International Business StrategyIn An Emerging Market Country. Part 2.

Case Study of the Swedish Amokabel In Chile

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Abstract

This report expands on an International Business Strategy (IBS) for the case of the Swedish company Amokabel in the Chilean market. The IBS aims to integrate the company properly in the Chilean market and in the external societal environment.

This report continues the report “International Business Marketing (IBM) Strategy In An Emerging Country Market”.

This report explains the external institutional environment in Chile by means of the Basic Institutions Model and the Basic Rules Model. The most important institutions for Amokabel in Chile are deconstructed and the nature of the external environment is explained by linking these institutions. Furthermore, a possible future scenario is elaborated, this scenario takes into consideration the most important key success factors that determine the structure of the Chilean environment. Based on this institutional analysis the report elaborates a matching strategy for the external institutional environment and for the most important stakeholders in the case of Amokabel in Chile. The findings in this report are ultimately analysed in the view of the IBM strategy of the previous report to conclude a suitable IBS for Amokabel in Chile.

It is found that the IBM strategy that has been suggested in the first report fits well with the characteristics of the matching strategy elaborated in the present report. Amokabel should keep its focus on the societal and natural surrounding to create a sustainable competitive advantage in Chile. It is also recommended that the company does not overlook their expertise in creating economic value by excelling in the creation of natural value and social value.

The theoretical model used in this report builds on the institutional network approach. Within this approach, the external institutional analysis represents a central theoretical framework. The first-hand information used is gathered through an expert interview with Amokabel.

Keywords

International business strategy, international business marketing strategy, emerging markets, internationalization, Chile, external institutional environment, basic rules model, basic institutions model, matching strategy, legitimacy, economic value, social value, natural value, sustainable competitive advantage

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Many thanks are given to Mr. Blad, the CEO of Amokabel for all the information he shared with us. The information gathered in the interview gave us a deep understanding of Amokabel and its company culture.

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List of Abbreviations

ALMP	Active Labor Market Policies
CEO	Chief Executive Officer
CSR	Corporate Social Responsibility
EU	European Union
FDI	Foreign Direct Investment
IBM	International Business Marketing
IBS	International Business Strategy
IED Act	Direct Foreign Investment Framework Act
MNC	Multi-national Company
OECD	Organization for Economic Cooperation and Development
SWOT	Strengths, Weaknesses, Opportunities and Threats
SCA	Sustainable Competitive Advantage
UN	United Nations
USA	United States of America
VAT	Value Added Tax

1. Introduction

Entering a new market is a tough challenge for every company. The decision to enter an emerging market makes the market entry even more challenging. Emerging markets display characteristics that can vary tremendously to those of developed markets. A company should have a strong internal standing and the resources to face large roadblocks on the way to success in an emerging country market. Furthermore, being successful in an emerging country market is not only about having the internal capabilities but also about integrating the company properly into the new market surrounding. A company has to be accepted by the external surrounding to be able to succeed in the long run. This external surrounding is formed by direct and indirect actors that influence the company and vice versa. The influence of emerging countries in the global economic competition is steadily becoming more relevant. The emerging markets increasingly place more importance on Corporate Social Responsibility (CSR). These emerging countries gain awareness of the relevance of CSR related activites when it comes to persisting against others in the long-run.

The internal compilation of Amokabel for the market entry in Chile has been analysed and an International Business Marketing (IBM) strategy has been developed in the first report of this project titled *International Business Marketing (IBM) Strategy In An Emerging Country Market – Case Study Of The Swedish Amokabel In Chile*. However, this first report focusses on the internal profile of Amokabel without stressing in detail the external environment that the company will face when entering Chile. Thus, this second report elaborates on the external institutional environment to analyze possibilities and challenges that will arise in the new market.

The purpose of this report is to elaborate an International Business Strategy (IBS) that takes into consideration the exterrnal institutional environment of Amokabel in Chile and also keeps in mind the IBM strategy suggested in the first report. By doing so, the level of local adaptation versus global integration is analysed. The questions to be answered in this report are: How should the IBS for Amokabel in Chile look like? And to what extent does Amokabel achieve a Sustainable Competitive Advantage (SCA)?

This second report refers to different possible stages of Amokabel's market entry in Chile as phase A and phase B as it is done in the first report. Phase A represents a sales team in Chile and phase B represents the installation of a production site in the South American country.

1.1. Introduction to the Chilean Framework

The main Chilean framework is influenced by many factors, one of them being politics. The political framework shaped many aspects of Chile, yet, it is not one of the most important institutions to be considered in this study. However, a short introduction to the political framework will be given in order to enable the reader to understand the environmental institutional analysis worked out in this report.

In the early seventies, Chile had faced a military dictatorship regime led by General Augusto Pinochet that lasted until 1990. During Pinochet's era, Chile has experienced a series of formations in which the dictator censored media, banned all union activities, burned books and shut down the congress (Chile Country Review, 2015). Pinochet also abused human rights by abusing, torturing, and humiliating thousands of civilians making his rule one of the bloodiest in Latin Americas recent history (BBC, 2012). After the long bloody years for Chile, the dictatorship of Pinochet was overtaken by the center left Christian democrats collation, which is known as *La Concertación*. Today, Chile enjoys a free uninterrupted democracy since 1990 under the multiparty rule of *La Concertación* (COHA, 2015). The new government tried to reform the old system and it succeeded by boosting the economic growth to 7% a year during the nineties (Chile Country review, 2015). Reformation was not limited to the economic sector, media censorship has been reviewed, freedom of speech and law were adjusted and improvements in the educational system have been made. In addition, poverty had been reduced dramatically from 38,7% in 1990 to 15,3% in 2009. Today, Michelle Bachelet sits in the top office being the first woman to take a presidential role in Chilean history (Navia, 2010).

1.2. Methodology

The data used for this report is gathered from both primary and secondary data sources. The primary data was collected through a qualitative expert interview with Henrik Blad, Chief Executive Officer (CEO) of Amokabel. The secondary data gathered about the Chilean surrounding and its special characteristics was taken from qualitative and quantitative data sources. The secondary data was extracted from scientific databases as EBSCO, from academic articles and from various United Nations (UN) organizations. The theoretical models used are presented in Jansson (2007). This report uses the cultural theory models from Hofstede and from Hampden-Turner and Trompenaars, as well as the SWOT analysis framework contained in Jansson (2007).

1.3. Limitations

The aim of this report was reached; nevertheless some limitations have been faced. First, the absence of one group member increased the workload on the others. Second, time constraints did not allow a more intense study of the external institutional environment. Additional time would have enabled a deeper understanding of the Chilean external framework. Finally, the research group was not able to meet with Amokabel personally for the interview. Instead, a phone interview was conducted and further questions have been followed up via e-mail.

2. Description of the External Institutions (Phase A)

The description of the external institutions will describe the country culture which forms part of the societal sectors and the product/service market which is placed in the organizational fields of the basic institutions model of Jansson (2007). The description of the two institutions is based on the basic rules model (Jansson, 2007).

2.1. The Chilean Country Culture

Even though, the Chilean country culture can be considered to be one of the more Western-like cultures in South America there are some unique aspects to be considered for the evaluation of the business environment in Chile. Small differences can decide about the success of a negotiation or about the persistence of a business relationship. This is why the country cultures in Chile is taken into consideration in this report. The analysis of the country cultures is based on the Basic Rules Model and on the cultural models of Hofstede and Hampden-Turner and Trompenaars (Jansson, 2007).

2.1.1. Formal Rules

The mere nature of culture implies that this societal sector is based on informal rules. Culture is "a specific mental programme developed in […a] nation" (Jansson, 2007, p. 51) which is defined by the cognitive and the normative dimension (Jansson, 2007). Thus, the country culture of Chile will be described by the country's prevailing informal rules.

2.1.2. Informal Rules

Informal rules are less tangible than the formal rules. However, many times it is the informal rules that anchor the country culture amongst the society. This sub-chapter takes up the thought styles first and describes them based on Hofstede's world view model. Second, the normative dimension will be described based on the Hampden-Turner and Trompenaars model (Jansson, 2007).

Before starting the analysis it is important to keep in mind that Chile descends from the Spanish culture. The majority of the Chileans have Spanish ancestors or belongs to the ethnic group of mestizos which have Spanish and indigenous ancestors. Only 5% of the population has a solely indigenous background. This division of the society also explains the strong influence of the Catholic religion on the Chilean society – around 89% of the Chileans are Roman Catholics (Youngblood, 2015). Unfortunately, this is also source to slight trends of racism that still linger in the country.

Studies show that there is a shift in the business culture in Chile from a collectivistic to a more individualistic culture (Kolstad and Horpestad, 2009). This is due to the economic growth that occurred in past years and to the increasing number of trade agreements. The latter are mentioned in the first report and cover the agreements that Chile have with other individualistic countries, such as the United States of America (USA) or

the European Union (EU). It was Chile's dictator Pinochet who first initiated the focus on industrial expansion and on international investments (Carpenter et al., 2014). At the same time, there is an influence of a collectivistic culture left. The family respect and the respect towards the personal network are important to Chileans, as a result they are afraid to harm their relatives and friends by taking wrong decisions. One should become friends with the business partners at least on a professional level and be part of their network in order to reach agreements (Morison and Conaway, 2007).

The Chilean country culture displays a high power distance. It is important that a high executive visit the Chilean partner first to show respect and the intent to do business. Also, the decision making process in a company is a centralized and hierarchical process. It is always the highest level that takes the decision. Nevertheless, all parties involved contribute with their opinion and assessment, which is why the decision-making process in Chile tends to be very long (Morison and Conaway, 2007). This lengthy decision-making process displays the importance that the democratic values gained since the dominion of Pinochet.

Chile has a high level of uncertainty avoidance. This can be seen by the fact that contracts are usually followed and binding for businessmen. Another characteristic that displays the high importance of uncertainty avoidance is that it is crucial to have a network for all interactions in the Chilean society. For example, in business contexts this network is often created through banks and consulting firms that introduce future business partners and provides first-hand knowledge about variables influencing a business. The long-term orientation explained later on is another characteristic that shows the high level of uncertainty avoidance.

The business culture of Chile experiences a shift from feminity to masculinity nowadays. This shift goes hand in hand with the shift from a collectivistic to an individualistic culture. As mentioned, the family has traditionally been very important to Chileans and still is important to the Chilean businessmen when it comes for example to decision-making. On the other hand, it can be observed that facets such as education and economic growth gain importance. Currently, 76% of the educational expenses are financed privately which dates back to the Pinochet regime, but a wave of student protests demanding free education for all Chileans overwhelmed Chile in 2011 (Barrionuevo, 2011) (Auswärtiges Amt, 2015) (Jarroud, 2013). This clearly shows the relevance that education gains in the country. The increasing importance of economic growth can be seen from the increasing economic liberalization mentioned in the first report for Amokabel. The importance of economic growth and education highlight the increasing masculinity of the Chilean business culture.

The Chilean country culture clearly displays a long-term orientation. As mentioned, it is important to Chileans to maintain frequent contacts to their partner's abroad and to establish deep and long-lasting relationships or even friendships (Morrison and Conaway, 2007).

After having described the thought styles underlying the Chilean country culture, some values will now be described in more detail by using the Hampden-Turner and Trompenaars model.

The respect of contracts shows that the Chilean culture is based on universalism rather than on particularism (Morrison and Conaway, 2007). A contract or rule is not considered to be something that has to be evaluated for different situations but they apply to all scenarios agreed on.

A remaining influence of a communitarism can be observed in the Chilean country culture, even though there is a shift towards individualism. The influence of the more conservative Catholic religion is one reason for the persistency of the communitarism. The shift in the country culture can also be seen in the description of the Chilean thought style towards an individualistic thought style.

The way in which a person obtains a certain status is somewhat ambivalent in Chile. On the one hand, the country's development converges the culture to Western cultures as mentioned before. On the other hand, it is almost impossible for people with an indigenous background to achieve status by what they are doing because of the persisting discrimination. This means, that for some parts of the society status can be considered achieved whereas for others it is ascribed or rather not ascribed. However, status itself is very important to Chileans (Youngblood, 2015).

Factors influencing the behavior and values in Chile are mainly found outside. When taking a decision Chileans consider possible consequences for their personal network instead of relying on their own mental capacity and competence. Chileans do not like conflicts, they try to solve problems in a more harmonious manner (Morrison and Conaway, 2007). Hence, they place great importance to their outside environment.

It is difficult to classify the Chilean country culture with regards to being diffuse or specific and to whether they have a synchronous or sequential attitude towards time. This might be due to the changes that the culture experiences because of the increasing liberalization, the economic growth, and the augmenting relationships to Western business partners.

