

**TPOS IN A CHANGING ENVIRONMENT - THE CASE  
OF THE NORWEGIAN TPO INNOVATION NORWAY**

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## I-Abstract, JEL Classification and the Keywords

### Abstract

Research Problem- Trade Promotion Organizations have evolved over the years in the way they accomplish their mission. As never before the World is moving in a fast pace and change starts to incorporate enterprises' reality. Recently, innovation has been in the spotlight as the mechanism enabling sustainable and efficient change.

Purpose of the Study-There are several studies on TPOs and the effect they can have as trade promoters and also testing if their existence is economically justified, nevertheless, there is little research on the recent initiatives TPOs have taken in order to reinvent themselves and attend the requests of a fast-pace changing environment and customers. In this context, this research will focus on analyzing a "role model" TPO, attempting to learn from it.

Methodology/Approach- Case study was used to describe the change and innovative behavior of the Company in analysis. Being so, the unit of analysis is one company, Innovation Norway and the data collection was perused through the construction and application of a questionnaire to the Company. The questionnaire is composed of both quantitative and qualitative elements but to the scope of this research the analysis will rely on a more qualitative analysis, following the descriptive aim of the case study. The Questionnaire assesses the Company through the main frameworks that will be exploited within the research project and contain open questions as well, to elucidate the main interrogations. Besides the Questionnaire, Reports from Innovation Norway were of great relevance as a data source.

Findings/Conclusions- Processes of change are laborious, nevertheless, worth it. That is the conclusion of the Company in analysis. IN succeeded as an innovative company because they have innovation as their routine, not a specific event. This becomes evident from the way the employees are motivated to share ideas and generate alternative solutions, to the language used in the company, focused on questioning the status quo. IN has proceeded to many structural changes recently but has accompanied those large steps by many small changes that constitute the basis for a solid process. Change is more likely to succeed when funded on specific drivers. Furthermore, communication to the whole company of the past achievements, present and future goals

on a constant basis enables a smoother change process as it generates a sense of direction and also motivates employees to have a greater commitment.

In order to excel, IN has targeted the world and benchmarked international organizations and at home, private enterprises in order to amaze its customers.

IN is highly converging to ITC millennia challenges for TPOs although, improvements are constantly on the Company's agenda.

**Key words:** Trade Promotion Organizations, Organizational structure, change , Norway.

**JEL Classification:** D23-Organizational Behavior, F130-International Trade Organizations; O310-Innovation

## II-Resumo, Classificação JEL e Palavras-chave.

Problema de Investigação- As Organizações para a Promoção de Comercio têm evoluído ao longo dos anos de modo a cumprir a sua missão. O mundo dos nossos dias, como nunca antes está a mover-se a um ritmo elevado e “mudança” começa a incorporar o dia-a-dia destas organizações. Recentemente, a inovação tem sido o centro das atenções como a protagonista e facilitadora de mecanismos sustentáveis e eficientes de mudança.

Objetivo do Estudo- Existem inúmeros estudos sobre as TPOs e o seu impacto como promotoras de comércio, bem como, testes acerca da justificativa económica para a sua existência. No entanto, não há muita investigação na temática das recentes iniciativas das TPOs a fim de se reinventarem para atender as demandas de consumidores e de um meio em constante mudança. Neste contexto, esta pesquisa se concentrará em analisar uma TPO modelo e aprender com a mesma.

Metodologia de Investigação- A Metodologia escolhida foi Caso de Estudo, de modo a analisar o comportamento inovador da Empresa escolhida. Sendo assim, a unidade de análise é uma empresa, a *Innovation Norway* e a coleta de dados foi efetuada através da construção e aplicação de um questionário à Empresa. O questionário é composto por informação quantitativa e qualitativa, porém para mas para o intuito desta pesquisa a análise enfoca-se numa vertente mais qualitativa, conforme o objetivo de conduzir uma análise descritiva.

O Questionário analisa a empresa através dos principais enquadramentos teóricos explorados nesta dissertação e contém igualmente, perguntas abertas, de modo a elucidar as principais interrogações colocadas. Além do questionário, Relatórios fornecidos pela *Innovation Norway* foram fonte de dados de grande relevância a este projeto.

Principais Aprendizados- A equipa de gestão da Innovation Norway reconhece que os processos de mudança são trabalhosos, no entanto, recompensadores. A IN tem obtido sucesso como uma empresa inovadora muito devido ao facto de incorporar inovação na sua rotina, não apenas como um evento isolado. Este ambiente de inovação torna-se evidente através da forma como os funcionários são motivados a partilhar ideias e a gerar soluções alternativas, à linguagem utilizada na empresa, muito orientada a questionar o *status quo*.

A IN procedeu a muitas mudanças estruturais recentemente, mas faz acompanhar a essas grandes mudanças, pequenas alterações que constituem a base para um processo constante e sólido.

A mudança organizacional é mais propensa ao sucesso quando baseada em princípios específicos. Adicionalmente, a comunicação constante com toda a empresa acerca das realizações passadas, presentes e futuros objetivos favorecem um processo de mudança mais suave uma vez que concede um senso de direção aos funcionários, bem como os motiva a ter um maior compromisso.

A fim de ser excelente, a IN analisa empresas similares internacionalmente e, nacionalmente, analisa empresas de cariz privado, de modo a providenciar um serviço de alta qualidade aos seus clientes.

Por último, a IN apresenta uma grande convergência relativamente aos desafios do milénio da ITC para as TPOs, embora, futuras melhorias estejam constantemente presentes na agenda da Empresa.

**Palavras-chave:** Estrutura Organizacional, Inovação, mudança, Noruega.

**Classificação JEL:** D23-Organizational Behavior, F130-International Trade Organizations; O310-Innovation

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I am thankful for the process that led me to this day. I thank firstly God for enabling me to have life and good health, I thank my family for all the support and my supervisor for the patience and guidance so opportunely displayed.

“Do not wait to strike till the iron is hot; but make it hot by striking.”

*William Butler Yeats*

## Index

### Table of Contents

I-Abstract, JEL Classification and the Keywords .....	ii
II-Resumo, Classificação JEL e Palavras-chave. ....	iii
III-Acknowledgements .....	v
Index .....	vi
IV-List of Tables and Figures.....	viii
List of Abbreviations .....	ix
1-Introduction .....	1
1.1 Historical background: economic justification for TPOs existence .....	1
1.2- Successful export promotion.....	2
1.3-World Trade Promotion – last decade and trends .....	4
2-Literature Review .....	7
2.1 Types of TPO .....	8
2.2 Typical products and services.....	10
2.2.1 Seringhaus, F.H.R., and Rosson, P.J., Concept (1990) .....	10
2.2.2 Jaramillo Camilo - (1992) .....	10
2.2.3 Diamantopoulos, B.B.S. and Tse, K.Y.K. Concept (1993 ) .....	11
2.2.4 Belloc, Marianna, and Michele Di Maio. (2011 ) .....	11
2.2.5 Daniele Giovannucci (2000).....	11
2.2.5.1 Specific products and services.....	11
2.2.5.2 Detailed knowledge services .....	12
2.3 Organizational Structure.....	13
2.3.1 Organizational Structure: General characteristics .....	13
2.3.2 Notes on TPOs' Organizational Structure - Daniele Giovannucci (2000) .....	16
2.4 TPOs – Emerging challenges .....	18
2.5 TPOs – Review Summary .....	18
2.5 Theoretical Frameworks for organizational / procedural change .....	20
2.5.1 McKinsey 7-S Framework – Organizational Change - Robert H. Waterman et al (1980) .....	20
2.5.2 Burke-Litwin Change Model (1992) .....	22
2.5.3 Summary of the Organizational Change Frameworks .....	23



2.6 Innovation Frameworks .....	23
2.6.1 Innovation Framework – The Resources-Based-View - Mwailu & Mercer et al (1983) .....	24
2.6.2 Innovation Framework – 3 Dimensions - Oslo Manual Guidelines .....	24
2.6.3 Innovation Framework – 4 Dimensions - De Jong, M., & van Dijk, M. (2015)....	26
2.6.4 Innovation Model - Schein's model of organizational culture (1992).....	28
2.6.5 Innovation Model – Dynamic Capabilities, Teece (2007) .....	31
2.6.6 Innovation Model –Tidd & Bessant (2009).....	34
2.6.7 Summary of the Innovation Frameworks .....	36
2.7 Research Questions .....	37
3. Methodology.....	38
3.1 Unit of Analysis.....	38
3.1.1 Justification of choice.....	38
3.1.2 Historical background – IN .....	39
3.2 Data Collection .....	40
3.2.1 Questionnaire construction .....	40
3.2.2 Other data sources .....	41
4. Empirical Results.....	42
5. Conclusion and Further research .....	56
5.1 Key Learnings with IN .....	57
□ 5.1.1 Change and Innovation processes .....	57
□ 5.1.2 Company's Profile.....	61
□ 5.1.3 Millennia Challenges and Strategy.....	62
5.2 - Future Research.....	64
6. References .....	66
Appendix 1 – Norway: Country and Trade Profiles.....	71
Appendix 2 - Questionnaire to IN .....	75

#### IV-List of Tables and Figures

List of Tables and Figures .....	page
Table 1 - Summary of TPOs' support services.....	13
Table 2 - 3 Components of Organizational Structure.....	14
Table 3 - Relationship between types and characteristics of Organizational..... Structure.....	15
Table 4 – TPOs, Summary.....	18
Table 5 - Organizational Change Frameworks, Summary.....	23
Table 6 - Parameters for assessing Base Values for Innovation.....	29
Table 7 - Parameters for assessing Norms for Innovation.....	30
Table 8 - Parameters for assessing Artifacts of Innovation.....	31
Table 9 - Innovation Frameworks, Summary.....	36
Table 10 - Change and Innovation, Summary.....	57
Figure 1 - Literature Review, Summary.....	7
Figure 2 -The McKinsey 7S Framework.....	21
Figure 3 -12 organizational elements .....	22
Figure 4 -Firms' Innovation based on Oslo Manual Guidelines.....	26
Figure 5 -4 Areas to innovate based on De Jong, M., & van Dijk, M. (2015).....	28
Figure 6 -3 Layers of Organizational culture.....	29
Figure 7 -Dynamic service innovation capability (DSIC) dimensions.....	33
Figure 8 -Innovation Norway's Mission.....	44
Figure 9 -IN's Organizational Structure.....	47
Figure 10 -Innovation Norway's strategic messages.....	47
Figure 11-Assessment of values supporting Innovation.....	49
Figure 12-Assessment of norms supporting Innovation.....	50
Figure 13-Assessment of values supporting Innovation.....	50
Figure 14-Assessment of Innovative Potential of IN.....	51
Figure 15-Kotter Model for leading change.....	53
Figure 16 - 5 Development Programs IN 2016-2020.....	63

## List of Abbreviations

CEO - Chief Executive Officer

CRM- Customer Relationship Management

DC- Dynamic Capabilities

EPP- Export Promotion Policies

FDI - Foreign Direct Investment

GVC- Global Value Chain

ICT- Information and Communications Technology

IN – Innovation Norway

IPA - Investment Promotion Agencies

ITC - International Trade Center

KPI- Key performance Indicator

OECD- Organization for Economic Cooperation and Development

SME- Small and medium enterprises

TPO- Trade Promotion Organizations

UNCTAD- United Nations Conference on Trade and Development

WTO- World Trade Organization

## 1-Introduction

### 1.1 Historical background: economic justification for TPOs existence

Trade promotion organizations<sup>1</sup> are typically defined by Belloc, Marianna, and Michele Di Maio (2011: 14) as Organizations that “*are aimed, on the one side, at supplying local exporters and potential exporters the necessary information to identify the foreign markets where to sell their products and, on the other side, at improving the knowledge by potential foreign customers about domestic products and firms.*”

Literature concerning the subject of export assistance was first developed in the 60's<sup>2</sup>, having subsequently, in the mid 1980's added an analysis of the impact that such assistance could have on national exports and even in the 90's its essence was broadly questioned.<sup>3</sup> Crick and Czinkota (1995), assessed, in the mid 90's, US and UK managers and concluded, by empirical evidence, that both country's managers perceived TPOs' assistance as insufficient to meet the needs of exporting companies, arguing that TPOs would need to shift their focus as to help exporters meet the importers requirements. Fodors, F (1990) asserts that free economic zones and export promotion have a positive effect on increasing a country's trade, whereas, tariffs, non-tariff barriers and state-monopolies have the opposite effect.

More recently, most authors have come to an agreement on the positive impacts of TPOs and their instruments, although there are many views on how this positive impact affects countries. Specifically, Rose (2007), Nitsch (2007) and Git *et al* (2008) suggest that it generates an increase on a country's bilateral trade, whereas Spence (2003) and Lederman *et al* (2010) defend an increase in country's exports. Other authors even assert that TPOs' effort might cause an increase in regional exports<sup>4</sup>, firms' efficiency<sup>5</sup>, firms' exports<sup>6</sup> and even increase firms' knowledge about internationalization<sup>7</sup>.

The existence of TPOs is primordially based upon the renowned concept developed by Paul Samuelson on the Theory of public goods and externalities which offers the rationale

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<sup>1</sup> In the existing literature those Organizations have been defined in many ways, namely, EPA's (Export Promotion Agencies), TPA's (Trade Promotion Agencies) and PEPA's (Public Export Promotion Agencies). Nevertheless, in this publication, in order to establish consistency, will be used the term TPO's.

<sup>2</sup> Starting in 1964 with Tookey, then Mayer and Flynn (1973), Pointon (1978).

<sup>3</sup> Among the authors that questioned its efficacy are: Ditchl *et al* (1990), Crick (1992), Kotabe and Czinkota (1992), Evirgen *et al* (1993), Mc Auley (1993), Crick and Czinkota (1995), Fleming *et al* (1997).

<sup>4</sup> Martincus *et al.* (2010)

<sup>5</sup> Wilkinson and Brouthers (2000), Gençtürk and Kotabe (2001)

<sup>6</sup> Alvarez (2004), Shamsuddoha and Ali (2006)

<sup>7</sup> Shamsuddoha *et al.* (2009)

to justify Government's intervention in the economy. According to the author, an efficient market would be the one in which there is timely and full information available, protection of property rights and formal contracts, where there are no external costs or benefits, meaning no one pays for other peoples' actions neither benefits from it for free ,and, lastly, a market where there is a competitive environment.

Therefore, market failures occur when the previous conditions are not met, originating positive and negative externalities, lack of public goods, imperfect competition and asymmetric information.

Research by Belloc, Marianna, and Michele Di Maio (2011) consider that the market failure that justifies Government intervention in promoting trade and consequently the existence of TPOs is asymmetric information. This market failure is characterized by the fact that not all agents in the economy have the same access to full, complete and quality information, as well as the high inherent costs for gathering that data. Deriving therefrom inefficient transactions among agents and unfair trade situations, as, certain agents have privileged information and can use it in their own benefit. In this sense, Governments' intervention occurs in order to provide a greater amount of accurate information for all interested agents.<sup>8</sup>

## 1.2- Successful export promotion

The International Trade Forum released a study<sup>9</sup> containing seven aspects that account for a successful TPO, traits that are related to the TPO itself and its interactions with other agents. Subsequently, it will be likewise presented seven characteristics of the external environment of TPOs that can also impact their ability to succeed, according to a study released by the Boston Consulting Group, 2004.

Therefore, the first internal factor that will determine the scope of success that a TPOs is likely to reach is Governmental support, in what refers to sponsorship, favorable policies to promoted industries and an overall acknowledgement of their activity. Secondly, the linkage among the TPO, businesses and other associations in a recurrent basis, in order to promote an interchange of ideas, foster forward strategizing and joint execution. In third place is the use of KPIs with a pragmatic yet audacious approach. The indicators

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<sup>8</sup> The most common lack of information situations include: uncertainty of trade legislations, lack of customers knowledge and of market expertise.

<sup>9</sup> International Trade Forum on its Quarterly magazine of International Trade Center, Issue 1-2/2008.

should be visible and applied on the level of a single employee as well as be consistent to TPO's overall aims, being measured and endorsed by the company's stakeholders. Another way TPOs can foster results for its activities is through the enhancement of CRM activities connected to the assessment of results, namely the ratio of the outputs to investment.

In fifth place, having a strategic planning covering both short-term operational tasks as well as medium and long-term strategies. In addition, this strategies must be implemented with a striving approach, as a retort to the fast changing environment of companies and overall trade players. Furthermore, it is keen to incorporate on the daily procedures all the available technology to allow the accomplishment of the previously cited goals making an efficient use of TPO's webpage, and other online tools to facilitate and optimize relationship with clients, partners and the public in general. TPOs must also be under a continuous exam of results, to the light of their strategic planning, so that deviations might be recognized and actions taken accordingly.

The sixth factor is the recruitment and retention of high quality personnel, preferentially those that have had germane experience in the private sector and that will be equipped to meet the demands of an assorted international set up. Lastly, to succeed, TPOs must have an eye on competition, namely, other trade organizations and, regularly, track and compare results on KPIs. Additionally, it is also helpful to conduct internal benchmarking, within the TPOs staff, however, in a way that might not motivate rivalry and other undesired consequences.

According to the Boston Consulting Group, 2004, there are seven external elements to TPOs that are not directly under their control but that, nevertheless, influence the effectiveness of its EPPs.

The first element is the prevailing cost, specifically, the country's exchange rates and labor costs, being the first of great relevance concerning export efforts, since international buyers want to have a steady price in order to establish a longer run commitment. Secondly is the level of ICT dissemination in a country. The higher the level of its spread, the higher the effectiveness of promotional efforts through the main marketing channels and also, the easiest to provide informational services and assistance in general to national companies.

In third place, the international production chain and FDI movements can affect the policies TPOs take, and shift the aimed results as well. Another factor is the Global demand. Changes on its composition might hinder a country's ease of offering a certain

bundle of products in which they have built comparative advantage on. In this case, the level of flexibility and the opportunities that arise from such changes ought to be considered with a view of overcoming its downside.

In fifth place is the culture, institutional framework and geographical positioning. This factors include social and idiomatic patterns, legal norms, contractual agreements and the actual location of the country. For instance, social norms might influence the way business is done, the country's location might also be a privileged place to its main target countries or, in the other hand, be a disadvantage. Sixth, WTO's laws restrict certain incentives that national governments, through TPOs might be willing to make, namely, export subsidies and other practices prohibited by the Organization in order to stimulate a fair international trade between the more developed and undeveloped countries.

Lastly, the political settings also perform a crucial role with regard to EPPs from TPOs, once political bodies must be aligned with TPO's efforts in order to promote a stable environment for international costumers' trust.

### 1.3-World Trade Promotion – last decade and trends

The World Trade Organization was founded in 1995, in Switzerland, on the closing of the Uruguay Round (1986-1994). Nowadays, the Organizations' main duties are related to monitoring domestic trade policies and assisting on trade clashes. The Organization is also responsible for the administration of WTO's treaties, provision of expert assistance for developing countries, collaboration with other international organizations and lastly, for hosting dialogs and trade negotiations itself. In this way, the Organization aims to promote trade and a peaceful environment by lowering barriers, when appropriate, and helping diminish disputes.

As part of their work, the Organization compiles an annual report on international trade, its inherent mechanisms and policies, aiming by the latest, to enlarge the knowledge on current and future possible developments of the international trade arena.

Following, a brief analysis of the World trade will be developed based on the latest reports from the Organization allowing a greater understanding on the expansion of the "innovation thematic".

According to the 2005 World Trade report<sup>10</sup>, the world experienced an average of 4% growth rate, the highest value in the preceding decade. The most relevant players

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<sup>10</sup> World Trade Report 2005 - Exploring the links between trade, standards and the WTO.

worldwide were Asia, South and Central America and the Commonwealth of Independent States. However, European economic growth was under world's average.

Some continents, namely North America and developing countries in Asia and Latin America most benefited from increases in FDI flows. China arises as an investor in many emergent economies.

