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How has sustainable competitive advantage been obtained within the Norwegian facilities management industry during the period from 2008 to 2018?

An explorative empirical study of the Norwegian Facilities Management industry

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ABSTRACT

Purpose:

The Norwegian Facilities Management (FM) market is classified as an emerging market with approximately 24-32.5 percent degree of outsourcing. Compared to other European countries, third-party facilities management service providers in Norway make up only a small proportion of the overall economy. In-house Facilities Management is a dominant solution, and therefore, potential market growth is estimated to be high in the Norwegian FM market. Currently, the total market for facilities management services in Norway is estimated to be NOK 100 billion. About half is assumed to be in the public sector (In-house). In recent years (2008-2017), the profitability within the Norwegian facilities management industry (outsourced market) has fluctuated but increased progressively. Consequently, the competitive environment within the outsourced facilities management market has intensified. Thus, several third-party FM service providers have considered various business strategies, such as extensive organic growth, dynamic capabilities, and mergers and acquisitions as appropriate options for achieving competitive advantage and market growth. In conformity with the factors above, the purpose of this empirical study was to examine how sustainable competitive advantage and the variation in profitability has been influenced by the three strategic perspectives, inside out, outside in and dynamic capabilities strategies.

Design/methodology/approach:

The research reported in this paper applied an explorative empirical case study consisting of semi-structured qualitative interviews (the main mean of gathering qualitative data) and quantitative analysis consisting of accounting figures, annual reports, and research reports. The combination of these data has provided a comprehensive, relevant, and exciting data material about the Norwegian Facilities management market. The qualitative explorative empirical study was based on interviews with ten respondents consisting of two chief executive officers (CEOs), 3 chief business development officers (CBDO), two chief strategy officers (CSO) and three market experts, with an average of 15 years of experience in their respective positions within the facilities management industry. Given the above factors, the conducted case study presents a nuanced picture of how sustainable competitive advantage has been achieved within the Norwegian facilities management market in the period from 2008-2018.

Findings:

What makes Norwegian third-party service providers competitive and profitable can vary. However, empirical findings from my study indicate that the achievement of competitive advantage within the Norwegian facilities management (FM) industry predominantly been influenced by the emphasis on the resource-based/inside-out and the dynamic capabilities strategic approach. Further, mergers and acquisitions are more preferred than organic growth strategies due to the effectiveness and broad results that mergers and acquisitions offer concerning the achievement of sustainable competitive advantage within the FM industry. These benefits include geographic expansion, competitive dependability, acquiring larger contracts (bundled and total FM contracts), technology, partnership, and unique service expertise and provision. However, externally time conditioned factors, such as degree of outsourcing in the public sector, procurement of large contracts, financial, political and cultural developments have also contributed to the achievement of competitive advantage during the last ten years (2008-2017/2018). Thus, it is not necessary the strategic approaches within the Norwegian third-party services that contribute to the achievement of sustainable competitive advantage and profitability, but customers (client organizations), large FM contracts and external macro factors also contribute to a large extent.

Originality/value:

Most studies about competitive advantage and profitability take place in technological, financial, and interdisciplinary driven industries. However, there are relatively few studies about competitive advantage and profitability in labour-intensive “blue-collar” industries such as Facilities Management, and particularly service provision in Norway. Thus, this study clarifies how and why various strategic approaches are more preferred than others in the pursuit of archiving sustainable competitive advantage in labour-intensive “blue-collar” industries such as Facility Management. Moreover, this study provides indications, particularly about how third-party service providers have achieved a competitive advantage within the Norwegian Facility Management industry during the past ten years.

Keywords

Competitive advantage, Facilities Management, Strategic management, Financial management, Market analysis, Third-party FM service providers, Norway.

PREFACE

Without faith, curiosity and courage to act, every great achievement remains merely a thought. (David Benedict Zumbo, 2019)

Not only is there an art in knowing a subject, but also, a certain art in presenting it. The Master's thesis marks the end of a two-year master's program in Economics and Business Administration at the Oslo Metropolitan university's Oslo Business school. The work on the Master's thesis has been exciting, inspiring, and educational. However, the process has also been demanding and challenging, especially combined with other studies at the Norwegian University of Life Sciences (NMBU) and the University of Oslo (UiO). Therefore, it is very satisfying to get to the goal, and I am proud of the contribution this thesis renders to the field of strategic management, facilities management, and market analysis.

During the work on the thesis, I have experienced great support and willingness to help from many people. Therefore, I would like to take this opportunity to express my appreciation to all those people who have continuously supported and encouraged me to complete the thesis.

First, I would like to thank God for the excellent health and wellbeing that were necessary to complete this work. Special thanks to my supervisor, Knut Boge, for sound input, advice, and discussions throughout the master process, indeed even throughout the bachelor's degree.

Furthermore, I also wish to thank all the respondents who contributed with valuable knowledge, experiences, and reflections, without whose cooperation I would not have been able to conduct the market analysis. I would also like to thank my family, friends, and brethren for all the inspiration, support, and motivation along the way.

If I have seen further, it is by standing on the shoulders of Giants. (Isaac Newton, 1675).

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ABBREVIATIONS

DC dynamic capabilities

ESOP equality, social organization and performance

FM facility management/facilities management

FS facility service

IO the Industrial organizational View

M&A mergers and acquisition

OC ordinary capabilities

PIO Porter's industrial organization

RBV resource-based view

1. INTRODUCTION

Historically, facilities management has been described as a hybrid management discipline that combines people, property and process management expertise to provide vital services in support of the organization (Barret, 1995; Shienm & Then, 1999). Further, facilities management is presumed to be a continually changing wide field that covers a vast area of activities and provision of various support services (Nutt, 1999; Atkins and Brooks, 2009; Barrett, 1995; Wiggins, 2014). Moreover, the first definition of facility management (FM) provided by Becker (1990) suggests that Facilities management is only concerned with the “hardware” such as buildings, furniture, and property equipment. Following definitions, however, included “software” such as people, processes, environment, health, and safety in the responsibilities of FM (e.g., Alexander et al. 2004; Atkins and Brooks, 2009; Then, 1999). Consequently, others have taken the definition further by expanding the scope of FM to cover the entire property life cycle of designing, building, financing, and operating (Nutt, 2002,2004; Wiggins, 2014). Furthermore, Payne (2000) and Wiggins (2014) stress the emergence of third-party facilities management providers who cover the broad remit of Facilities management provisions in a comprehensive “cradle to grave” approach. Similarly, Varcoe (2000) notes that organizations and consortia seek to provide a complete infrastructure for business by embracing other “working environment” components such as IT, finance, and human resources.

Indeed, the contemporary scope of Facilities Management is made clear in the framework suggested by Kincaid (1994), which depicts various aspects of management practice. Kincaid (1994) regards Facilities Management as a support role or service, part of the organization’s non-core business (supply-side) and serving the needs of primary activities or core business (demand side). In addition, following Wiggins (2014), facilities management entities seek to balance the demand for supporting services with supply of an optimized mix between needs/service levels and capabilities/constraints/costs (Wiggins, 2014, p. 11). Besides, the client organization, represented as the supply side in Facilities Management, can be considered as an aggregate of the client (corporate level), the customer (business unit level) and end-users. Hence, the role of Facilities Management is to mediate, through time, these demand and supply aspects in the organization. Moreover, the IFMA 2010 model of a triangle of ‘Ps’ sums up facility management concerns in today’s workplace: people, process, and place (EuroFM, 2009; IFMA, 2010). These three factors are interdependent and have

direct reciprocal relationships. Thus, facilities management service provision relates to space & infrastructure¹ (Hard FM services) and people & organization² (soft FM services) (Nutt, 2002; Wiggins, 2014, p. 7; Atkins and Brooks, 2009, p. 11).

In conformity with Wiggins (2014), Booty (2009); Atkins and Brooks (2009,2015), there are two main ways that an organization can arrange its FM services Within the facilities management industry. These are: (i) In-house, or self-perform, (ii) Outsource to a specialist. Thus, single FM service suppliers provide single services such as cleaning, catering, reception, and security staff. Further, bundled FM service suppliers offer two or more usually related (single) services, to fulfill the customers' requirements and to facilitate economies of scale. Integrated FM (IFM), or total FM (TFM) are related to coordinating, delivering and developing multiple FM-services on the customers' behalf, with the intent of achieving economies of scale and scope beneficial for the supplier as well for the customers.

Moreover, Some FM suppliers cover all five market segments, either themselves or through subcontracting (Wiggins, 2014; Booty, 2009; Atkins and Brooks (2009,2015). Consequently, according to (Wiggins, 2014, p. 11-28), the role in a Facilities Management organization is delegated in three levels. The first is the strategic level (overall strategy and financial assessment), the second relates to the tactical level (contract management and developing budget plans). The last refers to the operative level (delivering services and collecting data for performance evaluations). Supplementary, there is also a wide range of views on the list of support services within FM remit and outsourcing (Thomson, 1990; Avis, 1995; Bernard Williams Associates, 1994; Kennedy, 1996; Kincaid, 1994).

According to Boge (2010), Facilities Management (FM) as a professional discipline came to Norway in the late 1960s and early 1970s almost as a by-product of Norway's then-emerging oil industry. Accordingly, the first actors in the Norwegian oil industry were American oil companies. Further, many of the American oil companies that began to operate in Norway in the late 1960s and early 1970s bought several services from specialized service companies (Boge, 2010).

¹ Space & Infrastructure includes the client demand for (work-) space through services such as space planning, workplace, design, construction, lease, occupancy management building operations, maintenance, furniture, equipment, technical infrastructure, cleaning, etcetera.

² People & Organization includes the client demand for health services, catering, event management, ICT, hospitality, security, safety, human resource management, logistics, office supplies, document management, accounting, marketing, etcetera (IFMA, 2010; EuroFM, 2009;)

1.2 Background for choice of theme and research question

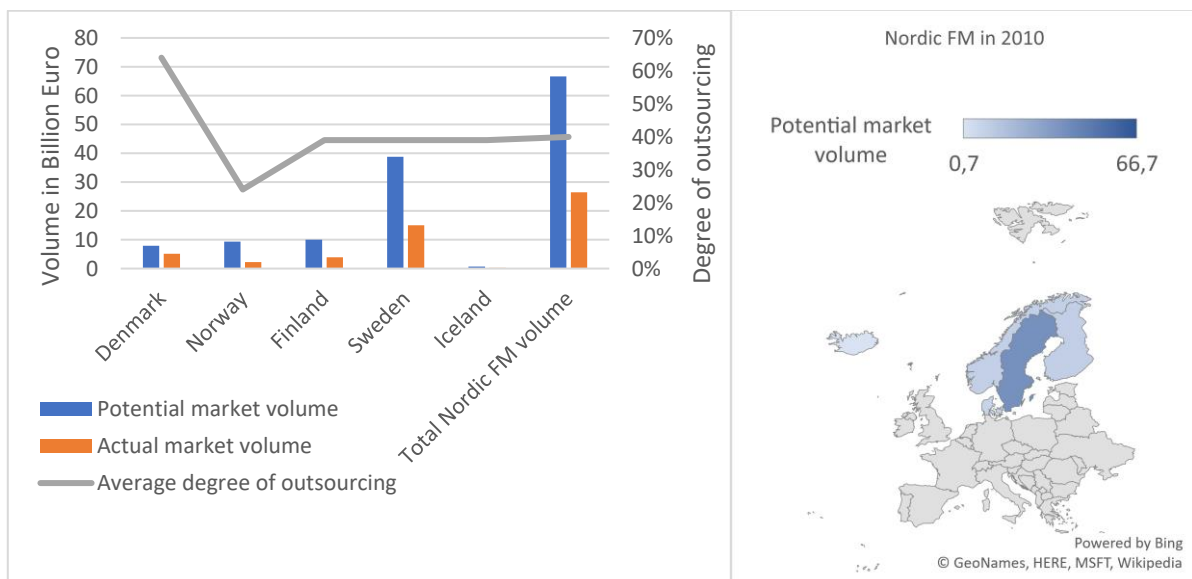
In the continually evolving business financial world, companies must persistently strive relentlessly to achieve sustainable competitive advantage through extended margins and peculiar business models and customer propositions in their fields of operation (Amit & Schoemaker, 1993; Teece, Picano & Schuen, 1997; Drnevich & Kriaciunas, 2011, p. 255). Accordingly, the competitive advantage relative to competitors is preferable for firms striving for economic profits within the market place (Barney, 1991, p. 102). Considering economic benefits, Porter's Industrial Organization (PIO) describes how external factors affect firm performance within the market. On the contrary, Resource-Based View (RBV) focuses on the effects of internal factors. Consequently, Porter (1980) stresses on competitive advantage through environmental conditions and industrial attributes while the RBV perspective, on the contrary, focuses on firm characteristics and considers resources as heterogeneous and immobile (Barney 1991). Further, Amit & Schoemaker (1993), Teece et al. (1997) and Drnevich & Kriaciunas (2011) accentuate that heterogeneous capabilities, such as unique, customized, distinctive, and specific to a firm, are prerequisites for sustainable competitive advantage. Therefore, in industries with strong industry forces, it is likely that PIO and heterogeneous capabilities will explain a more significant proportion of firm performance than RBV.

With the continually evolving business financial world influenced by market fluctuations and several market developments, outsourcing of facilities management services has become a significant strategic approach for many organizations. Moreover, the current expansion of facilities management outsourcing has predominantly provided customer organizations with a cost-effective support service provision delivered with quality and excellence (Atkins and Brooks 2009, 2015; Wiggins 2010, p 9). Hence, third-party FM service providers produce a significant portion of Facilities Management Services (support services) for customers (client organizations that do not have facilities management as their core business activity). Consequently, the Facilities Management industry is today in a situation where the global market, indeed, even the local market is continuously demanding more Facilities Management Services. At the same time, service production within the facilities management market is limited due to environmental and specific market challenges (Sæbøe and Blakstad, 2009, p. 19-21; Booty 2009, 257; Atkins and Brooks 2009, 2015).

According to NHO service og Handel's annual management operation and maintenance (MOME) report (2018), the total market for facilities management (FM) services in Norway is estimated to be NOK 100 billion. About half is assumed to be in the public sector (In-house). In a comparative study of the European Facilities Management industry in 2009, Teichmann (2009) classifies Norway as an emerging FM market whilst distinguishes between "Pioneer Markets" (more than 56.3 per cent outsourcing), "Developed Markets" (more than 43.6 per cent outsourcing), "Emerging Markets" (more than 32.5 per cent outsourcing" and "Pre-Emerging Markets" (more than 17.5 per cent outsourcing). The classification of Norway as an emerging FM market is related to estimates indicating approximately 36 percent of the FM services (an estimated total market of 12.28 billion Euros) was outsourced to service providers in 2008. The rest was provided in-house, mostly in the public sector. Hence, compared to other European countries, the third-party FM companies in Norway make up only a small proportion of the economy. In-house FM is a dominant solution, and thus, the facilities management industry's potential growth is considered to be high.

Supplementary to “The comparative study of Facilities Management in Europe” conducted by Teichmann (2009), Jensen (2011) conducted a study about the Nordic facilities management market which consisted of studies from Jensen (2009): Market for Facilities Management in Denmark, CapGemini’s survey of the Nordic FM Market (2004 and 2008) and Teichmann (2009): FM Market Size in Europe. With the study of Jensen (2011), the Nordic FM market is estimated as follows:

Figure 1: The size of the FM market in the Nordic countries in 2010



(Source: Jensen, 2011)

The diagram above indicates that the Danish and Norwegian markets have somewhat similar structure except for the degree of outsourcing is much higher in Denmark (64%) than Norway (24%). Further, Sweden represents by far the most significant market volume among the Nordic countries, with a potential market volume at € 38.8 Billion and an actual market volume approximately € 15.0 Billion but it also seems to have a different structure from the other Nordic countries. Space is the highest among space & infrastructure (S&I) activities in Denmark, Norway, and Finland, which could indicate a secure building-related focus, while the strong emphasis on Workplace among S&I activities and the dominating role of people & organisation (P&O) activities in Sweden seem to indicate a robust service-related focus. Thus, FM organization in Sweden have perhaps a closer relationship to their core businesses than FM organizations in the other Nordic countries.

Moreover, many facilities management contracts often last from 3 to 5 years, and operational level employees' turnover rates are usually high amongst several third-party service providers. Hence, the service providers' business environment is often transparent and highly volatile. As a result, third-party service providers struggle to keep business secrets and maintain their competitiveness. Despite the market fluctuations and low degree of outsourcing provisions in Norway, the Norwegian facilities management industry is still considered as a market with significant potential growth (degree of outsourcing). Thus, some firms are apprehended to have designed their strategies after this development. (Jensen, 2010,2011; Teichmann, 2009; NHO Service og Handel, 2018; CapGemini, 2008, Wiggins 2010; Sæbøe and Blakstad, 2009, p. 19-21).

1.3 Research question

Concerning the introduction and the background of the theme, the Norwegian facilities management industry's enormous growth potential and central challenges seem exciting to analyze using a fundamental market analysis with the emphasis on competitive analysis through strategic management. Thus, the research question for this written assignment is:

How has sustainable competitive advantage been obtained within the Norwegian facility management industry during the period from 2008 to 2018?

Furthermore, this paper investigates four underlying/sub research questions that are incorporated into the main research question above. The four underlying issues are included

in chapter 2.7 (summary of literature review and research questions). The aim of covering the four underlying/sub research questions after the literature review was to connect the reviewed literature with the research method and the findings in chapter four.