In general it can be said that the era of Pinochet still influences the culture of Chile a lot. The process of reconciliation proceeds, which make the mindset of people change with time. But there are some people left who still favor the deceased dictator. According to the former president Sebastian Pinera Chile "'still lack[s] truth and justice'" (O'Brien, 2013). This lack of truth and justice determines the people's way of thinking and their attitudes a lot, also, because the constitution implemented by Pinochet still is in effect nowadays (Jarroud, 2013).

Another thought style based on Chile's history is that the country prefers to have sound relationships with partner countries from abroad instead of intensifying the relationships with the neighboring countries. This is mainly due to territorial conflicts that arose in historical periods of war between Per, Bolivia, and Chile (The Economist, 2007).

Summarizing, the Chilean country culture is based on rules that display the current process of change in the country. Some norms, values and thought styles are based on former traditions dating back to the Pinochet regime and still have a high impact on the daily life.

2.2. The Product/Service Market

This chapter will describe the product/service market in detail with the goal of getting a better understanding of the characteristics and rules for the actors within it. Given that Amokabel will only be selling to the Chilean market from Sweden in the current scenario, customers are the most important actor that this descriptive stage will focus on. Nevertheless, we will touch on few characteristics and rules of the other actors in the product/service market that are relevant to our case.

Amokabel sells customized cables. Therefore the sky is the limit in regards to who they can sell to and do business with. Amokabel is more of an electrical-era supplier than a specific industry or customer supplier. Predicting which companies will specifically buy, supply, or compete with Amokabel in the future scenario would be shooting in the dark as the options are vast. Yet safe assumptions can be made to narrow down the product/service market that Amokabel will be involved with. When speaking of suppliers, it is safe to assume that Amokabel's main suppliers will be in the fields of copper, plastic, rubber, aluminum, and technology (The Wire Association International, INC, 2015). Amokabel prefers an organic growth approach which leads us to believe that distributors will not be a huge part in the product/service market for the current or future scenarios (Blad, Interview). The competitors to Amokabel are characterized by the same characteristics found in technology businesses. From deep research and the interviews conducted, we can make educated assumptions based on existing and promising demand to pinpoint who the largest customers will be. The industries that will benefit by buying from Amokabel are:

1. Transportation industry. This industry is on charge of the engineering, construction, maintenance, and development of airports, railroads, subways, proper lightening of highways and roadways.
2. Mining industry. This industry is huge in Chile. In fact, Chile has the largest mining industry of South America. However, there is huge room for growth in regards to increasing safety for the mining workers by using engineering and technology; there is also large room for growth in new mining projects in the country (The Economist, 2012).
3. Fish-farming industry. The fish-farming industry in Chile is growing rapidly. It is forecasted that the fish-farming industry will be one of the largest sources to aliment the evergrowing world's population (FAO, 2014a) (FAO, 2015).

4. Energy industry. Chile has an unorthodox geographical shape and positioning, this makes home to a vast range of villages, islands, canals, and peninsulas. This industry is on charge of connecting and energizing all these areas. This industry is also on charge of creating efficient and responsible energy sources such as dams, wind-farms, hydro-plants, and solar-farms (The Nature Conservancy, 2015).

As it might be obvious, the mentioned industries are highly dependant on technology, they also present challenging environment conditions and exposure to the elements, and more importantly, they need customized, complex, and durable cables. It is of high importance to understand that the four mentioned industries are all in the engineering, developing, and building segment. This leads us to believe that Amokabel will be primarily dealing with civil engineers, systems engineers, electrical engineers, technicians, and general contractors when doing business.

In the following part of this chapter, we will break down and explain the formal and informal rules that are embedded in this product/service market.

2.2.1.Formal Rules

We will specify some of the formal rules found in this market, we will commence by listing, explaining and describing some of the norms found.

In this market, the actors are expected to pay attention to detail. They must be detail-oriented as they are working with technology and this industry has very low tolerance for error. The appointed person for purchasing or selling within this institution needs to keep in mind that a lot of moving parts depend on her or his work's efficiency and timeliness. (Institucion Nacional de Estadisticas - Chile, 2015). Therefore, responsibility and reliability to meet deadlines and give the group and sense of peace-of-mind is a common expectation found in this market. So, being detail-oriented, responsible, and reliable are basic norms found.

In this market, the actors are required to be in touch and abide by local and governmental laws when doing business. These actors need to as well be very careful when doing transactions as it needs to stay within the laws and regulations that apply to them and the transaction taking place (Indeed, 2015). In regards to the larger picture, Chile is currently experiencing a large shift to becoming more socially responsible when it comes to the environment. Therefore, the actors in this market may want to do business only with companies that share the same principles and values, to achieve this, these actors are expected to follow the company's policies and principles.

From our research we find that Chile has recently become very welcoming of entrepreneurship and technology, this makes it very easy to import technology from other countries (Start-up Chile, 2015). Nevertheless, the actors of this market must be aware

of certain trade barriers regarding the industry they work in and abide by them. As a result, trade barriers can be looked as mechanisms that this institution must observe.

One important factor to consider is that payments might be late from time to time in Chile, and this is not uncommon. Punctuality on payments is not a major issue; nevertheless, the punctuality displayed for payments is not fully developed yet if we were to compare them to countries such as Sweden or Germany (Business Insider, 2015). Repetitive failure to make payments on time will lead to enforcement mechanisms, such as restrictions being applied. Among those restriction and penalties we can find examples such as shifting from 30-day-net payment system to a cash-on-delivery payment system.

The actors in this market have to select the people that will represent them when doing business very carefully. Thus, there exist mechanisms such as having a narrow and selective process to find this individual given that the knowledge, experience and set of skills to perform this job are very specific and measurable (Indeed, 2015).

2.2.2.Informal Rules

Given the nature of this business and industries, as well as the spread of the product/service market, more formal rules are found compared to informal ones. Nonetheless, we find some values and though styles that are common denominators and, at the same time, relevant to our case. Below, some of those are displayed and explained.

As mentioned previously, Chile is a country that is leading South America in regards to innovation and technology (Start-up Chile, 2015). This recognition is influenced by how the country has adopted a trend that specifically points towards becoming more technological savvy, creative, and practical. Given the nature of the product/service market, we can easily recognize that they are narrowly focused and tend to have a proactive culture. Therefore it can be said that they share the values of proactivity and focus. This market is in shift-mode from collectivism to individualism. Given the rapid development of Chile and its nondemocratic past history, Chile finds itself in a shift moving from collectivism to individualism. This value is characterized by people speaking freely, right of privacy is respected, and personal voting/opinions actually count. This is relevant to the product/service market as negotiations and business transactions can more efficient and lean.

The appointed person from each actor in this market will ultimately need to apply his or her own though style using the values, norms and enforcement mechanisms in his or her environment (Indeed, 2015). Being able to consider many aspects and putting them in perspective to make educated decisions can be seen as a thought style.

In this market, the actors need to be conscious about remaining away from uncertainty. The projects within the mentioned industries are, for the great majority, time-sensitive. Again, uncertainty regarding punctuality, quality, or performance is not welcomed by any means among this product/service market (Business Insider, 2015). So, the actors in this market have an uncertainty-avert attitude.

Loyalty and predictability come hand in hand with building long term relationships. While doing historical research we find that Chile was a country in South America with the least reliable or trustworthy businessmen and politicians. This has evolved and changed over the last century. However, it did burn some bridges with all countries around it (Britannica, 2015). It is only on the last decades in which Chile has transformed itself to become a more trustworthy and reliable country through its politics and business. We can recognize that the actors in this market and Chile overall understands, appreciates, and embraces the value added by having a long term relationships approach.

3. The Explanation of the Current Strategic Scenario

After describing the institutions we identified earlier in this report based on the Basic Rules Model, we move on to the explanation stage. By carfully analysing the country culture in the societal sector, the background intitutions that are most relevant arise (Jansson, 2007). Those are analysed and better understood in the business system. Table 1 has been created to illustrate both, the positive and negative influence of the background institutions on the business system characteristics. This will help link the societal sector institutions to the organizational fields, which in this case are the customers in Chile. The chart below expands on the most influential business system characteristics.

Background Institutions	Business System Characteristics						
	Practicality	**High selective workforce**	**Employee commitment & loyalty**	**Importance of business relations**	**Trade barriers**	**Abide to rules and regulations**	**Hierarchy**
Individualism	+		+	-			
Centralized power/Authority	-	+				+	+
High uncertainty avoidance	-	+				+	
Universalism	+		+	-		+	
Masculinity	+			-	+		
Long-term Orientation		+		+		+	
Ethnocentrism				-	-	+	

Table 1: The impact of background institutions on business system characteristics (own table)

Individualism

As illustrated in Table 1, three of the business system characteristics are seen to be influenced by individualism. First, practicality is positively influenced, as an individual culture is rather more practical than a collectivistic one. Employees in Chile, for instance, can be more creative in such a business culture and take faster decisions instead of waiting for group approval. Employee commitment is another characteristic that noticed a positive impact. In the Chilean market, transforming the individualistic environment leads to employees being more committed and challenged to what they do and try to deliver their best. The lack or low group support makes individuals act in a more selfish way aiming for the best. On the other hand, the importance of business relations sees a negative impact. Individualists usually see business relations as unnecessary and they can succeed on their own.

Centralized Power and Authority

This phenomenon has an impact on four of the business system characteristics. To start, centralized power spots a negative impact on practicality. This centralized power and authority at Chilean companies restricts the extent to which employees can be practical. Moving on, centralized power creates a positive impact to some of the characteristics shown in Table 1. First, the highly selective work force is influenced positively due to the bureaucracy in the system, only few people have the authority to hire and they are usually highly selective. Moreover, having a centralized authority creates a positive impact on the mentality of abiding to the rules and regulations. Also, employees cannot freely do what they want, instead rules need to be followed and decisions need to be taken from certain authorized executives in a company. Hierarchy is another characteristic that is positively influenced by the centralized power. Centralized power goes hand in hand with hierarchy as both involve lots of bureaucracy and the need to always report to someone superior.

High Uncertainty Avoidance

As illustrated in Table 1, this phenomenon impacts three of the business system characteristics. First, practicality notices a negative impact, which can be translated as the higher the uncertainty avoidance, the less practicality from individuals or companies behavior. Companies in Chile are believed to be risk avert and favor greater bureaucracy. Second, it impacts the high selective work force positively. The higher the uncertainty avoidance the more selective companies become. Particularly, with the highly restrictive labor laws in Chile, companies try to be very selective when hiring someone. Lastly, higher uncertainty avoidance impacts the mentality to abide to rules and regulations positively. Chilean companies and individuals tend to abide to rules and regulations to maintain their continuity and reputation. For instance, in most cases companies avoid getting involved in corruption situations to sustain their image and reputation in the Chilean market.

Universalism

Under this cultural thought style, four business system characteristics face an impact. At first, practicality is positively influenced by an universalism country culture. It is believed that in the Chilean business culture there are vibrant rules, procedures and a framework provided which makes processes smoother and faster. Employee commitment and loyalty also detect a positive impact, which can be understood as employees giving high importance on values and promises. Employees are thought to be treated fairly following set rules and values. Furthermore, a universalism culture also impacts the abiding to rules and regulations characteristic positively. As mentioned above, the universalism culture in Chile favors a set of rules and values, which enhances companies and employees to follow the rules and regulations. In contrast, a negative impact on the importance of business relations can be seen. As explained earlier, universalism fa-

vors set rules and believes, which is understood to be more important than business relations.

Masculinity

Moving on, the increasing masculinity characteristics is one of the main thought styles that influences the behavior of culture. As showed in Table 1, this phenomenon impacts practicality in a positive way. As explained by Jansson (2007), masculinity means the preference for achievement, this preference can be reached through practicality and less bureaucracy. However, the high uncertainty avoidance and the centralized authority in Chilean companies limit the extent of a masculine business culture. Another business system characteristic that creates a positive influence is the existing trade barriers. In masculine societies, economic growth and development is on top of the agenda, which also is the case in Chile. Companies are keen to cross borders and to diversify the country's exports portfolio. However, masculinity impacts the importance of business relations negatively. Masculine societies are rather ego-oriented than relationship-oriented. Yet, in Chile companies still believe in the importance of business relations but they do not have much trust in them and would rather not rely on them completely.

Ethnocentrism

Chileans can be seen as ethnocentric compared to their neighboring South American countries. For instance, their sense of superiority over their bordering countries create informal trades barriers, which is translated as a negative influence. Chileans also believe that they can achieve things on their own, therefore, business and political relations in South America are not of a great importance to them. Chileans are keen to always be a leading nation, which is why they tend to abide to rules and regulations. On a corporate level, employees also tend to follow rules and regulations willing to keep their company's leading position in the market.

4. The Future Scenario

This chapter focusses on the outlook of the external surrounding of Amokabel and on the impacts of possible changes on the business marketing strategy.

Emerging country markets are characterized by rapid changes happening in their societal sectors and in the organizational fields. This is why it is necessary to analyze these changes in detail to better understand how to respond to that surrounding.