In 2007 the World economy experienced a slow down due to fragile demand in developed countries in addition to the American financial crises that would later disseminate to the rest of the world. Regardless of this turbulent circumstances, FDI flows persisted on an upward trend, with an increase of 18 per cent, according to UNCTAD, with a particular highlight to Latin America and Russia.

The 2008 Report<sup>11</sup> evaluates the rise of globalization as beneficial for national economies in terms of an increase in efficiency, productivity and specialization, likewise allowing the fast dissemination of new technologies and overall knowledge.

Nevertheless, the authors assert that this phenomenon is, however, not new, although has demonstrated in these years new features, namely, a profounder linkage among capital, labor and product markets.

Still within the scope of the 2008 Report, the authors make an interesting note to the relationship between trade and innovation, specifically, to the fact that with international trade, products, services and raw materials transfer on themselves knowledge that is spread to other countries, increasing innovation and competition as well.

In the last report produced by WTO<sup>12</sup>, a summary is drawn, pointing four major trends identified in the international trade arena in the preceding 10 years (2005-2015), which are briefly expounded next. The first is the upsurge of the group of developing countries starting to gain relevance from 2000 onwards, improving each year since then. Through integration and economic liberalization these countries could obtain technology and capital in order to foster their industrial development. Once raw material's suppliers of low added value commodities, these countries have been enabled to join the world's "game" as normal players and also, take their slice on its profits, showing increasing standards of living, although there is a long path to be pursued as the development within this countries is still uneven.

The second trend verified was the increasing integration on worldwide production processes. Due to the increased economic liberalization on countries, ICT and

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<sup>11</sup> World Trade Report 2008 - Trade in a Globalizing World

<sup>12</sup> The last report produced until the time of this research dates 2015 but reefer to the previous year.



transportations' costs, production became decentralized worldwide, generating gains for its participants. This phenomena also eased the participation of developing countries on the global value chain (GVC) as each country is not required to excel in all the areas but can dedicate to certain parts of the value chain. The GVC has been expanding tremendously over the last decade both in products' production and services. The latest is especially beneficial for developing countries, since it does not require a large amount of infrastructures.

The third trend analyzed was the rising of commodities and natural resources' prices starting in the beginning of the century as well. This trend is particularly advantageous for developing countries' exports,<sup>13</sup> promoting a higher value for their exports and allowing a larger growth. The GVC has been having a crucial role in facilitating the trade of commodities worldwide. Still ahead there is the need for overhaul environmental matters in order to assure the use of cost-efficient environmental-friendly techniques along with the reduction of protectionism policies.

The last trend recognized was the intensified dependency among world economies which is related to the first and second trends mentioned, respectively, the growth of developing countries and of GVC. The outcome of this integration can be both positive and negative, namely, beneficial as it promotes opportunities for the countries that previously were left out of trade arrangements, but in the other hand, shocks that happen in one country impact the whole world in a much reduced amount of time, thus demanding joint solutions and cooperation among the countries.<sup>14</sup>

Some of the last conclusions of this report regard trade as fundamental for enabling countries' progress worldwide and, consequently, the attainment of UN development goals for the millennium, specifically, decreasing levels of poverty.

It also highlights that Countries should be fast to proceed to the required adjustments on its industries, companies, and policies, as a response to a constantly changing world.

Research by Lederman et al., 2008 shows that the number of TPOs have tripled in the two preceding decades, mostly motivated by, in one hand, increasing need to overcome lifting regulations to international trade and, in the other hand, vast circulation of goods,

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<sup>13</sup> The 2003 World Trade Report shows that the trend observed until then was the decrease of commodities' prices.

<sup>14</sup> The growth of Developing countries especially in the last decade made the global 2008 crises have a lower impact on global scale than it was imaginary to have, e.g China and India's economies. And data shows that the countries that closed themselves due to this shocks did not recover faster than the others.

services, internationally produced goods, due to great changes in the world, namely in terms of technological advancements, and, along with it, the physical frontiers are less significant as the world expands creating space for new ways of trade.

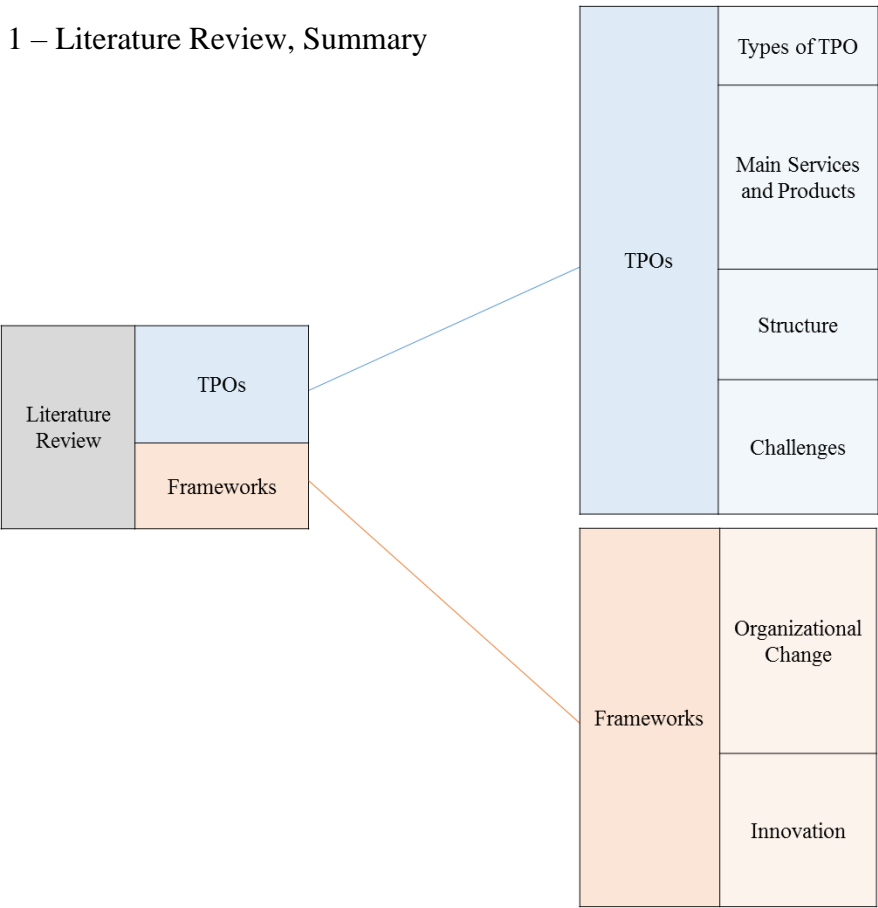
In order to exploit this opportunities, TPOs’ role as the intermediates propelling trade arrangements increases in importance.

Most recently, Conferences from the “TPO Network”, which are held annually have been discussing how innovation could add value for exports’ promotion. For instance, in 2012 the Conferences’ theme was “Transforming TPOs’ Business through innovation”.

## 2-Literature Review

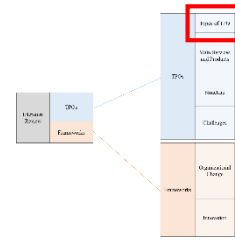
As presented through the figure below, in this section, two main streams will be explored: firstly, a general understanding of TPOs, namely, its organizational nature, products and services offered, organizational structure and arising challenges. Secondly, and as to understand how organizations foster change and innovation, theoretical frameworks will be analyzed. The main contributions obtained through the literature review will be summarized at the end of both TPOs’ and Frameworks’ analysis.

Figure 1 – Literature Review, Summary



Source: Own elaboration

## 2.1 Types of TPO



TPO's can differ greatly in terms of structure, positioning and offer.

Empirical studies agree upon the fact that there is no perfect standard as per the ideal one is the one that adjusts better to countries' abilities and competencies and that makes the best use of domestic capabilities in order to make them known and commercialized in foreign markets, generating Product increases for the national economy, stimulating growth.

Data from a Survey conducted by ITC<sup>15</sup> provides an elucidation on the two types of TPOs: public organizations and private bodies.

The public Organizations are categorized by ITC as TPOs that are part of an existing governmental entity, being of autonomous or semi-autonomous nature.

The TPOs that are part of a governmental entity can exist within a section in a given ministry and, in this case, the work of trade promotion is usually in maturing path in order to form a more independent organism. This case is for example the one in which trade promotion is conducted within the ministry of foreign affairs or of the economy.

TPOs that are part of a Government entity can also constitute a single department or division within a ministry<sup>16</sup>. In this case, the TPO has more autonomy and powers than in the previous situation.

Jaramillo, Camilo, (1992) considers that TPOs functioning inside an existent governmental unit have narrow sovereignty and operational flexibility, which are required for accomplishing ample trade promotion results. In the other hand, the author argues that this form of TPO is usually constituted in order to avoid both, bureaucratic lawmaking procedures and the necessity for disjointed budgetary processes.

Still on TPOs of public range, autonomous organizations were the most frequent among the 100 organizations surveyed by ITC. This type of TPO is usually cited as very effective as the Government still retains control needed to assure compliance to public administration directions, whilst facilitating associations between the organization and Business Networks as the sovereignty granted to this type of TPO is greater. Nevertheless,

<sup>15</sup> This survey is part of the research conducted by ITC's comprising more than 100 TPOs entities in both developing and developed countries

<sup>16</sup> According to Jaramillo, C. on International Trade Forum.1992, (2), 4-7. Many developing countries in the initial phase of their trade promotion efforts use this structure as an experimental stage, and further on constitute an official organization specialized on dealing with national trade promotion.

the author suggests that the success of this autonomous TPOs is very connected to the extent of its governmental support, CEO competences and the level of actual autonomy in matters related to sponsorship, human capital and other operational procedures.

Still within the Public sector, there are also wholly independent institutions, more common in developed countries, which operate through independent committees working together with the ministry of Trade or chambers of commerce<sup>17</sup>. Lastly, there are Private TPOs which can be whether sponsored by the Government or created by export companies. This TPOs are also more recurrent in developed countries and have more potential to be successful when government support is stable, namely in terms of funding. As for a remark, there is also a discussion on having Trade Promotion Organizations, Investment Promotion Organizations separately or, a Trade and Investments Organization altogether.

The disjointed form of organization is currently the most recurrent type of organization when it comes to trade and investment Promotion Organizations. A study conducted in 2009 by the United Nations<sup>18</sup> considers the main gains and shortcomings from each type of Organization and argues that when the major aim is to attract FDI that want to export, the association of both agencies would be beneficial once the customers are investors that want to generate trade from the host country and would then have all the services they need at one place. Among the benefits of having joint agencies is the cost reduction due to non-replication of certain function. Regarding the pros of having the agencies separate, in the view of the named study, is the possibility to have a distinctive profile and so, work on its specificities, with specific customers, using the most adequate skills to perform accordingly and so, there is no need to make way to synergies that might result in non-personalized assistance.

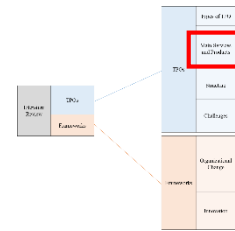
The end observation of the study suggests that there is no right model in terms of Trade and Investment Promotion done simultaneously and that the choice will be contingent to the extent to which unifying both functions generates efficiency or not.

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<sup>17</sup> According to Jaramillo, C. International Trade Forum. (1992), (2), 4-7.

<sup>18</sup> United Nations (2009). United Nations Conference on Trade and Development: Promoting investment and trade: practices and issues - Investment Advisory Series A, 4: 61-63; New York and Geneva.

## 2.2 Typical products and services



In this section will be presented the core products and services delivered by TPOs. This portfolio of products and services has changed over the years, therefore, an analysis will be proceeded on different theories of what should be the role of TPOs and the tools that ought to be used for that end.

### 2.2.1 Seringhaus, F.H.R., and Rosson, P.J., Concept (1990)

The author considers that TPOs are responsible for the assistance of firms that are already exporters or that intend to become ones. Being so, they help to eliminate trade barriers<sup>19</sup> and show some possibilities of paths to be pursued on doing business abroad. For this purpose, TPOs carry out three phases of action, according to the degree of firms' commitment to undertake international trade. In the first phase, the TPO tries to engage with companies showing the trade possibilities that they could benefit from. In a second phase, a more proximate approach is held in which the TPO works directly with firms in order to understand and meet their needs in terms of information needs, procedures, operations and planning of the export process. In a last phase, takes place the actual insertion of the firm on the international arena. For this matter, support services are provided, namely, marketing research, trade fairs and foreign missions.

### 2.2.2 Jaramillo Camilo - (1992)

Dissimilarly, *Jaramillo Camilo.*, in order to explain the core products and services that TPOs offer, categorizes the Agencies in two types: TPOs of developed and developing countries.

Being so, the author advocates that the more developed TPOs offer products and services of a higher expertise level, namely, guidance on documentation required to exports, on product' packaging specifications and quality , logistics, pricing strategy, marketing and the possible ways of financing the project.

On the other hand, TPOs from developing nations usually don't have a specific research and planning department and being so, likelihoods of providing the products and services

<sup>19</sup> This barriers can be related to regulations but also with lack of company's knowledge regarding procedures and foreign market.

previous cited, with such level of depth, is lower, and, in some cases, there is the need of recurring to external partners to fill that gap.

#### 2.2.3 Diamantopoulos, B.B.S. and Tse, K.Y.K. Concept (1993 )

The author asserts that the Government in the role of exports promoter has two ways to perform: direct and indirect actions. The direct programs include the offices that provide standard and customized market information or guidance on exporting, market research and insurance, in order to minimize trade hazards.

Concerning indirect services, the author makes references to R&D plans, assistance on technologies used, advices on how to position HR strategically, segment positioning of companies, awareness of legal and financial frameworks that could potentiate operations and expansion, in order to increase company's likelihoods of being successful.

#### 2.2.4 Belloc, Marianna, and Michele Di Maio. (2011 )<sup>20</sup>

On the research conducted by the author, four main duties should be of responsibility of TPOs. The first consists on building the "brand" of a nation towards outsiders by promoting and advertising domestic core specialties. Secondly, conduct trade shows, fairs and other events in order to market and publicize national products. Thirdly, provide guidance to companies in the process of organizing and preparing for going international, namely, in terms of assisting them on the acquisition of the necessary savoir-faire.

Lastly, the duty of steering market research to define the potential markets and sectors of activity that offer higher prospects for national companies to negotiate with and create sustainable and profitable trade linkages.

#### 2.2.5 Daniele Giovannucci (2000)

##### 2.2.5.1 Specific products and services

When a clear opportunity is explored, TPOs use market studies and research to provide specific orientation to exporters in order to foster their relationship with market players so that they establish an independent network within the international trade arena. This

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<sup>20</sup> According to Belloc, Marianna, and Michele Di Maio. "Survey of the Literature on Successful Strategies and Practices for Export Promotion by Developing Countries." *SSRN Electronic Journal* (2011): Working paper; (14-17).

process might include search for raw materials suppliers', working on product characteristics and its packaging and design in order to meet importers' needs accurately. At this Stage TPOs might consider suitable to use third party companies to execute specific tasks, namely in terms of marketing and market research.<sup>21</sup>

Every so often, TPOs have personal that can provide help in terms of marketing planning. In this situation firms might receive direction for scheming, mounting and executing marketing plans to go abroad. This service can be provided as part of TPOs work of promotion in general or, in a more specific way, once they promote a particular sector of activity. Companies can be sponsors of those marketing efforts as a way of making the promotion more specific. As an alternative, companies can gather with a group of other companies or business associations and join forces on marketing campaigns in order to reduce unitary costs. It is important though in this situation, the awareness to the type of alliances that are being built in order to create an upright name internationally and not mislead potential customers with a different range of quality and procedures among the joint companies.

Another service available is trade information. Nowadays the availability of information is enormous, nevertheless, firms find it challenging to harvests its whole benefits and apply it to company's reality and goals. In this sense, TPOs role is to provide timely and useful data to cope with companies' decision making processes.

#### 2.2.5.2 Detailed knowledge services

There are also some tools that companies need to acknowledge in order to make the most out of the attempt of exporting, they are summarized in the table below and involve areas from financing, logistical procedures, regulations, pricing, among other relevant topics that will equip companies in the practical implementation of their internationalization plans.<sup>22</sup>

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<sup>21</sup> The authors emphasize the fact that those market research assessments need to have a post accompaniment so as to measure their influence on Companies' strategic planning for exporting.

<sup>22</sup> The author points out that some of this topics might require the TPO to establish some partnerships with external organizations or companies in order to provide seminars and trainings in certain specific areas in which they might not have full knowledge on.

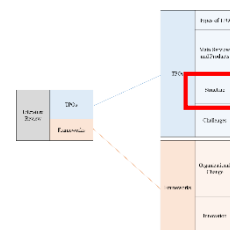
Table 1 – Summary of TPOs’ support services

Support services
• knowledge on trade payment methods
• Access to financing and FDI
• export procedures / Procedural guidelines and manuals on the regulations and procedures for specific foreign markets
• Commercial terms and terms of international trade
• Transportation logistics and procedures / updated information on transport logistics
• Quality control methods
• export packaging
• pricing strategy / pricing, and availability of information regarding appropriate price tiers, cost structures and pricing strategies
• handling business expansion requirements, i.e. infrastructure, management, bookkeeping, etc.
• Contract negotiations / referral to knowledgeable legal advice / information about insurance, especially export credit insurance

Source: Giovannucci, Daniele [editor]. 2000. *National Trade Promotion Organizations : their role and functions*. A Guide to Developing Agricultural Markets and Agro-Enterprises. Washington DC ; World Bank Group.

## 2.3 Organizational Structure

Despite the fact that the external environment can foster trade (Jacks, David S.; Meissner, Christopher M.; Novy, Dennis (2009) we will be analyzing TPOs internally, as organizations which are proactive on executing their tasks independently of the external environment.



### 2.3.1 Organizational Structure: General characteristics

*Bunderson and Boumgarden (2009)* assert that organizations started “reducing” structure in the latest years, if compared to typical organizations, in order to give way to the fast pace change and be able to adapt easily.



Therefore, Huber (1991); Moorman et al. (1993) and Olson et al. (1995), define company's structure in three components:

Table 2 – 3 Components of Organizational Structure

Organizational Structure	Authors
1- Design of unit in terms of divisions, departments, teams and other networks in which individuals might be grouped in.	Huber 1991; Moorman et al. 1993; Olson et al. 1995
2- How entities within the organization are entitled to report among each other	
3- Existing management instruments that integrate units	

Source: From the authors named.

*Lee, J. Y., Kozlenkova, I. V., and Palmatier R. W., (2015)* suggest that there are six main organizational structure's characteristics: The first is centralization, meaning, the extent to which authority is concentrated in top level hierarchy in terms of decision making. The second is formalization, and denotes the extent to which the Company is based on rules, norms, procedures and communications (*Troy et al., 2001*). In this sense, *Kabadayi et al. (2007)* argues that a high degree of formalization can hinder company's ability to adapt to changes in a market context.

The third characteristic is specialization, namely, the extent to which roles of employees are very specific and should be performed by an individual containing those sets of skills alone.

Following, there is interdependence, implying, the level of required collective effort, integration and information sharing within groups in the organization. A high level of interdependence can be beneficial for the work environment and promote a collaborative behavior among employees, according to *Vorhies and Morgan (2003)*.

Integration, is the fifth characteristic, and, a high level of the latest can indeed lead to a higher interdependence (*Germain et al. 1994*), but in this scope, it is more related to the existence of coordination of activities among the various units or departments in a company.

Lastly, modularity, concerns the degree to which the Organization is subdivided in units that can be flexible to work together in different contexts and formats.

The author also establishes a relationship among the six organizational structure's characteristics and traces out five organizational types of structures that immerge from different levels of the given characteristics and is presented below.

Table 3 – Relationship between types and characteristics of Organizational Structure

Relationship between types and characteristics of organizational structure						
Types of organizational structures	Characteristics of organizational structure					
	Centralization	Formalization	specialization	Interdependence	Integration	Modularity
Functional structure	high	high	high	low	low	low
Multidivisional structure	Moderate	moderate	moderate	low	low	low
Matrix structure	moderate	moderate	moderate	moderate	moderate	moderate
Team structure	low	low	low	high	high	high
Network Structure	low	low	high	high	high	high

Source: Lee, J. –Y., Kozlenkova, I. V., and Palmatier R. W., (2015)

Firstly, the functional structure is characterized by high levels of centralization, formalization and specialization, having, however, low levels of interdependence, integration and modularity. This results in a structure where employees work in distinct divisions, correspondent to different areas of knowledge.