1.4 Delimitation and industry definition

Most studies about competitive advantage and profitability take place in technological, financial, and interdisciplinary driven industries. However, there are relatively few studies about competitive advantage and profitability in labor-intensive “blue-collar” industries such as Facilities Management, and particularly service provision in Norway. Thus, this study seeks to show how and why various strategic approaches are more preferred than others in the pursuit of achieving sustainable competitive advantage in labor-intensive “blue-collar” industries, such as Facilities Management. Thus, this empirical study focuses primarily on the Norwegian Facilities Management industry. Further, while conducting this thesis, I have chosen to focus on the top twenty third-party facilities management providers within the Norwegian facilities management industry. Moreover, especially the firms that offer three or more facilities management services, such as property management, cleaning, catering, and safety and security services. Hence, the chosen companies deliver “A set of facility services that interfere with each other.

To answer the intended research question, a clear definition of the intended industry has been considered necessary. Hence, key issues when defining the industry is where one should set the boundaries between the sectors and which assumptions the limits should be based upon. There may be different ways of representing an industry, including by looking at a geographical location, type of value chain, what needs to be covered or which end products are delivered. Besides, it is essential to discuss how narrow or broad the industry boundaries in the division should be set. Since there are various possibilities of defining an industry, the definition of an industry may affect the results of the overall study (Grant, 2010, p. 83-86) discusses how industries should be set. Hence, Grant (2010) argues that substitutes are a key focus area for defining an enterprise. For this study, the NACE standard has been used to describe the top twenty third-party FM service providers within the Facilities Management industry in Norway.

According to Brønnøysund Register's website (2019), NACE is understood as the industry code, which shows the units' main activity. Further, the industry code primarily covers statistical needs for Statistics Norway (SSB). Thus, the Brønnøysund Register state that the standard is a statistical standard. The purpose of having a common standard for industry division is to be able to compare and analyse statistics both nationally and internationally. Moreover, the NACE standard helps define different industries, and thus, provides the ability to set boundaries between sectors at different levels. Hence, in this case, study, third-party facility management providers are understood as companies that usually perform one or more services within cleaning, security, canteen and catering, waste management, caretaker services, operation, and maintenance. The following NACE standards were used to identify the top twenty-third-part facility management providers:

Table 1: NACE standards for the top twenty-third-part facility management providers.

NACE Industry Code: 81.210 - Cleaning of buildings	NACE Industry Code: 70,100 - Head office services	NACE Industry Code: 56,290 - Canteens operated as independent businesses
NACE Industry Code: 80,200 – Safety and Security Service Services	NACE industry Code: 56.101 - Operation of restaurants and cafes	NACE Industry Code: 43.210 - Electrical installation work
NACE Industry Code: 81,101 - Janitorial Services	NACE Industry Code: 80,100 - Private security services	NACE Industry Code: 81,220 - Exterior cleaning of buildings and industrial cleaning

Indeed, with the emphasis on solely third-party facilities management providers that offer a considerable degree of two or more facilities management services. Hence, the defined delimitation enables me to conduct an analysis of an exciting area that will probably give a good picture of how facilities management firms have achieved sustainable competitive advantage within the Norwegian facilities management industry in the last ten years.

1.5 Previous studies about the Norwegian FM industry.

In accordance with Jensen (2011), during the period from 2008-2010 the Norwegian total FM market (in-house +outsourced), was influenced by the financial crisis with increased competition and focus on cost reductions but also with maturing markets in all countries. Moreover, during the period from 2004-2010, the Norwegian total FM market (outsourced),

was influenced by increased globalisation, professionalism and focused on sustainability. Further, political decisions concerning labour immigration and lack of local labour force were mentioned in Norway particularly. Thus, for both the long and the short term, Jensen (2011) revealed that the economic situation and politics are essential factors influencing the degree of outsourcing. Moreover, the FM-industry's most significant long-term factors are increased globalisation, professionalism and market maturity. The most critical short-term factors are competition and the availability of labour force and competences.

In the article "Outsourcing and Facilities Management as strategies for comprehensive public sector reforms", Boge (2010) affirms that the Norwegian public sector (NPM) reforms also helped develop the Norwegian Facilities Management (FM) market, amidst other factors through joint ventures between former public administrations and the Facilities Management (FM) suppliers, such as ISS Facility Services, Coor Service Management and NEAS (acquired by Toma Gruppen AS in 2015). Further, according to Boge (2010), the Norwegian public sector (NPM) reforms have made at least three of Norway's major Facilities Management-suppliers more homogenous. Thus, ISS Facility Services, Coor Service Management and NEAS all aim for integrated Facilities Management. Hence, the similarities between the mentioned Facilities Management suppliers is presumed to be a result of institutional isomorphism, even if their initial positions and strategies were somewhat different, see (Meyer and Rowan, 1983; DiMaggio and Powell, 1983).

Another critical study is one conducted by Klungseth (2014, 2015). According to Klungseth (2014), both Facilities Management (FM) and cleaning are most commonly retained in-house as fully centralised departments rather than outsourced. Further, Klungseth (2014) reveals that Norwegian municipalities in general, irrespective of size (as a measure of the population), use private and third-party service providers to a limited extent to supplement their in-house services, and even less to replace their in-house services (Haugen & Klungseth, 2017). Indeed, other studies also reveal that local conditions are still influential in the development of Facilities Management within the Nordic countries. This argument is further supplemented by Dannemand Andersen et al.'s (2012) foresight study on trends and challenges within the Nordic facility management markets. Concerning previous research, this master thesis, therefore, seeks to supplement the research and practice within the field of strategic management, market analysis, and Facilities Management with a delineation of the Norwegian Facilities Management industry. Indeed, previous studies have emphasized the role of local conditions, FM in the public sector, NPM reforms, and the degree of outsourcing

within the Norwegian Facilities Management industry. Thus, this thesis aims to examine the facilities management market with an emphasis on third-party facilities management providers. Therefore, this thesis emphasizes on the outsourced Norwegian Facilities Management industry as the case of study.

1.5 Structure

The thesis is divided into several chapters, where the first chapter deals with the background for the choice of topic and research question. Supplementary, I briefly outline the market developments in the Norwegian facilities management industry, with the emphasis on previous studies and position the conducted research (thesis) in relation to the earlier studies. In conclusion, I discuss potential new research studies for today's Norwegian facilities management industry. The thesis's theoretical framework is presented in chapter 2. I start by discussing the theory of competitive advantage, resource-based view/inside-out, market-based view /outside-in, and dynamic capabilities strategic approaches. Furthermore, I look at the concept of mergers and acquisitions and profitability.

Chapter 3 discusses the methodological approach and arguments for the choice of research design and methods. The quality of data collection through the concepts of credibility and verifiability is analyzed and discussed before finally explaining some ethical reflections. The findings from the data collection are presented in chapter 4. After the presentation of data in chapter 4, I discuss empirical data concerning the research question in section 2.7. Finally, in chapter 5, I bestow the conclusion and the contribution of the assignment. I also mention some implications and propose suggestions for further research.

2. THEORETICAL FRAMEWORK

The following literature review intends to explain the development process and the course of research in the interdependent fields, strategic management, and financial management, with the emphasis on business strategy formation, competitive advantage, profitability and mergers and acquisitions. Additionally, the given literature review enables me to limit the scope of the thesis, and thus, facilitates me to convey the importance of studying the topic to the reader (Creswell, 2003, p. 27).

2.1 Strategic management and competitive advantage

Where there is much desire to learn, there of necessity will be much arguing, much writing, many opinions; for opinions in good men is but knowledge in the making. John Milton (1608 - 1674); English poet

Notwithstanding the significant amount of empirical studies within the strategic management field, the fundamental question of strategic management is understood to be how companies can achieve and maintain competitive advantage (Teece et al.1997). Thus, the significance of strategic management is related to the impact strategy has on how companies gain a competitive advantage in today's rapidly changing industries. Hence, we understand competitive advantage as a business concept within the study of strategic management, that describes unique characteristic that enables organizations to outperform their competitors in a defined market industry. These distinctive characteristics may comprise access to human resources, dynamic capabilities, innovations, such as robotics and information technology. The given unique features can also contribute to achieving a competitive advantage, whether as a part of the service or product itself, as an advantage to the producing of the service or product, or as a competitive aid in the business process for example, through better identification and understanding of customers. Thus, the term competitive advantage refers to the competence or ability obtained through attributes and resources (peculiar characteristics) to perform at an excessive level than competitors in the same industry (Christensen and Fahey, 1984; Kay, 1994).

Complementarily, Porter (1980) affirms that every successful organization conducts its strategy to correspond to its specific market situation. However, there are four critical

strategies, cost leadership, differentiation, low-cost focus, and low-cost differentiation (Porter, 1980). Accordingly, organizations adopt the strategic approach that best fits their business, both internally and externally, and modifies if need be. Concerning theories within the strategic management field, it is noted that competitive advantage seeks to address some of the criticisms of comparative advantage (Porter, 1985). Thus, competitive advantage builds on the notion that inexpensive labour is ubiquitous, and natural resources are not necessary for a satisfactory economy. Comparative advantage, on the contrary, can govern countries and organizations to specialize in exporting primary goods and raw materials that entrap countries in low-wage economies due to terms of trade. Moreover, most studies about sources of sustained competitive advantage have focused either on isolating a firm's opportunities and threats (Porter, 1980, 1985). Secondly, describing its strengths and weaknesses (Hofer and Schendel, 1978; Penrose, 1959), or thirdly, analysing how these are matched to choose strategies.

2.2 Strategic approaches and perspectives on business level strategy

If the only tool you have is a hammer, you treat everything like a nail. Abraham Maslow (1908-1970); American psychologist.

Historically, indeed, even in recent times, successfully implemented strategies, have indeed enabled firms to acquire superior performance, which in return has allowed firms to outperform current and potential players in their industrial market place (Passemar and Calantone, 2000, p.18). Accordingly, for firms to gain a competitive advantage in the given market place, the formulated business strategies must seek to exploit the various resources within the firm. Hence, utilizing resources, such as capabilities and knowledge base, since direct control over these resources could generate a competitive advantage in the future (Reed and Fillippi 1990 cited by Rijamampianina 2003, p. 362). Given the factors above, it is apprehended that superior results (performance) and superiority in production resources will reflect the firm's competitive advantage in the market place (Day and Wensley, 1988). Accordingly, companies that seek to archive competitive advantage must earn superior profits either by operating in an attractive industry or by establishing a competitive advantage over their rivals. Preponderantly, this competitive advantage over other companies in the market industry should be sustainable over a prolonged over time.

When it comes to how companies should approach creating a (sustainable) competitive advantage in a given market industry, De Wit (2017) argues that we must look more deeply in the central question concerning strategic management, with the emphasis on business-level strategy (Grant and Jordan, 2015, p. 140-153; De Wit, 2017, p. 178). Indeed, the strategic management literature comes with sharply differing views on how strategic managers should pursue achieving competitive advantage. The variety of opinions among strategy theorists is dauntingly large, posing many incompatible prescriptions. However, De Wit (2017) notes that managers who argue that the market opportunities should be leading, while implying that the organization should adapt itself to the market position envisioned, are referred to as the "resource-based/outside-in perspective." Moreover, strategic managers that emphasize the development of appropriate resources and value chains and argue that product-market positioning is a tactical decision that can be taken later are understood to adapt the "Market-based/inside-out view" (Wit, 2017). Accordingly, the resource-based theory (Barney, 2001) has historically been central while explaining the achievement of competitive advantages. However, in recent times, contemporary approaches have also gained influence - the theory of dynamic capabilities (DC) was introduced by Teece, Pisano, and Shuen in 1997, and is a further development of the resource-based perspective.

2.3 Recourse based perspective and inside-out approach

Within the field of strategic management, the resource-based view (RBV) is a significant theoretical framework that aspires to explain how companies' competitive advantages are achieved (Eisenhardt & Martin, 2000). Newbert (2007) introduces RBV as one of the most widely accepted theoretical perspectives within the strategic management field, which evolved as a complement to The Industrial-Organizational View (IO), promoted by Bain (1968) and Porter (1979, 1980, 1985). The IO view stressed organizational performance having regard to the industrial structure outside the business and strategic positioning within this structure, as well as other external influencing factors (Eisenhardt & Martin, 2000). The resource-based view (RBV), on the other hand, seeks to explain how companies achieve sustainable competitive advantages based on their overall internal resources and capabilities. Resources are defined in this context as an enterprise's available physical or intangible resource.

In relation to the early theories on resource-based view (RBV), American Jay Barney (1991), who would have a significant influence on the development of the resource-based perspective with his article “Firm resources and sustained competitive advantage” from 1991, based, among other things, on the work of Penrose (1959), Rumelt (1984) and Wernerfelt (1984), formalized a previously fragmented resource-based literature to become a holistic and empirically testable framework. The article stresses two fundamental assumptions: First, resources and capabilities are heterogeneously distributed among businesses, and secondly, that they are stable over time (Barney, 1991). Barney argues that companies that hold valuable and rare resources can generate returns in the short term. In addition, resources must be non-imitable and non-substitutable before the company can gain lasting competitive advantage (Barney, 1991).

In the 1990s, theoretical works that discussed processes that must be implemented to exploit the inherent values of the resources, followed: Newbert (2007) research contributions that dealt with core capabilities (Leonard-Barton, 1992), competencies (Fiol, 1991). ; Reed & DeFillippi, 1990), combinatorial capabilities (Kogut & Zander, 1992), transformation capabilities (Lado, Boyd, & Wright, 1992), organizational capabilities (Russo & Fouts, 1997) and capabilities (Amit & Schoemaker, 1993). This rediscovered process focus led to two new theoretical approaches to the resource-based perspective (Newbert, 2007): First, Barney was with his 1997 VRIO framework, which partly responds to the criticisms made by Mahoney and Pandian (1992): If a business is to achieve lasting competitive advantage, it is not enough that the resources are valuable (rare), rare (non-feasible) and non-imitable (inimitable) companies must also be organized in such a way that it maximizes the potential value of resources, which can be achieved by means of control systems, compensation schemes and organizational structure (Barney, 1997). Accordingly, the inside-out strategy perspective is understood to be a corporate strategy which relies on the core competencies of the firm in terms of product development, innovation and change management as opposed to external influences, such as customer preferences and market competition. Considering the assertion of the inside-out strategies, firms seek to achieve greater efficiencies and adapt more quickly to changing circumstances (Wit, 2017. 196-220).

However, Barney's (1991) resource-based theory was challenged by the dynamic business environment of the 1990s: The theory was criticized for being static by nature, as it does not take good account of the market dynamics around the company, and thus is not suited to explaining the companies' competitive advantage in changing and unpredictable

environments (Eisenhardt & Martin, 2000). Another critical approach focuses on the fact that RBV only addresses the identification of valuable resources, and not how companies can realize the inherent values of the resources - "the processes through which particular resources provide competitive advantage remains in a black box" (Priem & Butler, 2001, p. 33). Thus, RBV is little suited to explaining a company's development over time (Wang & Ahmed, 2007). To meet the challenges of the resource-based perspective, in 1997, Teece, Pisano and Shuen presented the second approach to RBV - the epoch-making theory of dynamic capabilities, which defines which processes a business can implement to exploit its resources (Barreto (2010).

2.4 Market based view theory

Parallel to market analysis and competitive advantage, the market-based perspective on strategy disputes that industrial aspects and external market orientation are the underlying determining-factors of firm performance, indeed, even firm profitability in the market place (Bain 1968; Caves & Porter 1977). Supplementary, sources that are of significant value for the firm as mentioned in the business model are enclosed in the competitive situation characterized by the firm's end-product strategic position. Subsequently, the firm's strategic position in the market place is attributed to the firm's unique set of actions that are different from its rivals. Alternatively, a firm's strategic position can be determined by how the firm performs complementary activities to other firms, but in very peculiar ways.

Correspondingly, in the market-based view on strategy perspective, a firm's profitability, yea, even performance is entirely determined by the market structure and competitive dynamics of the given industry (Schendel 1994).

The traditional Industrial Organization (Bain/Mason Paradigm) strategic perspective consists of a structure, conduct, and performance (SCP) model that was developed by Bain and Mason in the 1960s (Porter 1981). Accordingly, this paradigm primitively intended to stimulate social welfare by describing conditions where perfect competition exists, and initiate competition enhancing activities where such competition is absent (Porter 1981). Scholars within the IO tradition endorses this view and are predominantly concerned with industry performance (external factors) rather than firm performance (Spanos & Lioukas 2001). However, Porter (1980, 1981) modified the traditional Bain/Mason paradigm by

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stressing on factors that can enable the achievement of competitive advantage, rather than factors leading to perfect competition. Instead of focusing on how to create ideal competition, Porter turns the structure, conduct, and performance (SCP-model) upside down and stresses single firms can create and sustain competitive advantage. According to Porter (1981), firms should seek an industry with few competitors and strive to achieve monopoly profit in that industry. In the intended study (my thesis), I attempted to evaluate firm performance rather than industry performance. Hence, I, therefore, chose to base the market based-perspective on Porter's theory (PIO) and not the traditional Bain/Mason paradigm.

Porter (1980) presupposes that firms within an industry have approximately identical strategic, relevant resources and can acquire resources they lack. Thus, substantial resources are considered as homogeneous and immobile. Consequently, irrespectively attempt to establish resource heterogeneity will thereby have no sustainable benefit due to the high degree of mobility of strategic resources. Accordingly, questions related to PIO are how firms can protect themselves from industry factors, and how a firm can acquire a competitive advantage in an industry where resources are homogeneous and mobile. Porter (1980) argues that the key to safeguarding a firm's position within an industry is to develop a strategy that can function as a defence mechanism against industry forces. Concerning to the market-based perspective, Porter's (1980) Five Forces framework, is included to identify specific attributes of industry structure that can threaten a company's competitive advantage.