The future scenario is developed for Amokabel's external institutional environment in Chile in five years from the start of phase A when the company has only a sales team established in the country. The analysis of Amokabel's external environment reveals that the legal system and the labor market are more relevant and important for the future.

This chapter will identify the key success factors in the Chilean market, give a description of the two additional institutions, namely legal system and labor market. This chapter will also explain their major impacts and linkages to other institutions. Then, the most probable future scenario will be described and its influence on the company's competitive advantage and to its business strategy will be analyzed. Sluggish

4.1. Key Success Factors

The key success factors are "the most critical structural factors of the environment influencing the IBS" (Jansson, 2007, p. 135) and are thus, as the name says, determinants of the success a company has in a market.

The elaboration of the current strategic scenario displays the key factors for success that are relevant in the Chilean market at present. Some of these factors, mainly the ones that can be found in the societal sector cannot be influenced by Amokabel while others, primarily from the organizational fields, can be influenced by Amokabel (Jansson, 2007). Nowadays, the centralized power and authority is one of the most relevant key success factors in Chile. Also, the high level of uncertainty avoidance and the long-term orientation are crucial. All these factors are rooted in the societal sectors. The country culture of Chile undergoes a change process at the moment that converges the Chilean country culture to Western country cultures such as the Swedish one. Amokabel will contribute in little to this process of change when present in the Chilean market. However, this influence will be very subtle and almost unnoticeable. This is why we do not consider these factors as part of the group that can be influenced by Amokabel. The key success factors that can be influenced by Amokabel are practicality, the need of business relations, and the abiding to rules and regulations. It will be easy for the Chilean customers to do business with Amokabel given its flat hierarchy. This flat hierarchical structure has a positive influence on the level of practicality. The Swedish attitude towards rules and regulations will positively impact the abiding of rules and regulations in the country by showing other market actors that this facilitates a successful way of doing business. With strengthening the abide to rules and regulations norm, Amokabel reduces the need of business relations because formal rights and duties of each and every

market actor will be respected little by little. Moreover, customers expect products to be delivered on time to comply with their contracts and they require products that perfectly suit their purposes.

The external conditions for Amokabel will change in five years from now. Consequently, the points of contact of Amokabel with the Chilean external institutional environment will change significantly. First, the key success factors currently undergo a process of change which will impact the nature of these factors. The long-term orientation will remain a strong characteristic of the Chilean country culture but some factors that cannot be influenced will change. The centralized power and authority and the high uncertainty avoidance will shift towards the opposite throughout the process of westernization of the Chilean country culture. This will be shifting towards a more decentralized power structure and towards the willingness to take risk. Therefore, the surrounding slightly converges with the flat hierarchical structure of Amokabel and relations to foreign partners will increase. The requirements of the customers concerning the delivery time and the characteristics of the products will remain unchanged as well. Second, in addition to the already relevant institutions the legal system and the labor market will provide relevant key success factors in the future when Amokabel has a production site in Chile. Amokabel will need to act within the legal framework and the company will also need to hire local people. Key success factors which are provided by the legal system cannot be influenced by Amokabel. These are a functioning legal system and the validity of the rule of law. The labor market introduces two key success factors which are the numerous regulations of the labor market and the percentage of skilled labor.

To understand the two additional institutions they are described in the following subchapters.

In the following subchapters we describe the two legal system and labor market institutions in depth for better understanding.

4.2.Legal System

The legal system is one of the most essential institutions when doing business in Chile. The more established a company gets in a country and the more interactions a company has with other players in the local market, results in creating a good pool of contact in the legal system. Given that the legal system provides the formal framework for almost all other institutions in a company's surrounding, this institution is considered heavily for the future scenario.

The nature of the legal system implies that the formal rules and more specifically the norms dominate the analysis based on the Basic Rules Model (Jansson, 2007).

4.2.1.Formal Rules

The civil law system of Chile is based on various civil legal systems of Western Europe (Carpenter et al., 2014). The influence of the Western European legal systems makes, for example, the rule of law one of the most important norms behind the legal

system. Thus, the application of laws is the most important enforcement mechanisms of the Chilean legal system. One very important fact that needs to be taken into consideration is that the current constitution dates back to the era of Pinochet and is thus influenced by the authoritarian norms of the bloody dictatorship. Conversely, the president Michelle Bachelet has started the process of reforming the constitution recently to adapt it to the more recent democratic norms (BBC, 2015).

The judicial system works independently without being influenced from other parties as the government. With a score of 68,5 out of 100, where 100 is the lowest risk level possible, Chile displays a low legal risk (BMI Research, 2015). This implies that the Chilean legal system is based on a high level of transparency. As explained by the Country Risk Report (2015), Chile enjoys one of the most stable democracies in the world and this is mainly due to its independent judiciary system and its comprehensive legal structure. What is concluded here is that the independence of the jurisdiction system that enforces laws made governments avoid any mode of manipulation and following the rules became a norm. The legal system in Chile favors a free economy with good protection of property rights (MarketLine, 2015). With a score of 90 points, where 100 represents maximum protection, Chile ranks the same as Sweden in terms of property rights (The Heritage Foundation, 2015a). Thus, there is a favorable atmosphere for companies to do business in Chile. Additionally, the legal system favors a more competitive business environment by reducing restrictions of the product markets (MarketLine, 2015).

To further increase a healthy competition in the country, the legal norms applied to Foreign Direct Investment (FDI) are similar to the conditions applied to local investors (U.S. Commercial Service, 2014). In general, there are a couple of incentives for foreign companies to invest in Chile (CIE Chile, 2013). As part of a broad package of reforms, Chile ratified the Direct Foreign Investment Framework Act (IED Act) in 2015. The IED Act applies to all investments of USD 5 million or higher. Amongst others, a Foreign Investment Promotion Agency will be implemented that will be in charge of attracting foreign investors and that will deal with all legal issues related. The IED regime establishes for example the possibility to forward profit earnings to a company's headquarters abroad and the investment in Chile itself will be exempted from the value added tax (VAT). Also, the IED act includes the statement that there must not be discrimination against foreign investors. However, there is no official procedure established to deal with potentially arising discrimination issues (EY, 2015).

Besides the national legal basis, Chile also ratifies numerous international legal agreements established on values like personal freedom, freedom of speech and equality that are comprised, for example, in the Human Rights Declaration of the UN.

Chile signed the Convention of Combating Bribery of Foreign Public Officials in International Business Transactions of the Organization for Economic Cooperation and Development (OECD). This convention implies the norms of honesty and integrity, yet there are no direct enforcement mechanisms included. In its 2014 report, the OECD

states that Chile was improving slowly yet steadily. At the same time the OECD criticized Chile's lax effort to implement the Convention. According to the OECD, Chile puts only little effort in pursuing delicts and rarely brings in any legal action against the involved parties (OECD, 2014).

The Chilean legal system is organized in a quite efficient way. Compared to other South American countries, Chile manages to handle tax payments in 7 payments per year whereas the average of South America is 23,7. Also, it only takes 5,5 days to start a business in Chile which is clearly below the average of the OECD member countries of 9,2 (MarketLine, 2015). To establish a foreign business in Chile eleven procedures have to be fulfilled. That is one procedure more than the global average of 10 procedures. Besides the usual steps that also apply to domestic firms, the Chapter XIV of the Foreign Exchange regulations establishes that foreign companies need to "authenticate the parent company's documents abroad and register the incoming capital with the Central Bank" (The World Bank Group, 2014).

The biggest current challenge in the Chilean legal system is the labor market regulations. The labor market is highly restricted by the Chilean legal system and the legal framework needs to be reformed in order to adjust it to the modified environment (MarketLine, 2015).

4.2.2.Informal Rules

The informal rules of the Chilean legal system provide a possible approach to why sometimes the formal rules are not enforced properly.

The lax enforcement of the OECD's Convention of Combating Bribery of Foreign Public Officials in International Business Transactions shows that below the layer of formal rules there are informal values and thought styles that determine official norms and regulations are executed. The predominating values and thought styles date back to the era of Pinochet. At that time, regulations have been based on an arbitrary thought style that aimed at the benefit of a small political elite group. Moreover, this elite group was focused on their personal benefits. Therefore, the Chileans tried to live their lives the best they could by bribing officials to achieve whatever they needed. Relationships are still important nowadays, thus knowing the right person and knowing how to benefit this person may help to avoid an investigation of bribery.

In Chile, there still exists a lack of trust in the public authorities and Chileans sometimes prefer to take the most convenient way instead of following the rules.

4.3.Labor Market

The labor market gains importance whenever Amokabel establishes in Chile. To succeed in the Chilean market, Amokabel requires first-hand information and a deep knowledge about the market's characteristics that can surely be achieved by employing locals. The Chilean labor market is characterized by a quite rigid regulatory structure

that will have an effect on Amokabel's actions significantly (The Heritage Foundation, 2015b).

This description of the labor market takes a closer look at the formal and informal rules of the Chilean labor market.

4.3.1.Formal Rules

Chile's 6% unemployment rate is noticed to be at its lowest in 25 year. Nevertheless, according to the Country Analysis report (2015), one of the major problems facing Multi-National Company's (MNC) doing business in Chile is the highly restrictive labor regulations and high minimum wage. By law, companies cannot easily fire an employee during recession periods, which makes it difficult for companies to hire new employees even under high growth conditions. This enforcement mechanism creates inflexibility in the labor market.

Another key formal rule of the labor market concerns the social security system. The Chilean social security system is privatized. The employer does not have to make contributions to the social security of its employees. But the Chilean law establishes incentives in the form of tax reductions for a company, if it contributes to the social security of the employees on a voluntary base (PricewaterhouseCoopers, 2008).

Whenever a company employs 25 employees or more, 85% of the employees need be Chilean. This article under the Labor Codes can only be suspended if the company needs to hire specific technical experts that are not available in the local labor market (CIE Chile, 2015).

In Chile, this institution has adapted a westernized system for rewards and incentives. Those include bonuses, perks, promotions, and public recognition. (Bureau of Labor Statistics, 2008). Generally speaking, this institution has reward and incentive systems in place for great performance for their staff. Great performance can be seen through having great relationships with the supplier or/and staying within budgets while acquiring the best quality available. Sanctions and corrective actions can also be applied when buyers demonstrate lack of efforts or inefficiency when working and doing business. This may include verbal warnings, written warnings, and even separation from the company. In this institution specifically, the mechanisms to separate or punish poor performance is also influenced by the western markets such as USA or Canada, in which you take proper formal steps to correct poor performance (ACAS, 2015).

4.3.2.Informal Rules

The Chilean workforce is open-minded towards foreign employers. They are aware of the fact that foreign companies provide good jobs as well as good working conditions (PricewaterhouseCoopers, 2008). The possibility to hire people from other countries is an important option due to the fact that the Chilean labor market indicates a lack of skills that are demanded by the employers (Hays, 2014).

Traditionally, high quality education has been seen as a privilege to the higher social layers of the society. This thought style dates back to the dictatorship of Pinochet and the country reforms the educational system only now (Esposito, 2015). Especially the unemployment rate of people between 15-19 years is high in Chile, it accounts for 14,9% in the first quarter of 2015. Yet, there is only very little spending on active labor market policies (ALMP) compared to other countries of the OECD (OECD, 2015). The starting reforms of the educational sector show that the Chilean market becomes aware of the importance of skilled labor to boost economic growth.

According to OECD (2013), women in Chile still face a problem in the labor market despite the significant increase in their participation since the 1990's. If women manage to land a job, she is most probably less paid than her male equivalent counterpart. A masculine country culture can explain this phenomenon.

Due to the highly restrictive labor law, companies tend to hire people without formal contracts. According to the OECD (2013), almost 20% of workers in the Chilean labor market have informal jobs. This leads to lower salaries, no unemployment benefits, high risk of losing the job and no contribution to the state. Such a norm can be seen as a consequence of the enforcement mechanism we stated earlier.

4.4. Description of the Future Scenario

After deconstructing and evaluating all possible combinations of the key success factors for the future, it is found that the most important combination of key success factors is the combination of the high uncertainty avoidance and restrictive labor market regulations or the combination of the willingness to take risk and liberal labor market regulations. This is a result of the having a mind-set marked by a high level of uncertainty avoidance. This mind-set has an important impact on Chile's development, as this mind-set is one of the factors that changes the most is regards to the future.

Numerous reports indicate that the restrictive labor market regulation is one of the main issues that restrict Chile to be more competitive in doing business on an international scale. With the labor market being one of the most important institutions for Amokabel in Chile in five years this is a factor that needs to be considered.