In the multidivisional structure there are low levels of interdependence, integration and modularity, although, moderate levels of centralization, formalization and specialization ,leading to an organization with a main department containing subdivisions under its domain and can have many variation, e.g., a multidivisional product-centric structure occurs when the structure is built around a product or service group; or geographical structure if the structure follows a location orientation, and lastly, customer-centric structure if the structure is subdivided by the customers' groups.

Thirdly, the matrix structure is characterized by a harmony between the six characteristic, and being so, has usually at least two hierarchical layers to which feedback is provided.

Fourthly, Team structure arises from high levels of interdependence, integration and modularity in opposition to the remaining characteristics, allowing more team work targeting different goals. Those teams are subdivided in possible variations, namely, work teams, teams that have fixed groups with its participants responsible for certain tasks. There are also project teams, which are more temporary groups working together for a pre-determined period and task. There are other two other variations of the team structure, specifically, ambidextrous structure and hypertext structure. The first refers to the formation of distinctive groups that work independently, usually one being more formal and another more flexible. The second works with autonomous groups that can work both

with innovative activities and have a more defined structure with standardized procedures.

Lastly, there is the Network structure, which is low in both centralization and formality, but high in task specialization and interdependence. Due to this fact, clusters are formed according to skills, and tasks are performed under certain standards.

### 2.3.2 Notes on TPOs' Organizational Structure - Daniele Giovannucci (2000)

#### Board constitution

TPOs frequently have governing boards that draw the course of action to be undertaken by the latest. The Board can be constituted entirely from representatives of the public sector, from both public and private or entirely by the private, being the mixed type of representation the most common.<sup>23</sup>

The board of members is usually nominated by a minister of trade and the private members are designated externally as there is no requirement for Government consent. Some TPOs also have an advisory committee constituted of designated members of the export community that give assistance in specific facets of the TPOs' operations.

#### Top management

The title given to TPOs' management also varies according to TPO type. Titles such as general director, executive and/or managing director, and director are more frequent in autonomous entitled TPOs, whereas executive director, general manager or managing director are common in private TPOs.

The title and hierarchical position of the top executive of a TPO vary considerably among the organizations covered in the study.

In the case of a TPO operating within an existent department, the most frequent titles are of director or general director, or in some instances state secretary or deputy minister. In the case of Autonomous institutions, the titles recurrently used are those of general director, executive and/or managing director, and director. Whereas in private TPOs executive director, general manager or managing director are the most common titles.

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<sup>23</sup> This has been seen as the most ideal form of board constitution as it allows the private sector to have a say and provide current inside on business environment and at same time does not exclude public participation, which is fundamental for government awareness and support.

*Jaramillo, Camilo* also refers on ITC survey that no special designation was identified as used for the second hierarchical position on a TPO. The conclusion of the study asserts that there is not a unique model of organizational structure standard that ensures the success of all TPOs.

Among the findings of *Jaramillo, Camilo* with the assessment of 100 TPOs were:

**Departments-** When it comes to designing the structure for operating, TPOs typically consider factors such as the variety on export products', the main location of target markets and historical associations with particular markets. TPOs' structure was in some of the analyzed Organizations a reflex of the structure already existent in the foreign affairs ministry.

The majority of TPOs examined didn't had specialized product units in which experts on a certain group of products would operate on. Having that division was however advantageous as it creates product experts that are able to more efficiently meet customers' demands. In the other hand, when there are good trade associations, and, TPOs are able to establish collaboration with them, this need for internal experts is less significant.

**Offices-** In most TPOs of developed countries, a myriad number of offices are situated in the most relevant industrial clusters, whereas in developing countries there is often only one office located at a suburb. The services provided in each office differs among TPOs and can be standard along all the offices, having the core services at the headquarters' office and some specialties, for instance, on the other offices.

**Staffing-** Among the 100 surveyed TPOs, the majority had a number of employees inferior to 150. The Human Capital is a critical factor for TPOs' success, nevertheless, TPOs that are not wholly independent face the hindrance of having to hire through public proposals system, offering lower wages when compared with private companies. As a result, they have further difficulties on attracting talented and skilled labor force, facing, sometimes, a non-desired turnover of employees.

Patient Information		Clinical Decision Support System	
Current Status	Dx's	Dx's	Recommendations
		Time of Visit	
		Vital signs/medications	
		Immunizations	
		Lab tests	
		General Health	
		Dietary	

The first challenge identified by ITC was the need for integrating export strategies into economy's own planning frameworks, leading to convergence of actions in the long-run, as the TPO works oriented by national goals in order to promote a national competitive setting, brand and create new exporting industries. The second challenge was, meeting clients' requests in a whole and fast way. Firstly by identifying national customers and international ones, and then helping them explore all the possibilities for expansion that international trade could convey and the available tools for reaching those markets in the most effective and personalized way possible. Thirdly, creating a domestic surrounding favorable to business activities in general, through stable political and economic indicators.

## 2.5 TPOs – Review Summary

Types of TPO	Ownership	Nature	Common Occurrence	Authors
	Public entities	<ul style="list-style-type: none"> <li>▪ autonomous nature,</li> <li>▪ semi-autonomous or</li> <li>▪ wholly independent nature.</li> </ul>	As part of a ministry in the initial phase and a more independent organism as it matures.	Jaramillo, Camilo, (1992) 'and ITC
	Private entities	<ul style="list-style-type: none"> <li>▪ Sponsored by the Government or</li> <li>▪ Created by export oriented companies.</li> </ul>	Initial phase in developing countries, changing nature afterwards.	

<sup>24</sup> ITC (2000), Redefining Trade Promotion: The Need for a Strategic Response, International Trade Centre UNCTAD/WTO, Geneva.

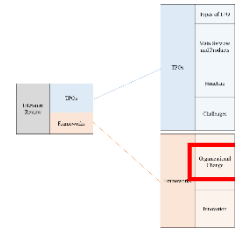
Main Services and Products		Authors
	Assistance to firms that are already exporters or that intend to become ones in 3 phases: -Phase 1 : TPO shows business/trade opportunities -Phase 2 : TPO works directly with firms to understand and meet their needs -Phase 3: actual insertion of the firm on the international arena	Seringhaus, F.H.R., and Rosson, P.J., Concept (1990)
	Core products and services explained by splitting the Agencies in two types: TPOs of developed and developing countries. -Products “developed countries TPOs”: offer products and services of a higher expertise level : guidance on documentation required to exports, on product’ packaging specifications and quality , logistics, pricing strategy, marketing and the possible ways of financing the project. -Products “developed countries TPOs”: Usually provide services of a less depth in terms of research and planning , therefore, in many cases, recur to external partners to fill that gap.	Jaramillo Camilo - (1992)
	TPOs having two possible approaches: direct and indirect -Direct: provision of standard and customized market information or guidance on exporting, market research and insurance, in order to minimize trade hazards. -Indirect: R&D plans, assistance on technologies used, advices on how to position HR strategically, segment positioning of companies, awareness of legal and financial frameworks.	Diamantopoulos, B.B.S. and Tse, K.Y.K. Concept (1993 )
	Four main duties: 1-building the nations “brand” 2- conduct trade shows, fairs and other events. 3- Provide guidance to companies in the process of internationalization. 4- Market research	Belloc, Marianna, and Michele Di Maio. (2011 )
	To exploit clear trade opportunities TPOs use: -market studies and research -third party companies to execute specific tasks, : e.g marketing and market research. -More specific TPOs’ support services include : Knowledge on trade payment methods, Access to financing and FDI, Export procedures Commercial procedures guidance, Transportation logistics and procedures, Quality control methods, Export packaging ,Pricing strategy, Business expansion requirement and Contract negotiations	Daniele Giovannucci (2000)

Source: own elaboration

TPOs	Structure		Authors
		Trend observed : “reducing” structure	Bunderson and Boumgarden (2009)
		General characteristics : company’s structure in three components: 1- departments division and teams 2- reporting processes 3- management instruments to integrate unites, relationship among units.	Huber (1991); Moorman et al. (1993) and Olson et al. (1995),
		5 main Types of organizational structure : (resulting from the combination of 6 structure characteristics, namely, centralization, formalization, specialization, interdependence, integration and modularity). 1- Functional structure 2- multidivisional structure 3-matrix structure 4-team structure 5-Network structure	Lee, J. Y., Kozlenkova, I. V., and Palmatier R. W., (2015)
	Challenges	1- need for integrating export strategies into economy’s own planning frameworks 2- meeting clients’ requests in a whole and fast way 3-creating a domestic surrounding favorable to business activities in general, through sable political and economic indicators. 4- to undertake a continual process of reformulation, namely, implementing strategies, measuring results and re-designing them on a regular basis, in order to improve result and integrate changes 5-integration of both private and public sectors on the construct of a strong strategic planning	ITC (2000), Redefining Trade Promotion: The Need for a Strategic Response.

Source: Own elaboration

## 2.5 Theoretical Frameworks for organizational / procedural change



Senge (2010)<sup>25</sup> avows that companies frequently trace out faultless plans but finish off not implementing them, even when tests show that if implemented they would bring profitability for the Company, connoting the great resistance to real changes that Companies routinely face. Following, in order to establish a more systematic approach to innovation and change, will be analyzed frameworks on both subjects. Afterwards, the most relevant frameworks to the scope of this research will be used to assess the Company in which the case study targets.

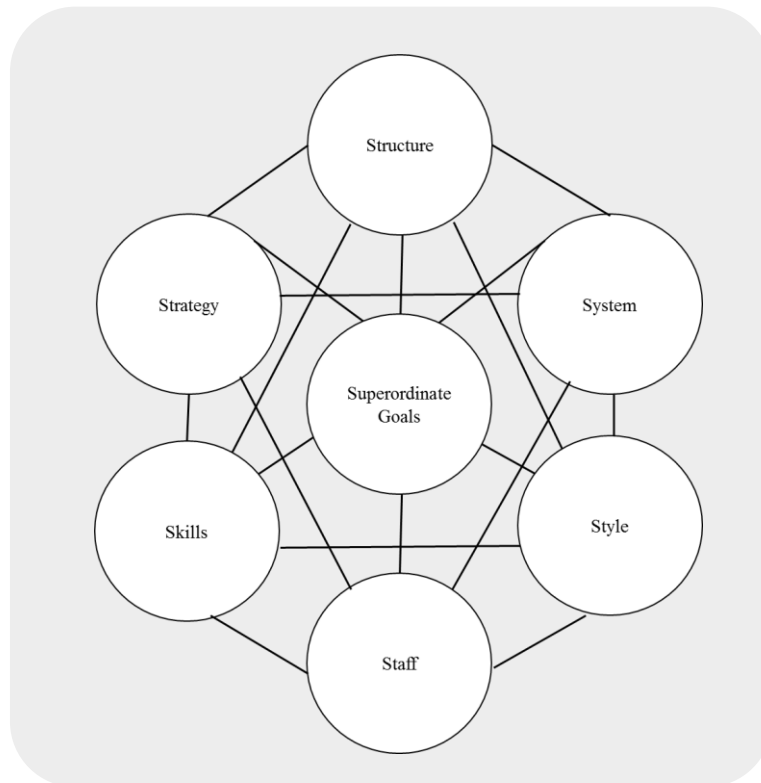
### 2.5.1 McKinsey 7-S Framework – Organizational Change - Robert H. Waterman et al (1980)

In the 80's, the nowadays known as McKinsey 7-S Framework was traced by a group of authors<sup>26</sup>, who asserted that organizational change happens not only due to changes on a Company's structure but on the relationship among seven elements, namely, structure, strategy, style, skills, staff and higher order goals, as shown in the figure 1 below.

<sup>25</sup> Senge, P.M. (2010). The fifth discipline: The art and practice of the learning organization. New York, NY: Crown Publishing Group.

<sup>26</sup>Waterman H,R, ; Peters J,T Jr. ;, Phillips R. J (1980), “structure is not organization”, Business Horizons, Elsevier, vol. 23, (3): 14-26.

Figure 2 – The McKinsey 7S Framework



Source: Robert H. Waterman, Jr., Thomas J. Peters, and Julien R. Phillips (1980)

More precisely, strategy stands for the guidelines decided beforehand to keep the Company relevant within its competitive environment. The structure and systems are, respectively, the hierarchical feedback line and routinely procedures taking place in order to accomplish tasks. It is interesting to notice that superordinate goals, later called shared values, are located in the center of the firm's elements. This occurs due to the fact that the values and vision are the mechanisms behind all the operations within the organization and potential changes on them will affect the surrounding elements in a direct way.

Style is related to the management approach used, staff, to employee's broad competences and skills, to the more specific expertise level of the latest.

The previous elements can be divided into "hard" and "soft" elements, being strategy, structure and systems regarded as hard elements, as they are determinant for allowing the soft elements to operate. Namely, one value of the company can include being the most innovative company on its specific field, but, if their strategy does not include constant improvement of technological software and hardware such aim will not be feasible.



### 2.5.2 Burke-Litwin Change Model (1992)

Burke's model derives from the previous 7-S Framework with some supplementary factors included. This model also shows the main drivers of change within an Organization and ranks them by relevance, being the items at the top more important for fostering change and the ones at the lowest position less relevant.

As the figure that synthetizes the Model shows, below, at the top, as the main cause for change in organizations the author places the external environment followed by leadership, culture, mission and strategy. The next layer includes systems, management practices and structures within the company. Subsequently there is the work group climate leading to changes in motivation, employee's needs and skills and lastly, performance. In this model, all the elements are interrelated meaning that changes in one of them might affect the others as to promote change on a given company.

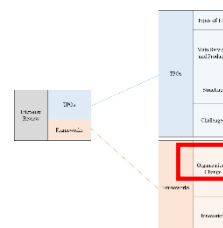
Figure 3 - 12 Organizational Elements



Source: Burke & Litwin  
(1992)

The model has been used in order to predict organizational change but also to analyze and manage it once it is perceived. A critique that has been extensively made towards this model, besides the complexity of involving so many variables in the model, is that it

departs from the external environment as the greatest source of organizational change, in this way, change can be perceived in a more passive way instead of an active role of the company, its employees and management.



### 2.5.3 Summary of the Organizational Change Frameworks

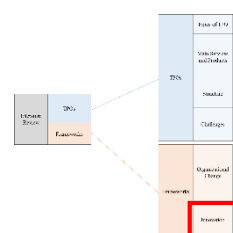
Table 5 – Organizational Change Frameworks, Summary

Frameworks	Model		Change originators	Variables
	Organizational Change	McKinsey 7-S Framework – Organizational Change - Robert H. Waterman et al (1980)	-Change arising from relationship among 7 variables	Company's structure, strategy, style, skills, staff and higher order goals
		Burke-Litwin Change Model (1992)	-Changes in one variable causing change on the remaining elements -Existence of different levels of influence on change among drivers.	-More relevant driver : the external environment -Middle level: leadership, culture, mission and strategy. -The next layer : systems, management practices and structures -Lowest layer: work group climate leading to changes in motivation, employee's needs and skills, performance.

Source: Own elaboration

### 2.6 Innovation Frameworks

In a fast pace changing world, innovation has never been so relevant and present in many debates and conferences worldwide, more specifically, in the last decade. The OECD <sup>27</sup> (2010) highlights that *“Future growth must therefore increasingly come from innovation-induced productivity growth.”* and *“Innovation drives growth and is essential for addressing global and social challenges.”* Being so, innovations seems to play a fundamental role in fostering growth by an increase in productive, efficiency and also allowing the society to develop in a more sustainable and equal way. *M. Senge et al (2006)* considers, similarly, that innovation is vital to



<sup>27</sup> Ministerial report on the OECD Innovation Strategy Innovation to strengthen growth and address global and social challenges - Key Findings

overcome challenges in the globalized world not only economically but also on social matters.

#### 2.6.1 Innovation Framework – The Resources-Based-View - Mwailu & Mercer et al (1983)

The so known theory of the resources-based-view <sup>28</sup>(RBV) avows that the resources and competencies of an organization lie beneath its ability to innovate. In this way, firms' combination of both resources and competencies may constitute the blocs for building sustainable competitive advantage, generating uniqueness<sup>29</sup>.

Following the line of RBV literature, three main resources are identified as being responsible for increasing company's ability to innovate. The first, financial resources, can derive from inside the organization or external funding, the second, technical resources, and third, intangible resources, namely knowledge and personnel.

Later in 2003, Kostopoulos, K. C. et al<sup>30</sup> investigated the remarkable relationship between RBV and innovation in a firm. At the outset, the author acknowledged that RBV proposes that firms must direct efforts on developing its capabilities to respond to the altering external environment and being so, exploiting opportunities, prior to competition, in a superior form.

So far, his findings suggest as an alternative that there is a two-sided connection between RBV and innovation, in the way that not only the resources of the enterprise will define its ability to innovate but also, firms can use innovation as an instrument for fomenting a better use of existing resources within the organization. The author additionally asserts that the aforementioned reciprocal relationship offers the benefit of first, helping the company understand that within its core it can produce innovation and so, manage its assets accordingly, and secondly, by the application of innovations in itself, enable firms to offer more inimitable products and services.

#### 2.6.2 Innovation Framework – 3 Dimensions - Oslo Manual Guidelines <sup>31</sup>

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<sup>28</sup> Mwailu & Mercer(1983); 142, Wernerfelt, (1984), 172; Rumelt, (1984); 557-558 and Penrose, (1959)

<sup>29</sup> This heterogeneity is then depicted as firms supply their VRIO to the customer, namely, value, rareness, difficulty on imitating and organization.

<sup>30</sup> Kostopoulos, K. C., Spanos, Y. E., & Prastacos, G. P. (2003)

<sup>31</sup> On context of the Oslo Manual but adapted to the research scope and on the context of services' oriented firms.

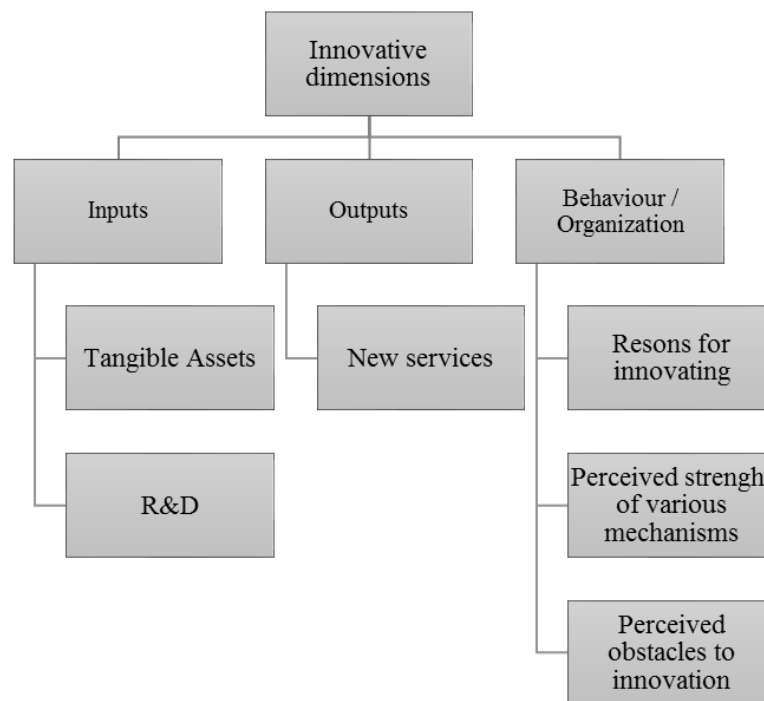
The Oslo Manual, OECD and Eurostat (2005)<sup>32</sup>, establishes guidelines for innovation surveys and defines innovation in the following way: *“the implementation of a new or significantly improved product (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations.”* In addition, the Manual names three possible types of novelty: an innovation that is a novelty for the firm, when the innovation is new for the firm although it might be already in use on other firms; for the industry, if the Company is the first mover in introducing an innovation to its own industry that might already be in use on the context of other industries; and lastly, it can be a novelty to the world, if the innovation is a novelty for all industries internationally.