The five forces as presented in Porter (1985) consists of the barriers to entry, the threat of substitutes, the bargaining power of suppliers, bargaining power of buyers and rivalry among competitors. The five-forces model facilitates an organisation to conduct a thoroughly analysis of the industry's current situation in a structured way. Thus, in the five forces perspective, a firm's sources of market power can be explained by its relative market performance. For example, in markets where individual firms have a monopoly, it is presumed that the firm with monopoly has a strong market position and thus, performs better than its rivals (Peteraf 1993). Further, high barriers to entry for new competitors in an industry is also understood to lead to reduced competition within the market industry, and hence, better performance. Besides high barriers to entry and high barriers of substitutes, higher bargaining power within the industry relative to suppliers and customers can also lead to better performance (Grant 1991; Wit, 2017, p. 196-220).

2.4.1 Empirical Studies on PIO

Indeed, after Porter (1985), Grant 1991 and Peteraf (1993), respective researchers have conducted comparatively empirical research extolling the repercussions industrial elements have on firm performance. In the article "An examination into the causal logic of rent generation: contrasting Porter's competitive strategy framework and the resource-based perspective", Spanos & Lioukas (2001) discovered that profitability is affected solely by elements of industrial structure. In conformity to Spanos & Lioukas (2001), competitive rivalry and bargaining power of suppliers are understood to have a direct impact on profitability, although the effects are considered marginal. Further, Spanos & Lioukas (2001) revealed a significant indirect correlation regarding the interrelationship between strategy, power of suppliers and profitability. Hence, Spanos & Lioukas (2001) concludes that market performance is the fundamental prerequisite to profitability and that other industry effects have an indirect impact on profitability through the firms' market performance.

Supplementary, Schmalensee (1985) and Wernerfelt & Montgomery (1988) obtained comparable results supporting the classical focus on industry-level analysis. Hence, Schmalensee (1985) and Wernerfelt & Montgomery (1988) conclude that industry effects explain approximately 20% of the observed variance in business unit returns. Further, Rumelt (1991) reveals that industry factors explain nearly 17-20% of the variation in financial performance.

2.5 Capability based theory and Dynamic capabilities

The theory of dynamic capabilities was introduced in the 1990s as an extension of, among other things, the resource-based theory. The theory of dynamic capabilities has had a significant influence on literature within the study of strategic management. Consequently, dynamic capabilities are today a dominant framework when it comes to building a competitive advantage within the market industry. Grant (1991) argues that capabilities are the primary sources of competitive advantage, while the firm's resources are considered as the primary source of capabilities. In the article "Specialized assets and organizational rent", Amit and Shoemaker (1993) adopted a similar reference which supplemented Grant (1991). Thus, Amit and Shoemaker (1993) suggested that the firm's resources alone do not contribute to sustained competitive advantages in the market place, but that it is the particular capabilities that contribute to sustained competitive advantages. Furthermore, Haas and

Hansen (2005), as well as Long and Vickers-Koch (1995) also emphasized the importance of capabilities rather than the firm's recourses in general. Hence, the authors suggested that firms can attain a competitive advantage through their ability to apply the firm's particular capabilities to execute essential activities within the firm (Haas and Hansen, 2005; Long and Vickers-Koch, 1995).

Nevertheless, there are a variety of definitions and various theoretical contributions related to dynamic capabilities. Teece et al. (1997) presented the original contribution to the definition of dynamic capabilities as they defined it as: "The firm's ability to integrate, build, and reconfigure internal and external competences to rapidly changing environments." In due course, scholars have described dynamic capabilities as the ability to integrate, reconfigure, procure and release (Eisenhardt and Martin, 2000) create and modify (Zollo and Winter, 2002) as well as expand and modify organizational resources. Accordingly, while early contributions often assumed a direct link between dynamic capabilities and organizational performance, later contributions have, inter alia, argued that the value of dynamic capabilities lies in the resource configurations they help to create (Zahra et al. 2006).

In pursuit of a better understanding of dynamic capabilities, a distinction has been proposed between ordinary and dynamic capabilities (Protogerou et al. 2012). However, when considering the difference between ordinary and dynamic capabilities, there is a controversy among researchers in the strategic management field. Some scholars argue that ordinary capabilities enable the business to produce results, or solve tasks - such as making a product, by enabling the business to coordinate a set of specialized routines required to perform the task (Winter, 2003; Zollo & Winter, 2002). Dynamic capabilities, on the contrary, consist of organizational routines, and utilize resources, but are recognized as a "higher level" of activities that can be exploited to build or change ordinary capabilities (Teece, 2007; Zollo & Winter, 2002).

To broaden the scope of the capability-based theory, Grant (1996) divides the firm's capability into four different categories: cross-functional capabilities, broad functional capabilities, activity-related capabilities and specialized capabilities (Grant, 1996). The various approaches, procedures, models and definitions found in research on dynamic capabilities have led to the framework being criticized for being tautological, ambiguous and non-operational (Teece et al. 1997, Eisenhardt and Martin 2000, Zollo and Winter 2002, Winter 2003, Helfat 2007). Thus, to better apprehend the nature of dynamic capabilities,

several researchers have proposed a distinction between dynamic capabilities and ordinary or operational capabilities (Teece, 2014; Collis, 1994; Zollo and Winter, 2002).

Further, Teece (2007, 2014) has also divided dynamic capabilities into three distinct capabilities, defining what he affirms as (1) identifying capabilities, (2) realizing capabilities, and (3) reconfiguration capabilities - briefly summarizing how the business identifies and defines opportunities and threats, exploits opportunities, and, if necessary, reconfigures its resources to achieve competitive advantage. Further, several researchers have also pointed out that the ability to be innovative is a significant component in the development of dynamic capabilities (Helfat, 2007; Teece, 2014). Being innovative means, in the dynamic capability perspective, the ability to continually change to survive. While dynamic capabilities are all about corporate innovation and environmental change management, innovation capabilities stress the companies' ability to create and develop new ideas tailored to the given market industry (Teece, 2007, 2014). Hence, organizations with strong dynamic capabilities are, according to Teece (2007), solution-oriented and innovative organizations. These organizations do not merely adapt their strategic approaches and business models to dynamic environments.

Moreover, they also shape dynamic environments through innovation and collaboration with other companies, businesses, and institutions (Teece, 2007). While dynamic capabilities aspire to address the management of innovation and environmental change, innovation capabilities emphasize the companies' ability to create and develop new ideas accommodated to the market. Complementary, innovation capabilities can be defined as the company's potential to generate new ideas, identify new market opportunities, and apply market-relevant innovations by leveraging subsisting resources and capabilities (Hii and Neely, 2000).

Another captivating discussion is whether it is possible to achieve sustainable competitive advantage in dynamic markets. D'Aveni (1994) discusses this in the book "Hyper competition." A significant point in the book "Hyper competition" (D'Aveni, 1994), is that strategy must no longer concentrate on adapting organizations to a stable environment to achieve lasting competitive advantage. The theory stresses that stable, yea, even stable environments exist to a lesser extent, and this contributes to strategic adjustments having a dynamic approach (D'Aveni, 1994). This is in conformity with the theory of dynamic capabilities. In terms of competitive advantage, however, D'Aveni (1994) has an insignificantly different perspective than what is presented in research related to dynamic

capabilities. According to D'Aveni (1994), there is no sustainable competitive advantage in dynamic markets. Hence, everything is approximately about creating, yea, even achieving temporary competitive advantages. Thus, only the ability to innovate can be sustainable.

D'Aveni (2010) suggests in this context that companies should also focus on building several temporary competitive advantages that are continually being replaced by new short-term benefits. Consequently, this implies that innovation must be continuous in order to continually create further temporary competitive advantages (Nysveen and Andreassen, 2014). Supplementary, Nysveen and Andreassen (2014) and D'Aveni (2010) stress that in stable environments, innovation only creates new temporary competitive advantages, but that continuous innovation enables sustained competitive advantage (D'Aveni, 2010; Nysveen and Andreassen, 2014). Within the context of innovation capabilities, the evolutionary perspective, Schumpeter's theory of economic development is central. Schumpeter's starting point was the economics profession's static and deterministic comprehension of the economy and its deficiency of explaining economic changes. When Schumpeter (1934) described the economic transformation, he used the manufacturing processes in the business world as the starting point, which, according to him, consists of combining resources in distinctive ways. Thus, every production process consists of utilizing, consolidating, and developing resources that are known, such as specific raw materials, technology, and production methods. Hence, development in Schumpeter's (1934) sense implies that the organization combines known resources in new ways.

2.6 Mergers and acquisitions: The strategic concept

In the last decades, mergers and acquisitions (M&As) have become a widespread and predominant phenomenon; indeed, even a significant strategic approach in industrial organizations. In the pursuit of achieving profitability and competitive advantage, companies have been vigorously involved in mergers and acquisitions domestically as well as internationally. Despite having different interpretations, yea, even definitions, the terms mergers and acquisitions are used interchangeably to denote any transition that establishes one company (economic unit) from two or more previous economic units (Gowrisankaran et al, 2004). Thus, the fundamental principle behind acquiring a company (another economic unit), is to create shareholder value that is beyond, indeed, over and above that of the sum of the two companies (two economic units).

This rationale consideration is particularly mysteriously attractive to companies when times are tough, and when profitability stagnates. Consequently, great companies tend to consider acquiring other companies to create a more profitable, competitive, and cost-efficient company. Thus, when conducting mergers and acquisitions, companies will assemble with the aspiration of obtaining a more significant market share or achieving substantial efficiency. However, regarding potential benefits whilst considering mergers and acquisitions, it is understood that target companies often agree to be acquired when they acknowledge that they cannot survive solitary in the market place (Brigham, 1986; Cybo-Ottone and Murgia, 2000; Brealey and Myers, 2003). Considering market growth and business cycles, mergers and acquisitions are understood to be essential vehicles for firms' long-term business, product, and geographic strategies (Ferreira et al.2012). Besides being significant strategic vehicles for firms, M&As have become primary vital tools for larger firms, yea, even multinational corporations' growth (Hitt et al., 2001), and have significant impact on the firms' comprehensive performance domestically as well as internationally (Laamanen & Keil, 2008) and impact long-term consequences for the firm and their overall strategic approaches (Capron & Pistre, 2002). Given its significance and relevance, research on M&As seems to have flourished and as the fields of study evolve and mature. Hence, it is useful to periodically analyse the accumulated knowledge, its past directions, and future challenges (Low & MacMillan, 1988).

2.6.1 Synergy creation through Mergers and Acquisition

Within the context of mergers and acquisitions, synergy creation as the additional value is considered value created by the value generated by the combination of two companies. Accordingly, synergy creation is creating opportunities previously unavailable to independent business entities (Damodaran, 2005). Such a justification for synergy creation has been supported by theories of M&A, suggesting that, when pursuing an M&A, the value of companies may tend to increase (Shrestha, 2014). Supplementary, Bernile and Lyandres (2011) investigated the benefits of mergers along supply chains using a unique dataset of insiders' projections of synergies (Maksimovic and Phillips, 2001). The discovering indicates that synergies are a significant determinant of the responses of rivals, customers and suppliers, and a critical factor in understanding the market power motive for horizontal mergers (Maksimovic and Phillips, 2001; Bernile and Lyandres, 2011). According to Cigola

and Modesti (2008), Uddin and Boateng (2009), Kadapakkam et al. (2009), and Nogest (2010), the notion of synergistic gains Within the context of mergers and acquisition, accounts for a great deal of the justification for conducting M&As. However, the areas of the benefits are unknown.

Moreover, previous studies affirm that the synergistic gains are perceived in the financial results (resulting from the utilization of fiscal benefits, greater financial leveraging with reduced costs, project investment, diversification, better capital structure, among other budgetary advantages), operational (resulting from economy of scope, increased revenue, and scale, reduction of operational costs and capital investments), and managerial jurisdictions (resulting from improved managerial competence and substitution of unproductive administration), Berger and Humphery,1992;Kwan, 2002; Shrestha, 2014). Astoundingly, most studies comparing pre and post mergers performance reveal that potential efficiency derived from mergers and acquisitions rarely emerge (Piloff, 1996; Berger et al., 1999). However, Yener and David (2004), identified that mergers and acquisitions had a significant role in improving financial performance after a merger, which is a stimulus for efficiency. Contradictory, Beitel et al. (2004) found no gain (financial performance) effect due to mergers and acquisitions. Moreover, most studies examined in relation to mergers and acquisitions, reveals that mergers and acquisitions add significantly financial performance (gains) in cases with the banking sector, apart from Straub (2007) and Rhoades (1993) that have contradictory findings.

2.6.2 Profitability measurement

To determine which explanatory variables affect the variation in profitability, one must first clarify how one should define profitability. The most commonly used calculation for profitability is Return On Assets (from now on ROA) is used by Schmalensee (1985), Kessides (1990), Rumelt (1991), Roquebert et al. (1996); McGahan and Porter (1997), McGahan and Victor (2013), Chandrapala and Knápková (2013), Etiennot and Vassolo (2013) and Xia and Walker (2015). To test the robustness of ROA, Bhattacharjee and Majumdar (2011) measure profitability both with ROA and operating margin. The results show that the two profitability targets largely correspond.

Moreover, Lieu and Chi (2006) only report figures in net operating margin, while Singhanian et al. (2014) also used gross operating margin as a measure of profitability. Batchimeg (2017) used Return On Sales and Return On Equity as well as ROA. Chang and

Hong (2002) used a related profitability target in Return On Invested Capital. Further, Hawawini et al. (2003) stress that ROA is not a good measure of profitability since it does not take into account the company's capital costs and because different accounting methods can result in ROA. In the study, they, therefore, use residual income and market-based value as a measure of profitability. Kuo (2016) also uses these profitability targets. Hawawini et al. (2003) examine the correlation between ROA and their preferred profitability targets. They find that ROA is correlated with 0.8 against residual income, while the market-based value is correlated lower with both ROA and residual income. The results thus show that there is no significant difference between ROA and residual income. In respect to the previous studies conducted on profitability, we can, therefore, conclude that most of the studies use ROA or related variables as profitability targets.

Moreover, some studies discuss the weakness of using ROA and suggest alternative profitability targets such as residual income and market value. Hawawini et al. (2003) revealed a high positive correlation between ROA and residual income, while the market-based value is correlated lower with the other profitability targets. Hence, to be able to use market-based value as a measure of profitability, one is dependent on having market-based figures.

2.7 Summary of Literature and detailed research questions

Concerning the research question of the thesis, the literature chapter has been devoted to the study on different literature related to competitive advantages, such as RBV, PIO, dynamic capabilities and M&A and its overall effect on the organization. The literature study sought to highlight the impact of different strategic approaches in different areas on the organization and how resource characteristics moderate this relationship. Further, the literature study compared the different strategic intentions in connection with the firm's pursuit of achieving competitive advantage within a given market industry. Notably, the research stressing the RBV, DC, and PIO, agree that firm-specific abilities and resource bases are essential in the pursuit of achieving competitive advantage in any given market. However, the PIO theory stresses that the market-based strategic approach is more associated with comparative advantage than with competitive advantage. Thus, following the market-based view with the emphasis on PIO, enables organizations to attain comparative advantage and not just competitive advantage alone.

Further, the literature review concerning PIO, concludes that industry factors explain nearly 20 % of the overall firm performance variance. Thus, the market-based view indicates that a substantial proportion of the company performance can be elucidated through firm-particular components such as the firm's resources. Additionally, a gap in the literature review concerning the relevance of resource heterogeneity and resource immobility in relation to the RBV is discovered.

Further, it can be argued that there are mainly three significant differences that are addressed in the literature. The first notable difference is the difference between capabilities and dynamic capabilities. Some researchers argue that capabilities are concerned with the company's ability to achieve a result or solve a task. However, dynamic capabilities are understood as the ability to change these current capabilities (Winter, 2003; Zollo and Winter, 2002; Zahra et al. 2006). The third discussion argues whether dynamic environments are a prerequisite for the development of dynamic capabilities (Teece, Pisano, and Shuen 1997) or whether the ability to integrate, build and reconfigure corporate resources will also be present in more static environments (Zollo and Winter 2002, Winter 2003, Zahra, Sapienza, and Davidsson 2006). By addressing the selected theories and literature, I have obtained a better understanding of factors providing a sustained above-average firm performance. In the next chapter, the methodology design to solve the existing literature gap, as identified in the previous sections, will be stated thoroughly.

Moreover, in the last decades, mergers and acquisitions (M&As) have become a widespread and predominant phenomenon; indeed, even a significant strategic approach. Considering market growth and business cycles, mergers and acquisitions are understood to be essential vehicles for firms' long-term business, product, and geographic strategies (Ferreira et al.2012). However, the fundamental principle behind acquiring a company (another economic unit), is to create shareholder value that is beyond, indeed, over and above that of the sum of the two companies (two economic units). Supplementary, Bernile & Lyandres (2011) and Maksimovic & Phillips (2001) discovering indicates that M&As synergies are a significant determinant of the responses of rivals, customers and suppliers, and a critical factor in understanding the market power motive for horizontal mergers. However, the areas of the benefits are unknown. Moreover, most studies examined concerning mergers and acquisitions, reveals that mergers and acquisitions add significantly financial performance (gains) in cases with the banking sector, apart from Straub (2007) and Rhoades (1993) that have contradictory findings.