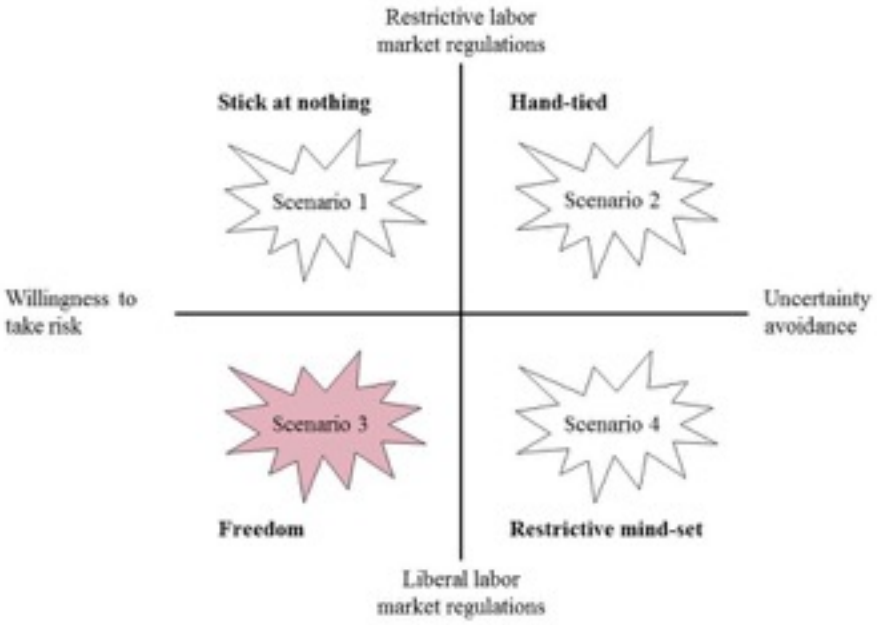

Figure 1: The possible scenarios based on the most important factor combination (own figure)

The four possible scenarios that arise from this combination are shown in Figure 1. Scenario 3 *Freedom* is the most probable scenario in five years. This is because of the recent economic and politic developments in the country and their effects on the mind-set of Chileans and because of Chile's efforts to reform the labor market.

Chile is implementing several reforms that aim at adapting the outdated regulations to the current surrounding; these regulations aim at making the country more competitive on a global level. The labor market regulations represent one of the major fields that will be subject to numerous changes in regulations. This means that within five years the labor market will shift to a labor market with more liberal market regulations.

The mind-set of Chileans already started to change within the past years due to an intensification of the relationships to foreign partners in political relations but also in business and in other areas of interaction.

Within five years Chile will consequently move from scenario 2 *Hand-tied* in the upper right-hand corner to scenario 3 *Freedom* in the lower left-hand corner.

The shift from a high level of uncertainty avoidance towards willingness to take risk creates a society that is willing to raise the stakes and face its challenges to achieve its goals. People are then more disposed to depart into new and unknown adventures. Thus, the reduction of the high level of uncertainty avoidance will create a more open mind-set amongst the Chileans.

The liberalization of the labor market regulations in turn contributes to a more competitive atmosphere where a totally different spirit within companies is raised. It is most likely that the percentage of illicit employment will be reduced significantly. This is because companies will be less afraid of hiring a new employee, risking that they will not

be able to dismiss him in case of poor commitment. At the same time, the intensification in competition for skilled labor is likely to increase the labor expenses in the Chilean market.

The shift in both factors will contribute to changing the rigid mind-set to a more modern one that is more suitable for a global player like Chile.

4.5. Explanation of the Future Scenario

The explanation of the future institutional environment of Amokabel defines how the societal sector institutions influence the institutions of the organizational field in five years for the Chilean market.

As mentioned in the sub-chapter 4.1 *Key Success Factors* Chile undergoes a process of westernization, therefore, some of the key success factors increase in importance and others decrease. Consequently, the positive or negative influences of the key success factors described in chapter 3 *The Explanation of the Current Strategic Scenario*, augment or reduce as well.

The following sub-chapter elaborates on how the labor market is impacted by the societal sector institutions and it is explained how the newly introduced legal system influences the organizational fields.

Influences on the Labor Market

The high and increasing level of universalism and the rule of law introduced by the legal system have a positive influence on the restrictive labor market regulations. The universalism characteristic implies that rules are more important than relationships and consequently promote the high level of restriction in the labor market. The rule of law strengthens rules and regulations as well, which again, enforces the labor market regulations.

The percentage of skilled labor is positively influenced by individualism and masculinity. The mix of individualism and masculinity places greater importance on individual achievements and education. Thus, the percentage of skilled labor in the Chilean labor market will increase step by step. A negative influence on the percentage of skilled labor comes from the centralized power and authority. A high level of skills is redundant when lower levels of power do not take part in the decision-making process. However, this characteristic will slightly reduce in five years and will probably continue this decreasing trend in the long-term. It can be said that the long-term orientation of Chile on economic growth and international competitiveness contributes to making the labor market more efficient and better prepared for future developments. powerful

Rule of Law

The rule of law has a positive influence on the practicality, abiding to rules and regulations, and on the restrictive labor market regulations. Whenever rights and obligations are followed as established by law, the level of practicality increases due to less discrep-

ancies and a clear guideline on how to act. Therefore, abiding to rules and regulations increases too, which implies that others follow the rules too and will respect one's own rights. The restrictive labor market regulations are being enforced by the rule of law. The reason for this is explained by means of the previous two business system characteristics.

Lack of Trust in Public Authorities

The lack of trust in public authorities which dates back to the era of Pinochet counteracts practicality and the norm of abiding to rules and regulations. This characteristic makes Chileans be suspicious when it comes to rules and regulations and above all concerning the universal respect of the regulatory framework. Due to the fact that Chileans assume that public authorities do not respect the rules they do not always follow these rules either. Surprisingly, this lack of trust has a positive effect on the importance of business relations. A lack of belief in the functioning of the regulatory system leads to a broad network, which can provide support and safeguard in conflictive situations with public authorities. Yet, with the process of westernization the lack of trust in public authorities will decrease and favor economic growth, which in turn will facilitate international cooperation.

4.6. SWOT Analysis of Amokabel in the Future Scenario

The *Freedom* scenario characterized by the willingness to take risk and by a liberal labor market regulations will impact the organizational fields significantly.

The willingness to take risk will make the labor market more diverse in terms of offering a variety of new job opportunities for workers but also new fields of activities for companies. The new mind-set will foster innovation given that Chileans will be more willing to risk to achieve a possible success. At the moment, the Chileans still neglect the realization of their ideas to quite an extend being afraid something could go wrong. The customers will be affected by the willingness to take risk as well. The persistent lack of trust will decrease, thus a more fruitful cooperation's will be possible in five years. Partners will not generally be suspicious about each other, but they will trust the counterpart in that he will contribute its best to achieve the goals. Also, customers will start demanding more sophisticated solutions because they will aim at more ambitious goals too.

The liberal labor market regulations will increase the skill level in the labor market because people will be employed legally, consequently they will be able to participate in training programs of the companies. Also, employees will need to have a better skillset to match the expectations of the companies, which will aim at more aspiring goals. Another change in the labor market will be an increase in the level of efficiency. When companies have the right to let go individuals that do not meet the company's expectations, the level of efficiency will augment since employees will compete for the appreciation of the company. Employee's commitment and the loyalty to the employer will

strengthen too. Bearing in mind that companies can easily dismiss an employee when having liberal labor market regulations motivates the employees to excel at work and become more loyal. The customers in the product/service market will benefit from the liberalization and modernization of the labor market regulations in the way that they will receive improved products that suit their more ambitious expectations.

The scenario described above displays a number of opportunities and threats for Amokabel in Chile that are visualized in table 1 below. This table also displays the strengths and weaknesses of the company itself.

Opportunities	**Threats**
• An increasing level of skills • Highly motivated, committed and loyal workforce • Open-minded people willing to take risks • Frank relationships with customers	• A shift to a mind-set that trivializes risk • The product service market will be more willing to take risks and to copy Amokabel's business model • Increased competition for skilled labor, due to the fact that companies dismiss the less skilled workers and hire the better educated ones
Strengths	**Weaknesses**
• Customer focus • Transparent management style that favors employee commitment • A common mind-set based on tolerance, accuracy, the focus on quality and on innovation	• A low educational level due to a weak focus on internal training • A lost focus on team-building • An excessive focus on growth

Table 2: The SWOT factors of Amokabel and its Chilean surrounding (own table)

The internal dimension consisting of strengths and weaknesses and the external dimension comprising opportunities and threats will now be related to each other. The influence of the external environment on the competitive advantage of Amokabel and Amokabel's possibility to respond to this influence will be analyzed by relating the different combinations of internal and external characteristics to each other.

First, the strengths-opportunities strategies are analyzed. The common mind-set of the company based on values as tolerance, accuracy, innovation and the focus on quality help to benefit from open-minded Chileans. Open-minded Chileans are willing to take risks and innovate, and are highly motivated and committed. Having a common mind-

set within the company also fosters the loyalty to the employer. The combination of this common mind-set and the transparent management style help to attract highly skilled labor. The customer focus of Amokabel will facilitate the establishing of frank relationships with Chilean customers, since by doing so the customer satisfaction increases. Frank customer relationships are, furthermore, supported by Amokabel's transparent management style.

Second, the weaknesses of Amokabel are related to the opportunities offered by the Chilean market. The low educational level present in the company can be improved by hiring skilled labor from the local labor market. This will at the same time provide Amokabel with a deep understanding of the local market characteristics. The committed and loyal Chilean employees will contribute to a better team spirit within Amokabel. However, the open-mind attitude of the Chileans will not solve the problem of a lack in team-spirit on its own. Instead, Amokabel needs to make active contributions to increase the internal team-spirit. The excessive focus on growth can endanger the opportunities offered by the highly motivated Chilean workforce. Amokabel needs to take sufficient time to assess people in detail to make sure they match the company. This will help Amokabel to not miss out the opportunity to hire the best staff.

Third, the strengths-threats strategies are deconstructed. Amokabel's strong common mind-set will help the company to assure that there will not be an excessive risk-affinity within the company. A certain level of willingness to take risk is very useful to stay up-to-date and innovative but the willingness to take risk needs to stay within constructive borders. Probably the most important threat is the danger of being copied by a competitor. Amokabel does not own any patents and the technology used to build their customized cable solutions is actually simple, therefore replicable. One important strength that will help Amokabel face competitors that imitate the business model is its customer focus. The customer focus and consequently the perfect customization of the products is what Amokabel excels in. Placing the customer in the center of all decisions and processes is a tough task that will make it hard for competitors with the copied business model to succeed over Amokabel. The increased competition for skilled labor that results from the liberalized market regulations can be faced by Amokabel with their unique company culture. The Amokabel mind-set and the transparent management style make Amokabel an attractive employer. These characteristics will make the high skilled workforce decide for Amokabel when having to choose between other employers, which do not have such a profound company culture that has been built over several decades.

Lastly, the combination of weaknesses and threats is analyzed. Amokabel risks the company culture to change in a questionable direction by having a weak focus on internal training. By lacking a profound internal training, it is more likely that a mind-set of extreme risk willingness enters the company. Also, a lack of internal training combined with a lost focus on team-building deteriorates the company's culture, which strongly backs up customer focus. Consequently, it will be easier for Amokabels competitors to

copy the business model and to actually succeed over Amokabel, for example, by offering lower prices. Therefore, it is important that Amokabel improves the internal training and maybe combine it with team-building activities. Keeping the excessive focus on growth and forgetting about the importance of the company culture will make it hard for Amokabel to attract the skilled labor, when competition on the Chilean labor market gets sharper. Amokabel needs to have clear that their culture is a very important asset that can make the difference when it comes to the employee's decision for an employer. Amokabel has to level the focus on growth and the focus on the internal characteristics of the company to be able to improve on their weaknesses.

All in all, Amokabel is in a good shape to face the challenges whenever the company keeps in mind all of their strengths and does not lose sight of some. Moreover, Amokabel does have all conditions necessary to improve on their weaknesses in the future. It is the combination of economic strength and social or cultural strength that makes Amokabel strong in the future scenario in Chile. In other terms, Amokabel's competitive advantage of providing highly customized cables can be described by their ability to create frank relationships to the customers and with using the company culture to attract the best skilled labor to keep innovating the products.

5. Internal Institutional Environment

This chapter goes in depth into the rules and the internal environment of Amokabel. It starts by taking a close look at the formal rules and then the informal rules that can be pinpointed and explained.

5.1. Formal Rules

Amokabel has a code of ethics and guidelines for the staff, which the latter is required to sign when hired. This is used as clear and tangible norms that the staff can refer back to. These are crystal clear formal rules that everyone must abide by. These documents entail all sorts of aspects including dress code or how to go about taking days off. The Amokabel institution takes pride on taking all measures needed to provide its staff with good and safe working conditions, as well as being able to give their employees a sense of job security and peace-of-mind (Amokabel, 2015) (Blad, Interview).