The guidelines provided by the Manual aim to assess companies’ innovative effort by the application of surveys. The latest questions firms about the undertaken innovative activities in three distinct fields: resources, outputs, and, the behavioral and organizational dimensions and is summarized on the figure 4 below.

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<sup>32</sup> OECD and Eurostat (2005): Oslo Manual - Guidelines for Collecting and Interpreting Innovation data.

Figure 4 - Firms' Innovation based on Oslo Manual Guidelines <sup>33</sup>



Source: Own elaboration based on Oslo Manual Guidelines, 2015

Within the resources, besides tangible assets, it is also probed R&D investment, training, acquisition of licenses, product/service design, pre-launch trials and market analysis.

As for measuring innovation on outputs the evaluation can fall upon the launch of new products/services, compilation of meaningful information on the sales increase or sales share among competitors.

Regarding the last aspect, behavior and organizational dimension, the company is asked to reflect upon what they believe it's their core strengths and hurdles to innovation and lastly, the motivation for being innovative. Contrary to the dimensions of inputs and outputs that can be easily measured in terms of profit increase, behavior and organizational dimension are more qualitative dimensions and the evaluation of its impact less evident.

### 2.6.3 Innovation Framework – 4 Dimensions - De Jong, M., & van Dijk, M. (2015)

De Jong, M., & van Dijk, M. (2015) suggests that innovations should permeate four different areas in companies: customer relationships, activities, resources and costs, in

<sup>33</sup> On context of the Oslo Manual but adapted to the research scope and on the context of services' oriented firms.

order to efficiently cope with constant change in this digitalized era. Firstly, innovation in the relationship with customers is key for enhancing their loyalty to the Company on a digital era where they are vastly bombarded with information, emails, invitations which makes essential an innovation in the approach used to this end.

Secondly, the author asserts that improvements in efficiency are not enough, arguing that time is scarce for boosting and changing production processes on its fullness, therefore, by introducing intelligence into their production processes companies would adjust in a constant basis and improve activities continually. In a practical way, Companies could incorporate continual feedback circles and introduce trials into daily key activities, and so, create a learning mechanism that will allow the so desired flexible and intelligent corporation.

The third area suggested for inviting innovation into companies is on their resources. The previous author also names this characteristic, evidencing mainly the tangible assets and a consistent R&D investment.

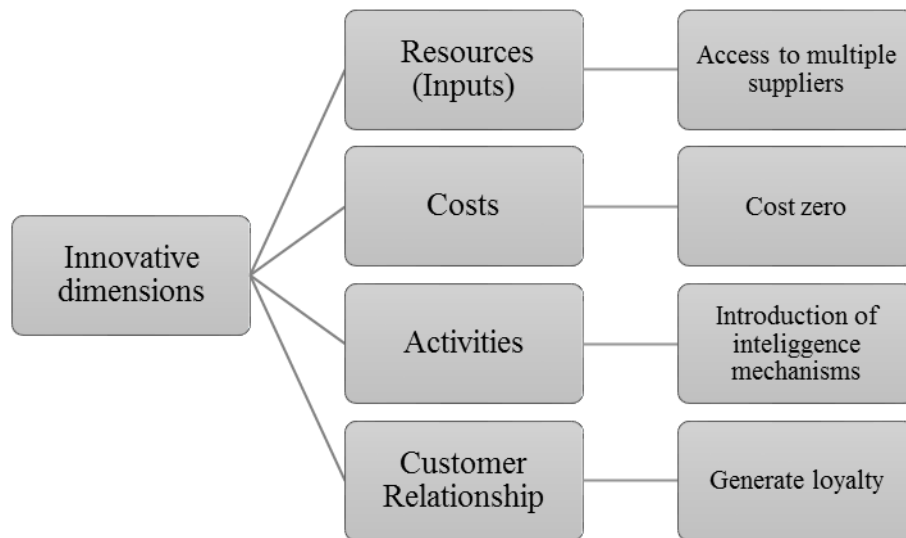
In the other hand, the biographer emphasizes that competitive advantage does not lie in owning certain assets since the latest are limited and can be specific to a certain location or type of company and proposes that innovating in resources requires a shift from resources' ownership to resources' access. Having access to a wide variety of suppliers increases flexibility in the system and allows space for new ideas, products and services. The last area in which the author considers that innovation should be introduced is on costs. The common concept to approach cost is trying to lower the average cost by increasing quantity produced in order to diminish the impact of the fixed costs required for production, the so known economies of scale principle. The author suggests the possibility of not only lowering costs but cutting them to zero.

Technology would enable the reproduction of digital goods or services with an additional cost of zero.<sup>34</sup> The model previously described is summarized on the table below.

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<sup>34</sup> The example provided is of online courses that would allow zero marginal costs.

Figure 5- 4 Areas to innovate based on De Jong, M., & van Dijk, M. (2015)



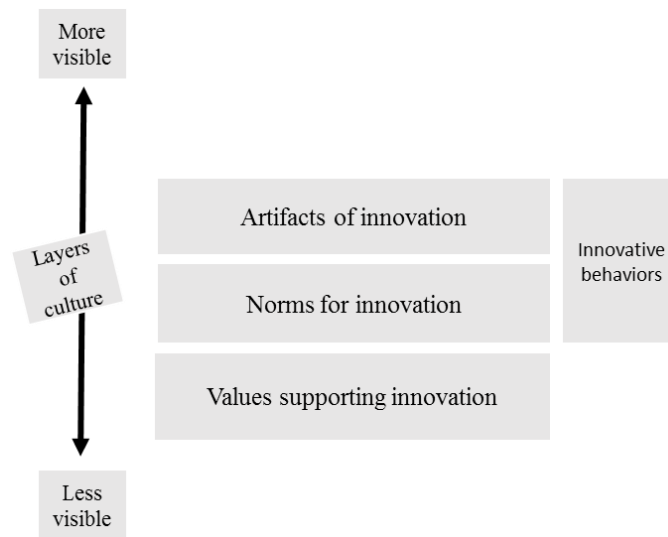
Source: Own elaboration based on *De Jong, M., & van Dijk, M., 2015*

#### 2.6.4 Innovation Model - Schein's model of organizational culture (1992)

This model suggests that the starting point for innovation is employee behavior, pointing out that managers' role is crucial as they implement norms and values that will be the guidelines for employee behaviors, which will lately, according to this theory, be evidenced in external acts, called by the author "artifacts" finally producing positive outcomes, namely, innovation. *Koc and Ceylan, (2007)* advocate that "*the effectiveness of innovation processes depends on organizational culture*".

As presented in the figure below, the author, *Schein (1992)*, considers that organizational culture must be analyzed by looking at three layers. As a base layer we have values that are less explicit but that support the existing norms and ultimately lead to more visible outcomes, the innovative artifacts.

Figure 6– 3 Layers of Organizational culture



Source: Schein (1992)

Starting by the base, values supporting innovation consist on the underlying values that a Company must have , namely, success, openness and flexibility, quality of internal communication, competence and professionalism , Inter-functional co-operation, responsibility of employees, appreciation of employees and lastly, risk taking; which in turn are considered as foundation for innovative behaviors. The proposed parameters to assess Company's values related to innovative outputs are shown on the table below.

Table 6 – Parameters for assessing Base Values for Innovation

8 Base Values for innovation	Parameters		
<b>1- Success</b>	1. We value success in this firm.	2. We aspire to be the best firm in our market.	3. We place great value on our performance.
<b>2- Openness and flexibility</b>	1. We value openness and responsiveness in this firm.	2. We place great value on being flexible in our approach to problems.	3. A willingness to show flexibility and openness is valued within this firm.
<b>3-Quality of internal communication</b>	1. Open communication is valued highly within this firm.	2. We place great value on excellent internal communication within this firm.	3. Maintaining high quality internal communication is valued within this firm.
<b>4-Competence and professionalism</b>	1. We place great value on professional knowledge and skills.	2. We aspire to a high level of competence and professionalism.	3. Upholding the highest levels of professionalism is valued within this firm.
<b>5-Inter-functional co-operation</b>	1. Cooperation among different work teams is valued highly.	2. This firm values integration and sharing among teams throughout the firm.	3. We place great value on co-ordination among different work teams.
<b>6-Appreciation of employees</b>	1. We place great value on recognizing and rewarding employees' accomplishments.	2. Taking time to celebrate employees' work achievements is valued in this firm.	3. We place great value on showing our appreciation for the efforts of each employee
<b>7-Responsibility of employees</b>	1. We place great value on recognizing and rewarding employees' accomplishments.	2. This firm values employees using their initiative.	3. We value employees taking responsibility for their work.
<b>Risk-taking</b>	1. This firm values a willingness to challenge the status quo.	2. This firm values a willingness to experiment with new ideas.	3. Valuing calculated risk-taking helped this firm get to where it is today

Source: Hogan, S. J., & Coote, L. V. (2014)



From Values, the less visible layer of culture within an organization are the norms and artifacts that constitute the innovative behavior itself. On the following table are presented the parameters to evaluate the existence and nature of norms that lead to innovation, also proposed by Hogan, S. J., & Coote, L. V. (2014) on as part of a test to Schein's model.

Table 7 – Parameters for assessing Norms for Innovation

Norms of Innovation	Parameters		
<b>1- Success in innovation</b>	1. Striving to be successful with new ways of doing things is expected within this firm.	2. We are encouraged to be the most creative and innovative firm in our market.	3. Striving to be successful with generating new ideas within this firm is expected.
<b>2- Openness and flexibility for innovation</b>	1. We expect employees to be open to new ideas and responsive to them.	2. We expect employees to be flexible in dealing with new ideas and in their approach to solving problems.	3. A willingness to try new ideas is encouraged within this firm.
<b>3-Internal communication supporting innovation</b>	1. Open communication of new ideas and practices is expected to be second nature within this firm.	2. Information about new ideas and new ways of doing things is expected to be communicated throughout the firm.	3. We expect the quality of internal communication related to new ideas and processes to be high.
<b>4-Competence and professionalism supporting innovation</b>	1. We expect creativity and innovation to be part of the professional skill set of employees within this firm.	2. We expect employees within this firm to have a high level of competence in developing and implementing new ideas.	3. High levels of knowledge
<b>5-Inter-functional co-operation supporting innovation</b>	1. We expect people throughout the firm to work together to implement new processes.	2. We encourage teams throughout the firm to work together in order to develop new ideas and practices.	3. We expect people within this firm to work collaboratively in order to implement new ways of doing things.
<b>6-Appreciation of employees supporting innovation</b>	1. Recognizing and rewarding employees who implement new ideas within this firm is the norm.	2. Taking the time to acknowledge employees' efforts when they solve problems in novel ways is encouraged within this firm.	3. Appreciating the efforts of employees who bring new practices into being is expected within this firm.
<b>7-Responsibility of employees for innovation</b>	1. We encourage employees to take responsibility for new ways of doing things in their work.	2. We expect employees to use their initiative in developing new ideas and ways of dealing with work tasks.	3. We expect employees to take an active role in trying out new ways of doing things.
<b>Risk-taking for innovation</b>	1. We expect employees to challenge the status quo in order to come up with new ideas and ways of doing things.	2. We encourage employees to experiment with new ideas and new ways of solving problems.	3. Taking calculated risks with new ideas and practices is encouraged in this firm.

Source: Hogan, S. J., & Coote, L. V. (2014)

Following, the artifacts of innovation could be considered as materialization of innovation, signals in a more visible way that the Company is innovative or is making high efforts on that direction. As part of those artifacts, the author names four main evidences. The first artifact is “stories about heroes of innovation”, connoting, the existence of stories in the company about employees who have come up with valuable ideas or about employees who have highly encouraged the implementation of new ways of doing tasks or developing projects.

The second is the existence of certain physical arrangements for innovation, namely, meeting rooms projected to host conversations and discussions about ideas to be developed and implemented.

The third is called “rituals of innovation”, meaning the existence of celebrations or acknowledgements connected to the adoption of new processes, methodologies.

Lastly, the existence of a language that fosters innovation by pondering always new points of view and different insights into common conversations. The parameters proposed by the same study to assess Company’s artifacts of innovation are presented on the table beneath.

Table 6 – Parameters for assessing Artifacts of Innovation

Artifacts of innovation	Parameters	
<b>1-Stories about “heroes” of innovation</b>	1. There are well known stories in this firm about employees who have developed new and useful ideas.	2. There are stories in this firm about employees who have strongly encouraged the implementation of new practices and processes.
<b>2- Physical arrangements for innovation</b>	1. There are meeting areas and discussion rooms within our firm where employees can meet to discuss new ideas and ways to implement them.	2. We have set aside space within our office layout where employees can meet and talk informally about new ideas and novel ways to solve problems.
<b>3-Rituals of innovation</b>	1. We have made an effort within this firm to celebrate the adoption of new practices and processes.	2. We make an effort within this firm to acknowledge and reward the implementation of new services and ways of doing things.
<b>4-Language supporting innovation</b>	1. “We could probably get some benefit from looking at this problem from a different perspective”.	2. “Could we develop a new approach to solving this problem or are there other ways we could go about resolving this issue?”

Source: Hogan, S. J., & Coote, L. V. (2014)

#### 2.6.5 Innovation Model – Dynamic Capabilities, Teece (2007)

The term dynamic capabilities was first titled by Schumpeter in 1934 as a supposition to explain firm’s performance. More recently, Teece *et al* (1997) and Teece (2007) deepened the knowledge around this theme. First, Teece *et al* (1997) defined DC as the aptitude firms have that enables them to create, adapt and shape its own internal and external competencies aiming to thrive in a constant and fast changing environment. In this sense, through DC companies could develop their competitive advantage and continue to be significant to the market.

The model was based upon three principles: processes, positions and paths. Processes referring to the common daily practices and learning processes within the company, positions, the firm’s current assets both tangible and intangible (e.g. technology,

customers and networks). Lastly, paths relates to strategy and mulling alternatives of future possibilities.

Later, Teece (2007) traced out three capabilities that companies needed to develop in order to innovate and adjust their moves accordingly. The first capability is named by the author as sensing capabilities, the aptitude that enables firms to recognize opportunities both inside and outside its environment. The second pillar is seizing capabilities, as, it is crucial to exploit those opportunities converting them into novelty to the Company, in the form of a new product, service or procedure. This second pillar is connected also with the firm's ability to acquire new knowledge and apply the learning to its reality. Lastly are reconfiguration capabilities and express the Company's ability to convert the previous acquired and exploited knowledge to the whole firm, meaning, a generalization and solidification of the learning process befalls. The new knowledge is then incorporated into the company in a constant basis as the process is repeated, enlarging firms' capabilities.

In the context of industrial firms, innovations take the form of new products, tangible outputs, through an innovative system, machine or process. On the other hand, accessing innovation in service businesses can be challenging as the outputs are usually a one-time "product", of intangible nature and produced with the client. In this sense, it is fundamental to analyze innovation in the process that involves the delivery and conception of services.

Rima Žitkienė et al (2015) did an application of Teece (2007) focusing on service firms. Consequently, the three pillars previously established gain a new meaning, namely, sensing capabilities refers to the ability the firm has to understand that is time to alter current processes on service provision or even introduce new services; seizing capabilities is related to making better choices in terms of which opportunities to exploit and lastly, reconfiguration capabilities are used in order to implement the novelties in all areas possible in the company.

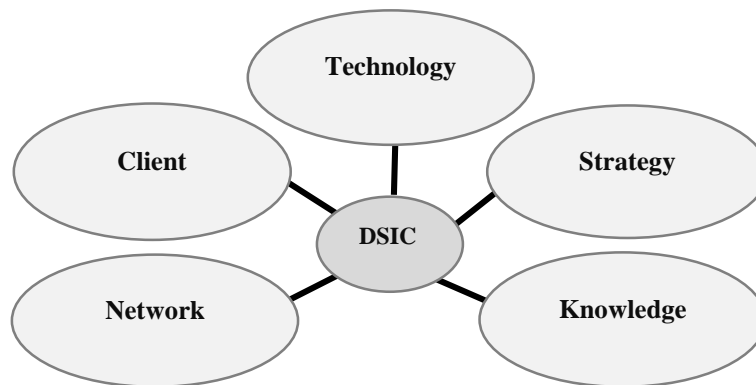
Part of Company's ability to sense goes through being capable to examine the surrounding business environments, identifying customers' fondness and collecting insights from employees.

After identified the areas that seem propitious for service innovation, it is time to seize those opportunities: the company has to simultaneously make space both in terms of resources and structure in order to promptly concretize the latest.

Lastly, the author suggests that the capacity of reconfiguration allows an even match of Company's goals and introduction of new service-related novelties.

Summing up, the author advocates that Companies should concentrate on the culture of the organization, management of personnel, structure of the organization and on the innovative services itself to enhance their dynamism in terms of innovative capacity.

Figure 7: Dynamic service innovation capability (DSIC) dimensions.



Source: Rima Žitkienė et al (2015) based on Teece (2007)

Figure 6 above shows the 5 dimensions proposed to be the base for dynamic service innovation capability. The first dimension is technology and reflects the ability of using internal technology as well as introducing external technology to enhance firms' capacity. Strategy is another dimension suggested by the author to enable service innovation capacity in companies, as management plans of introducing new services or new marketing or post-sales will motivate the whole organization towards those goals and direct efforts into equipping themselves to accomplish these same plans.

Knowledge is a dimension that should be exploited inside and outside the organization, internally, the development of specific knowledge within all the firms' layers and externally, knowledge about the market players, namely the competition, customers and the surrounding prevailing market forces.

Network dimension stands for the connections and relationships companies establish among themselves and other organizations which have a high potential to enlarge their innovative competences.

Lastly, client dimension focuses on how the relationship with the customer can generate learning to be translated into innovative approaches, services and offers in general. This dimension can be considered both internal and external since the company shall develop mechanisms of mapping potential customers' expectations or needs and address them in an innovative way, as well as being able to understand current clients and develop innovative path to increase the value obtained by the latest.

#### 2.6.6 Innovation Model –Tidd & Bessant (2009)

The T&B model describes innovation as a process inherent in organizational renewal, product and service revival, and lastly, in production and distribution means. The author asserts that, in general, firms attempt to organize and manage innovation-related processes to identify and generate optimal solutions.

The focal dimensions considered by the model for analyzing the innovative potential of companies are its strategy, learning mechanisms, processes taking place, networks it establishes and the way it is organized overall.

Ferreira J. M J et al (2015) carried out a test to Tidd and Bessant's innovation model which is presented subsequently:

Construct	Item	Item description
Strategy	S1	Employees recognize innovation's importance in competitiveness.
	S2	The firm shares innovation strategies with employees, and employees are aware of targets.
	S3	Employees understand and recognize that for the organization to remain competitive, distinctive competence(s) are necessary.
	S4	The firm anticipates threats and opportunities (through forecasting techniques).
	S5	Senior managers perceive innovation to be a determinant factor in future firm development.
	S6	The firm's senior management demonstrates commitment to supporting innovation.
	S7	The organization deploys mechanisms to analyze new technological and market developments, assessing their impact on organizational strategy.
	S8	A link exists between innovation projects and all business strategies.
	P1	The firm employs mechanisms that help design, develop, and launch new products.
	P2	Firms normally implement innovation projects within deadlines and budgets.
	P3	The firm uses mechanisms to verify that employees fully understand all consumer needs (not only regarding marketing).