To determine which explanatory variables affect the variation in profitability, the most commonly used calculation for profitability is Return On Assets as proposed by Schmalensee (1985), Kessides (1990), Rumelt (1991), Roquebert et al. (1996); McGahan and Porter (1997), McGahan and Victor (2013), Chandrapala and Knápková (2013), Etiennot and Vassolo (2013) and Xia and Walker (2015). To test the robustness of ROA, Bhattacharjee and Majumdar (2011) measure profitability both with ROA and operating margin. The results show that the two profitability targets largely correspond. Moreover, Lieu and Chi (2006) only report figures in net operating margin, while Singhania et al. (2014) also used gross operating margin as a measure of profitability.

2.7.1 The four-sub question

Based on the literature review, the primary research question is divided further into four underlying research questions with the intent to answer the intended research question thoroughly. Additionally, the four-sub question facilitates the presentation of the results in chapter 4. Accordingly, the main research question is:

How has sustainable competitive advantage been obtained within the Norwegian facilities management industry during the period from 2008 to 2018?

Consequently, this paper investigates four underlying research questions which all are incorporated in the research question above. The four underlying research questions are:

1. Which strategic considerations have enabled third-party facility management service providers to achieve sustainable competitive advantage within the Norwegian Facilities Management industry?
2. What are the preferred strategic approaches within the Norwegian facilities management market? And why are they preferred?
3. Which synergies are highly valued when considering growth strategies (Mergers and acquisitions vs. organic growth)?
4. And finally, how do third party facilities management service providers address risks and uncertainties within the market place?

Moreover, the profitability analysis included in chapter 4 enables us to further understand the market developments and the variation amongst the top twenty third-party FM service providers. Thus, the main research question has incorporated profitability analysis.

3. METHODOLOGY

“There are two ways to learn how to build a house. One might study the construction of many houses – perhaps a large subdivision or even hundreds of thousands of houses. Or one might study the construction of a particular house. The first approach is a cross-case method. The second is a within-case or case study method. While both are concerned with the same general subject – the building of houses – they follow different paths to this goal” (John Gerring, 2006)

This chapter seeks to describe how the intended study has been carried out. Hence, this part of the thesis includes a method review of the choice of research strategy, the justification for decisions of case and assessment of the quality of the research design.

3.1 Research design

As for the research method, a case study design combining qualitative and quantitative methods has been favoured and chosen. Cohen et al. (2000, p. 79) recommend the use of case studies if the research aims to attain a better understanding of local situations and individual instances and to catch the 'complexity and situatedness of behaviours. Given the paper's research questions, all other things equal, the case study method has been selected mainly because this research method is applied when elucidating a phenomenon in a context. In the conducted study, I sought to enlighten the phenomenon of sustainable competitive advantage within the Norwegian Facility during the last ten years (2008-2017/18). Further, it also was essential to assess the degree of control and access to behavioural actions (Yin, 2009). Accordingly, this chapter aims to elucidate the significance and explain the utility of the chosen research method (case study method), a method that is often practiced but little understood. A "case study," is according to Gerring (2006) best defined as an intensive study of a single unit to generalize across a more extensive set of units. Case studies rely on the same sort of covariational evidence utilized in non-case study research. Supplementary, Yin (2009,2013) defined the case study as "a research strategy which focuses on understanding the dynamics present within single settings."

Since competitive advantage and profitability concerning the Facilities Management industry consists of many different components, the various components are understood to be the third-party FM providers, and henceforth the third-party FM providers are the context in

the case study. Accordingly, all the Norwegian Facilities Management providers could be divided into several cases, but for this intended study, I chose to relate to the whole setting (Norwegian market with delamination to 20 top firms) as a single case. Hence, to elucidate the phenomenon (sustainable competitive advantage within in the Norwegian Facilities during the last ten years), several Facilities Management providers within the same market (Norwegian market) are included and henceforth combined, thus, representing the single case.

Moreover, due to the small number of Facilities Management companies here in Norway that are of a specific size (deliver 3 or more Facilities Management services), it was considered appropriate with one (comparative) case study (where data websites, annual reports, and semi-structured interviews were combined in order to conduct a thoroughly market analysis). Further, this was also because there is a limited number of third-party service providers in the FM companies that are involved in the strategy discussions. Thus, to obtain real knowledge of the current strategic practices of third-party service providers (facilities management providers) within the Norwegian market industry, I considered it appropriate to utilize a research method which allowed a more flexible approach than most methods offer. Thus, I chose semi-structured interviews as the mean of data collecting (Alvesson, 2011). Semi-structured interviews allowed me to gather the respondents' experience and observations through a partially open discussion about the subject. Thus, providing more vibrant descriptions than if another approach was utilized, such as questionnaires. Because the interviews are semi-structured, the empirical data is both inductive and qualitative. Accordingly, a data-driven coding of the interviews was chosen as suggested by Kvale and Brinkmann (2009).

3. 2 Qualitative and Quantitative

Since the thesis applied an intensive study of a single case, the conducted case study did not limit the investigator (me) to solely qualitative techniques. Hence quantitative elements are also included while conducting the master thesis. (Gerring, 2006, p. 10). Further, Gerring (2006) assures that a case study may be understood as the intensive study of a single case where the purpose of the study is – at least in part – to shed light on a larger class of cases (a population). As with the intended research, to comprehend how sustainable competitive advantage has been attained within the Norwegian Facilities Management industry amongst the top twenty third-party FM providers was considered satisfactory at least in part, to shed

light on a larger class of cases (The Norwegian Facilities Management market). (Gerring, 2006, p. 20).

3.3 Collecting of literature

To highlight the issue (competitive advantage and strategic management within the Norwegian Facilities Management industry during the last ten years), I first went to the available written sources. This initial phase of the research work is discussed by the historian Erslev as "Finding art" (Erslev, 1911; Kjeldstadli, 1997) and further supplemented by Fossåskaret, Fuglestad and Aaase (1997) in the book Methodical fieldwork (Fossåskaret et al. 1997). Concerning the methodical fieldwork as proposed by the authors above, when conducting the thesis, I first sought to build up knowledge of where current sources (articles and literature) are found and collected. To find out the contemporary literature and research within strategic management (competitive advantage, mergers and acquisition, inside-out, inside-in, and dynamic capabilities) and Facilities Management, I first reviewed well-known studies and literature. However, considering the "The art of finding", it was also essential for me to track down new material and/or use known material in an innovative way, which was the reason why I conducted a literature search. Further, when reviewing these studies, I also amounted into what had previously been done on the field. Moreover, due to the vast information (studies) within the strategic management field and few reviews within the Facility Management field, at least concerning the intended research, thoroughly search technics had to be applied through the advised database from previous courses. Thus, searches were done through:

Books, scientific reports, journal articles

Books, scientific reports and journal articles were collected from Oria, Google Scholar, course/subject databases, and EBSCO bases: Academic Search Premier, Business Source Elite, - Emerald, NSD - Norwegian Centre for Research Data and Market Line. In the literature review, I conducted searches in the selected database using the terms "Dynamic abilities" and the combination of "Dynamic abilities" and "Facility Management" / "Facilities Management." Combination searches were also used under Search for several words at the same time as using combinations: AND = boundaries, OR = expand and NOT = exclude. The same applies to searches of the RBV, PIO, competitive advantage, outsourcing, Norway, strategic management, added value and mergers and acquisitions. Furthermore, truncation

and combination search were used. Example of truncation; I looked at the notations, for example. Strategic *, which provided hits on strategic management, strategy, strategy formulation, strategy, strategy development.

Public information

Collected from: Brønnøysundregistrene, Statistics Norway (SSB), Annual reports 2007-2017, Norges Bank. Proff and Proff Forvalt (Extended company and accounting information including credit rating of Norwegian companies registered in Brønnøysundregistrene. Possibility of segmentation and export to Excel).

In relation to the searching and application of the collected information (articles, theories and statistics) from various databases, homepages and annual reports, Ottar Dahl's book "Basic features in history's methodological theory (2002)" and "Methodical fieldwork" by Fossåskaret et al. (1997) have been utilized as guidelines in relation to literature reviews and source criticism. Accordingly, the source's credibility and usability as part of the research process have been addressed thoroughly. Subsequently, to scrutinize and use the collected sources, I sought to review the points below.

- When is the source from? What does that mean?
- Read and review the source content
- What does the source say?
- Determine usability

However, the points below were not followed in the given order but were preferably adjusted pragmatically to the progression of the study and the collected information while considering what sources I could trust. Concerning source criticism, it must be mentioned that source criticism is also about assessing the source's usability. Although a source is full of factual errors and lies, it can still tell us something, for example, about the one who has written the source. Finally, I sought to analyze if the sources were credible? This was a significant part of the process because I was required to consider this in connection with the above factors (Find out what kind of source this is, determine time and origin, read and review the source content you have come up within the above points). Thus, I was obliged to consider the sources against the textbook, articles and what I otherwise knew about the period and theme. Thus, the main emphasis whilst determining the usability of the sources and collated information

was to examine if the sources and collated information was usable and relevant to what I sought to investigate in the thesis. Bearing in mind that a source can be good in one context and less good or bad in another, I answered the questions; what can I use from these sources and what do I need to find in other sources? Thus, the included collected information in the form of articles, theories and statistics have been searched, found and applied through a thoroughly processes have proposed in (Fossåskaret et al. 1997, Dahl, 2002; Kjeldstadli, 1997).

3.4 Analysis units and criteria for interpreting the findings

The ten respondents included in this exploratory case study were predominantly chosen because of their in-depth comprehension about the Norwegian Facilities Management industry, but also because of their profound experience within the Norwegian facilities management industry, with an average of 15 and 17 years of experience. Additionally, the ten respondents have inside information about Norway's major top 10 Facilities Management service providers, the FM-industry's business association, and many significant clients. This is an example of what Yin (2011, p. 88) describes as a "purposive sampling" strategy, to collect the most "relevant and plentiful" data. A purposive sampling strategy is a necessary but not adequate condition for valid research results. Some of the respondents received a drafted version of the interview guide together with the invitation to participate in the study. These were mostly market experts and two directors. However, the directors only received information regarding the main questions and concepts due to clarification and own preparation. The conducted interviews were done with the respondent's consent, but due to corporate sensitive information and own preference, all conducted interviews were not recorded.

Consequently, all transcription was done within a short interval after the conducted interviews. However, I transcribed field notes, in case of problems, I was allowed to contact the respondents for clarification. The interview guide served as a conversation guide. Each interview took between 45 and 120 minutes, and each respondent was encouraged to think aloud. These additional comments enriched the data furthermore. The interview guide included more aspects and questions than what is discussed in this paper. The interviews were transcribed and analysed thoroughly through open coding (initial code or Level 1 code, according to Yin 2011, p. 186). Open coding was utilized because the conducted study is

understood to be an early exploratory phase of the research project. Data from this study is, thus, considered as a starting point for further studies.

Interpreting the findings is considered a crucial part of the case study. Many tasks use statistical analysis to investigate the conclusions they make. Those who make use of statistics aim to find out whether observed inequality constitutes statistically significant differences. The conducted case study, on the other hand, like many different case studies, does not utilize statistics and therefore requires other ways of interpreting the findings (collected data). It can work just as well with a survey of competing explanations of the question's asked. According to Yin (2009), the researcher must find out if any competing comments can have as much significance as the one found through the research work. Hence, case studies are based on experimental logic, where the researcher tests several hypotheses or alternative explanations against your findings (Yin, 2009, p. 134). Through this task, I collected a large amount of data from various sources. In this way, I made a method triangulation to bring out the different parties' views and opinions on the same theme. It is conceivable that there are alternative explanations that may be of at least as high relevance as the one I arrive at. Consequently, it has, therefore been important that I considered competing interpretations of the questions asked through the utilization of the intended methodical case study design (Yin, 2009, p. 134).

3.5 The quality of the research design

Yin (2009) writes that it is essential to conduct four tests to determine the quality of empirical social science research (Yin, 2009, p. 40). Since the case study falls within this category, one should be able to implement these to check the quality of the design. Accordingly, the four tests to determine the quality of empirical social science research as proposed by Yin (2009), have been applied below, including construct validity, internal validity, external validity, and reliability.

3.5.1 Construct validity

The first test to be carried out is about constructed validity. This means that one tests whether one uses the correct operational goals on what one examines so that one measures what one wants to investigate. Yin (2009) argues that one should also be able to build up what is called

causal relationships (Yin, 2009, p. 41). These points form an essential part of the data collection. In this thesis, the predominant emphasis is on the strategic approaches within the third-party service providers services to determine whether the previous and current strategic approaches have an impact on achieving sustainable competitive advantage in the market. Accordingly, I sought to collect data materials that collaboratively created a series of evidence. Thus, facilitating the analysis of competitiveness and profitability within the market and how third-party service providers influence the competitive position through strategic management and growth strategies.

Additionally, it was also beneficial, to quality test the study, that particular respondents saw a draft of the case study. Moreover, this would enable me to ensure that the data was consistent with what the informants had stated. Furthermore, the informants may disagree with what the researcher concludes with, but the data should be compatible with what they have reported (Yin, 2009, p. 182). During the case study, it was suggested because of translation from Norwegian to English, but I have not given the respondents a draft of the research for review. However, at every conducted interview, the respondents were informed about what I sought to achieve with the study. Supplementary, I also contacted some respondents for clarification (in cases where the interviews were conducted in haste due to the respondents occupied time scheduled).

Moreover, it must be emphasized that the shortest interview was 37 minutes long. Besides, the thesis is also a public document, which means that it would have been nonsensical if I had included something that had not been verifiable. The discussions and the conclusion, on the contrary, can disagree with the informants.

3.5.2 Internal validity

The second test to be completed was the test that included internal validity. Here is included: Causal context, explanation building, competing explanations, and use of logical models. This test is primarily used in descriptive case studies to explain why or how something has changed from situation A to situation B. It is crucial, then, not only to look at the general causal relationship but also to look at other factors that may affect this context. If one is exclusively focused on the change from A to B and excludes a potential third factor, one might think that a causal relationship does not exist (Yin, 2009, p. 42). For this thesis, it was essential to consider whether there might be other reasons to why the strategic approaches

were different, yea, even why the intended strategies varied from the implemented strategies amongst the third-party service providers from 2008-2017/2018.

3.5.3 External validity

External validity is about the possibility of generalizing research findings. Will the researcher come up with research findings that will be possible for others to use? In the conducted case study, the top twenty Norwegian FM providers (secondary data) and the six third-party service providers (ten interviews) are selected as a representation of the Norwegian Facility Management industry. Accordingly, I have, therefore assumed that the six third-party service providers have the same strategic intentions and goals as other third-party service providers in Norway. This implies that I generalized (conceptual and not statically) the top twenty third-party providers as an actor who will act in the same way as other third-party service providers within the Norwegian facility management market (Yin, 2009, p. 42-43).

3.5.4 Reliability

The last test to help judge the quality of the research design is reliability. Is this research generalizable? Will other researchers, by the same approach, end up with the same findings as I did? Consequently, it has been essential to document how I have conducted the research (thesis) so that it will be possible for others to do the same study and get the same results that I have received (Yin, 2009, p. 43). Through this task, I collected data from what is referred to as reliable respondents. The respondents (executives directors, strategy and facility management directors, and market experts) work themselves in the industry and have an average of 15-17 years of experience within the Norwegian Facility management industry. Thus, I must assume that the information collected from them is correct and appropriate. Hence, this has enabled me to create the right and reproducible data. If others are to do the same research as I did, I certainly believe they will come to the same conclusion.

3.6 Profitability analysis

The accounting figures presented in the first result selection are based on the following assumptions:

- The number of employees is from 100-27085.

- The company operates with Facilities services. Property management, cleaning, canteen and catering services, janitorial services, head office services.
- The company is either a responsible company, limited company or public limited company,
- The company has available accounting figures from 2007 to 2017.

With the above assumptions, I acquired a total of 63 companies. Based on this number, I have further selected the top 20 companies for further analysis. The companies in the top 20 have had accounting figures available throughout the period from 2007 to 2017. The analysis is done in the tool My Competitor Analysis at Proff Forvalt Pluss, while the other calculations and designing of figures is done in excel.

3.6.1 Calculations of profitability ratios and market averages

1. Return on assets formula

$$\text{Return on Assets Ratio} = \frac{\text{Net Income}}{\text{Average Total Assets}}$$

2. The top twenty market averages were calculated by:

$$\bar{x} = \frac{1}{n}(x_1 + x_2 + \dots + x_n)$$

This implies that I first calculated the average profitability and profit margins from 2008-2017 for each firm. Additionally, I henceforth conducted an additional calculation of the top twenty third-party service providers averages from 2008-2017 to calculate the final market average for the period 2008-2017. Hence, the mean = market average for period 2008-2017, n = top twenty third-party FM providers in Norway and x = average profitability for each firm from 2008-2017. The total profit margin and total firm assets are not calculated as percentages. Hence, the overall market profitability is calculated using the profitability for each firm, which was initially represented in percentage.

3.7 Methodology summary

Considering the above factors, the empirical data reported in this paper used semi-structured interviews as primary empirical data collection. Supplementary, accounting figures, annual reports, and research reports are used as secondary data. The interval for empirical data collection through interviews was from March-April 2019. The main channels for distributing the invitation to participate in the case study were business sector organizations in the Norwegian Facility Management industry and Real Estate organizations. Because of data collection and transcription in relation to the semi-structured interviews, the consent of all the informants was made available before the intended interviews. In addition, the data collection process utilized in the thesis was approved by the Norwegian Centre for Research Data (NSD) before conducting the individual interviews.