At the same time, given that Amokabel is in the business of technology, accuracy has to be there, it is one characteristic that all staff members are in some way expected to possess. However, accuracy is not enough, given the mentality and promise to the customers, Amokabel expects great quality in anything produced, quality in their relationships with customers, and quality in their operations. It is therefore known that expecting quality can be categorized as a norm in Amokabel's internal environment (Amokabel, 2015).

This institution proudly holds itself to the Quality Management System ISO 9001, and the Environmental Management System ISO 14001. These two globally recognized certifications act as a mechanism or system that incentivizes Amokabel stay within a desired objective. Great performance is also prized in this institution, quarterly bonuses are delivered to the staff from 3% of profit gained within that quarter, and this bonus is paid out to all members disregarding individual performance. It is believed that by holding each employee to individual results might create a 'micromanaging environment' which Amokabel wants to remain far from, we expand on this subject further in this chapter in the informal rules section (Amokabel, 2015) (Blad, Interview 2).

Whenever internal human resources conflicts and issues occur, Amokabel directs them to the human resources manager. The human resources manager may employ systems of investigating, inquiries, and cross-examination to gather all factors relevant. Then this person is appointed to use the guidelines and code of ethics in place to judge and act upon the presented conflict. These same systems are used when trying to manage and check on subsidiaries in other markets. By the same token, the finance and sales person have strict policies in regards to collecting payments from customers. Failure to pay or constant pay delays has previously forced Amokabel to stop business and relationships with certain faulty customers (Blad, Interview 2).

5.2. Informal Rules

One of the greatest characteristics of Amokabel as an institution is that it has grown organically and rapidly, but it has managed to keep it somewhat casual and informal yet efficient structure. This has inadvertently made Amokabel an institution based more on values than norms. With that said, we will now exemplify and explain some values and thought styles that are present in the soul of this institution.

As mentioned in the first report; Amokabel is categorized as a customer specialist as all it does is ultimately for the customer, the attention and importance given to this aspect is the biggest value existing in Amokabel. Amokabel is a family business and it displays a transparent management, the board members talk freely and openly to each other without fear or worries of retaliation, this also leads to a trusting environment that has embedded itself in Amokabel's values (Amokabel, 2015) (Blad, Interview 2).

Diversity and innovation come hand-in-hand, the biggest and most successful organizations realize this and have managed to profit from it. Amokabel follows suit, Amokabel welcomes and embraces diversity, after speaking with Mr. Blad he made it extremely clear that discrimination of any sort is absolutely considered to be the complete opposite of what Amokabel stands for. Similarly, innovation is absolutely a value that is lived in Amokabel everyday's production and development, although innovation is not something that can be expected, it is a characteristic that is highly valued and welcomed, the same is the case for having an entrepreneurial spirit (Amokabel, 2015) (Blad, Interview 2).

By analyzing the overall attitudes, and the styles in which norms, values, and enforcement mechanisms are processed we can study and analyze the thought styles found in this institution. It is found that Amokabel makes its decisions having the 'team-spirit' in mind. Amokabel realizes and regrets that growth somehow has gotten in the way of achieving this objective, but it longs to keep this team-oriented mindset alive. The same goes for the environment and society, Amokabel has made great contributions to Alstermo, the town in which the main factory is located. Some of those contributions are inter alia building schools, becoming a great source for job creation, and being environmentally friendly, thus it can be said that Amokabel has a corporate social responsibility attitude and approach when making decisions (Amokabel, 2015) (Blad, Interview 2).

In regards to financials, Amokabel has a money-savvy mentality. This is characterized by making decisions thinking of the future financial stability of the company. As an example we can discuss how Amokabel invested heavily to become energy self-sufficient in Alstermo. This is an expense that was not needed or government imposed, it is a display of Amokabel's money-savvy mentality with a combination of corporate responsibility attitude (Blad, Interview).

As mentioned previously Amokabel is somewhat informal yet very efficient. This creates a more relaxed and stress-free environment, which in turn creates employee and customer satisfaction. It is observed that this is a result of a macro-managing manage-

ment style, which is based on trust, respect, reliability, and teamwork (Blad, Interview 2).

6. The Matching Strategy

The matching strategy for Amokabel in the Chilean market is divided into two parts: First, the matching strategy towards the general external environment institutions and second, the matching strategy towards specific stakeholders.

6.1. Matching Strategy Towards External Environment Institutions

In this chapter the external environment characteristics, namely formal and informal rules, are deconstructed, analyzed, and then matched with the MNC's organizational capabilities and resources. Based on how similar and corresponding or conflicting they are with each other we will pick the right matching strategy which will provide us with the most appropriate organizational routine.

It is imperative to understand that for the current scenario, the product/service market is the most relevant institution. The legal system and labor market are more relevant to future scenario as Amokabel has a production plant in this phase. And finally, the country culture institution is relevant to both the current and future scenario, yet it is more relevant to the future scenario.

Societal Sector - Country Culture

The country culture institution from the societal sector is relevant in the future scenario; in this stage Amokabel has a production site in Chile. As mentioned in the descriptive stage, this institution is slightly westernized.

Amokabel finds itself in a twin change situation, this is resulting from Amokabel acquiescing itself to some country culture matters, yet defying and manipulating some others.

However, there are some values and thought styles that define this institution heavily. Amokabel embraces and displays a close and strong relationship with customers which influences the low levels of trust and justice value that exists in Chile, therefore Amokabel uses a manipulative matching strategy, which is considered a more active approach. Amokabel influences this issue by bringing in a new mentality of building and sustaining tight relationships with their customers, versus having a business-like environment in which lack of trust is likely to exist.

In this institution there exists a high level of uncertainty avoidance as it tries to remain away from insecurity and anxiety, yet this level of uncertainty avoidance is transitioning slowly towards being willing to take risk in the future scenario. Amokabel holds itself to set standards of quality and environmental management, such as ISO 14001 and ISO 9001 which habits with the existing mind-set of remaining away from uncertainty. These quality and environmental certifications are globally accepted and binding, thus they provide the institution with peace-of-mind and certainty. Therefore, Amokabel utilizes an acquiesce matching strategy which is categorized as a passive strategy. In regards to the same issue of having a thought style of high level of uncertainty avoidance, it can be said that Amokabel will influence this institution by providing their employees

with a sense of job security. In this case, Amokabel uses a manipulative matching strategy which is considered an active strategy as it tackles the anxiety produced when there is no certainty.

Within this country culture we find that there is a high power distance attitude. Amokabel dismisses this attitude as it possesses and embraces a team-oriented mindset and has a transparent management, which is characterized by making everyone's voice count and not creating strong barriers in the hierarchy levels. Thus, Amokabel uses a defying matching strategy, which is recognized to be reactive approach.

Societal Sector - Legal System

The legal system from the societal sector is relevant to the future scenario. In this phase, Amokabel has a production site, employs staff, holds permits, does business, pays taxes, and it engages in many other actions that have the legal system as a background. Amokabel finds itself in a no change situation as no significant changes happen in the relevant internal or external environments. The legal system in Chile is solid and binding, thus Amokabel takes a more passive approach overall.

Over the past decades the Chilean legal system has been adapted to more democratic laws and rules. Amokabel overall rules habits and complies with this adaptation. Some of the more relevant organizational capabilities and resources are mentioned, among those we find Amokabel's code of ethics and guidelines in place, its human resources department being proactive with internal issues, and it has strict policies in place for collecting payments and other financial matters. At the same time the Chilean legal system has come a long way to embrace transparency of speech and equality, honesty, and integrity. Amokabel imitates these trends by welcoming and embracing diversity as well as with its corporate social responsibility mind-set. The last two mentioned social organizational capabilities are embedded in Amokabel's ways. As mentioned on the internal institutional environment analysis, it can be noticed that Amokabel is somehow casual yet efficient and it does have a professional structure. Thus, Amokabel applies an acquiesce matching strategy as it remains within, respects, and echoes the larger frame that the Chilean legal systems provides.

Organizational Fields - Labor Market

Regarding the labor market, Amokabel finds itself in a twin change situation, this is a consequence of Amokabel acquiescing itself to some labor market matters, yet manipulating some others.

The labor market in the organizational sector is very relevant to phase B as in this scenario Amokabel has a production site and offices for all departments necessary. It is therefore known that Amokabel will be employing a substantial amount of employees. Generally speaking, the labor system in Chile is somehow westernized and developed; nevertheless some old values and thought styles still linger behind the rules and set structure that the labor market provides. Although the Chilean president is a lady, there

stills exists a macho-mentality which leads to the feminine labor force facing problems in the labor market in forms of inequality in pay and by having a harder time in reaching managerial positions. Also, two other big issues found in the labor market is the existence of racism trends and the fact that most of the labor force does not have formal contracts. The mentioned beliefs, trends and mindsets create a sense of insecurity and inequality in the labor force. Amokabel dismisses and influences these Chilean labor market informal rules by providing their employees with a sense of security. At the same time, it challenges them with the team-oriented and corporate social responsibility mindsets that characterize Amokabel. The issues specific to women and racism are dismissed and challenged by Amokabel's values of welcoming and embracing diversity. From conversations, research, and our site visits in the Alstermo plant, we observe that half of the managing board and 20% to 30% of employees in the plant are ladies. Also, it was noticed that there are many age groups present. In sum, Amokabel takes a mix of a passive and proactive approach as it defies the old and diversity-avert mindset, by dismissing and challenging it. Also, Amokabel brings the values of welcoming and embracing diversity; this unavoidably manipulates the mentioned labor market issues by influencing the current mindset and helping to shape it to a more modern and westernized way.

Conversely, there are some rules and systems within the Chilean labor market that are fully westernized and developed such as the norms and enforcement mechanisms for rewards and incentives, sanctions and penalties. Just as in the legal system, Amokabel takes a passive approach given that the issues in question are at par with some of the organizational resources and capabilities present in Amokabel. Some of those are providing incentives such as bonuses, promoting staff because of merit and effort, expecting quality work, and embracing innovation. The mentioned organizational capabilities and resources will use the acquiesce matching strategy by habiting and complying with the existing framework and style that the labor market presents.

Organizational Fields - The Product/Service Market

Although we have considered all the actors in the product/service market while doing this matching strategy, we will focus on the customers as we find them to be the most relevant and imperative given the situation and environment.

In regards to the product/service market, Amokabel finds itself in a twin change situation, this is resulting from Amokabel innovating and manipulating some of the certain areas of this product/service market, yet acquiescing to some others. The Chilean product/service market is modern and it has a framework that resembles the ones of developed countries, yet it still has traces and tenets that characterize emerging countries.

We will focus first on the characteristics that make this market more modern and westernized, those are the spirit of innovation, the long term relationship approach when doing business, and the uncertainty-avert attitude. Amokabel takes a passive approach by bringing in some organizational capabilities and resources that allows Amokabel ac-

quiesce itself to the mentioned product/service market characteristics. Amokabel complies and habits with this market characteristics by bringing a close and strong relationships with a customer's focus attitude and by having an innovative and entrepreneurial spirit.

Contrariwise, the product/service market still presents some traces that are characteristic to emerging countries. Among those we find that there is a mass-production mentality which leads to overproduction and inefficient use of machinery and resources, corporate social responsibility is not a pressing matter, and the expectation of responsibility and reliability exists, yet it is not as binding. In this case, Amokabel takes a proactive approach towards some of the mentioned matters. Amokabel deals with these matters by innovating and generating change via product customization and bringing in flexible manufacturing facilities which are styles of manufacturing and product development that are lean and efficient; these styles are still uncommon in markets such as the Chilean one. Amokabel also manipulates the lack of corporate social responsibility and the uncertainty-avert attitude directly by influencing the market through holding itself accountable to globally recognized certifications, such as ISO 14001 and ISO 9001 as well as bringing a corporate social responsibility mind-set, this will create a level of standard that will undoubtedly influence the other actors in the market.

6.2. Matching Strategy Towards Stakeholders

The following chapter will primarily analyze in depth the matching strategies for Amokabel towards key issues towards stakeholders in the external environment. A strategic policy needs to be in place when handling the group of stakeholders involved in Amokabel's network either directly or indirectly. A CSR matrix (Table 3) was created, in this matrix we consider the key stakeholders and the key issues relevant to Amokabel. Finally, a shareholder-specific matching strategy will be suggested for each key issue addressed, this will demonstrate how Amokabel is capable of achieving a societal advantage.