Process	P4	The firm implements management mechanisms to tailor procedures and succeed.
	P5	The firm systematically researches ideas for new products.
	P6	The firm uses mechanisms guaranteeing the involvement of all departments in developing new products and processes.
	P7	The firm deploys a clear system for selecting innovative project.
	P8	The firm system is flexible and encourages rapid implementation of small-scale projects.
Organization	O1	Firm structure does not compromise but rather fosters innovation.
	O2	Employees work well together and across departmental borders.
	O3	Employees suggest ideas for better products and processes.
	O4	The firm structure enables swift decision-making.
	O5	Communication between hierarchical levels is functional and effective.
	O6	The firm adopts a pro-innovation support and reward system.
	O7	The firm fosters creativity and new ideas and encourages employees to submit proposals pro-actively.
	O8	The firm works well as a team (or in teams).
Learning	L1	The firm displays a high level of commitment to employee training.
	L2	The firm reviews employee projects to improve them and achieve better performance levels in subsequent actions.
	L3	The firm works with universities and other research centers to build knowledge resources.
	L4	The firm systematically compares products and processes with those of its competitors.
	L5	The firm shares experiences with other firms, thereby achieving a better understanding.
	L6	The firm registers and records its developments to benefit employees.
	L7	The firm learns from other firms.
	L8	The firm seeks to identify where and when the firm may improve innovative performance.
Networking	N1	The firm maintains good relationships (win-win) with suppliers.
	N2	The firm reports a thorough understanding of consumers' needs.
	N3	The firm analyzes its errors to improve its activities and processes.
	N4	The firm works closely with consumers to develop new concepts.
	N5	The firm collaborates closely with other firms to develop new products and processes.
	N6	The firm attempts to develop external networks with individuals who can assist the firm (e.g., with specialists in specific fields).
	N7	The firm shares its needs and skills with education sector entities.
	N8	The firm works closely with end users to develop new products and services.

## 2.6.7 Summary of the Innovation Frameworks

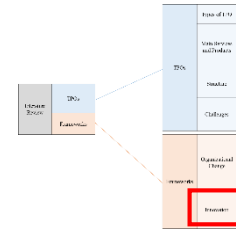


Table 9 – Innovation Frameworks, Summary

Frameworks	Innovation	Innovation originators	Variables	Authors
		From Company's resources	1-financial resources, 2-technical resources, 3-intangible resources, e.g knowledge and personnel.	The Resources-Based-View - Mwaitu & Mercer et al (1983)
		From a new idea or improvement that is implemented on a business (in one or more of its 3 proposed dimensions)	1-resources 2-outputs 3-behavioral and organizational dimensions	3 Dimensions - Oslo Manual Guidelines
		From the inner values of the Company	Values and norms: success, openness and flexibility, quality of internal communication, competence and professionalism , Inter-functional co-operation, responsibility of employees, appreciation of employees and lastly, risk taking	Schein's model of organizational culture (1992)
		From the coordination of 3 capabilities : Sensing, seizing and reconfiguration capabilities.	5 dimensions for dynamic service innovation capability: 1-technology 2-Strategy 3-Knowledge 4-Network 5- client	Dynamic Capabilities, Teece (2007) Rima Žitkienė et al (2015) did an application of Teece (2007)
		Argument/Purpose	Variables	Authors
		Innovations should permeate four different areas in companies:	1-customer relationships 2-activities 3-resources(inputs) 4-costs	4 Dimensions - De Jong, M., & van Dijk, M. (2015)
		analyzes the innovative potential of companies through 5 dimensions.	1-strategy 2-learning mechanisms 3-processes 4-networks 5-organization	Tidd & Bessant (2009)

Source: Own elaboration

## 2.7 Research Questions

The first aim of this research is to trace an Organizational Profile of IN<sup>35</sup>, Innovation Norway, in terms of products and services offered, including its organizational structure among other relevant dimensions, seeking to understand how similar or not is the TPO to the profiles of TPOs analyzed on the literature review.

The World presents increasing complexity and opportunities, and so do TPOs. The ITC defined 5 central challenges to reshape trade promotion worldwide in the present millennia. The effort to attain these challenges must be deployed by TPOs worldwide in order to reach the desired improvements. In this sense, this investigation will try to analyze, secondly, if IN is converging to meet the millennia challenges for TPOs and how the company targets those areas of improvement on their own reality.

The need of remaining competitive has never been greater, as reviewed through the literature. Some frameworks allow the study of how processes of change and innovation take place within organizations and the positive effects it might generate. Even though these models show a path that might propitiate an environment for change and innovation within corporations, there are also changes motivated by need and by opportunities. In this context, the goal will be to use the frameworks drawn through literature review to assess if the Company is prepared or, has the foundations needed to be innovative. Still within the scope of the previous interrogation, the interest is to consider what changes IN has introduced and how, as well as which innovative initiatives are being taken or have been taken in parallel to the change processes.

The thematic of innovation is the “word of the day” and companies worldwide strive to remain relevant and innovation is frequently the main tool to achieve that end. Previously, on the review of literature, within the scope of frameworks on organizational change and innovation, an initial path was drawn, as to enable a reference from which IN will be studied and expectantly, a learning process establish with this TPO of reference.

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<sup>35</sup> Innovation Norway, which will be introduced and justified in the following sections, as the TPO chosen to be case of study.



### 3. Methodology

In the following section, a portrayal of the methods used to conduct the research are presented, namely, the construction of a questionnaire, the choice of appropriate frameworks with the intent of comparing the literature review with the outcome of the data collection in order to study a specific case.

The views on case study differ among authors. Bromley (1990, p.302) describes it as a “*systematic inquiry into an event or a set of related events which aims to describe and explain the phenomenon of interest*”. Case studies can be associated to numerous purposes, namely, to describe (Kidder, 1982), to validate theory (Pinfield, 1986), or to produce theory (Gersick, 1988).

Our use of case study will have the aim of using theory to carry a description that will enable responses to the investigation questions, with a specific focus on the chosen unit of analysis.

#### 3.1 Unit of Analysis

According to Yin (1984) case studies can focus on studying one company or more than one and also differ on the level of depth desired on the analysis of the latest.

Our unit of analysis to the extent of this research will be one company, *Innovation Norway*, the Norwegian TPO.

##### 3.1.1 Justification of choice

Innovation Norway (IN) is the Norwegian TPO and the interest was in the fact that Norway<sup>36</sup> is a highly developed economy and has a positive and steady trade profile. In this sense, their TPO has been executing, through the years, an outstanding promotion of trade fostering an even development of the country, constituting a role model as a TPO. More specifically, their 2015 Report shows the positive effects IN is currently having. For example, Companies supported by IN had 12.6% higher percentage points of annual growth when compared with the other Companies. They also experienced 1.9% more productivity growth. These are just some examples of the great developments being enabled by the company.

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<sup>36</sup> A brief Country and trade profile are available on Annex 1

A brief historical background of IN follows below, presenting the trajectory that led them to their current state.

### 3.1.2 Historical background – IN

According to information provided both by IN management and their website, Innovation Norway's origins date back 1852 when its main aim was to provide support to the agricultural businesses empowering their modernization through affordable loans, having its headquarters in Oslo and afterwards expanding with more offices around the country.<sup>37</sup>

In 1993, the Norwegian Industrial Bank, Industrial Fund and the Regional Development Fund merged forming the Norwegian Industrial and Regional Development Fund (SND). Subsequently, the State's Agricultural Bank, Bank of Fish Farmers and the National Industrial division also welded into SND.

The Organization that we know today as IN is the result of a final merger occurred in 2004 between four different Organizations, namely, the Export and Trade Promotion Council, Norwegian Industrial and Regional Development Fund (SND), Norwegian Tourist Board and the Government Consultative Office for Entrepreneurs.

During the years IN has provided support in different areas, using distinct tools, however with the same aim: *“ensure that we as a nation can utilize the resources, values and ideas we have for generating growth and welfare in the country.”*<sup>38</sup>

The Organization has evolved throughout the years having a crucial role in 3 different areas: modernization and reconstruction, industrialization and lastly restructuring of the country.

A great part of Norwegian modernization required a shift on the labor force, from agriculture and fishing to industries. This process was enabled by the Norwegian Industrial Bank, founded in 1936, which provided loans to companies, factories and the tourism sector. It played an important role to assist companies located in areas of the country where private banks were unable to assist those needs.

In parallel, the Association of tourism created in 1903, and later in 1999 changing to Norwegian Tourism Board, was of great importance to attract tourism to the Country.

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<sup>37</sup> In the Cities of Bergen, Trondheim and Tromsø in 1881.

<sup>38</sup> IN webpage – History Section.

The Regional Development Fund (1961) was responsible to stimulate employment in rural areas also working with the Industrial Bank to foster modernization.

After the World War II, 1945, the Organization at the time, Norwegian Trade Council, assisted the industries to regain international markets vanished in the interwar period, as well as gain new ones in order to recover employment. In 1950 it was already perceptible a shift of employment with a majority of the labor force in manufacturing activities instead of primary related industries.

The Development and Restructuring Fund offered public support mainly to the Norwegian Industry and tourism between the 1960s and 1970s even when the latest did not prove to be profitable.<sup>39</sup>

### 3.2 Data Collection

In order to study the case of IN some sources of information were gathered and follows below the explanation of the processed carried out to guarantee that current and relevant information could incorporate this research.

#### 3.2.1 Questionnaire construction

K. Popper (1959) and S. Ackroyd et al (1981) point that questionnaires are practical and allow an objective analysis, besides the possibility of being carried out by the researcher without affecting its validity. Besides that, it is possible to obtain both qualitative and quantitative data in a fast way and, depending on the case, without costs. In the other hand, the authors mention as limitation of the method, the fact that the researcher on the moment of building the questionnaire is doing pre-judgments and might not include questions that would otherwise be central. Other downsides are the fact that the respondent may or may not respond in the most truthful way and might also be misled on his own interpretation of the questions. Besides that, It is not valid to generalizations although provides good and accurate insights when both parts are committed for increasing knowledge.

In this case, I contacted Innovation Norway and they gladly cooperated in the whole process of responding to the questionnaire.

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<sup>39</sup> E.g. crucial support provided to Norwegian Ironworks.

The questionnaire can be accessed on annexes, annex 2, and is composed of three parts: the first part consists of an Assessment of Organizational Change using McKinsey 7-S Framework to assess both IN's general profile and to start recognizing some changes carried out by the Company.

Among the Organizational change frameworks review on section 3, McKinsey's model was chosen to be included in the questionnaire since it is a more simple model and is not based on the premise of external events leading to change, which would be an obstacle to learning how change arises from within companies and moves the whole organization forward.

The second part of the questionnaire includes two frameworks of Organizational Innovation, namely Shein (1992) and Tidd & Bessant (2009). Shein's (1992) Framework will be used for accessing the three layers, values, norms and artifacts of innovation that will ultimately produce the evidences of innovation and, are examined by using a likert scale 1-7, being 1, does not represent the Company's reality and 7, represents well Company's reality.

Tidd & Bessant (2009) Framework was used to evaluate the innovative potential of IN in 5 focal dimensions: strategy, learning mechanisms, processes taking place, networks it establishes and the way it is organized overall. Each of the dimensions having 8 affirmations<sup>40</sup> to be ranked with a likert scale 1-7, being 1, does not represent the Company's reality, and 7, represents well.

Lastly, the third part of the questionnaire contains open ended questions that aim to construct a solid base for understanding the change and innovation processes carried out by IN.

The output of the questionnaire is both qualitative and quantitative although the biggest emphasis will be on a qualitative description.

### 3.2.2 Other data sources

Besides the information provided by the three parts of the questionnaire, IN also provided reports that describe in depth some important issues that are to be covered on the scope of our research. Additionally to the reports and questionnaire, a parallel between IN's case and the literature review conducted on section 3 will be established

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<sup>40</sup> Propossed by João J.M. Ferreira et al (2015).

in order to understand the similarities and main differences so as to build internal validity of the findings.

#### 4. Empirical Results

In the present section the main investigation questions will start to have an answer, namely the first one, related to IN's organizational profile. More precisely, the company profile will be presented in order to allow an analysis of how alike IN is to the "traditional TPO" explored on the literature review. Following, the previously presented frameworks on innovation will be applied and analyzed for the specific case of IN. Additionally, it will also be assessed IN's innovative potential and whether the Company has made changes over the years as well as in the present. It will also be presented what method the company uses to promote change and what are their leading drivers for change.

##### IN's 7-S Analysis and other Company Profile aspects

###### Organizational nature

On section 3.1 were summed up the different types of TPO concerning their organizational nature, typical offer of products and services as well as main practices and organizational structure. In this section we will establish a parallel between the profiles described in the Literature review and the one of IN, using both McKinsey 7-S Framework<sup>41</sup> and other qualitative output from the questionnaire.

In terms of Organizational nature, IN is a public organization, owned by the Industry and Fisheries Ministry, 51% and by County's authorities, 49%. Additionally, IN manages funds from the Ministry of Local Government and Regional Development, Ministry of Agriculture, Ministry of Foreign Affairs and the county governors.

The most common nature for TPOs from developed countries, as seen on section 3, is a private ownership or a public ownership with wholly independent character. IN due to historical reasons discussed in section 4.2.1 chose to continue more connected to the state. The majority of TPOs on Jaramillo Camilo study was controlled by the state, which proves to be a tool to guarantee Organizations' compliance to Government's directives

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<sup>41</sup> Which was assessed through the questionnaire to IN.

and also enables an easier access to Industries and other stakeholders, what proves to be fundamental for a customer oriented action. The author also argues that the nature of support provided by the Government plays a central role on the success of TPOs that are State owned and, in the Case of IN, the close relationship with the Government has been vital for funding and support enabling the company to accomplish its vast and demanding mandate.

### Products and services

No. IN is not a typical TPO. Besides the role of trade promoter, IN also plays the role of national development bank through the provision of loans and grants in different areas according to their four services:

1-Startups- *“Our services for start-up companies.”* Consisting on the provision of loans, grants and competence programs for startups.

2-Growth companies and clusters- *“Our services for companies with capacity for growth and clusters.”* Entails the delivery of loans, grants and competence programs for innovative growth companies. Additionally, development of programs to clusters as to increase value creation, innovation and exports by developing long lasting partnerships and networks.

3-Internationalisation- *“Our services for companies with international ambitions.”*

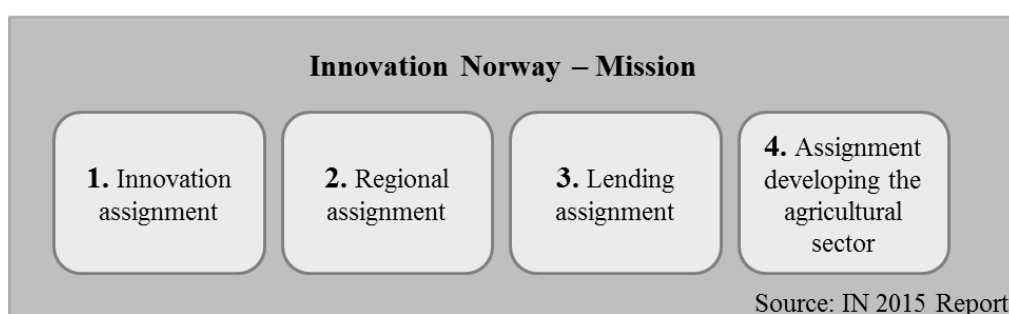
Comprising export advisory services from a team of trade experts at the Head Quarters in Oslo as well as in more than 35 offices abroad, as well as promoting Norway abroad (e.g. promoting tourism, attracting foreign investments).

4-Sustainability- *“Our services contributing to a sustainable future.”* Grants for commercialization of environmental technology and bio industries.

The services numbered as 2 and 3 above, services related to innovation and internationalization of companies and clusters is the one typically within the scope of traditional TPOs, as explored in more detail on section 3.2.

IN’s scope of action goes beyond the traditional TPO assignment and can be better understood through the analysis of their mission, summarized on the figure 7 below.

Figure 8 – Innovation Norway’s Mission



In short, the first **assignment of Innovation** includes the promotion of exports, development of networks and knowledge as well as research and development. Regarding tourism, IN works closely with small companies in order to help them to act in a coordinated way and to acquire know-how of the market.

IN is also in charge of Branding Norway by working with the surrounding community in order to gain trust of the markets and attract both knowledge, visitors and investors. Another area comprised in the first assignment is trade promotion and, being so, the Company assists Companies on an internationalization and expansion path aiming to enlarge worldwide value chains.

The **regional assignment** has the purpose of promoting growth across the whole country by realizing the different challenges that each region presents and working in order to overcome barriers to growth.

The **lending assignment** operates providing loans in regions where banks are not strong as well as participating financially in projects assessed as central for the country's economy and consequently to the whole society. Besides that, it can be a partner to share risk in large projects.

Lastly, the **agricultural assignment** works for increasing agricultural efficiency and sustainability, as well as attracting investments for agriculture and to businesses that might be viable to develop in the surrounding areas to the agricultural sites.

### Shared Values

The values are built upon the mandate that IN has as the Government agency for promoting innovation, growth and exports in Norway, and consists of three key words: *connecting, responsible, innovative*. The management agrees that those values are very strong and in alliance with the overall vision of the company and evidenced that IN's main goal is not profit maximization as for pure private companies.

### Style

The management team works inclusively with employees motivating their cooperation in the main processes and also among the different teams. There is a high degree of autonomy and cooperation within and across departments and divisions. Regarding the effectiveness of the leadership, the management team is quiet ambitious and effective, what is evidenced by substantial changes both in terms of company's culture and increased performance, which will be analyzed in depth ahead in this section.

### Staff and Skills

IN has a large number of employees compared to the average TPO, 700 employees in total, both at home and abroad offices. Placements were done after a competence mapping of all company's employees and as a standard procedure, the company adjusts the previous assessment through appraisal dialogs with employees biannually.

The three main areas of expertise are customer advisory, namely on growth, innovation, exports and trade regulations, financial advisory, through financing programs as grants and loans to both startups and innovative initiatives in mature firms, and lastly, market advisory, providing a profounder view on foreign markets, networks, investors, and export possibilities.

Still regarding skills, IN is rated as excellent from 85-90% of their customers, nevertheless, IN recognizes a knowledge gap, namely in terms of developing more customer oriented advisors that will assist clients in a proactive and challenging way.

The recruitment is always based on competences and IN as employer on the segment is ranked on the top, and, in this way is able to attract the talent needed to the company in order to accomplish all their assignments seen previously, contrarily to what Jaramillo Camilo (1992) suggests that TPOs of a public nature would have less access to attract talent due to lower compensations compared to similar private entities.

### Systems

The main systems the Company uses to run the Organization are CRM, System for handling loans, grants and application processes for customers, economy systems, Learning portal for employees, IN Business - policies and learning material about their range of services , compliance, HR, balanced score-card, intranet, yammer, e-mail, Document systems/archive, Crizes management system and self-service for employees.



It is governed by IT in collaboration with the relevant department internally (e.g. HR, Economy)

Part of the processes and policies are embedded into the systems through workflows other guidelines and processes are available in learning programs and policies.

### Structure

Innovation Norway is managed by an Executive Board and the Chief Executive Officer, Anita Krohn Traaseth. On section 3.5 were analyzed TPO's structure and noted that a mixed composition, from both public and private provenance was the most common composition for the Executive board. IN has 11 board members being 9 external members directly involved with the business community (e.g. CEO of important companies and sectors of activity) and 2 internal members from within IN.

On section 3.5 were likewise presented the 5 main types of organizational structures that would be the result of the extent of firm's centralization, formalization, specialization, interdependence, integration and modularity dimensions. IN operates with a Matrix structure, opting for a flat organization with few hierarchical levels, namely 2 levels<sup>42</sup>, as shown on figure 8, on the following page.

Regarding autonomy on decision making, there is a high degree of autonomy on the delivery of advisory programs and competence programs.

Communication lines are both implicit and explicit, which is enabled due to matrix format of structure.