Moreover, ethical considerations were also considered because a digital tape recorder could be used, but this was not the case while conducting the research. Hence, no digital tape recorder was used. However, more extended interviews were conducted, with clarification before and after the individual interviews, as suggest by Kvale and Brinkmann (2009, p. 208-209). Further, the informants were informed of the use of the collected data material and further use in the thesis. All the respondents have given verbal and written consent that they wish to be anonymous. This was predominately because the respondent's opinions and perceptions about the company's strategic approaches should not be directly linked to the company they represent.

Accordingly, a total of ten interviews were conducted with 2 executives directors, 5 senior directors and 3 market experts who are actively working with strategic management and development, but also hold many years of experience from positions such as CEO, CBDO (Responsible for business development plans, design and implementation of processes to support business growth), CFO, COO (chief operating officer), lectures and senior consultants. In summary, it can be argued that the use of several different data sources has given me depth and breadth within this topic. Accordingly, the chosen research method (case study), has allowed me to confirm and dispel the third-party service providers statements and strategies with the Norwegian Facility Management industry.

4. FINDINGS AND DATA ANALYSIS

This chapter consists of processing and interpretation of the empirical data that I have collected through semi-structured interviews and secondary document studies (accounting figures, annual reports, and research reports). The findings are illuminated through the corresponding chronological order of the research questions, as presented in chapter 2.7 (summary of literature review and research questions). During the semi-structured in-depth interviews, many answers were accumulated, and hence, I had to categorize and abbreviate. The presentation of the findings is divided into three sections. The first section includes a description of the Norwegian facilities management market as described by the market experts (from qualitative interview). The second part of the results is related to the profitability analysis of Norwegian Facilities management, with the emphasis on the top twenty third-party FM service providers. Finally, the third part deals with empirical data from the primary research method (semi-structured interviews).

4.1 Description of the Norwegian FM market according to the market experts.

Concerning the continually evolving business financial world influenced by market fluctuations and several market developments, outsourcing of facilities management services has become a significant strategic approach for many organizations, as it provides customers organizations with a cost-effective support service provision delivered with quality and excellence. Moreover, during the last ten years, (2008-2017/2018), facilities management experts stress that third-party FM service companies that have succeeded, have relentlessly adapted their resource base, service provisions, and growth strategies relative to the external market environment through emphasis on internal processes, culture service and dynamic capabilities in relation to the client organizations and the market environment. Accordingly, having a clear customer segment, supply chain, strategic business partners, mapped geography market environments has enabled third-party facility management service providers to be more professional, profitable and dynamic concerning fast the changing Facility Management market environment.

Further, the facilities management experts stress that profitable growth strategies within the Norwegian facility management industry, have been characterized by an incremental (step by step) strategic approach. Thus, companies have first sought a significant market position

locally before expanding nationwide due to expansion strategies and value supply chains. Supplementary, the market experts affirm that the step by step growth approach must be seen in relation to the history of many third-party FM. For indeed, many third-party FM providers have been single Facilities management providers of predominantly cleaning, janitor services and canteen and catering services. Consequently, an incremental growth approach has been desired in the pursuit of market expansion and increased profitability. Moreover, growth in terms of mergers and acquisitions is not just about financial growth, but also about human resources (the firm's resource base). Hence, the cultural aspect is also an essential element since corporate culture is a crucial factor when considering either mergers and acquisitions or organic growth. However, culture is weighed more when considering organic growth.

Another factor influencing the choice of either mergers and acquisitions or organic growth is the importance of the demand side (client organizations) in the facilities management industry. This is due to the developments in the public sector and the private sector. Historically, few municipalities in Norway have chosen outsourcing rather than in-house, and several private actors have been reluctant to outsource. Besides, if outsourced, cost-effectiveness and efficiency have been significant. Hence, bundled and total facility management have been desired in order to acquire several synergies while outsourcing. In that accord, there is a great need to provide more bundled and total facilities management service within the Norwegian facilities management than before. Thus, mergers and acquisitions have been a popular choice since many facility management providers have been single service providers. Moreover, market experts stress that the choice is also influenced by the company's history and ownership structure.

4.1.1 Historical trends

In consideration of market developments and trends, municipalities that have outsourced before to private service providers have been included within the market analysis and current customer portfolio. Further, many directors state that the facilities management market is dynamic due to temporary contracts (3-5 years) and environmental changes. Hence, services must be developed and adjusted to the clients demands while the firms seek to work more effective and efficient than potential competitors would. Market experts also stress that the most crucial factor in facilities management is communication. Thus, facility management providers that have had commutations, yea, even processes, and system have enabled the information flow to be an advantage within the market place.

Due to the variety of nationalities and backgrounds amongst the third-party FM service providers employees, the emphasis on inclusion, professional staff follow-up, salaries according to the tariff and employee training programs has been predominantly emphasized within the Norwegian Facilities Management market than in other industrial markets in Norway, at least recently. Hence, succeeding with the management and implementation of the above factors have contributed to increased brand awareness and competitive advantage while facilities management service procurement. Moreover, due to the high turnover amongst the operative employees within the facilities management industry, investment in operative employees has been limited. Therefore, the intended investments within the recourse base have been related to service management systems and effective processes.

Since facilities management provisions are contract-based, the Norwegian FM market experts emphasize that references from previous and current alongside good business partnership has been considered as a strategic approach in relation to attaining more and extended facilities management contracts. Thus, strategic management of previous and current facility management can, and has paved the way for extensive contacts. Accordingly, having excellent communication during facilities management provision can, and has in some ways contributed to the achievement of competitive advantage.

4.2 Profitability Analysis - The Norwegian facilities management (2007-2017)

Note: The figures are calculated following the floating exchange rate of the Norwegian Krone (NOK)³. Further, only the top twenty third-party facilities management providers are included in the profitability analysis⁴. Considering profitability analysis (The main aim of a business is to earn profits). In simple terms, we understand profitability analysis as an analysis of cost and revenue of the firm, which determines whether or not the firm is profiting. Profitability ratios are a class of financial metrics that are used to assess a business's ability to generate earnings relative to its revenue, operating costs, balance sheet assets, and shareholders' equity over time, using data from a specific point in time. For most profitability ratios, having a higher value relative to a competitor's ratio or relative to the same rate from a previous period indicates that the company is doing well. Accordingly,

³ See Exchange rate regimes in Norway 1816-2016: https://static.norges-bank.no/contentassets/55b4d3d5a21c478f83bebd8af49987aa/staff_memo_15_2016_en.pdf

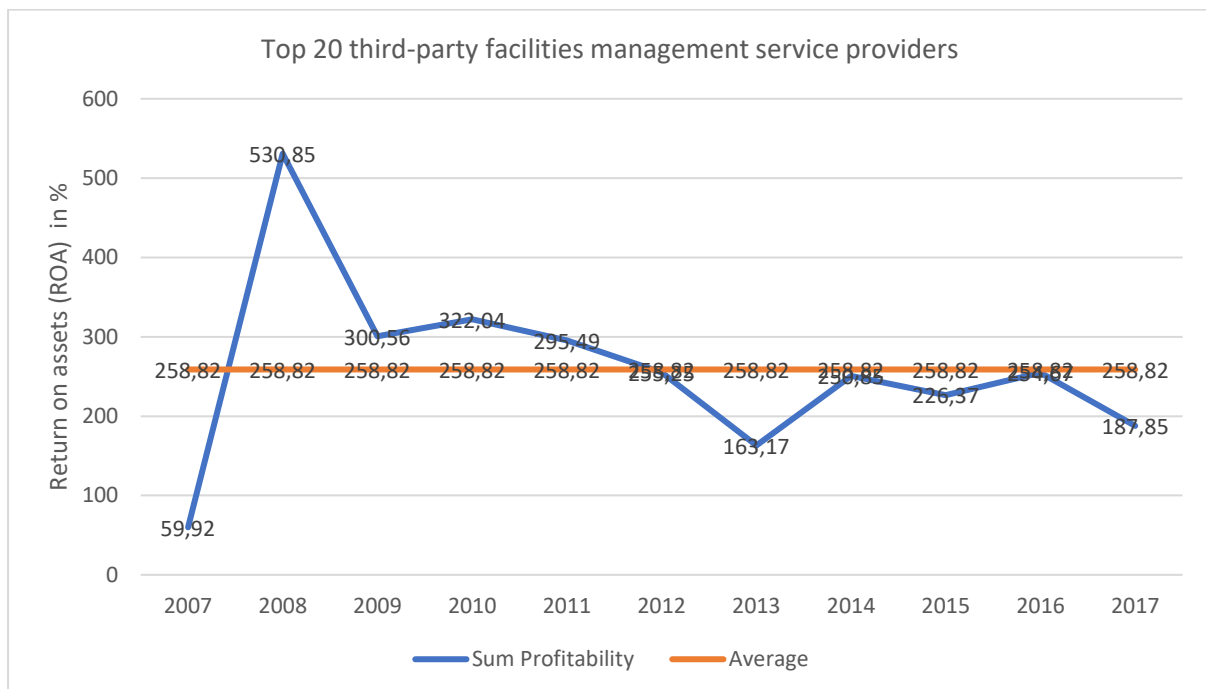
⁴ See chapter 1.4: Delimitation and industry definition.

ratios are most informative and useful when used to compare a subject company to other similar companies, the company's history, or average ratios for the company's industry as a whole. Thus, the distribution below highlights how the top twenty third-party FM providers have performed in relation to market competitors in the period 2008-2017. (Loughran et al. 1997; Fairfield et al. 2001; Investopedia, 2019 Penman, 2007; Damodaran,2010).

4.2.1 Profitability Ratios

Below follows a thoroughly description illustrating the distribution of profitability amongst the top 20 third-party service providers during the last ten years. The total profitability is calculated by adding together each company's profitability for the given year. Thus, the figure represents the total market profitability⁵ in percentage amongst the top twenty third-party facility management providers which can be benchmarked with other market industries, moreover, with the top twenty companies in the corresponding market.

Figure 2: Total market return on assets (ROA)



(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

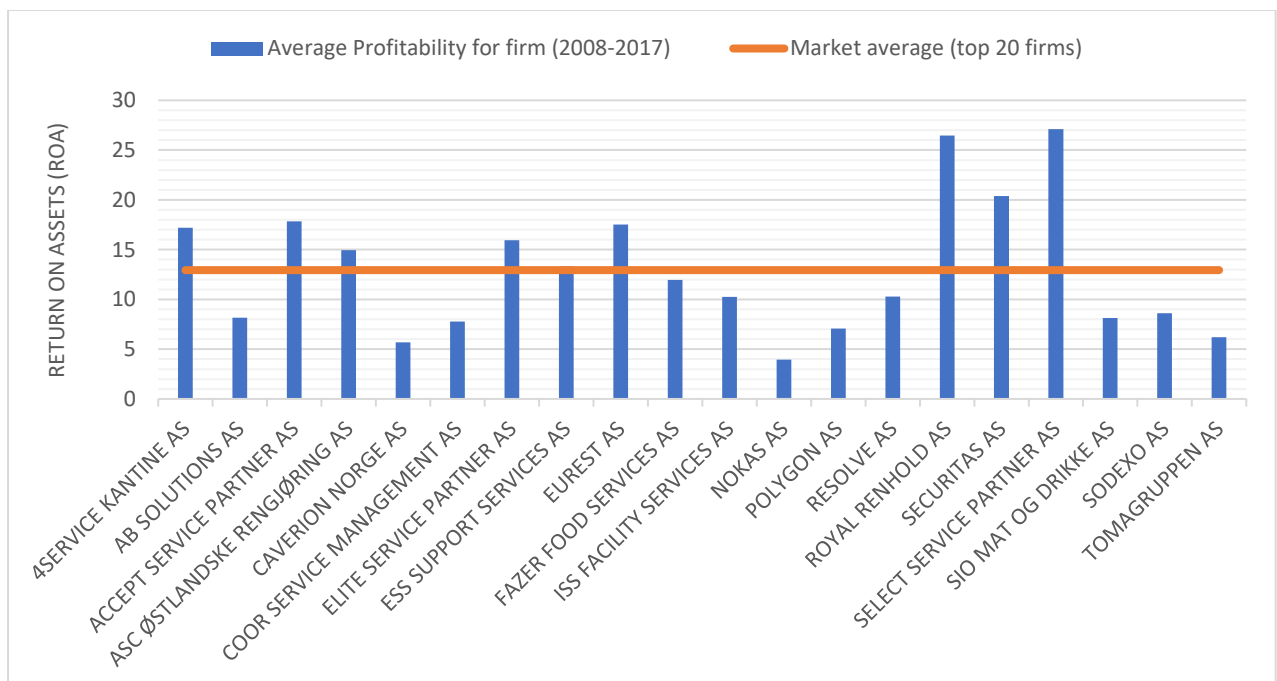
⁵ The ROA formula is: $ROA = \text{Net Income} / \text{Average Assets}$ or $ROA = \text{Net Income} / \text{End of Period Assets}$ (Loughran et al. 1997; Fairfield et al. 2001; Investopedia, 2019 Penman, 2007; Damodaran,2010).

Year:	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sum:	59,9	530,9	300,6	322,0	295,5	255,3	163,2	250,9	226,4	254,7	187,9

(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

As one can observe from the distribution above, there was a significant increase from the year 2007 to 2008. However, the growth distribution from the year 2008 indicates significant profitability decline due to the economic fluctuations related to the financial crisis. Moreover, there is a considerable decline in the years to come following a decline from 255,3 in 2012 to 163,2 in the year 2013. As it is observed, the market industry has indeed been affected by significant fluctuations; the same can be said about the number of employees within the firms. However, due to missing numbers amongst some firms, a figure showing the increase and decline in employment rates in relation to profitability was not included. Moreover, it is the knowledge about how the market fluctuates that is essential to understand how various third-party service providers have managed to stay competitive and profitable. Notably, the year 2007 has been included in the overall distribution to see how the financial crisis from 2008 may have impacted the overall market profitability.

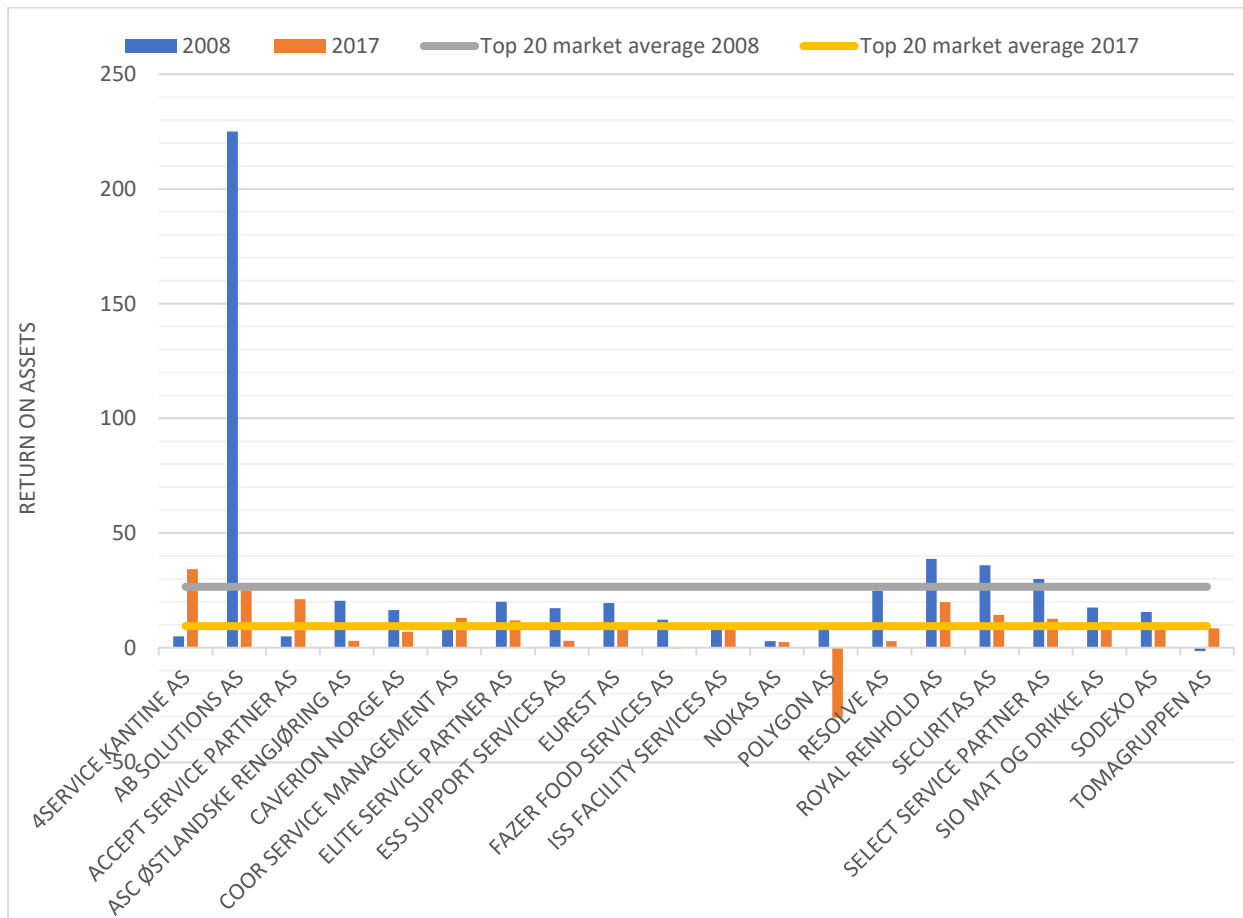
Figure 3: Average Return on Assets (2008-2017)



(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

Note, the distribution above implies that the companies average profit margin is expressed as a percentage. With the distribution of the market profitability amongst the top 20 third-party service providers, we see that firms that produce more facilities management have average profitability below the market average from 2008 to 2017. Moreover, concerning the calculation of the business's profit margin over the long term, it is understood that the relatively high cost of bundled and total facilities management provisions impacts the firm's average profitability distribution significantly. Further, it is understood that the restructuring developments in the market and the number of contracts won and lost have a significant impact on each firm's performance. However, the amount of deals by each firm have a relatively small impact on the overall market average distribution. This is due to the calculations of the average market profitability accounting for loss and gain. However, it must be mentioned that the loss and acquiring of significant contracts have an essential impact on the overall market distribution. Below follows an additional illustration showing the initial year (2008) of the analysis in comparison with the last year in the review (2017).