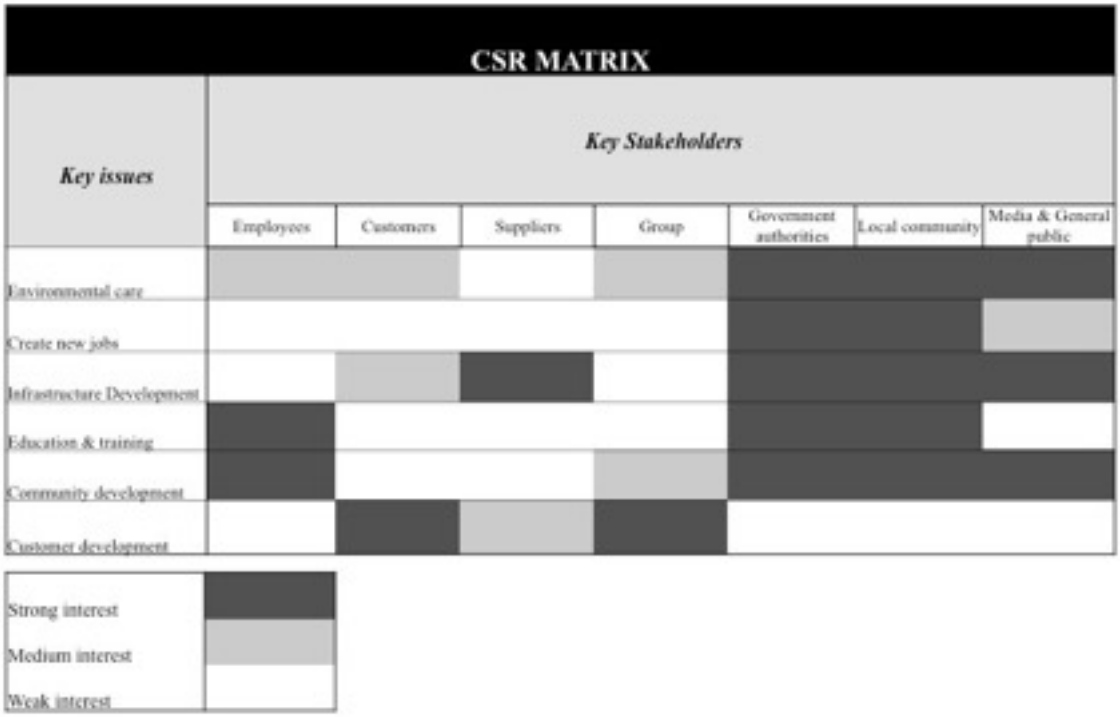

Table 3: The CSR Matrix of Amokabel (own table)

6.2.1.Stakeholder-Specific Matching Strategy

A stakeholder-specific matching strategy is suggested for each key issue addressed in the CSR matrix. The matching strategies suggested are based on the internal institutional setting and external institutional setting analysed earlier in this report.

Environmental Care

One of the key environmental threats that Chile faces today is illegal fishing (ICTSD, 2015). Chile realizes an increasing need for marine protection through aquaculture to control the fishing industry and protect rare species. Another key environmental issue in Chile is the lack of environmental standard requirements for production.

Environmental care is a priority for Amokabel as a group, this attitude will be also present in their subsidiary in Chile. Amokabel is capable of providing solutions for the fish-farming industry through its customized cable solutions. The company holds many quality and environment standards that are recognized worldwide, such as ISO 9001 and ISO 14001. Amokabel is also energy self-sufficient and that could help provide long-term solutions for the energy industry in Chile through manufacturing customized cables, which is main component necessary how to become energy independent, in this case, customized cables.

Amokabel's subsidiary in Chile would take a passive approach by complying with the companies environmental norms using an acquiesce strategy towards their employees, customers and Amokabel Group. Employees are understood to have a medium interest in the MNC'S environmental care. Nonetheless, the use of clean energy with least emissions makes Amokable an ideal place to work. Employees feel safer and proud working at a company that cares for the external environment, which is a norm for Amokabel. Customers as well have a medium interest in Amokabel's social responsibility towards the environment since many of the customer's buyers require products that meet international environmental standards. Amokabel's head office in Sweden is also interested in standardizing elsewhere and making sure their reputation facilitates legitimacy in Chile. On the other hand, Amokabel would have an active approach towards government, the local community and the media, which have a strongest interest in Amokabel's social responsibility towards the environment. Amokabel would be more focused on a manipulative strategy by creating an influence rather than complying with the countries weak environmental rules. The ISO certifications Amokabel holds along with their energy self sufficient knowledge and customized cable solutions will be strongly admired by the government and the local communities. Amokabel would gain legitimacy by assisting Chile in becoming energy independent and by providing customized cables to the manufacturer of the fish-farming cages in the construction. Media would also be interested in bringing Amokabel as a role model to the public. Amokabel could raise awareness on environmental issues through the media, which also facilitates the company's reputation in Chile and enhances their legitimacy.

Given the matching strategies used above, Amokabel would justify their operations in Chile by benefiting a number of stakeholders, namely media, government, local community and customers. Therefore, legitimacy would be earned by creating a natural value.

Create New Jobs

Chile's unemployment rate is around 6%, which is believed to be relatively high compared to previous years. This is understood to be a result of the restrictive labor laws that almost make it impossible for companies to lay-off workers if necessary. Race and gender inequality in employment is another issue in the labor market where women and minorities face difficulties in landing a formal job.

Amokabel would be bringing jobs to the market by establishing a production site in Chile. Strict rules for laying-off workers would not be an issue for Amokabel as the law in Sweden is fairly similar. Amokabel is characterized by welcoming and embracing diversity. In addition, Amokabel have a robust employment guideline in place giving equal opportunities to all.

Amokabel needs to comply with the existing restrictive and inflexible labor laws. Amokable displays an acquiescence strategy by complying with the Chilean labor law and creating jobs in the community, this attracts high interest from governments and from the local communities. Yet, Amokabel can have an active and influencing approach by creating new opportunities for women to access the market through Amokabel that stands for the value of race and gender equality in employment. Amokabel would exceed expectations of society and media by having a manipulative strategy, this would make Amokabel gain legitimacy within the public.

Therefore, using the strategies mentioned above, Amokabel can gain legitimacy in Chile by influencing the existing market rules by creating social value to its stakeholders.

Infrastructure Development

It is important to note that there is large room for development in the transportation sector, as only 23% of the roadways and 19% of the airports are properly paved and illuminated (CIA, 2015). Chile is also home to a lot of natural disasters that challenge the country regularly, mainly earthquakes.

The development of the infrastructure sector is highly dependent on companies like Amokabel with advanced technology and customized cables. Amokabel's advanced cable technology will generate a change in improving the building of the infrastructure and safer mining conditions with earthquake safe standards, as this is a big societal issue today in Chile. Besides the fact that Chile would like to become energy clean, it must become energy independent. This is a result of having weak and conflicting relationships with neighbour countries.

Amokabel follows a proactive approach in developing Chile's infrastructure by an innovative matching strategy. By developing the infrastructure in Chile, Amokabel would be generating a change in the market. Their operations in Chile are justified as many stakeholders, such as the government, local community, media, and suppliers are strongly benefiting from it.

Amokabel's customized cables would be a solution for the issues existing today in the infrastructure industry. Therefore, by Amokabel providing infrastructure customized supplies and solutions would benefit the stakeholders, allowing Amokabel gain legitimacy through adding social value.

Education and Training

Chile is considered to have one of the highest literacy rates in South America, yet the key issue is the quality of education students get. The quality is considered to be very low and it fails to match the labor market's needs. As earlier discussed in this report, employers in Chile tend to have a hard time finding someone with the skills and education needed for the specific job.

Education and training is considered highly important for Amokabel, yet it is not well developed. Amokabel believes they are not doing enough in terms of educating and developing their employees on a regular basis. Nonetheless, Amokabel is aware of this and currently is motivated to focus more on employee development, which is necessary in the low skilled Chilean market.

Amokabel would be more proactive in that sense by applying an innovative strategy through generating a change in the labor market rule through their education and development programs. Employees, the local community, and the government have a strong interest and appreciate such education and development. The lack of skilled labor in Chile makes it important for Amokabel to apply such a strategy. In addition, the business nature of Amokabel requires high accuracy in production and that makes their training and development programs necessary to be efficient and competitive.
Given the innovative strategy which addresses the education and training issue in Chile, Amokabel earns legitimacy through the social value created towards its stakeholders.

Community Development

Given that towns and cities are separated by very long distances, Chile is challenged to excel and meet all community needs such as schools, paved roads, clinics and entertainment centers.

Amokabel sees community development as a key success factor for them in Sweden. A school and a sports centre have been built in Alstermo, where Amokabel operates, as most of their employees live there. Their contributions even go beyond the community, since Amokabel also contributes to the childhood cancer foundation. The need of contributing to the community is a main focus for Amokabel.

Employees, government, the local community and media have the strongest interest in Amokabel's community development. Amokabel would have an influencing approach towards community development by using a manipulative strategy. Amokabel can contribute to the community by raising awareness for environmental issues, building roads, sport centres and schools. That sense of responsibility Amokabel has will make them gain respectability in the community. Governmental authorities would admire Amok-

able's contribution to the community and thus, validate their legitimacy. The community development achieved by Amokabel is of high interest for the media as well. For instance, the media in Chile would be highly interested in raising awareness on social issues like CSR and how companies like Amokabel can contribute to develop it. Once contributing to the community in the local market, Amokabel would have complied with its group values and norms through using the acquiescing strategy.

To sum up, Amokabel's active approach to develop the community creates social value for its stakeholders and increases their legitimacy.

Customer Development

Although the product/service market in Chile is well established and westernized to some extent, it is still obvious that they have high uncertainty avoidance and low trust in their business relations.

On the other hand, Amokabel is highly flexible and can adapt to all needs of their customers through their product customization and practicality which makes them a leader in the cable industry worldwide. Amokabel tries to form personal relations with its customers, this helps to build trust and decrase uncertainty. Amokabel also provides its customers with technical knowledge and installation assistance, which is not a habit of the Chilean business environment.

Once Amokabel follows the proactive approach by developing their customer's skills, reducing uncertainty and building trustworthiness, it gains legitimacy and maintains a good reputation in Chile. Therefore, social value is created using an innovative strategy to benefit stakeholders.

To conclude, Amokabel's contribution to the society by providing environmental and social solutions increases their legitimacy by benefiting their stakeholders. The legitimacy gained would also enhance Amokabel's reputation in Chile. Therefore, it is assumed that if Amokabel follows the suggested matching strategy addressed in this report, it would achieve a sustainable competitive advantage.

7. The International Business Strategy

This last chapter considers the economic value of the IBM strategy for Amokabel, which was developed in the first part of the project, and the natural and social value created through the matching strategy of this report. Both strategies are then combined to an IBS for Amokabel in the Chilean market.

First, the most important characteristics of the IBM strategy will be summarized in this chapter. Second, the matching strategy will be recapped to then determine how Amokabel achieves a competitive advantage and further a sustainable competitive advantage in the Chilean market. As mentioned in previous parts of the report the immersion of Amokabel in Chile will take place in two phases: Phase A which corresponds to the current strategic scenario and phase B which represents the future strategic scenario.

7.1. The Economic Value

Amokabel creates economic value to the Chilean customers by actually providing the required cable solutions given that these customers in Chile require cables that fit to unique, very different and challenging purposes. Most competitors in Chile focus on standardized cables and do not customize their products to the extent that Amokabel does. Once the production site is built, the expedited lead times will again be a powerful factor that creates efficiency, adds economic value, and thus creates value for the customers. Many of Amokabel's potential customers are time sensitive and rely on fast and timely deliveries. Amokabel created a very flexible production line and keeps the equipment idle between projects in order to be able to respond immediately to customer requests. Besides that, Chilean customers appreciate the interest in long-term relationships that Amokabel displays. The importance that Amokabel places in the customers is strongly reflected in their customer specialist capability profile. The network strategy that Amokabel applies already touches upon the relation to the actors in the social environments. Amokabel aims at establishing rather close relationships with its customers and intents to build them up for a long-term. Amokabel also wants to establish long-term relationships with the Chilean suppliers which will foster the local economy. Relationships will be established with the government to register the subsidiary and to obtain all necessary licenses. Among those, licenses to have a sales office and licenses for erecting a production site can be found.

Although, the focus of Amokabel's IBM strategy is on making profits and to achieve a competitive advantage by creating economic value, the company also takes into account the social value.

7.2. The Natural Value and the Social Value

The matching strategy in this paper places importance on the external societal environment and considers relations between Amokabel and the Chilean environment to be

mutual. The matching strategy aims at creating natural and social value for the external surrounding of Amokabel.

When doing the matching strategy towards stakeholders, it is found that Amokabel faces concrete external environmental key issues present in the Chilean market.