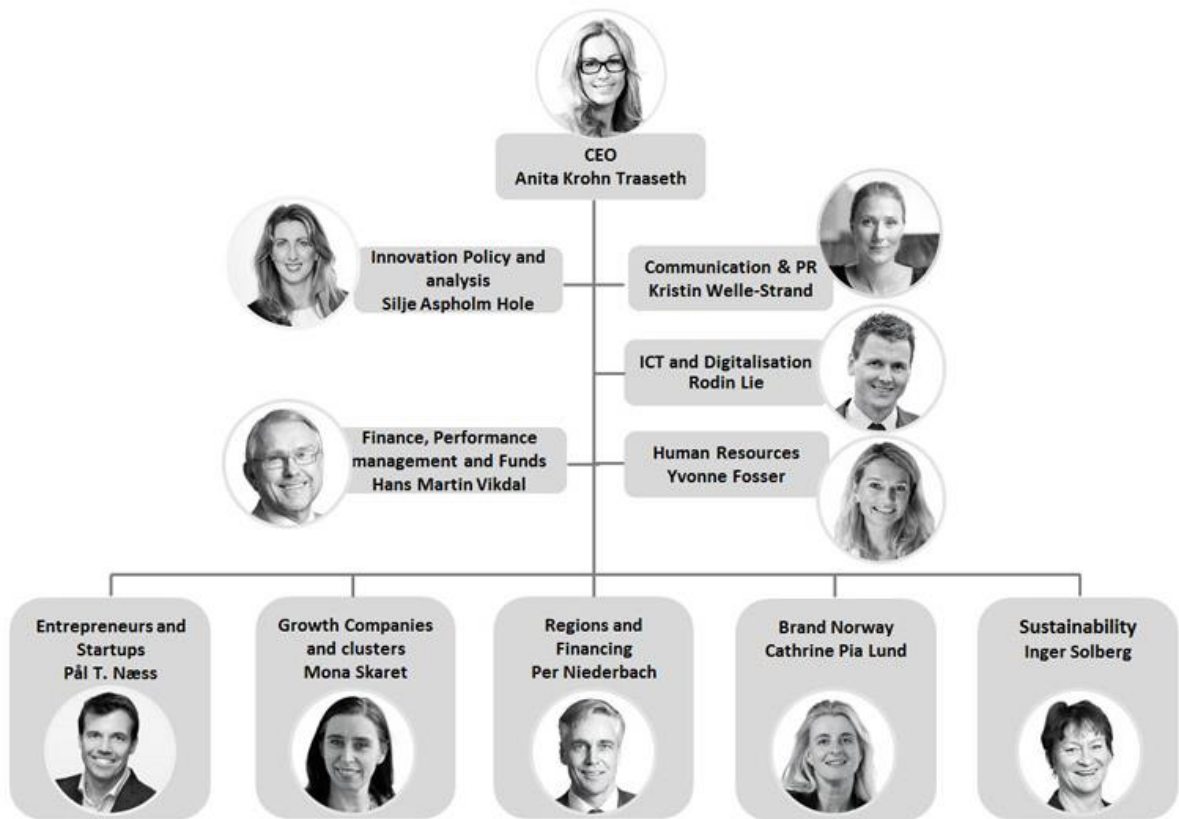
The 5 divisions are standard for all 60 offices both inside and outside Norway. On section 3.5 was realized the advantage of grouping the divisions per area of expertise so as to generate efficiency gains, a principle applied by IN. More precisely, instead of being organized according to their 4 main products, it is organized as a function of their 5 assignments, listed through their mission statement, operating through the 5 corresponding divisions.

There is a strict system of governance and of policies on financial decisions so as to allow the highest level of transparency and accountability.

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<sup>42</sup>Further in this section it will be deepen the explanation on the reasons for this structure as it is at the result of one of the changes accomplished by the Company.

Figure 9 – IN’s Organizational Structure

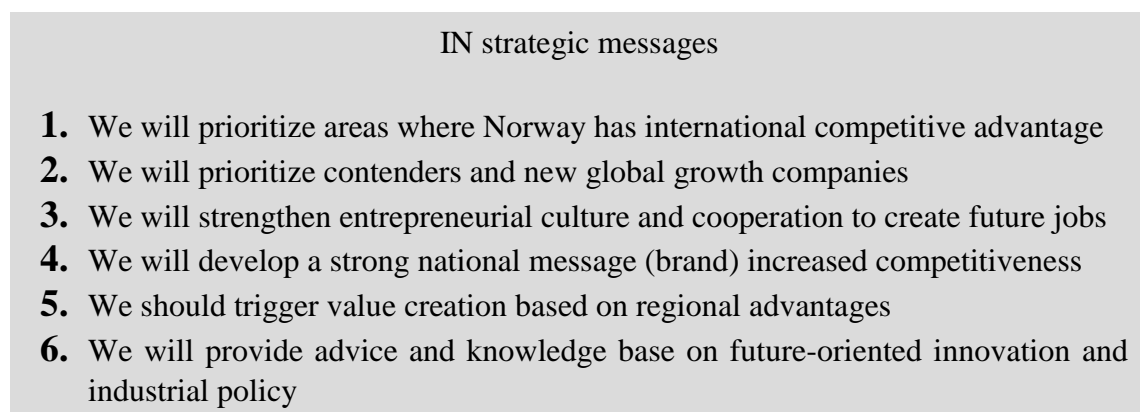


Source: Innovation Norway

## Strategy

IN adopted an open strategy formation method based on the “*Dream Commitment report- 2016*”, which has as output 6 strategic messages:

Figure 10- Innovation Norway's strategic messages



Source: Adapted from IN Dream Commitment Report of 2016

In order to implement the strategy stated above, IN developed 5 programs to be implemented in the period of 2016 to 2020, which will be discussed ahead with the purpose of analyzing the company's future plans.

Additionally, IN strategically identified the areas where Norway possesses specific competences in a way unique on a world panorama, allowing competitive gains and specialization. The 6 areas of opportunity are the following: clean energy, ocean space, bio-economy, tourism and creative industry, health and welfare and lastly, smart societies.

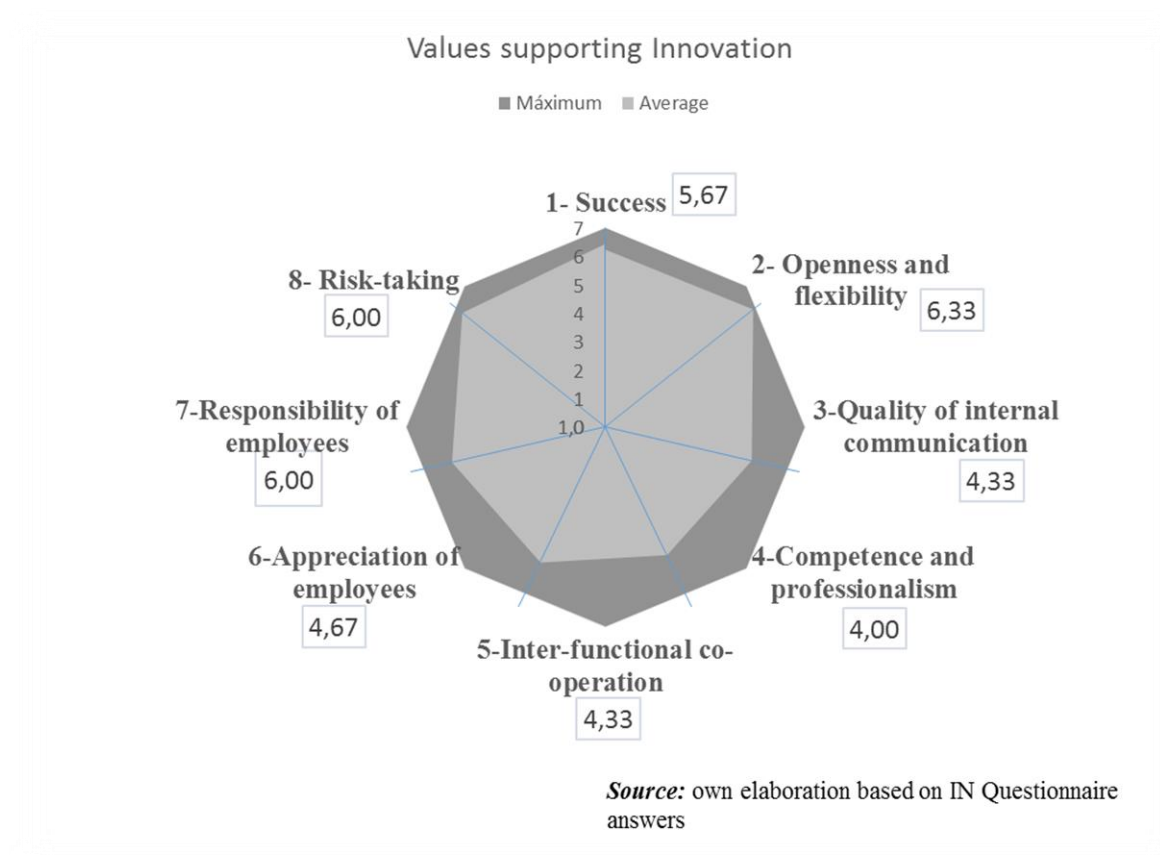
### IN and Innovation

Schein's model of organizational culture (1992) with its three layers for accessing how rooted is innovation on companies was applied to IN in three layers and is presented below as well as the main outputs from the analysis.

On the base layer, the values supporting innovation were accessed and the numerical values are presented on the following figure 10, showing that the company has some strong values concerning openness and flexibility, namely approaching problems, followed by risk taking and responsibility of employees. Additionally, IN places great value on recognizing and rewarding employee's accomplishments and their use of initiative to challenge the status quo by experiencing new ideas.

The values revealed as less valued are related to upholding the highest levels of competence and professionalism what might be correlated to the non-profit nature of the company and at some extent to cultural values of humbleness.

Figure 11- Assessment of values supporting Innovation

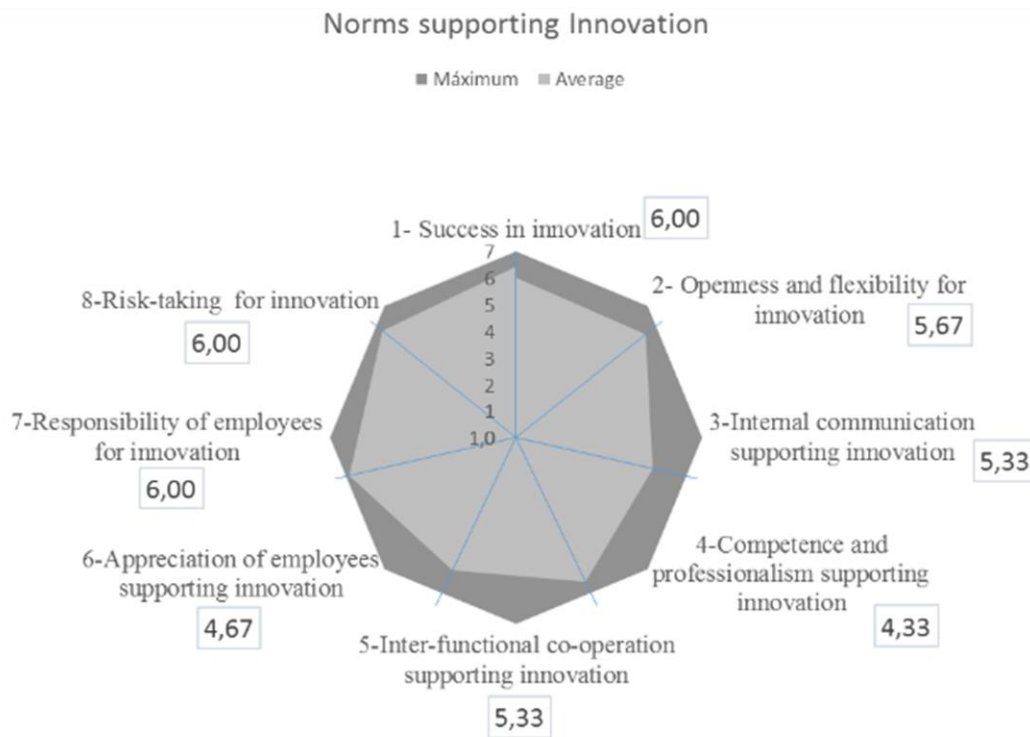


Regarding the existing norms, the general scores are higher in for all categories, namely, on expecting employees to actively try new ways of working, as they are also stimulated to take calculated risks on new ideas and procedures.

The areas where norms were less strong were in open communication of new ideas and practices, along with information about new ideas/ new ways of doing things not being communicated throughout the company.

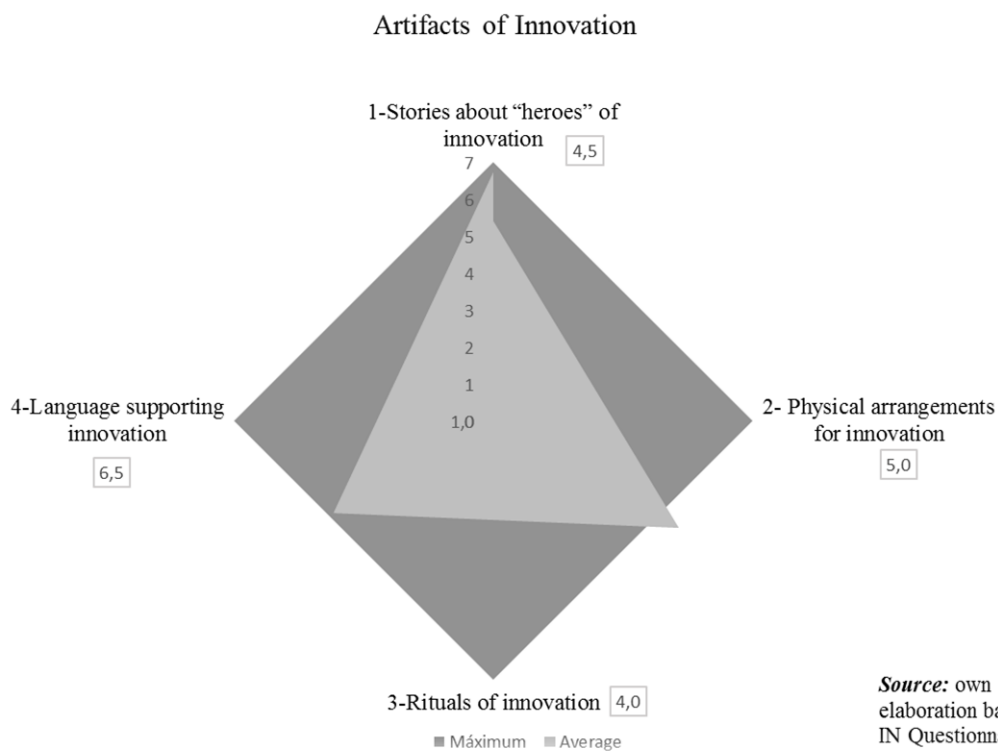
The artifacts of innovation are the more visible endeavors that signal the efforts on being innovative. IN revealed strong on the use of a language that stimulates new ideas/approaches as a routine inside the company. Besides that, the company also has meeting areas where employees can meet to discuss new ideas and ways to implement them, although in a more formal way. An area seen as weak was the lack of rituals on celebrating the adoption of new practices and processes.

Figure 12- Assessment of norms supporting Innovation



*Source:* own elaboration based on IN Questionnaire answers

Figure 13- Assessment of values supporting Innovation



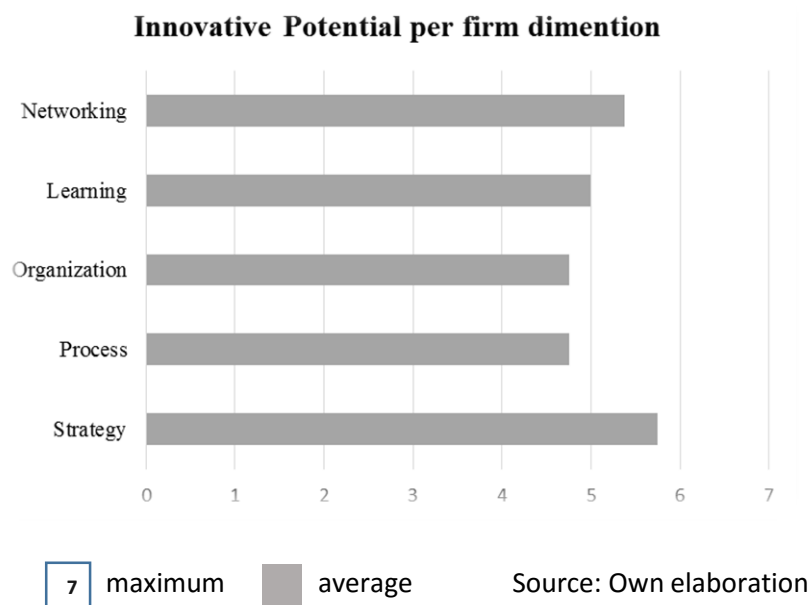
*Source:* own elaboration based on IN Questionnaire

As regards to the strategic dimension, the senior management shows commitment to supporting innovation, recognizing its relevance altogether with employees to firms' future relevance and competitiveness. It was also recognized room for improvement in the use of techniques to anticipate threats and opportunities.

Regarding networking, the company is great on working close to consumers to develop new concepts as well as with others firms and end users to develop better products and services. Ahead in this research will be shared some initiatives IN has taken that show how in practice these networking is done.

Through Tidd & Bessant's Model (2009) were considered the central dimensions for analyzing the innovative potential of IN, namely, its strategy, learning mechanisms, processes taking place, networks it establishes and the way it is organized overall. The results obtained show IN's high potential for innovation from all the 5 dimensions and are summarized below in figure 13.

Figure 14- Assessment of Innovative Potential of IN



In relation to processes, the firm system is flexible and encourages rapid implementation of small-scale projects. Although the system used to select innovative projects is not very clear.

In terms of organization, employees are engaged on suggesting new ideas for both processes and products although the work is developed more inside departments than across the company.

Regarding learning, the firm does not have a primary focus on employee training, which has to do with the current focus on restructuring and downsizing that helped identify and map the different skills within the company, helping to place its personnel in the most effective way.

### IN and change

Subsequently, will be addressed if IN has changed and if affirmative, what are the changes that have been implemented so far and ahead in section 6, what are the future changes on schedule.

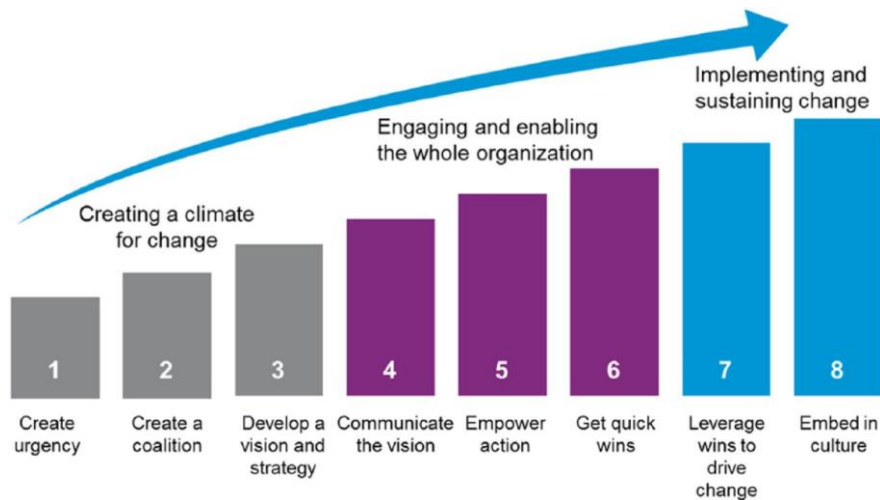
IN in the format of ownership and mission as of today exists since 2004. From 2004-2014, IN worked on its establishment as the Norwegian tool for innovation, entrepreneurship, job creation and export promotion. In that sense, contrary to long-term existing TPOs, IN is a new TPO and as so, has in the last years traced a natural growth development path.

After these first decade of existence, the IN took the decision to do a complete restructuring of the company.

The main motivator for change in the company occurred due to an awareness of the fast-paced changes taking place externally, with its customers and the desire IN had to “*take their own medicine*” and keep up with those changes, in order to remain relevant to their national industries providing them with the most adequate up-to-date solutions.

The company adopted a Change Model, the “*8 Step Process for Leading Change*” from Professor John Kotter, presented in the following page.