Figure 4: Return on Assets in 2008 and 2017



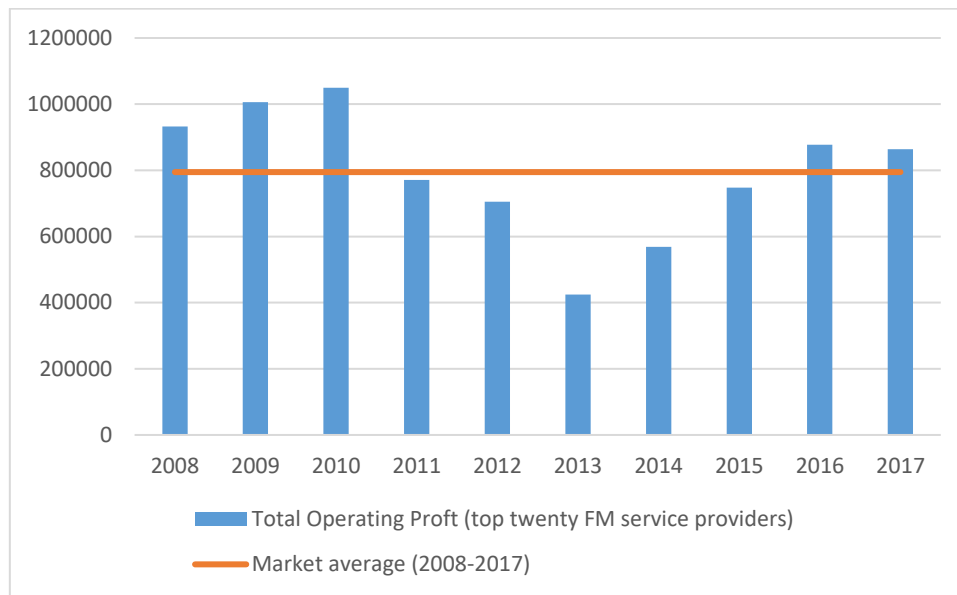
(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

Indeed, remarked changes had taken place during the ten years. Moreover, it is notable that many of the firms within the Norwegian facilities management in 2017 have a profitability rate below their profitability rate in the initial year of the analysis (2008). Thus, if seen in relation to the average market profitability in the figure above, we understand that the profitability among the top twenty facility management providers has fluctuated and the competitive environment has indeed been experienced within the market industry. The notable return on assets for Ab solutions, is related to the near-collapse in 2008. In 2008, the Co-founder of the firm (Ronny Standahl) decided to sell himself out of the company, resulting in the brother (Frode Standahl) becoming the new CEO. The result in 2008 is thus accredited to significant changes within the company financial structure. However, more information regarding the year 2008 is not published (Bergensavisen, 2018; Bergens Tidende 2012).

4.2.2 Operating Profit Margin

Operating Profit Margin⁶ is a performance/profitability ratio used to calculate the percentage of profit a company produces from its operations before subtracting taxes and interest charges. Accordingly, Operating Profit Margin is calculated by dividing the operating profit by total revenue and expressing as a percentage. Further, the margin is also known as EBIT (Earnings Before Interest and Tax) Margin. Moreover, Operating Profit Margin differs across companies, and thus, the metric is used for benchmarking one company against similar companies within the same industry. Therefore, Operating Profit Margin below reveals the top performers within the Norwegian facility management industry and indicates the need for further research regarding why a particular company is outperforming or falling behind its peers (Loughran et al. 1997; Fairfield et al. 2001; Penman, 2007; Damodaran, 2010).

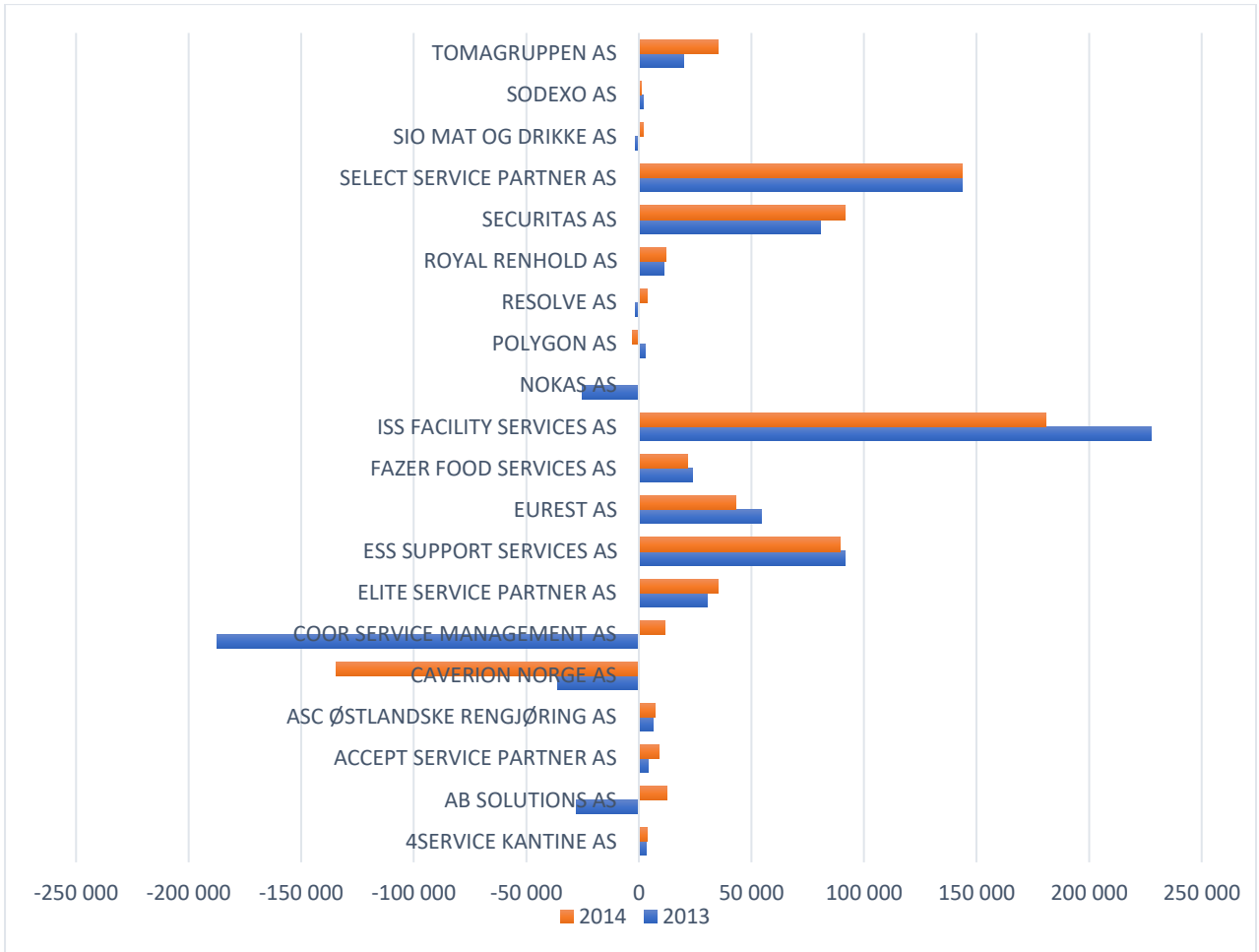
Figure 5: Total market operating profit amongst the top 20 FM companies in Norway (2008-2017)



(Source: Proff forvalt & Brønnøysund registeret, 2019)

The significant decline in the year 2013 is related to macro estimation and expectation of a possible decrease in the overall Norwegian economy in the upcoming years (2014 and 2015). Further, as the operating profit margin distribution shows, the years 2014 and 2015 have significantly low rates of profit margin. Concerning the situation in Norway in the given years, Fouche & Solsvik (2016) state that “As western Europe’s top oil and gas producer, Norway has been hit by the 70 percent fall in crude prices since mid-2014 (Reuters,2016. Unemployment has reached a 10-year high of 4.6 percent, low by global standards but far above the 3.2 percent seen in mid-2014. The weaker crown, down almost 20 percent since mid-2014 on a trade-weighted basis because to lower crude prices, has been key to making non-oil exporters more competitive, but not enough to boost the overall economy. “The Norwegian economy, once one of Europe’s brightest, ground to a halt in late 2015, leaving full-year growth at its lowest in six years and consumer confidence at its lowest in 24 years, strengthening the case for central bank rate cuts” (Reuters,2016). However, the significant influence (decline) on the overall market operating profit amongst the top twenty third-party service providers is related to the considerable decrease accreted by Coor, Nokas AS, AB solutions, and Caverion.

Figure 6: Operating Profit for 2013 and 2014



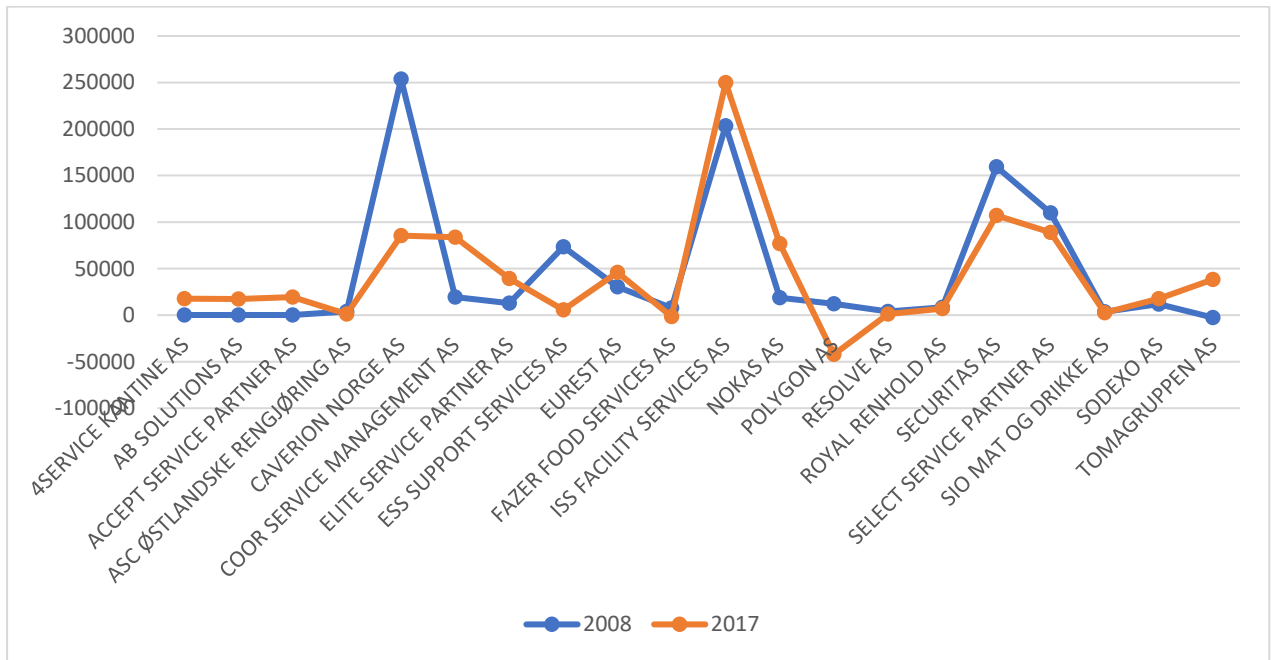
(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

In the period 2013-2014, significant impacts on COOR operating profits, can be related to Mikael Stöhr taking over as CEO. Accordingly, the group structure was changed so that the four Nordic countries received a separate unit for industrial service. A part of the company's new strategy is to expand the customer base by focusing on smaller businesses and strategic service areas (Coor, 2013). For Nokas AS, 2013 was a year consisting of several major restructuring processes, hence, affected the profit for the year while the firm laid a good foundation for profit growth in 2014. (Nokas AS annual report, 2013, p 6). Furthermore, Nokas AS took over the disputed G4S and received 3.5 billion NOK in total sales (E24, 2013). For Caverion, the reduction in operating profit is related to YIT changing its name from YIT to Caverion. Further, considerable investments were allocated to new projects

(SINTEF Energy Lab) and restructuring within the firm (new directors and energy advisors) (Caverion, 2013).

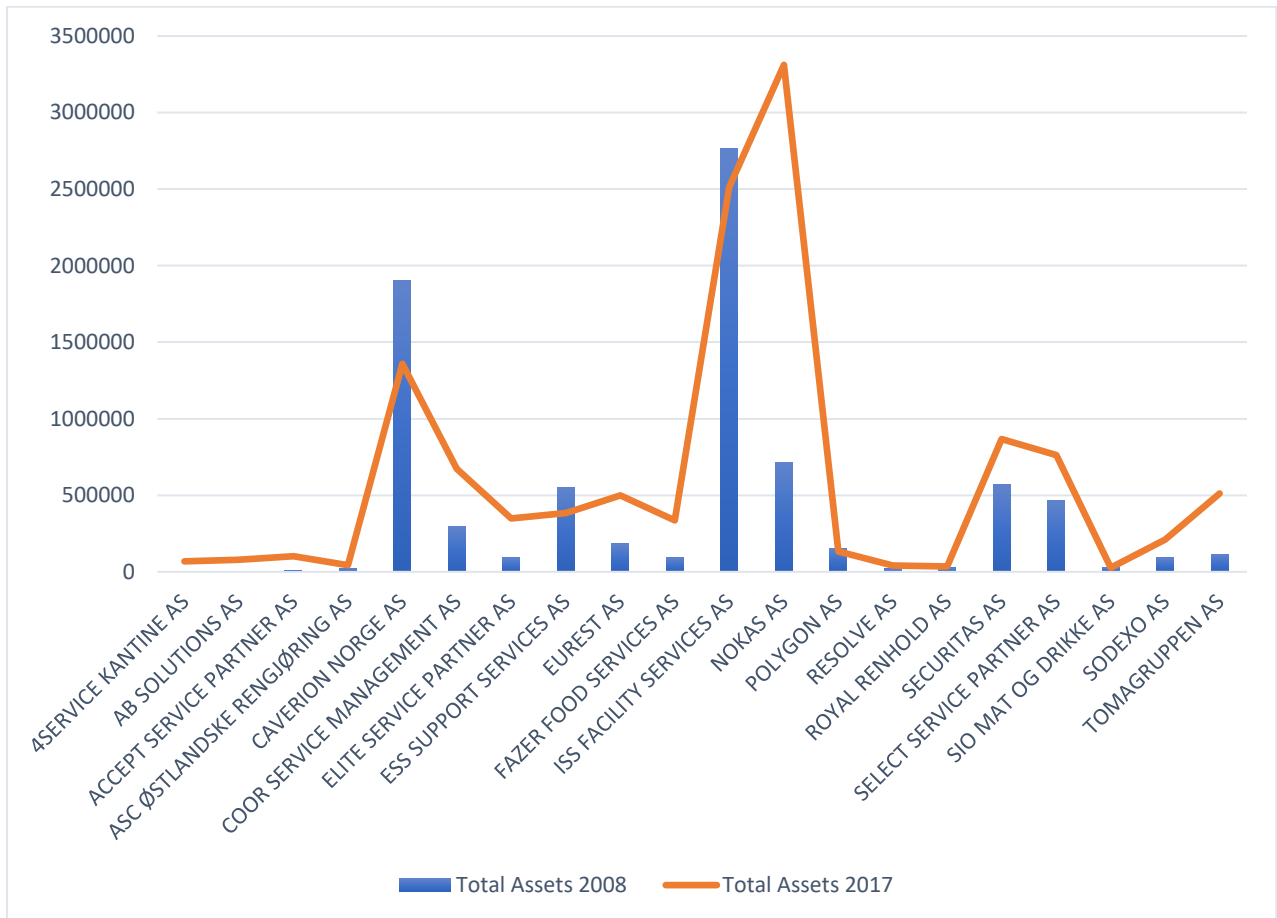
Below follows a thorough distribution showing the operating profit for each firm in the initial year of the analysis (2008) and the last year of the review (2017). As noticed in the figure below, three firms have had a remarkable progressive growth (ISS, Select service partner, and Securitas). However, it is worth a remark that the three firms, noticeably have a different emphasis on their service provisions. In the last ten years, ISS has been dominant, considering the provision of total facility management. However, Select Service Partner and Securitas AS have been predominately emphasized on market niches, such as catering and security.

Figure 7: Operating profit amongst the top 20 FM service providers in Norway (2008 and 2017)



(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

Figure 8: Total assets amongst the top 20 FM companies in Norway (2008 and 2017)



(Source: Proff® Forvalt & Brønnøysund registeret, 2019)

Concerning the sum of total assets amongst the top 20 facilities management providers, we can also see that the distribution of the total asset with the overall market operating profit margin. A company’s operating profit margin is understood to be indicative of how well the company is managed because operating expenses such as salaries, rent, and equipment leases are variable costs, rather than fixed expenses. Thus, third-party service providers may have little control over direct production costs, such as the cost of raw materials required to produce the company’s services. However, the company’s management has a great deal of discretion in areas such as how much they choose to spend on office rent, equipment, and staffing. Therefore, a company’s operating profit margin is usually seen as an excellent indicator of the strength of a company’s management team, as compared to gross or net profit margin (Loughran et al. 1997; Fairfield et al. 2001; Penman, 2007; Damodaran,2010).