Amokabel creates social value by addressing and contributing to the improvement of various Chilean key issues. First, Amokabel contributes with the creation of new jobs in the labor market. This has a positive effect for the local community and the Chilean government. Moreover, Amokabel will positively impact the skill level in the labor market through providing and improving its internal training. On the one hand, the local work force will benefit from this. On the other hand, the Chilean government will grant legitimacy to Amokabel when the company contributes to make the Chilean workforce better educated. Also, by contributing to the infrastructure development Amokabel meets the expectations of the local public, the media, and the expectations from the society. The cables that Amokabel introduces in the Chilean market will help to improve the infrastructure development sector in a way that it will be equipped to deal with the country's unique geographic characteristics. For example, the use of customized cables will enhance the electrification of the countless islands along the Chilean coastline. As this is an issue that concerns many stakeholders such as the local community, the government, and Amokabel's suppliers it will strongly create legitimacy for the company. Amokabel's pronounced focus on CSR will raise the welfare in the Chilean community and thus, contribute to the community development. Amokabel will go some steps further than the official requirements concerning CSR in Chile by implementing the values lived in Sweden. As a result, the government, the local community, and the media give legitimacy to Amokabel. Furthermore, Amokabel adds social value by supporting its customers in the use of Amokabel's products. This includes, amongst others, the help with the installation of the cables for the actual purpose of use.

Amokabel mainly adds natural value through their commitment for the environmental care. Amokabel contributes to the environmental care by bringing their high and certified environmental standards along. This includes, for example, the use of green energy, which additionally makes Amokabel energy self-sufficient. Also, Amokabel contributes to the containment of illegal fishing by providing special cables for the manufacturing of fish-farming cages. These cages will limit the space currently accessible for illegal fishing. Amokabel's commitment for the environmental care achieves legitimacy above all from the government authorities, the local community, and the media. However, other stakeholders such as the employees and the customers benefit from it as well.

7.3. Roadmap to a Sustainable Business

The analysis of the IBM strategy and of the matching strategy reveals that both strategies go well in line. The approaches taken from Amokabel in the IBM strategy to create economic value favor the focus of the matching strategy on natural value and on social value. This means that the IBM strategy elaborated and proposed in the first report

should be kept and should be complemented by the matching strategy of this second report.

The IBM strategy aims at selling the customized cables to the Chilean customers. However, the IBM strategy of Amokabel does not exclusively focus on economic profits but also takes into account the external societal environment, for example, by establishing long-term relationships.

The matching strategy in contrast, focusses on embedding Amokabel in the Chilean environment to gain legitimacy from the external institutional surrounding. Legitimacy will enable Amokabel to have an accepted standing in the country that provides an essential base for the long-term success. This means that governments are more likely to issue the necessary licenses for Amokabel, because they know that Chile benefits from the presence of the company. Also, Amokabel will gain a positive reputation that will make customers and suppliers want to work with the company.

The two strategies from Amokabel do not contradict each other but go hand in hand. Therefore, it can be said that Amokabel can achieve a sustainable competitive advantage when following both strategies proposed.

It is important to level the two strategies carefully to avoid an internal or external misfit.

An excessive focus on the economic value will destroy the legitimacy from the societal actors and will consequently lead to a failure in the Chilean market. The excessive focus on growth that Amokabel adopted and that made them lose the focus on their team-orientation is one example on what aspects the company needs to take care of.

However, an extreme focus on the societal value and on the natural value of the matching strategy will destroy the competitive advantage of Amokabel. As an example, when commiting excessive capital to become energy independent or to foster the local community development, there will be no financial resources left to ensure the company's flexibility in production, which is heavy on economic costs. This flexibility enables Amokabel to excel in expedited lead times and in delivering perfectly customized products to the customers. Consequently, an unbalanced focus on the social value and on the natural value vanishes the company's advantageous position in comparison to the competitors.

Appendices

Appendix A Questionnaire Interview with Mr. Blad

I. Breaking the ice questions

1. How is your trip in Stockholm going?
2. Are there any new developments in Amokabel?

II. Values

1. What is the one moral that Amokabel will never ever compromise?
2. If we were to ask one of your factory employees about the values. What would this person answer?
3. At any point since the establishment of Amokabel, can you think of a major change in set of values that took place in the company's history? Has it always been the same? Which ones progressed, which ones digressed, which ones disappeared?
4. Have the morals within Amokabel always been the same?
5. Would you give us an example in which the company morals and values were put at test, and how was this resolved?
6. Is there anything regarding the values of Amokabel that you are not fully satisfied with?

III. Enforcement mechanisms

1. What type of incentives such as those for performance, quality, and achievement are in place?
2. How much effort does the company put towards creating incentive plans?
3. What was the biggest incentive / prize the company ever performed?
4. When was the last time an employee was let go, and what was the reason for it?
5. When Amokabel does business with customers, has Amokabel ever completely closed doors and bridges with certain customers? What caused this?
6. What kind of negative consequences/penalties do you have when there is poor performance and/or when someone goes against the core values of the company?
7. Do you have an internal judicial system? (e.g. intermediary, internal court)

IV. Norms

1. Do you have a specific procedure to make sure your common principles are respected by all subsidiaries?
2. If there was one set of skills that you would want every one of the employees to have, which would that be?
3. Do you have a code of conduct and/or guiding principles for your employees / suppliers?
4. How flexible is Amokabel in regards to market regulations?

V. Thought Styles

1. Are there some ways of thinking that progressed, digressed or disappeared?
2. What characteristics regarding the personality do all of your employees have in common?
3. If there was one behavior that you will never tolerate among your staff, which is it?

4. What kind of social skills are important at Amokabel?
5. Does the Amokabel team present itself as a team or is the focus on every person's competencies?
6. What kind of personality/attitude/mentality do you look for when hiring new members for Amokabel?

VI. Miscellaneous

1. Can we set up a follow up interview in the upcoming week?
2. Are there any other members on the board that we could speak with?

Appendix B The Impact of the Background Institutions on Business System Characteristics in the Future Scenario

Business system characteristics					
Background Institutions	**Practicality**	**Importance of business relations**	**Abide to rules and regulations**	**Restrictive labor market regulations**	**Percentage of skilled labor**
Increasing individualism	+	-			+
Centralized power/authority	-		+		-
High uncertainty avoidance	-		+		+
High level of universalism	+	-	+	+	
Increasing masculinity	+	-			+
Rule of law	+		+	+	
Lack of trust in public authorities	-	+	-		

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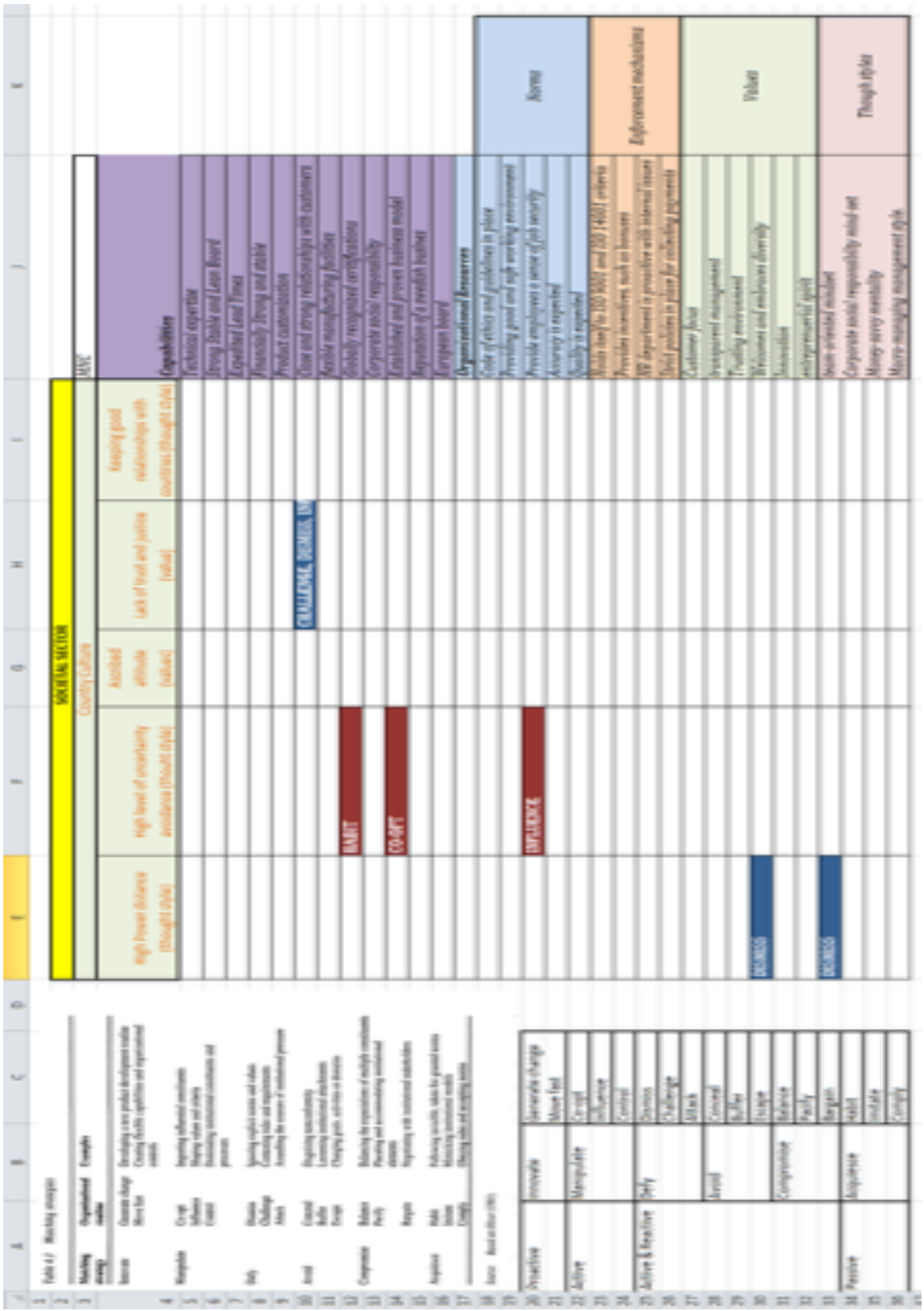
Appendix C Matching Strategies Towards the Country Culture



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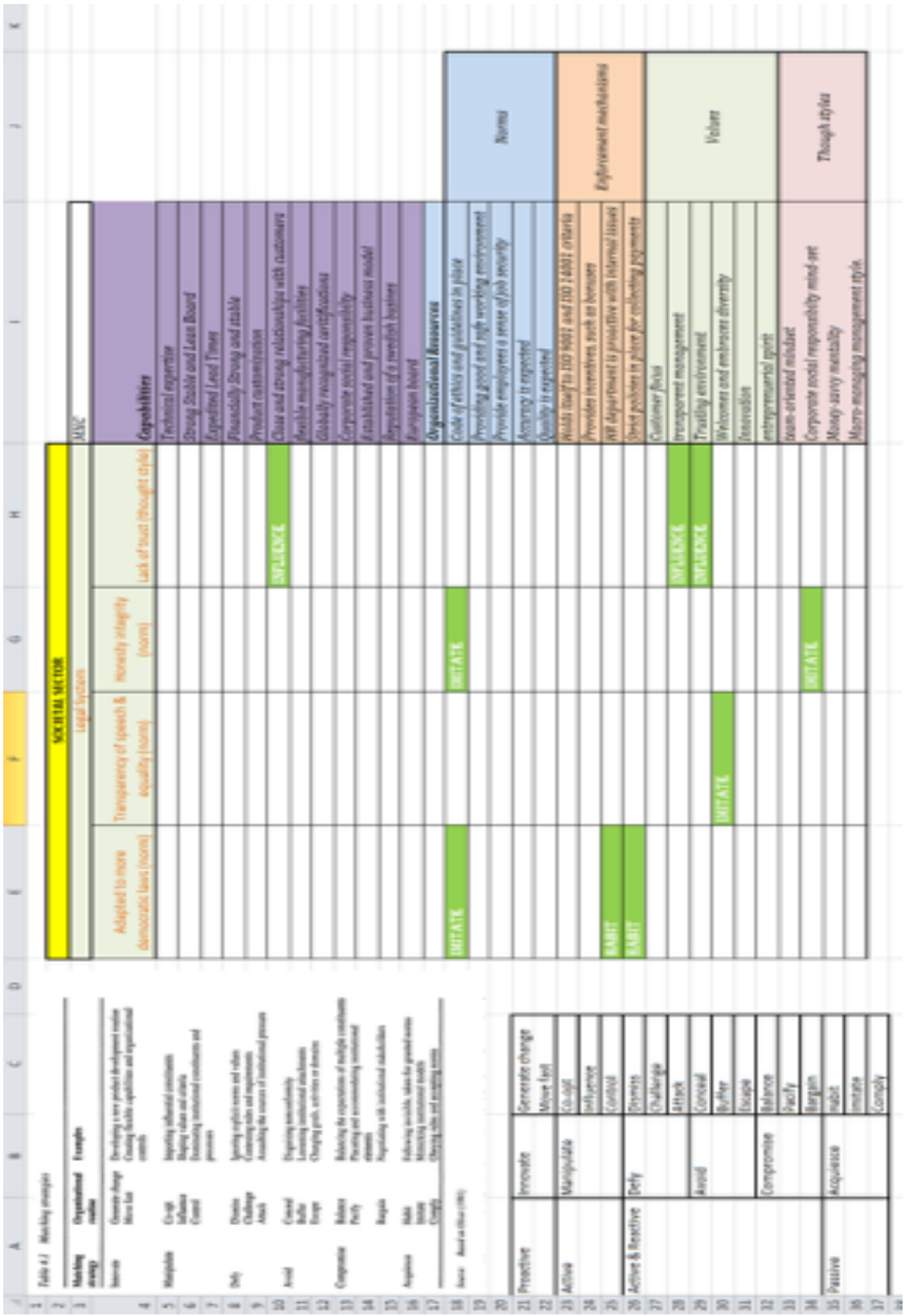
Appendix D Matching Strategies Towards the Legal System