Figure 15- Kotter's Model for leading change



Source: The 8-Step Process for leading change – Dr. John Kotter

To implement an “innovative era”, IN saw the necessity to install a deep restructuring process following Kotter’s model composed of many small and big changes.

In September of 2014, the first phase of its restructuring started. The first step was to “create urgency” for change and the Company did so by gathering the most feedback possible both internally and externally. Input was collected from over 3500 people, amongst customers, employees, industries, overall stakeholders, through meetings, speed dates, interviews, and workshops, on a document called “Dream commitment”. This document compiling the main expectations of stakeholders was then used to build IN’s strategy<sup>43</sup>, an approach named **open innovation**, and is defined by its originator Chesbrough H. et al (2006) as “(...) *the use of purposive inflows and outflows of knowledge to accelerate internal innovation, and expand the markets for external use of innovation, respectively. [This paradigm] assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as they look to advance their technology.*”

Based on the input gathered, IN adopted four drivers<sup>44</sup> that would enable a constant focus throughout the whole process of restructuring and change, which are present below:

<sup>43</sup> Part of step 3 on Kotter change Model.

<sup>44</sup> Also part of the 3<sup>rd</sup> Step on Kotter change Model.



- 1-Increase customer-orientation
- 2-Geater clarity and accessibility of its programs and services
- 3-Increased cost-efficiency
- 4-Ensure wider employee engagement

Encompassing step 2 to 4 of the change model the Management had a clear vision and strategy and worked closely with employees in order to communicate this vision and generate commitment towards the ambitious future.

As part of step 5 and 6, IN introduced both big and small changes. Large changes were allocated to IN's Organizational structure as one of the first steps into the restructuring. The services related to the internal organizational needs and services associated to customers were separated, entitled respectively as Business Services and Customer-oriented-Businesses. The first, including areas such as HR, IT, Financial, Innovation policies and Communications, and the second containing IN's five core services<sup>45</sup>.

This division aimed to increase the focus on the customer segment and for that, five<sup>46</sup> senior managers were appointed to lead each of the customer-oriented segments, working as a matrix and other five senior managers appointed to the Business- Segments, in a more vertical interconnected structure.

IN's management team was also target of change, overall from 69 to 43 managers, in order to diminish middle-level managers, creating a flatter structure, facilitating collaboration , autonomy and a more effective work.

A modification occurred likewise for IN's offices both home and abroad, as the organizational structure was unified for all the 60 offices, meaning, common management structures and synchronized new roles. This change was designed to increase the mandate of the offices and simultaneously, standardize quality and overall awareness of the brand, as referred on IN's 2016 Report, *"All our offices are now gathered under one. We want the experience, delivery and quality of our services to become more seamless, accessible and recognizable regardless of which office you are in contact with."*

Another change taken was a personnel downsizing as a result of a competence mapping that permitted the allocation of the right skills to the new roles and, additionally, due to

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<sup>45</sup> Described previously on in this section under "Products and Services".

<sup>46</sup> Organizational Structure Map also presented previously in this section.

budget adjustments<sup>47</sup> that the Company had to undertake in order to accomplish its enlarged mandate.

Other changes adopted include new corporate governance systems with scorecards and KPIs, more professional programs for employees. Moreover, IN unified their CRM systems for all offices and all employees, in order to introduce more speed and efficiency on customer interaction as well as ensure equal access to information about customers in all offices. Regarding more specific initiatives that IN has taken towards innovation, follows below the most relevant.

In 2004 the Company conducted an extensive research, mainly through speed dates, meetings and surveys, among customers entitled “*Hunting time thieves*”. This was an innovative approach on customer relationship which involved inquiring customers on how they could stop stealing their time and become more easy to use.

The feedback obtained was that IN was bureaucratic, slow and access to networks and information difficult. Bureaucratic and slow in the sense that when compared to similar organization, namely Banks, the time of response was much bigger. Another limitation appointed was the limited 9 to 5 availability and outdated solutions.

In response to this feedback, the Company gave more innovative steps: decided to make their “Export guide”, an extensive document that the company has compiled over the years, available for free use. Another initiative created was the “*Entrepreneur phone*”, a phone number available for entrepreneurs to call and discuss their ideas in a quicker way than the traditional long exchange of emails or scheduling of visits. It was launched in 2015 and has so far been a success.

Alongside with the need for sharing knowledge IN also launched a Blog , *Entrepreneur pulse* to promote sharing of experiences amongst entrepreneurs who can learn with others’ experiences, network and at same time be a source of constant feedback to IN.

In 2015 IN introduced a self-service online application system for Entrepreneurs called *My Page* as well as learning modules about startup grants. Additionally, IN centralized the applications processing to one office and as a result, the average time to deal with applications decreased from 40-60 days to 4-12 days, allowing overall productivity gains and increased customer satisfaction.

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<sup>47</sup> Namely, lower administrative budget and increased IT investments.

In 2012 IN introduced an Annual Speech entitled *Innovation Speech* containing new directions and ambitions of the Company towards innovation. In the Innovation Speech 2015, IN's CEO Anita Krohn Traaseth handed over the Dream Commitment report to the Minister of Trade and Industry, Monica Mæland. The innovation speech summarized the main outputs of the Dream Commitment report based on all the extensive feedback from stakeholders, as previously mentioned. More specifically encompassing six commendations<sup>48</sup> to be IN's macro ground for the present and future.

## 5. Conclusion and Further research

On the Innovation Speech 2015 it is notable the strong vision of the Company: *"(...) But it is time that we also talk about the many demanding faces of innovation. For shall we be able to innovate, we must also change what we do and how we do things. Innovation in its ultimate sense also represents destruction - of the established, of traditions and culture. This is about accepting that someone must go ahead to take bold and difficult choices in the short term, which we will look back on and be proud of. For when we historically summarize something that goes well, then it becomes 'we' who made the decision. It's about taking risks now, to lead in unfamiliar terrain, to question the established truths and power structures to establish new ones. It will not be easy, but it is absolutely necessary."*

IN is an innovative leader, no doubt. In the present section will be drawn the key findings of this research, starting by presenting a summary of the key findings in terms of change and innovation behaviors, its theoretical base and how the Company accomplishes its realization.

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<sup>48</sup> The six recommendations can be consulted on IN's webpage within the Innovation Speech report.

## 5.1 Key Learnings with IN

### ➤ 5.1.1 Change and Innovation processes

Table 10 – Change and Innovation, Summary

		How	What	Parallel with literature
Change	process	Introducing big changes	Splitting in small changes and conferring specific deadlines to the milestones	Kotter model provides a more holistic approach and its 8 steps comprehend introduction of change in a smooth and whole way. The change model from Robert H. Waterman et al (1980) puts change as arising from relationship among 7S variables instead of a more direct approach and Burke-Litwin model suggests a more hierarchal process in which some aspects drive change on a higher level than others.
			Making a clear communication through out the company regarding those big/small changes and its rationale.	
			Displaying a wide transparency both internally and externally through reports and others.	
		-	Recognize how hard are those processes but extremely necessary for growth and success.	
			Challenging for company's culture	
			IN follows The 8-Step Process for leading change from Dr. John Kotter that is based upon 3 phases :  -phase 1: creating a climate for change -phase 2:Engaging and enabling the whole organization -phase 3:Implementing and sustaining change	
	completed	Matrix structure	Reduction of hierarchy levels, namely of middle-level managers, creating a flatter structure, facilitating collaboration , autonomy and more effective work.	Both Organizational Models analyzed in this research include structure as one of the crucial dimensions in Companies that constitutes the base for further changes.
		A more customer driven business	Separating the organization in 2 big areas: one including services to serve the internal organizational needs and another with services to the customers, allowing a special focus on the customers.	
		Introduction of more speed and efficiency on customer interaction	Unification of CRM systems for all offices and all employees allowed more speed on customer relationship and equal access to information about customers in all offices.	
		new corporate governance systems	Score cards and KPIs as well as more professional programs for employees.	
		Unification of the organizational structure for all the 60 offices	Implying common management structures and synchronized new roles. This change was designed to increase the mandate of the offices and simultaneously, standardize quality and overall awareness of the brand	
		Restrictive budget	Although not a voluntary change but led to an increased sense of urgency and other efficiency-oriented changes	Could be framed as Burke-Litwin Change Model (1992) sees change, as mostly motivated by the external environment. In this case IN had to proceed to changes due to “external” forces and was able to be more efficient.

Source: Own elaboration

Innovation	How	What	Parallel with literature
	Constant process	Approaching innovation as part of their processes	In accordance with the 4 Dimensions from De Jong, M., & van Dijk, M. (2015) as emphasizes that innovation should permeate company's activities/processes among other areas. This framework does not mention though, the constant experimentation and improvement loop with real time learning mechanisms from those experiments.
	innovation loop	Experimentation on daily basis with implementation, measurement and real feedback	
	International benchmark	Benchmark of international corporations and private entities to deliver an excellent service.	-
	Questioning culture	The matrix structure altogether with company's culture support questioning the status quo as a common practice among employees.	In alignment with Schein's Model (1992) that mentions the importance of having an environment of exchange of different ideas to cause organizational innovations.
	Customer tangible feedback	By gathering customer feedback IN introduces tailor made innovations and changes that will increase the likelihood of success.	Agrees with Dynamic Capabilities, Teece (2007) as a sensing capability of being able to recognize opportunities both inside and outside its environment.
	Open innovation	Using the results of the "Dream Commitment" they formulated their strategy. Besides obtaining feedback, it had the purpose of incorporating their vision and future steps.	Could be framed as the application of the second capability from the Dynamic Capabilities, Teece (2007), the seizing capability, implying the exploitation of the opportunities previously recognized. It could be also framed by The Resources-based view as the Company used intangible resources, the customers as a source of knowledge to generate innovation.
	Intra-Network Promotion	IN launched a Blog , <i>Entrepreneur pulse</i> to promote sharing of experiences amongst entrepreneurs who can learn with others' experiences, network and at same time be a source of constant feedback to IN.	-

Source: Own elaboration

- TPOs gain from benchmarking international players in order to be more innovative and grow. Additionally, it is vital to benchmark national private entities so as to deliver superior service and surprise customers. *"We must not only look at what is happening in Norway, but constantly measure ourselves against the international arena, (...) commended the leader of Mesh, a Norwegian Pro-Entrepreneurial Company, IN's partner. IN benchmarked banks and other private entities as well aiming to deliver a better service to its customers.*

- It is keen to foster a culture of questioning the status quo and exchanging ideas among employees, namely amid managers, which is well enabled in IN through their matrix structure, implemented as one of the changes recently adopted by the Company. This readiness to break old structures in order to innovate is well expressed as part of the report on IN's first restructuring phase, on the Company's blog : *"(...) we must become one company, breaking silos and established processes that had been relatively stable since the establishment of Innovation Norway in 2004. This has been the background for change in our organizational structure, increasing our ability to deliver on our customers' terms."*
  
- Along the process of change transparency both internally and externally is important for firm's credibility. IN made available the reports of their milestones of the restructuring process both through their company website and also their blog, additionally, they have a strong constant communication with employees as the next point will enlighten.
  
- IN's continuous communication with employees also revealed essential to encourage engagement and commitment towards the process of innovation. IN has been communicating with employees in many ways. First of all through "Friday Mail", a weekly email in which employees get to know what the Company has accomplished until that specific moment, acting a motivator through "small wins", they also get to know what the priorities are for the present and what the future plans the Company has. Also, in these email the Company motivates and shows their thankfulness to employees. In this way, Employees are motivated by the small and big wins, are able to grasp company's "big picture" and understand the rationale behind the clear goals. Furthermore, this type of communication standardizes information flows and makes employees pull unified forces holding a common understanding of the future. In IN's words, *"It is crucial that both leaders, elected representatives and most employees understand why we make any change and the message must be repeated often throughout the process"*.

- Processes of change are tough but worth it. By IN's own words, *"It has been challenging, frustrating, despairing, motivational, demotivating, moments and situations with colleagues one never forgets. But it has been absolutely necessary, although a number of restructuring consequences for some affected will never be considered necessary or meaningful"*.
  
- Although not quantified, the introduction of innovation in the form of many changes can be challenging for Company's culture, and even intensified if those changes include relocation and laying-off of personnel, requiring an extra commitment to reaching a good environment and softening an unstable atmosphere.
  
- Company norms and values can foster innovation in a direct way. Regarding to IN, a norm that has demonstrated to cause this effect is expecting employees to actively try new ways of working as they are stimulated to take calculated risks on new ideas and procedures. Vis-à-vis values supporting innovation on IN's case, valuable values were openness and flexibility, namely approaching problems. Moreover, the company places great value on recognizing and rewarding employee's accomplishments and their use of initiative to challenge the status quo by experiencing new ideas. In a more evident way, IN makes use of a language that stimulates new ideas/approaches as a routine inside the company.
  
- A restrictive operations budget can have benefic effects. For IN, it created a sense of urgency, motivating efficiency-oriented changes. Additionally, the Company was able to proceed to some changes that did not involve costs with technology, namely, through the adoption of better practices. Furthermore the Company opted not to hire external restructuring consultants and instead, the management team and board was responsible for all the change plans, what stimulated a greater sense of ownership while saving on costs.
  
- For long-term sustainability its keen to have a close relationship with the Country's industries as well as be quick and flexible to adjust the strategies on the presence of adverse economic conditions; e.g. with Norway's plummet on

oil revenues, IN is working closely with the business community in order to create solutions and quickly promote substitute industries to respond in a productive way, using a downturn in one industry to enhance others.

- Customer tangible feedback potentiates successful innovation and change. As an IN worker mentioned *“The most important thing we can do now is listen. So we make changes. We must make ourselves visible, committed and available.”*
- The use of clear and constant innovation deadlines and strategies can act as an innovation promoter and help Enterprises generate an innovative DNA. E.g., IN’s deadlines towards innovation, as an excerpt from the Dream Commitment suggests *“Innovation Norway’s strategy period expires in 2016, and from autumn 2015, it outlined a strategy process with the board which will be completed in December”*.
- The initial assumption that IN was an innovation-oriented Company was confirmed as they reveal a solid base in terms of strategy, learning mechanisms, processes taking place, networks it establishes and the way it is organized overall.
- Innovation is approached as a constant process within the Company, not an event or a sole project, indeed as a particle of IN’s DNA. This innovation loop works with new ideas and methods being tested on the daily basis, evaluated, measured, provided real feedback on and improved. Furthermore, for IN, an innovative initiative is customarily followed by big changes that can be composed by a group of small changes, being well organized in terms of specific deadlines and rationale being communicated for each of the big and small changes.

#### ➤ 5.1.2 Company’s Profile

In this section some conclusions regarding IN’s profile are drawn as a complement to the conclusions made on the previous chapter of empirical results where IN’s profile is deeply explored.



- There is a great advantage for TPOs to establish a close partnership with the State, namely in terms of policies' creation to support the aims of the TPO. E.g., IN advising the Government to design regulations that will motivate Business to adapt and start delivering sustainable solutions, a faster way of promoting the shift IN desires for a greener future.
  
- Besides communication between company and employee, the company develops a proximate accompaniment with employees in a relationship between the employee and its closer leader. More specifically through 1/1 development Plan in which both the employee and the leader exchange expectations for the following 5 month. Another example is the disclosure of departmental and sectorial milestone Plans communicated through the division leader containing the employees division's top priorities for the following season.
  
- The previous point illustrates IN's concern with employees meaning that the Company demonstrates to have both a micro and macro vision. Despite the fact that IN has daring strategies for the present and future and specific programs to accomplish and measure the milestones , they do not overlook the individual, investing on the development of the employees, valuing the human resources as the most valuable asset the Company has.

➤ 5.1.3 Millennia Challenges and Strategy

- Regarding the 5 key challenges to reframe trade promotion, delineated by ITC, and described on chapter 3.6, follows a consideration of IN's position. The first challenge of aligning TPO's internationalization strategies with Country's economy, it is a reality nowadays for IN. They shaped their internationalization goals according to the main competitive sectors of their industries and follow up constantly the minimal signs displayed by the Norwegian economy in order to provide a quick response. The second challenge of customer-orientation is outstandingly met by IN. It was clear along this study that customer-orientation is IN's driving force. Thirdly, the challenge of generating a national environment that encourages business activity is also a reality for Norway that experiences

high economic and political stability and ranks 9<sup>th</sup> country on the Ease of Doing Business Index, 2015. The fourth challenge of embracing a constant loop of formulating strategies, reformulating them, implementing, measuring progress and repeating again, is approached systematically in the Company and was enhanced by stakeholders' feedback. Finally, the challenge of reaching a strong partnership between private and public sectors to strategy formation is also met by the Company which has been establishing important network with national leading industries in order to plan jointly how to increase Norway's value.

- A tool that allows IN to converge even faster to these challenges is the way their Strategy was designed, open.

Chesbrough W. H et al (2007) asserted that *“Open strategy is an important approach for those who wish to lead through innovation.”* IN certainly choose it right. Its open strategy formation is described on its Dream Commitment Document, furthermore the Company developed 5 development programs to implement its strategy in concrete dimensions from 2016 until 2020. Follows on figure 15 the Programs that have the aim of accomplishing the 5 correspondent strategic goals the company has.

- Figure 16- 5 Development Programs IN 2016-2020

- 1- **Digitization Program:** to improve by purpose and cost through digitization.
- 2- **Sustainability Program:** to implement sustainability as carrying value in everything we do.
- 3- **Norway brand program:** to strengthen Norwegian competitiveness through developing a national brand.
- 4- **Innovation Policy program:** to further develop innovation policy analysis and policy advice and develop an innovation policy think tank.
- 5- **Competence and culture program:** to increase employee engagement, collaboration and sharing culture throughout Innovation Norway global and national networks.

Source: Dream Commitment Report

More specifically, during the year of 2016, IN plans to implement a new corporate governance system that reflects their new strategy, encourages innovation and inter-department knowledge sharing.

For 2017, the innovation plans are for implementing digital knowledge sharing and collaboration platforms for all employees and partners on all the offices both home and abroad.

In brief, IN is highly converging to ITC millennia challenges for TPOs although, improvements are constantly on the Company's agenda and as previously emphasized, a constant practice.

#### Other take outs:

- IN thinks global as asserted on the *Dream Commitment* Report, "*The development of Norway is all about strengthening the company for the world championship, not local championships.*" Having this Global concept, the Company has extended possibilities, moreover, their competitiveness is also enlarged and so is their own demand for delivering with excellence, which they are achieving through constant change and innovation.
- In order to obtain real feedback might be needed to be put on a "fragile" position but the effects are rewarding and allow an unbiased evaluation. IN inquired a great and diverse sample of stakeholders through *Time Thieves* and the results were a clear feedback that allowed a great awareness and motivation to formulate plans to improve the areas that needed most, and, at the same time, passed a message that the company is confident enough to be so transparent by publicizing the results of all these assessments promoting even more trust and recognition to the company.
- The Company established not only general profit targets but also targets for specific assignments, customer groups and industries, enabling a more comprehensive evaluation of progress.

#### 5.2 - Future Research

- This research arises many thematics for further research, being the first a quantitative analysis of the impacts IN has had due to the changes introduced in the last year and half. This study would enable a better understanding of whether some changes alone cause beneficial results or if the joint implementation of many small changes accounted for the results or any other conclusion.

- IN has a large restructuring now after its ten first year of existence. Is it advisable to do a larger restructuring every 10 years or was this the specific case of IN, not applicable to other enterprises?
- A comparison study would be of high interest, in order to understand how other TPO's approach the thematic of innovation and change, namely, a comparison with other Scandinavian TPOs for instance.
- IN follows Kotter model for leading change and it would be interesting to assess how they have selected their change model, how they apply it in depth and compare with other TPOs, if whether they follow a change model or if only have spontaneous initiatives, and then compare results from both cases, drawing conclusions upon the efficiency of having a model.