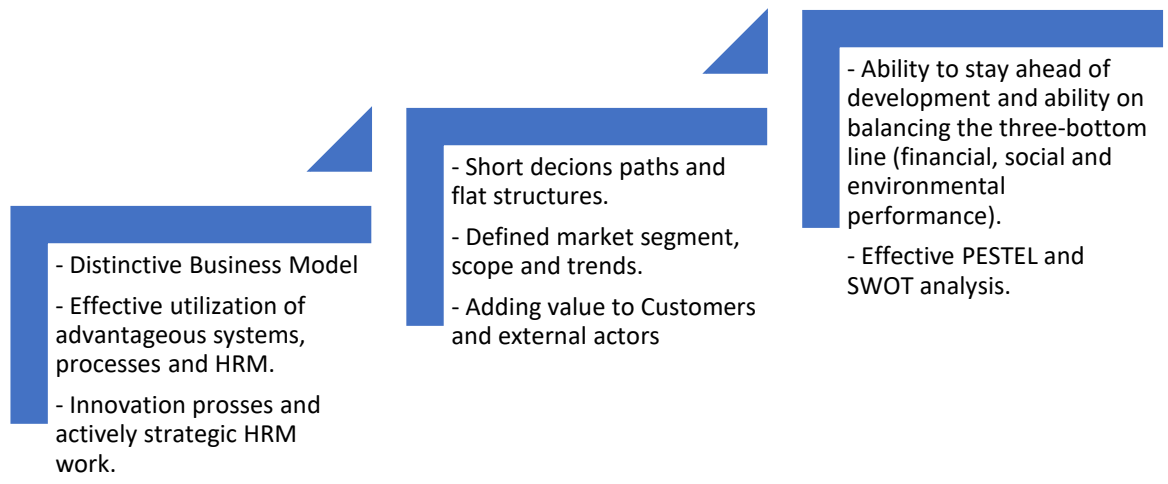
4.3 Findings from the qualitative semi-structured interview

The qualitative explorative empirical study was based on interviews with ten respondents consisting of two chief executive officers (CEOs), three chief business development officers (CBDO), two chief strategy officers (CSO) and three market experts. This has given the conducted case study a nuanced picture of how sustainable competitive advantage has been achieved within the Norwegian Facilities Management market in the last ten years (2007-2018). Amongst the third-party facilities management directors, the average years of experience in director positions are 17 years. However, the total years of experience in the facilities management industry are almost 19 years (18,7). Supplementary, the average years of experience amongst the external market experts are 15 years in their respective positions within the facilities management industry. Moreover, the years of total experience is much higher, since the external market experts experience is a combination of various job positions, such as senior directors, real estate directors, CFO, academical and market representatives' positions. Below follows a brief review of the collected data from the qualitative explorative semi-structured interviews with the respective ten respondents. Notably, the findings are arranged in their similar nature following the research questions chronologically. Thus, the first questions are related to the comprehension of competitive advantage within the Norwegian facilities management industry.

4.3.1 Sustainable competitive advantage

Both the facilities management directors and the market experts describe, yea, even associate sustainable competitive advantage with the peculiar fundamental characteristics of a company, and this is due to the distinctive features about a facilities management firm that contributes to attaining a defined advantageous position in the market place. However, the respondents affirm that the distinctive characteristics should not necessary to be that of a firm that is considered as a niche but should instead offer facility management services that are peculiar from other competitors, such as through the emphasis on particular services provisions and market segments (Hard or Soft facility management services). Below follows a summary of the quotations and definitions regarding the answers: Sustainable competitive advantage is associated with fundamentals and distinctive features of a firm such as:

Figure 9: Sustainable competitive advantage associations



:

(Source: semi-structured qualitative interview, 2019)

Director 1 *"Within the Facility management industry, the fundamentals of a company's sustainable competitive advantage are related to emphasizing on a certain customer segment, delivering value and quality service for the money while focusing on cost-effectiveness, profitability in the form of more total facility management contracts, but also being able to develop talents and give them opportunities".*

According to the literature review in chapter three, we apprehend sustainable competitive advantage as a business concept within the study of strategic management, that describes unique characteristic that enables organizations to outperform their competitors in the defined market industry. Accordingly, within the facility management industry, these distinctive characteristics thus include distinctive service and value proposition, and defined customer segment (single, bundled or total FM and soft or hard FM services). Additional, adequate service provisions with the emphasis on cost-effective service supply enable third-party FM providers to attain a specific sustainable competitive advantage within the facility management market. However, notwithstanding the introduction to facilities management, facilities management exists to support the core business in the client organization. Hence, the degree of the relationship between the client organization and the third-party FM service provider can also be related to achieving competitive advantage considering contract

references and extended contracts. However, concerning theories on competitive advantage, unique value proposition and business model are considered essential concerning competitive advantage, despite facility management being influenced by standardized service provisions.

Market expert 2: *"I consider sustainable competitive advantage within FM as a process that includes an innovation process, works actively with strategic HRM, focuses on customer satisfaction, but also employee satisfaction has an offensive sales effort, focus on efficient administration-fixed costs, are professional, law-abiding and reliable."*

According to Christensen & Fahey (1984) and Kay (1994). Firms that have a sustainable competitive advantage must exploit distinctive characteristics which may comprise of access to human resources, dynamic capabilities, innovations, such as robotics and information technology. Hence, in respect to the (market expert 2), we apprehend that the given distinctive characteristics can also contribute to achieving competitive advantage, whether as a part of the service provision itself, as an advantage to the producing of the service, or as a competitive aid in the business process for example, through better identification and understanding of customers. Thus, the term competitive advantage refers to the competence or ability obtained through attributes and resources (distinctive characteristics) to perform at an excessive level than competitors in the same industry.

Director 6: *"A strategy that enables the firm to connect, yea, even balance the Three-dimensional (Profit, people, and the planet) anchoring factors that contribute to durability and sustainability in the form of financial, environmental and social performance."*

Indeed, considering that facilities management has historically been described as a hybrid management discipline that combines people, property and process management expertise to provide vital services in support of the organization (Barret, 1995; Shienm & Then, 1999), the quotation given by the (Director 6) indicates a multiple strategic approach been essential for achieving sustainable competitive advantage within the facility management industry. Further, facilities management is presumed to be a continually changing wide field that covers a vast area of activities and the provision of various support services. Hence sustainable competitive advantage within the facility management cannot be associated with Michael Porter`s (1980) comparative advantage. Predominantly because the literature states that, competitive advantage builds on the notion that inexpensive labour is ubiquitous, and natural resources are not necessary for a satisfactory economy. Comparative advantage, on

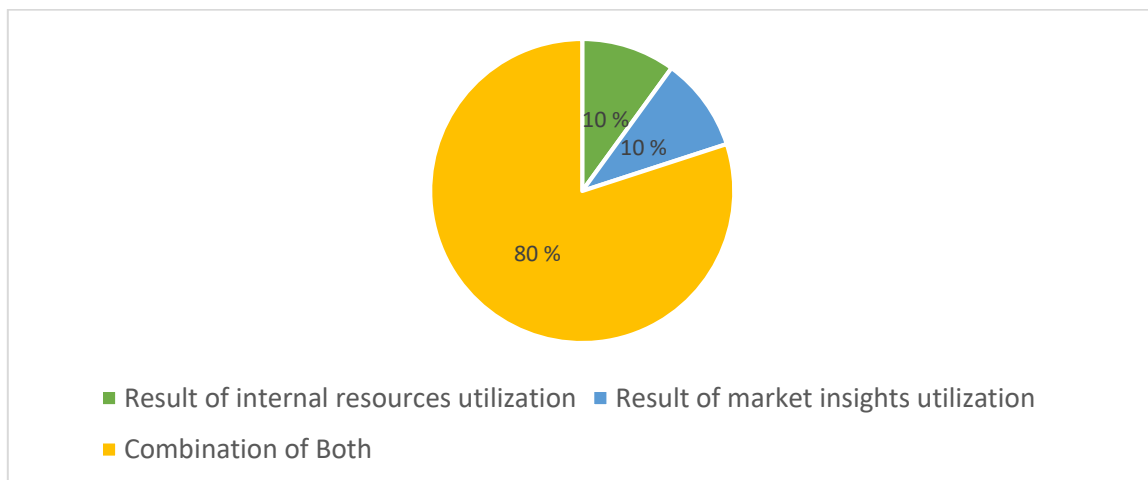
the contrary, can govern organizations to specialize in exporting primary goods and raw materials that entrap countries in low-wage economies due to terms of trade. Moreover, considering that many third-party facilities managements firms stress cost-effectivity and efficiency during service provisions, a comparative advantage may be associated with third-party facility management service providers in relation to labour and supply chain management. Thus, we can argue that successful facility management organizations adopt the strategy that best fits their business, both internally and externally, and modifies if need be.

4.3.2 Sub research question nr. 1

Which strategic considerations have enabled third-party facility management service providers to achieve sustainable competitive advantage within the Norwegian Facilities Management industry?

The research question is related to the questions from 1-4 in appendix 2: Is the achievement of sustainable competitive advantage in the Norwegian Facility Management industry a result of internal resources utilization or is it a result of market insights utilization.

Figure 10: Internal resources utilization vs market insights utilization



(Source: semi-structured qualitative interview, 2019)

Note: The answers below are not based on statistical analysis, but rather on an analysis of HOW sustainable competitive advantage has been obtained. Hence, the statistical distribution is merely an illustration of the answers given by the respective respondents.

However, as the given diagram illustrates the distribution of the answers in relation to the question above, many of the Facility Management directors and market experts agreed that the achievement of sustainable competitive advantage in the Norwegian Facility Management

industry in the last ten years has been a result of both internal resources utilization and market insight utilization. Hence, the distribution above indicates that a dynamic strategic approach is more likely to be chosen while pursuing to attain a competitive advantage in the market industry, rather than an exclusively internal resource utilization or market insights utilization strategic approach. Moreover, despite the agreement among the respondents considering which strategic approaches have contributed to the achievement of sustainable competitive advantage in the last ten years, there were indeed different reasons to why it had to be both approaches due to the various strategic formulations and strategic emphasis with Facility Management organizations.

Considering the successfulness of the firm strategic approaches in the last years (2008-2017), rotatable differences could be revealed, since Norwegian facility management service providers emphasize on different service provisions such as Soft facility management services, Hard facility management services, bundled facility management and total facility management. Moreover, some facility management providers have managed to stay ahead of others, but it has now become evident that the service provisions are more similar than before. The services and the quality level do not differ very much than before.

Below follow some quotations from the respondent's elaboration on why the achievement of sustainable competitive advantage in the Norwegian Facility Management industry in the last ten years, is a result of internal resources utilization or a result of the market insights utilization. Additionally, as illustrated in the above figure, many of the respondents affirm that it is combinations. Thus, the respondents in-depth explain why this is a combination of internal resources utilization, and market insights utilization is also included below.

Director 1: *"Because of some changes affecting the convention of the market environment, it is now more important to focus on dynamic processes and innovations than internal processes only."* **Market expert 3** *"the achievement of sustainable competitive advantages has been a result of the facility management supplier's internal processes and dynamic capabilities. Their expertise, service concept, and internal processes have had a significant impact during facility management service delivery; thus, trust, brand awareness, and competitive advantage have been built upon these factors".*

Concerning the collected information, the respondents thus affirm that a resource-based strategic approach converging into a dynamic strategic approach is more likely to be chosen while pursuing to attain competitive advantage in the market industry, rather than an

exclusively internal resource utilization or market insights utilization strategic approach. Concerning the market-based approaches, many third-party emphasize extensively on the resource-based, and dynamic capabilities approach due to the uncertainty in the facility management industry, and thus, market based-approach so solely used supplementary to the primary strategy (resource-based or dynamic capabilities), thus contradicting with the market-based approach to some extent.

Market expert 2: *“It is a combination, this must be seen in the context of the contracts in FM stretching over a long period, and thus, other factors also play a major role.”*. **Director 3:** *“Indeed, the service profession is renowned for using the firm’s internal processes, and service management have been a cornerstone of Facility Management. Hence, the service culture and service-minded employees (corporate internal processes) have played a major role in achieving long-term competitive advantage). However, dynamic capabilities, tremendous market analysis, and strategic partnerships have had a significant impact on maintaining a stable market position in the market industry”*.

To achieve sustainable competitive advantage, the dynamic capability theory argues that relevant resources must support the company's strategy and adapted expertise. Central to this is how the company facilitates change and innovation through its organizational structure and culture. Culture, according to the respondents in the empirical study, is about the core competence, service mentality, the ability, and the energy to embrace change and realize new service innovations. According to theory and empirical data, employee motivation is thus an essential factor concerning the choice of the strategic approach. In the dynamic capability perspective, the company is requested to integrate a culture of innovation throughout the organization. Only then will senior management have an opportunity to make the organization robust, thus, enabling the achievement of sustainable competitive advantage. A risk here, however, is that the organization can have an excessive focus on creating a culture of change and innovation. This risk can draw attention away from realizing priority changes and thus become a limiting factor the third-party service provider.

Besides, service innovation and application of the firm's dynamic capabilities work must be coordinated and managed strategically (strategic level). In the absence of coordination or management, various parts of the organization can work towards different goals. Thus, to counteract this, essential expertise, such as innovation and dynamic capabilities activities must be coordinated on an ongoing basis. Moreover, structures must be established that

support both quick decisions and contributes to decentralized decision-making within the third-party service organizations.

Director 6: *“Exploitation of market insights has been the determining factor in the past ten years.”* **Market expert 1:** *“Since the choice of strategic approach accounts for risk, it is understood that several companies use market data and insight about the industry and then build on with the company's internal resources.”*

However, despite the high degree of agreement among the respondents considering which strategic approaches has contributed to the overall achievement of sustainable competitive advantage in the last ten years, there were indeed different reasons to why it had to be both approaches due to the various strategic formulations and strategic emphasis with Facility Management organizations. Hence, the different strategic focus is seen in relation to strategy formulation. Considering the strategic approach while strategy formulation, strategic identification must, therefore, primarily refer to the collection of relevant market information. Hence, the appropriate strategic information can be obtained both through local (Norway) and global searches in the market environment (Nordic and Europe). A reasonable basis for information can be transformed into knowledge through, for example, a better understanding of threats and opportunities, predominantly, because this is central to being able to develop services that meet the needs of the market and customers. An ongoing understanding of any changes in the customer's needs and desires will be crucial for the business not to freeze in static and conserved perceptions of what creates results and a sustainable business concept over time.

4.3.4 Sub research question nr. 2

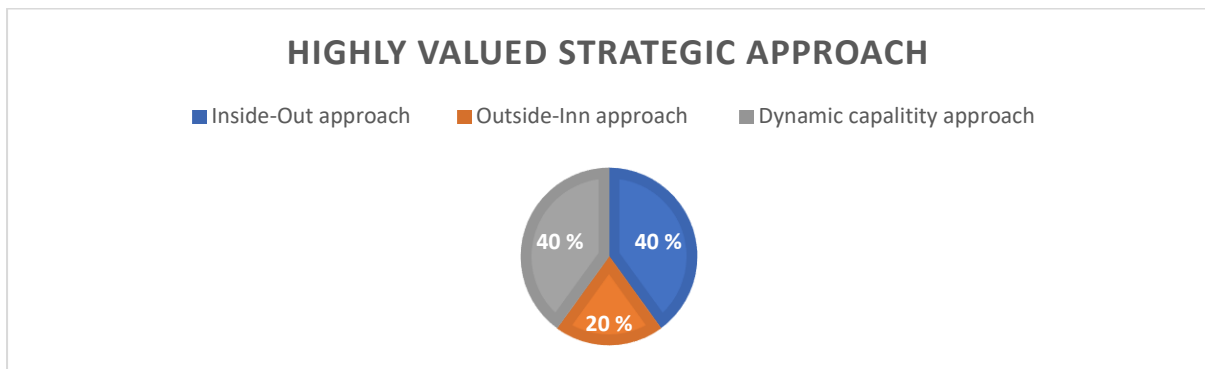
What are the preferred strategic approaches within the Norwegian facility management market?

Organizational strategic approaches are critical determinants for regulatory efficiency and achievement of competitive advantage, and must, therefore, in most cases, be seen towards corporate goals, visions, resources base and external environments, such as market position, customer portfolio, competitors and strategic partnerships. The choice of strategic approach must, therefore, not only be designed to meet today's needs but also to meet future changes in both the internal and external environment. I asked the informants; Which considerations

regarding strategic approaches are highly valued while formulating the company's business-level strategy? See question 5 in appendix 2.

Note: The answers below are not based on statistical analysis, but rather on a review of HOW and WHY various strategic approaches are highly valued while formulating the company's business-level strategy within the Facility management industry⁶. Hence, the statistical distribution is merely an illustration of the answers given by the respective respondents.

Figure 11: Highly valued strategic approach



(Source: semi-structured qualitative interview, 2019)

The figure above highlights the distributions of the answers showing which strategic approach is highly valued within the Norwegian Facility Management industry. Additionally, the informants were asked to elaborate on why the given strategic approach was highly valued in recent years within the market industry. However, despite the distribution is pointing in the favour of Inside-out and dynamic capabilities being the highly valued strategic approaches. Many of the informants stated that it is essential to take note that various strategic adjustments are made after or later in the strategic process. Thus, many of the intended and core strategies either emphasizes on Inside-out, Outside-In, dynamic capabilities, while the emergent strategies are often a combination of various strategic approaches as mentioned above.