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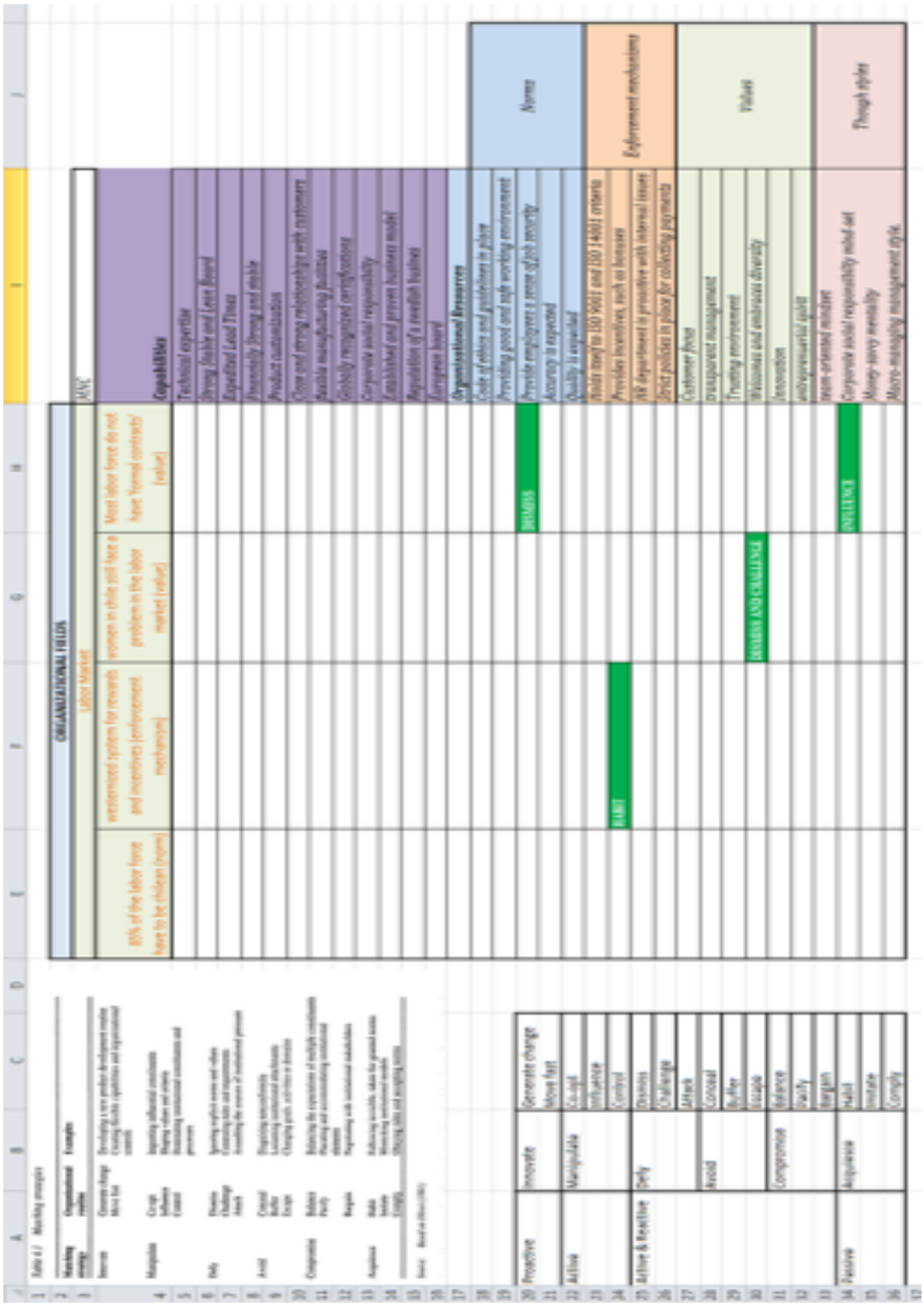
Appendix E Matching Stragies Towards the Legal System



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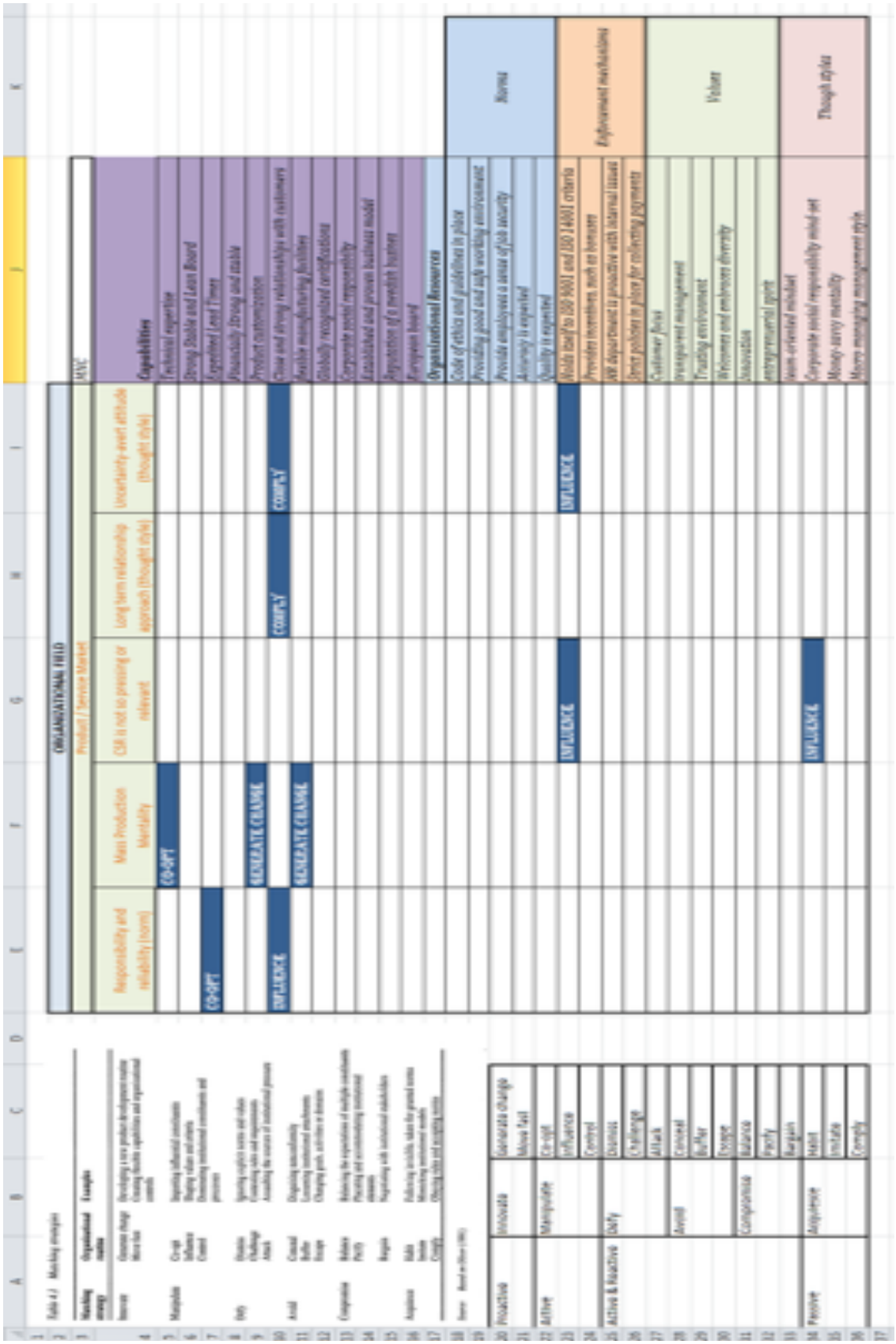
Appendix F Matching Strategies Towards the Product/Service Market



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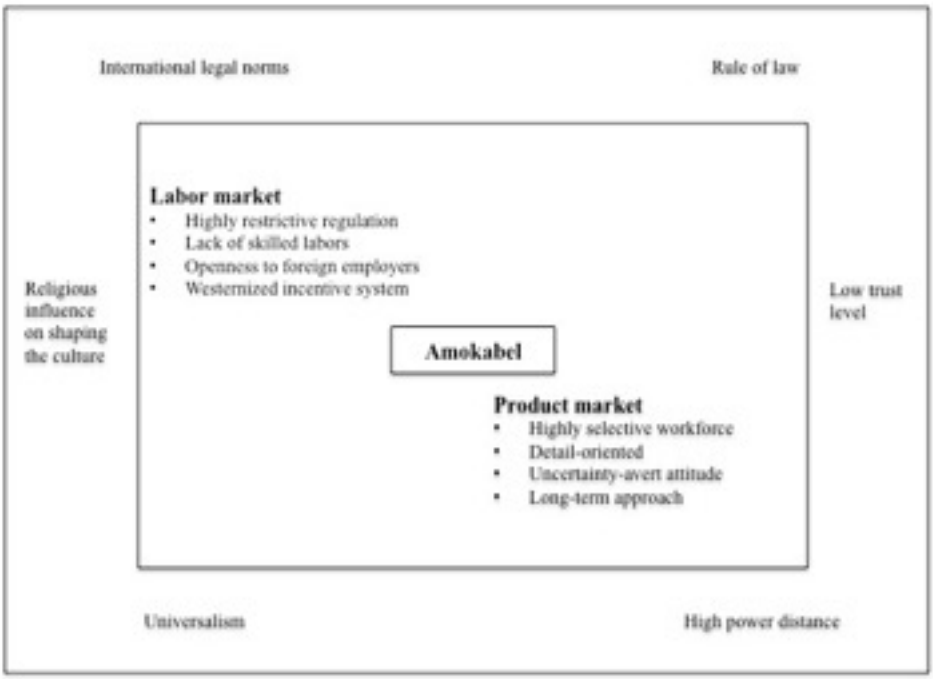
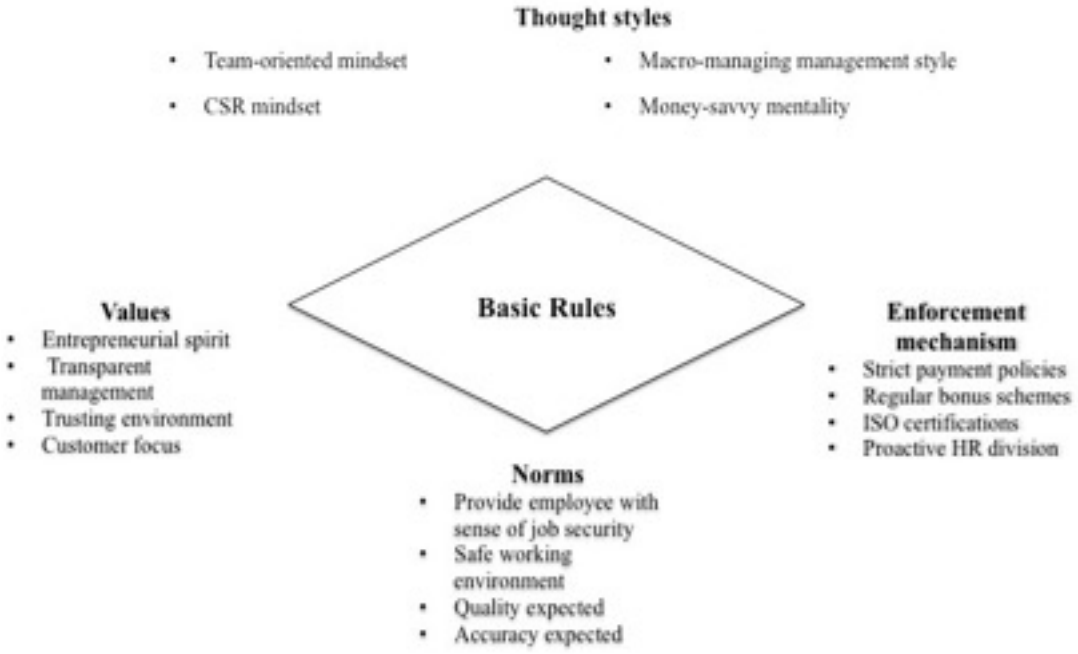
Appendix G External Environment Key Issues in Chile



Appendix H Basic Rules Model Specific to Amokabel



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