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## Appendix 1 – Norway: Country and Trade Profiles

### Country Profile<sup>49</sup>

Norway, officially, Kingdom of Norway is a constitutional monarchy located in the Scandinavian Peninsula. The country borders Finland and Russia to north-east, Sweden along the whole east border as well as sea borders with Denmark, United Kingdom, Iceland and Greenland. Its population accounted for 5 213 985 habitants in May 2016 and the Capital, Oslo is the most populated city. Its current king is King Harald V and Prime Minister Erna Solberg, since 2013.<sup>50</sup>

Besides its natural wonders, Norway has one of the highest life quality indicators in the world being classified as number 1 on the Human development Index Report of 2015, and, although it is not part of Euro zone, conserves cordial relations with the European Union and also with the United States.

The table below shows the Gross domestic product per habitant in the Country which proves to be high and sustained. For instance in 2004, European Union's average GDP per capita in USD current prices was \$36 47,9 whereas in Norway the value was \$ 65 705.

Table A- GDP per Capita (USD Current PPPs) – Norway , 2008-2015

Year	2008	2009	2010	2011	2012	2013	2014	2015
USD current PPPs	62 434	56 164	58 816	62 738	65 394	66 812	65 705	66 001

Source: OECD. (2016)

Internationally the country is one of the founders of NATO, United Nations, Nordic Council, the Council of Europe and Antarctic Treaty and is also part of European Economic Area, WTO and OECD.

The Country has a strong welfare state in the Nordic model, combining a significant social security and health care systems parallel to a market economy demand and supply based functioning.

<sup>49</sup> According to BBC and Word Bank

<sup>50</sup> The prime minister is also NATO's secretary general, example of the country's active international role.

The official currency, Norwegian krone has had during the last 5 years an average exchange rate for the euro of EUR 1 to NOK 8.22 with a minimum of 7,27 on August 10th, and a maximum of 9,7 on 11th February 2016 as shown on the table below:

Graph A - Annual Exchange Rate EURO/NOK – 2011-2016



Source: European Central Bank, 2016

Regarding Growth, Norway has experienced a balanced and positive economic growth accompanying world's trend overall. Figures below show, respectively GDP annual recent growth rate for both Norway and European Union with 28 countries:

Table B - Real GDP Growth (Annual Growth %) – Norway, 2008 -2015

Year	2008	2009	2010	2011	2012	2013	2014	2015
Annual Growth %	0.4	-1.6	0.6	1.0	2.7	1.0	2.2	1.6

Source: OECD.(2016)

Table C - Real GDP Growth (Annual Growth %) – EU28, 2008 -2014

Year	2008	2009	2010	2011	2012	2013	2014
Annual Growth %	0.5	-4.4	2.1	1.7	-0.5	0	1.3

Source: Eurostat (2015)

### Trade Profile

According to the Observatory of Economic Complexity, Norway occupies the position of 32<sup>nd</sup> largest export economy in the world and the 21<sup>st</sup> most complex economy according to the Economic Complexity Index (ECI).

Norwegian exports have experienced an annual growth rate of 5,3% from 2009-2014, as we can observe on the tables below, its main export products are oil related since on late 60s offshore sites were discovered. In the first place is the exportation of crude petroleum followed by petroleum gas and refined petroleum. The main export partners are the United Kingdom, Germany, Netherlands, Sweden and France.

Top Exports by product in USD Norway, 2014
Crude Petroleum (\$45.1B)
Petroleum Gas (\$43.6B)
Refined Petroleum (\$6.56B),
Non-fillet Fresh Fish (\$4.94B)
Raw Aluminum (\$3.14B)

Source: Observatory of Economic Complexity

Top Export Partners by Country in USD Norway, 2014
United Kingdom (\$28B)
Germany (\$26B)
the Netherlands (\$20.8B),
Sweden (\$10.1B)
France (\$9.1B).

Source: Observatory of Economic Complexity

The country's imports products are led by Cars, refined petroleum, computer and passenger & Cargo Ships. The importation partners of higher importance are Sweden, Germany, China, the United Kingdom and Denmark, as the tables below indicate.

Top Imports By product in USD –Norway, 2014
Cars (\$5.54B)
Refined Petroleum (\$2.81B),
Computers (\$2.06B),
Passenger and Cargo Ships (\$2.03B)
Nickel Mattes (\$1.84B).

Source: Observatory of Economic  
Complexity

Top Import Partners – By Country in USD –Norway, 2014
Sweden (\$11.4B),
Germany (\$10.9B),
China (\$8.23B),
United Kingdom (\$5.86B)
Denmark (\$5.53B).

Source: Observatory of  
Economic Complexity

## Appendix 2 - Questionnaire to IN

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(+ 47) 22 00 25 00

Research Questionnaire  
Masters Program in  
International Management

ISCTE Business School  
University Institute of Lisbon



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### Instructions:

**The Questionnaire is composed by 3 parts:**

**First part:** Assessment of Organizational Change using McKinsey 7-S Framework

**Second part:** Assessment of Organizational Innovation using Schein's (1992) and Tidd & Bessant (2009) Models.

**Third part:** Specific questions relevant to research questions

The analysis of the data is exclusively to be used to the extent of this research paper and the conclusions drawn will be sent to Innovation Norway.

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### *Questionnaire*

-----Firs Part-----

#### **Assessment C1 – Organizational change based on McKinsey 7-S Framework**

Quick overview of the framework

**McKinsey 7-S Framework – Organizational Change- Robert H. Waterman et al (1980)**

#### **The 7S Framework**

The basic premise of this model is that organizational change happens not only due to changes on a Company's structure but on the relationship among seven elements, namely, Company's structure, strategy, style, skills, staff and higher order goals, as the figure on the side shows.

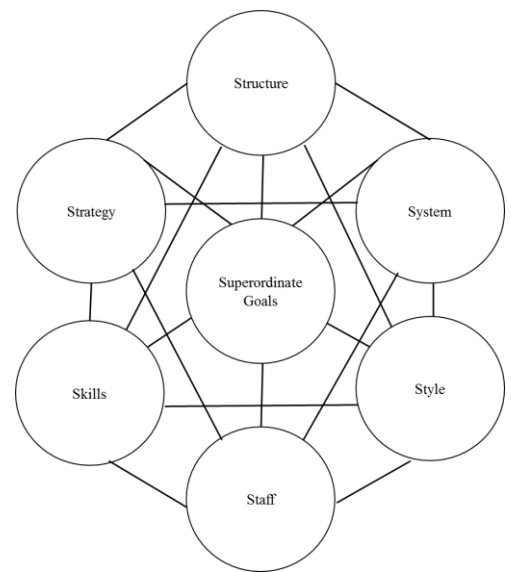
More precisely, Strategy stands for the guidelines decided beforehand to keep the Company relevant within its competitive environment. The structure and systems are, respectively, the hierarchical feedback line and routinely procedures taking place in order to accomplish tasks.

It is interesting to notice that superordinate goals, later called of shared values are located in the center of the firm's elements. This occurs due to the fact that the values and vision is the mechanism behind all the operations within the organization and potential changes on it will affect the surrounding elements in a direct way.

Style is related to the management approach used, staff, to employee's broad competences and skills, to the more specific expertise level of the latest.

The previous elements can be divided into "hard" and "soft" elements, being strategy, structure and systems regarded as hard elements, as they are determinant for allowing the soft elements to operate. Namely, one value of the company can include being the most innovative company on its specific field, but, if their strategy does not include constant improvement of technological software and hardware such aim won't be feasible.

Following, there are questions related to each of the 7 elements that constitute firms dimensions that will be the basis for change behavior in Companies:



*Figure 11 - Robert H. Waterman, Jr., Thomas J. Peters, and Julien R. Phillips (1980)*

**1.Strategy:**

- 1.1-What is our strategy?
- 1.2-How do we intend to achieve our objectives?
- 1.3-How do we deal with competitive pressure?
- 1.4-How are changes in customer demands dealt with?
- 1.5-How is strategy adjusted for environmental issues?

**2.Structure:**

- 2.1-How is the company/team divided?
- 2.2-What is the hierarchy?
- 2.3-How do the various departments coordinate activities?
- 2.4-How do the team members organize and align themselves?
- 2.5-Is decision making and controlling centralized or decentralized? Is this as it should be, given what we're doing?
- 2.6-Where are the lines of communication? Explicit and implicit?

**3.Systems:**

- 3.1-What are the main systems that run the organization? Consider financial and HR systems as well as communications and document storage.
- 3.2-Where are the controls and how are they monitored and evaluated?
- 3.3-What internal rules and processes does the team use to keep on track?

**4.Shared Values:**

- 4.1-What are the core values?
- 4.2-What is the corporate/team culture?
- 4.3-How strong are the values?
- 4.4-What are the fundamental values that the company/team was built on?

**5.Style:**

- 5.1-How participative is the management/leadership style?
- 5.2-How effective is that leadership?
- 5.3-Do employees/team members tend to be competitive or cooperative?
- 5.4-Are there real teams functioning within the organization or are they just nominal groups?

**6.Staff:**

- 6.1-What positions or specializations are represented within the team?
- 6.2-What positions need to be filled?
- 6.3-Are there gaps in required competencies?

**7.Skills:**

- 7.1-What are the strongest skills represented within the company/team?
- 7.2-Are there any skills gaps?
- 7.3-What is the company/team known for doing well?
- 7.4-Do the current employees/team members have the ability to do the job?
- 7.5-How are skills monitored and assessed?



(Answer space)

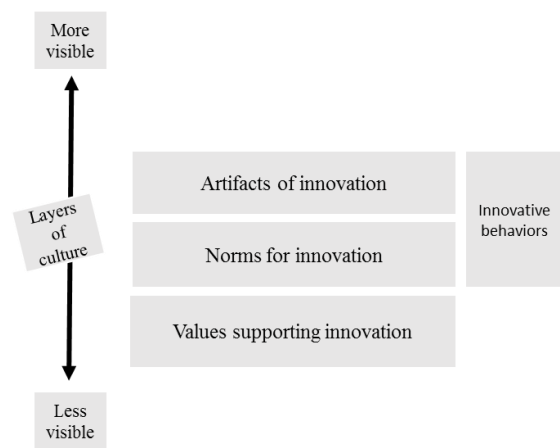
-----**Second Part**-----  
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Assessment I1 – Accessing Innovation, through Schein’s model of organizational culture

Quick overview of the framework : Schein's model of organizational culture (1992)

This model suggests that the starting point for innovation is employee behavior, pointing out that managers’ role is crucial as they implement norms and values that will be the guidelines for employee behaviors, which will lately, according to this theory, be evidenced in external acts, called by the author “artifacts” finally producing positive outcomes, namely, innovation.

As presented in the figure, the author considers that organizational culture must be analyzed by looking at three layers. As a base layer we have values that are less explicit but that support the existing norms and ultimately lead to more visible outcomes, the innovative artifacts.



*Schein (1992)*

Following there are 3 tables and each assesses respectively, values, norms and artifacts of innovation, and, although the parameters might seem similar in the 3 dimensions, they measure

The measure to be used is a likert scale from 1 – 7, being 1 does not represent the Company’s reality and 7 represents well Company.

8 Base Values for innovation	Parameters					
<b>1- Success</b>	1. We value success in this firm.		2. We aspire to be the best firm in our market.		3. We place great value on our performance.	
<b>2- Openness and flexibility</b>	1. We value openness and responsiveness in this firm.		2. We place great value on being flexible in our approach to problems.		3. A willingness to show flexibility and openness is valued within this firm.	
<b>3-Quality of internal communication</b>	1. Open communication is valued highly within this firm.		2. We place great value on excellent internal communication within this firm.		3. Maintaining high quality internal communication is valued within this firm.	
<b>4-Competence and professionalism</b>	1. We place great value on professional knowledge and skills.		2. We aspire to a high level of competence and professionalism.		3. Upholding the highest levels of professionalism is valued within this firm.	
<b>5-Inter-functional co-operation</b>	1. Cooperation among different work teams is valued highly.		2. This firm values integration and sharing among teams throughout the firm.		3. We place great value on co-ordination among different work teams.	
<b>6-Appreciation of employees</b>	1. We place great value on recognizing and rewarding employees' accomplishments.		2. Taking time to celebrate employees' work achievements is valued in this firm.		3. We place great value on showing our appreciation for the efforts of each employee	
<b>7-Responsibility of employees</b>	1. We place great value on recognizing and rewarding employees' accomplishments.		2. This firm values employees using their initiative.		3. We value employees taking responsibility for their work.	
<b>8- Risk-taking</b>	1. This firm values a willingness to challenge the status quo.		2. This firm values a willingness to experiment with new ideas.		3. Valuing calculated risk-taking helped this firm get to where it is today	

**Values supporting innovation:**

**Norms supporting innovation:**

The artifacts of innovation could be considered as materialization of innovation as they constitute signals that the Company is innovative or is making high efforts on that direction.

<b>Norms of Innovation</b>	<b>Parameters</b>					
<b>1- Success in innovation</b>	1. Striving to be successful with new ways of doing things is expected within this firm.		2. We are encouraged to be the most creative and innovative firm in our market.		3. Striving to be successful with generating new ideas within this firm is expected.	
<b>2- Openness and flexibility for innovation</b>	1. We expect employees to be open to new ideas and responsive to them.		2. We expect employees to be flexible in dealing with new ideas and in their approach to solving problems.		3. A willingness to try new ideas is encouraged within this firm.	
<b>3-Internal communication supporting innovation</b>	1. Open communication of new ideas and practices is expected to be second nature within this firm.		2. Information about new ideas and new ways of doing things is expected to be communicated throughout the firm.		3. We expect the quality of internal communication related to new ideas and processes to be high.	
<b>4-Competence and professionalism supporting innovation</b>	1. We expect creativity and innovation to be part of the professional skill set of employees within this firm.		2. We expect employees within this firm to have a high level of competence in developing and implementing new ideas.		3. High levels of knowledge	
<b>5-Inter-functional co-operation supporting innovation</b>	1. We expect people throughout the firm to work together to implement new processes.		2. We encourage teams throughout the firm to work together in order to develop new ideas and practices.		3. We expect people within this firm to work collaboratively in order to implement new ways of doing things.	
<b>6-Appreciation of employees supporting innovation</b>	1. Recognizing and rewarding employees who implement new ideas within this firm is the norm.		2. Taking the time to acknowledge employees' efforts when they solve problems in novel ways is encouraged within this firm.		3. Appreciating the efforts of employees who bring new practices into being is expected within this firm.	
<b>7-Responsibility of employees for innovation</b>	1. We encourage employees to take responsibility for new ways of doing things in their work.		2. We expect employees to use their initiative in developing new ideas and ways of dealing with work tasks.		3. We expect employees to take an active role in trying out new ways of doing things.	
<b>8-Risk-taking for innovation</b>	1. We expect employees to challenge the status quo in order to come up with new ideas and ways of doing things.		2. We encourage employees to experiment with new ideas and new ways of solving problems.		3. Taking calculated risks with new ideas and practices is encouraged in this firm.	

**Artifacts of innovation:**

Artifacts of innovation	Parameters			
	1	2	3	4
<b>1-Stories about “heroes” of innovation</b>	1. There are well known stories in this firm about employees who have developed new and useful ideas.		2. There are stories in this firm about employees who have strongly encouraged the implementation of new practices and processes.	
<b>2- Physical arrangements for innovation</b>	1. There are meeting areas and discussion rooms within our firm where employees can meet to discuss new ideas and ways to implement them.		2. We have set aside space within our office layout where employees can meet and talk informally about new ideas and novel ways to solve problems.	
<b>3-Rituals of innovation</b>	1. We have made an effort within this firm to celebrate the adoption of new practices and processes.		2. We make an effort within this firm to acknowledge and reward the implementation of new services and ways of doing things.	
<b>4-Language supporting innovation</b>	1. “We could probably get some benefit from looking at this problem from a different perspective”.		2. “Could we develop a new approach to solving this problem or are there other ways we could go about resolving this issue?”	

#### Assessment I2 – Accessing Innovation, through Tidd & Bessant’s Model

Quick overview of the framework: Innovation Model – Tidd & Bessant (2009)

The T&B model describes innovation as a process inherent in organizational renewal, product and service revival, and lastly, in production and distribution means. The author asserts that, in general, firms attempt to organize and manage innovation-related processes to identify and generate optimal solutions.

The focal dimensions considered by the model for analyzing the innovative potential of companies are its strategy, learning mechanisms, processes taking place, networks it establishes and the way it is organized overall.

Following there is the Assessment<sup>51</sup> for each of the five dimensions analyzed in this model, which are to be ranked from a scale of 1-7, being 1, does not represent the Company’s reality and 7, represents well the Company.

Construct	Item	Item description	Likert Scale 1-7
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<sup>51</sup> João J.M. Ferreira et al (2015).

Strategy	S1	Employees recognize innovation's importance in competitiveness.	
	S2	The firm shares innovation strategies with employees, and employees are aware of targets.	
	S3	Employees understand and recognize that for the organization to remain competitive, distinctive competence(s) are necessary.	
	S4	The firm anticipates threats and opportunities (through forecasting techniques).	
	S5	Senior managers perceive innovation to be a determinant factor in future firm development.	
	S6	The firm's senior management demonstrates commitment to supporting innovation.	
	S7	The organization deploys mechanisms to analyze new technological and market developments, assessing their impact on organizational strategy.	
	S8	A link exists between innovation projects and all business strategies.	
Process	P1	The firm employs mechanisms that help design, develop, and launch new products.	
	P2	Firms normally implement innovation projects within deadlines and budgets.	
	P3	The firm uses mechanisms to verify that employees fully understand all consumer needs (not only regarding marketing).	
	P4	The firm implements management mechanisms to tailor procedures and succeed.	
	P5	The firm systematically researches ideas for new products.	
	P6	The firm uses mechanisms guaranteeing the involvement of all departments in developing new products and processes.	
	P7	The firm deploys a clear system for selecting innovative project.	
	P8	The firm system is flexible and encourages rapid implementation of small-scale projects.	
Organization	O1	Firm structure does not compromise but rather fosters innovation.	
	O2	Employees work well together and across departmental borders.	
	O3	Employees suggest ideas for better products and processes.	
	O4	The firm structure enables swift decision-making.	
	O5	Communication between hierarchical levels is functional and effective.	
	O6	The firm adopts a pro-innovation support and reward system.	
	O7	The firm fosters creativity and new ideas and encourages employees to submit proposals pro-actively.	
	O8	The firm works well as a team (or in teams).	
Learning	L1	The firm displays a high level of commitment to employee training.	
	L2	The firm reviews employee projects to improve them and achieve better performance levels in subsequent actions.	
	L3	The firm works with universities and other research centers to build knowledge resources.	
	L4	The firm systematically compares products and processes with those of its competitors.	
	L5	The firm shares experiences with other firms, thereby achieving a better understanding.	
	L6	The firm registers and records its developments to benefit employees.	
	L7	The firm learns from other firms.	
	L8	The firm seeks to identify where and when the firm may improve innovative performance.	

Networking	N1	The firm maintains good relationships (win–win) with suppliers.	
	N2	The firm reports a thorough understanding of consumers' needs.	
	N3	The firm analyzes its errors to improve its activities and processes.	
	N4	The firm works closely with consumers to develop new concepts.	
	N5	The firm collaborates closely with other firms to develop new products and processes.	
	N6	The firm attempts to develop external networks with individuals who can assist the firm (e.g., with specialists in specific fields).	
	N7	The firm shares its needs and skills with education sector entities.	
	N8	The firm works closely with end users to develop new products and services.	

-----Third Part-----

**Specific Question:**

- 1- Could you briefly explain the process that resulted in the formation of what we call today “Innovation Norway”?
- 2- What are the core services you offer and main products in portfolio?
- 3- What do you consider that have been the Company’s main changes from 2005 until 2015?
- 4- What were small changes introduced in all levels of the organization?
- 5- Has the Company made steps into being innovative? What innovations have been introduced in the last ten years? Do you have the results on how it impacted the organization or can explain what you believe it has triggered.
- 6- What are the plans for the future in terms of Organizational innovation? How does the Company intend to keep ahead in innovation?
- 7- What are the current signals the environment both inside and outside the Organization are displaying and that could motivate future changes in the Organization?

(Answer space)

*Thank you for participating,*

