiU have included descriptions of internal branding initiatives using technical words within the internal branding area, the ‘Expanding reality’ project being mentioned as an example. Therefore, we consider the presence of internal branding in LiU being somewhat explicit.
According to our interpretation of the figure 13, the two organisations that have been most successful in controlling divisional behaviour, that is Handelsbanken and Länsförsäkringar, both have a high level of integration of internal branding in their management control system. However, the first of them use it implicitly while the second one uses it explicitly. Consequently, our research indicates that the level of explicit internal branding could be less significant for succeeding in controlling divisional behaviour than the level of integration. However, the phenomenon demands further research for being able to draw any conclusions.
Conclusion

This chapter will sum up our results of this thesis and present our contribution to the academic debate. Also, we will suggest topics for further research within this area.

In this thesis we have seen that the relatively new topic of internal branding can be discussed in terms of management control. The combination of the two disciplines appears to form means applicable for controlling divisional behaviour. Internal branding is not a substitute for the more traditional control activities such as incentives and rules, but rather a complement that strengthens the importance of the brand identity and the corporate values.

The research has resulted in the presentation of what we call a behavioural framework, which is constituted by three main elements, namely communication, leadership and the involvement of human resources. The behavioural framework is our suggestion to how internal branding can be used to control behaviour in divisionalised service organisations. Furthermore, we have developed the internal branding control model showing how internal branding can be integrated into a divisionalised organisation’s management control system. The model consists of four stages which all are influenced by the management philosophy, which is the link that enables the integration. Consequently, our research indicates that the use of internal branding and its integration in the management control system could help divisional organisations to obtain goal congruence.

To conclude, the results of our research is aligned with the internal focus of the brand literature today. Our study shows that if the management of divisionalised organisations wants to benefit from the power of decentralisation, it ought to ensure that the organisation has a unified perception of its identity. Therefore, our recommendation to the central management is simple. To let the organisation act outside the box, think inside the box.
Further research

In addition to the internal branding model, the research has resulted in further discoveries that indicate a possible significance for the level of integration of internal branding. Moreover, the study of the organisations has raised questions regarding the need for explicit internal branding vocabulary for being successful in controlling divisional behaviour. However, as our research was not designed for the study of these phenomenon, the discoveries are not sufficiently well-founded to draw any conclusions. Hence, we suggest and encourage further research to explore the possible significance of the level of integration as well as the level of explicitness of internal branding within management control.
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Beskrivning av varför vi ser på dem som ett divisionaliserat företag!

Hur stort självbestämmande har de olika divisionerna?

Varför är företaget strukturerat som det är?

Vilka fördelar upplever ni med att vara uppdelade i regionala bolag?

Vilka nackdelar?

Hur visar sig de eventuella problemen?

Hur arbetar ni för att förebygga dessa?

Finns det problem med att uppnå målkongruens mellan de olika divisionerna?

Hur ser den centrala styrningen av de olika divisionerna ut?

På vilka kriterier mäts divisionernas prestationer?

Hur belönas divisionernas prestationer?

Finns det några andra faktorer som påverkar bolagens beteenden förutom det formella styrsystemet?

Om de svarar: Vår företagskultur.

Så frågar vi: Hur tar det sig uttryck?

Om ej svar, ge exempel: normer och värderingar.
Hur kommuniceras varumärket Länsförsäkrings identitet internt?

Vilka ni är? Vad ni står för? Era värderingar?

Vilka kanaler används? Tidningar? Seminarier?

Vad är syftet med den interna varumärkeskommunikationen?

Finns det en handlingsplan (eller dylikt) för den interna kommunikationen? På vilken nivå är den utformad?

Marknadsavdelningen eller ledningsgruppen?

Finns det varumärkesorienterade HR-aktiviteter inom Länsförsäkringar?

Hur rekryteras chefer vanligtvis?

Internt eller externt?

Finns det uttalade profiler för hur en chef ska vara (divisionsnivå och ledningsnivå)

Vad bygger denna profil/riktlinjer på?

Utbildas chefer i varumärkets identitet?

Vilken är den centrala ledningsgruppens roll gällande det interna varumärket?

Vilken är det regionala bolagets ledningsgrupps roll gällande det interna varumärket?