Below follows the informant's elaboration on why different strategic approaches are considered, yea, even chosen during strategy development within the Facility Management

⁶ •Resource-based approach/Inside-out (Company systems, tools, processes, and services).
•Market-based approach/Outside-in (market insights, customer value and needs).
•Dynamic capabilities. (The ability to integrate, build, and reconfigure internal and external knowledge).

industry. Two directors and two market experts claim that the inside-out strategic approach is the highly valued approach within the Facilities Management Market.

4.3.4.1 Inside-out strategic approach

Director 6: *"Corporate systems, tools, processes, products have been important to consider, mainly because the company has sought to start from the company's current resource base when entering procurement contacts and developing business strategy. Nevertheless, the chosen strategic approach has gradually adapted to external environments, mainly because the company is very customer-oriented and puts a great focus on the customer's added value."*

Considering the findings with Passemard and Calantone (2000). The findings are in conformity with the resource-based view. Considering that, for firms to gain a competitive advantage in the given market place, the formulated business strategies must seek to exploit the various resources within the firm as mentioned above, such as capabilities and knowledge base, since direct control over these resources could generate competitive advantage in the future. However, because the resource-based view (RBV) seeks to explain how companies achieve sustainable competitive advantages based on their overall internal resources and capabilities, the firm's resources must be defined as an enterprise's available physical or intangible resource. Barney's (1991) resource-based theory was challenged by the dynamic business environment of the 1990s: The method was criticized for being static by nature, as it does not take reasonable account of the market dynamics around the company and is thus not suited to explaining the companies' competitive advantage in changing and unpredictable environments (Eisenhardt & Martin, 2000). Hence, the emphasis on corporate systems, tools, processes, products seems to enable third-party FM service providers to maintain dynamic characteristics. Thus, the RBV allows third-party FM service providers to be competitive even though the theory has been criticized for being static by nature.

Market expert 2: *"Based on my experience, facilities management companies emphasize the company's systems, tools, processes, and products. Several facility management firms do not spend much time outside with the client due to their inward strategic approach. "Further, facility management firms have been slow to develop the services over time, for example, assortment in the canteen, adjustment of frequency according to needs."*

According to Barney, (1991), third-party facility management service providers, must first possess resources and capabilities that are heterogeneously distributed among businesses, and secondly, that they are stable over time. Because the operational level and tactical levels within the third-party FM firms have a significant impact while facility management service provisions, we can argue that facility management companies cannot attain sustainable competitive advantage because the tactical and operational levels, indeed even the strategic are not heterogeneously distributed are stable over time. This is due to the nature of outsourcing contracts, which often involves the elimination of tactical and operational levels during the outsourcing process. Further, Barney argues that companies that hold valuable and rare resources can generate returns in the short term. Besides, resources must be non-imitable and non-substitutable before the company can gain lasting competitive advantage (Barney, 1991). Accordingly, third-party FM service providers do not necessary possess resource that are non-imitable and non-substitutable. Thus, the resource-based view strategic approach can only attribute to temporary competitive advantage and not sustainable competitive advantage.

4.3.4.2 Outside-inn approach

Director 3: *"We work with all three strategic approaches, but it is an Outside-In/market-based approach that is highly valued. The customer's needs and value have been the most important considerations during strategy formulation and implementation for the company."*

Parallel to the market analysis and competitive advantage theories, the market-based perspective on strategy disputes that industrial aspects and external market orientation are the underlying determining-factors of firm performance, indeed, even firm profitability in the market place (Bain 1968; Caves & Porter 1977). The quotation above implies that third-party facility management service providers must combine various strategic approaches due to the developments within the FM market, acquiring of effective service solutions and emphasis on delivering FM service with quality according to value propositions. Accordingly, questions related to PIO are how firms can protect themselves from industry factors, and how a firm can acquire a competitive advantage in an industry where resources are homogeneous and mobile.

Director 3 *“Having a partnership agreement is an important contribution to the strategic approach in recent times because it helps to facilitate the provision of services on a larger scale, increase trust and dependence on the suppliers. It is also difficult to terminate an agreement with TFM than one with only a single service. Thus, a competitive advantage can be attained through partnerships agreements.”*

Porter (1980) argues that the key to safeguarding a firm’s position within an industry is to develop a strategy that can be used as a defence mechanism against industry forces. Concerning the market-based perspective, Porter’s (1980) Five Forces framework, is included to identify specific attributes of industry structure that can threaten a company’s competitive advantage. According, we apprehend that achieving partnerships agreements, indeed even strengthening them, does contribute to competitive advantage. The five forces as presented in Porter (1985) consists of the barriers to entry, the threat of substitutes, the bargaining power of suppliers, bargaining power of buyers, and rivalry among competitors. Considering The five-forces model, third-party management service providers can enable defence mechanism against industry forces by emphasizing on total FM provision while stressing partnerships agreements within the FM market industry.

Director 5: *“The corporates business strategy emphasis on outside-inn approaches, predominantly because major market activities and macro environments affect the firm’s strategy work and profitability to a large extent. Some megatrends include; Demographic developments, increased amount of technological installation, Energy and environmental focus, and Digitization.”*

Hence, the strategic approach considers first the external Megatrends in the external environment, and then adapt these trends to the firm's current service provisions and expertise. In respect to Porter (1985), Grant 1991 and Peteraf (1993) respective researchers, we understand that firms within a given industry have approximately identical strategic, relevant resources and can acquire resources they lack. Thus, the firm's resources are regarded as homogeneous and immobile, and consequently, irrespectively attempt to establish resource heterogeneity will thereby have no sustainable benefit due to the high degree of mobility of strategic resources. Accordingly, we can argue that third-party facility management service providers that adapt a market base/outside-in strategic approach, facilitate the achieving of sustainable competitive advantage within the FM market.

4.3.4.3 Dynamic capabilities strategic approach

Director 2 *"Since the company is part of a larger international corporation, the company's strategic approach has been influenced by the parents/ holding company's strategy. Hence the company's strategic approaches have adopted an international approach and have sought to adapt to environments that continually change with a focus on customer needs and value".*

Market expert 3 *"The FM companies are a combination of companies owned by funds, founders, private equity funds, etc., so this affects the purpose of choosing a defined strategy and its achievements."*

In environments with a rapid pace of change, knowledge becomes outdated quickly. The goal must be that the company has and continuously develops necessary and unique expertise related to innovation ability. Increasing competence and knowledge development among employees is, therefore, central, especially in connection with the identification process considering the firm's structure and shareholders. Moreover, based on empirical findings, collaboration and partnerships can be sources of new organizational learning, while at the same time adding new strategic assets to the company. The argument is in line with the theory of dynamic capabilities where collaboration is considered necessary for the development of competitive advantage. Further, in the same way, that products and services need to be developed to be market-relevant, strategies must also be continually improved through experimentation, learning, and adaptation. At the same time, the assessed strategic priorities must be in line with the company's vision and goals, but also the firm's resource base. The company must, therefore, make strategic choices and priorities for how the competitiveness market strategy must be linked with business models, technology, sustainability, and the overall market environment.

Market expert 1: *"In the early stages of FM contracts (outsourcing), it is important that the third approach (dynamic capabilities) is taken care of, but since facility management contracts extend to a specified period, it has been essential when implementing a strategy that safeguards customer needs and value in the longer run."*

Thus, we apprehend that the choice for dynamic capabilities must also consider adjustable customer's value and expectation after entering into a contract. Accordingly, to fill the gap between the potential customer's value, expectation, and the supplier's service delivery, it is

essential that the provider's strategy is also a result of the customer's needs and value. Moreover, in dynamic markets characterized by a high rate of change, it can be challenging to predict which various strategic approaches and innovations projects will best ensure sustainable profitability for the third-party facility management provider. Moreover, the empirical results in conformity with the literature when considering the various strategic approaches and growth strategies. However, the literature review emphasizes more on organizations, particularly when considering how dynamic the market industry is, while the empirical results indicate that the facility management firms are not necessary for a very dynamic market, but that the client's organizations, which often consist various industrial developments and fluctuations due the diversity in the customer portfolio. Accordingly, choosing potential customers is as important as selecting the business strategy approach since these factors are influence each other mutually.

Director 4 *“Because the company has been one of the leading third-party FM service providers in the last years, the company has had resources both in the form of financial resources and human resources. Thus, it has been more accessible for the company to allocate the employees and other resources to adapt to the dynamic environment. Moreover, one cannot lean on one approach solely. One must adapt, thus emphasize on dynamic capabilities. “*

Empirical findings indicate that several companies choose to run several parallel strategic processes, which in practice cover the same customer needs, precisely so as not to miss meaningful market opportunities. Concerning dynamic capabilities, one challenge with such a strategic approach to the market is that it requires a large capacity of the facility management companies. If one considers strategy approaches and capabilities capacity as a limited resource in the short term, the management must make a strategic priority about where they want to use the company's strategic approaches and capabilities capacity. However, considering the use of automation and system during facility management provisions, especially (hard facility management), but also in connection with cleaning and canteen.

4.3.4.4 Sub research question nr. 1

To answer the sub research question nr 1⁷ thoroughly, question number four from the appendix 2 is also included.

Director 4: *“The firm has been one of the leading providers of total facility management services within the facilities management industry during the last decade. Thus, the firm has laid much of the foundation within the market, such as a focus on service excellence, cost-effectiveness, total facility management provision, technology application, and growth through mergers and acquisitions.”*

Considering the aim of competitive strategic management, we understand that providing total Facility management services, has indeed been associated with significant market share, a stable recourse base, and satisfactory capital. Hence, having a successful total facility management provision implies that the firms’ strategic approaches have been successful. However, concerning the development within the profitability amongst the third-party FM service providers, providing bundled and total FM service has contributed to a lower rate of return on assets. Moreover, facility management has fewer total assets compared to other industrial markets in Norway, like shipping, financial institutions, and oil companies.

Director 1: *“The company's history and experience from canteen operations (soft facility management services) have been important for the increased growth in recent years. Hence, international service management background and notable experience with Soft FM service delivery in Europe have enabled the firm to differentiate itself strategically, and thus, contributed to the company's success within the Norwegian Facility management industry.”*

Considering the quotation from Director 1, we apprehend that a company's history (soft or Hard FM service provision) and financial capabilities perform a significant role in the pursuit of developing a successful facility management business strategy. In relation to the theory of competitive advantage, the quotation from the director affirms that, for firms to gain a competitive advantage in the given market place, the formulated business strategies must

⁷ Sub research question nr 1: Which strategic considerations have enabled third-party facility management service providers to achieve sustainable competitive advantage within the Norwegian Facilities Management industry?

seek to exploit the various resources within the firm as mentioned above (Passemard and Calantone, 2000, p.18). Furthermore, the director's statement conforms with Porter's (1985) comparative advantage, which argues that every successful organization conducts its strategy to correspond to its specific market situation. However, considering the four important strategies, cost leadership, differentiation, low-cost focus, and low-cost differentiation (Porter,1980), the director's quotations seem, however, to be a borderline strategic approach. Accordingly, organizations adopt the strategy that best fits their business, both internally and externally, and modifies if need be.

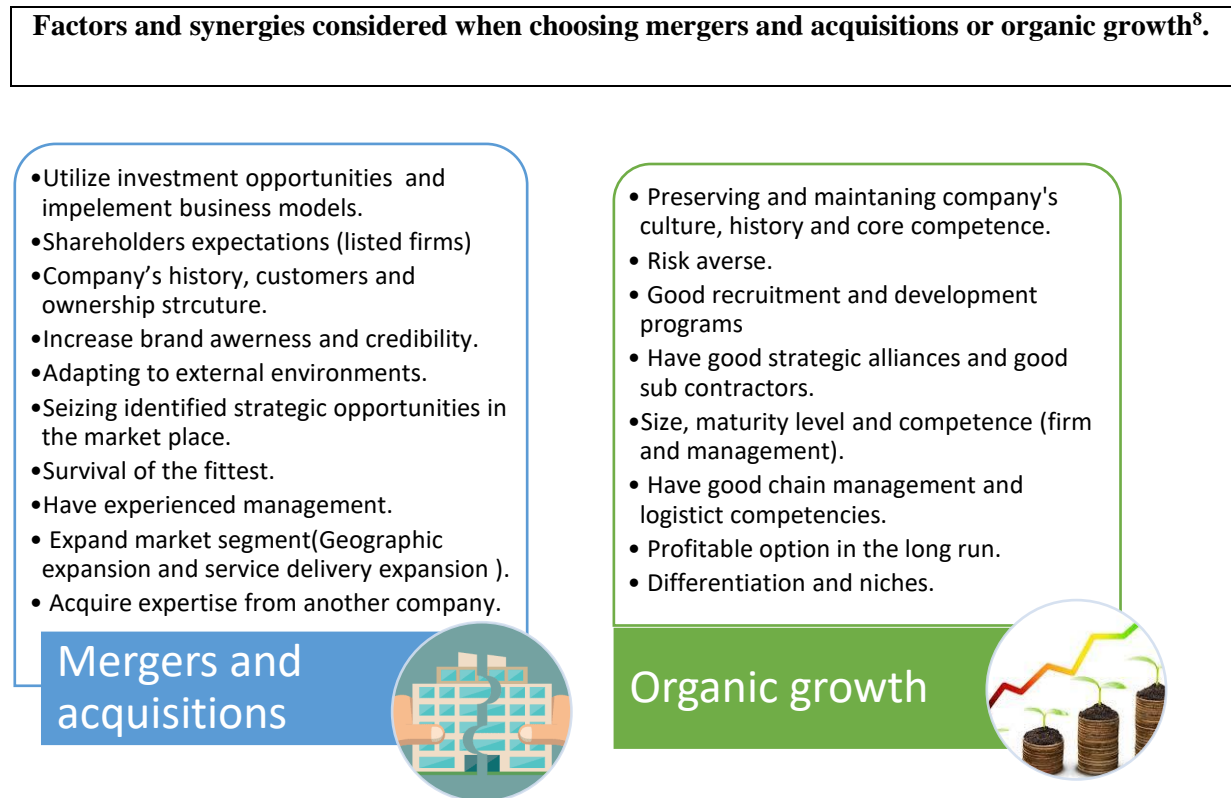
Director 6 *“The use of triple bottom line strategy has given notable effects on the corporate result in relation to the intended financial, social, and environments performance goals. However, the firm’s strategies have changed gradually in recent times, but the three pillars (focus on financial, social, and environments performance) have been the same. The company has managed to stand out by having a clear focus on service excellence and Environment, health, and safety (HSE).”*

Considering that most studies about sources of sustained competitive advantage have focused either on isolating a firm's opportunities and threats (Porter, 1980, 1985), describing its strengths and weaknesses (Hofer and Schendel, 1978; Penrose, 1959), or analysing how these are matched to choose strategies. Hence, applying a triple focus does indeed enable third-party facility management service providers to use various strategic approaches simultaneously. Thus, we apprehend that successful strategies are characterized by success in neither one nor two aspects, but in three, consisting of financial, social, and environments performance. However, market trends within the Norwegian facility management market indicate uncertainty due to the low degree of outsourcing. Thus, business models will mostly be based upon the current customer portfolio. Accordingly, choosing a strategy for how the firms' strategic approaches should create value for the customer, and having a continuous focus on this will be crucial for whether the formulated strategic plan succeeds or not.

4.3.5 Sub research question nr. 3

Which synergies are highly valued when considering growth strategies (Mergers and acquisitions vs. organic growth?)

Figure 12: Synergies related to M&A and organic growth.



(Source: semi-structured qualitative interview, 2019)

Regarding strategic growth approach within the Norwegian FM market, many of the informants claim that organic growth is the most desired approach within the facility management industry, but mergers and acquisitions are the most utilized growth strategy in the market industry due to its effectiveness and full results concerning achieving sustainable competitive advantage. However, some firms (directors) that are included in this thesis argued that organic growth is the most desired approach due to its stable growth over time in relation to cultural aspects, firm's history and visions, but also because of the steady achievement of sustainable competitive advantage over time. Also, many of the directors within the third-party FM service providers also stress that a combination has been used, predominantly because growth strategies tend to be relative to the market environment and

⁸ Sub research question nr. 3 is related to question nr 6 and nr 4 in the appendix 2.

potential market performances. Moreover, strategic alliances are mentioned as significant considerations for firms that seek to emphasize on organic growth, the use of subcontractors on several contracts, but also firms that emphasize on effective and efficient logistics and value chain. However, due to a few strategic partners, competition law and regulations, only a few firms manage to adapt a strategic partnership as a substitute for organic mergers and acquisitions.

The demand for total and bundled facility management services has also contributed to the decision between mergers and acquisitions. The use of subcontractors has often been preferred in recent years, even applied on most total facility management contracts, but more facility management providers seek to be total facility management providers. Hence, mergers and acquisitions have been the way to go. Because many facility management firms began as single providers, the history of the firms has played a significant role too. Few firms have either been small or large, but many firms in the Norwegian facility management industry have been medium size, and thus, identification problem has risen, even troubled many medium-sized firms. Hence, many third-party FM service providers have either merged with large firms or have been acquired.

Another factor influencing the choice of either mergers and acquisitions or organic growth is the importance of the demand side (clients) in the facility management industry. Historically, few municipalities in Norway have chosen outsourcing rather than in-house, and several private actors have been reluctant to outsource, and if outsourced, cost-effectiveness and efficiency have been significant, hence, bundled and total facility management have been desired to acquire several synergies while outsourcing. In that accord, there is a great need to provide more bundled and total facility management service than before, and thus, mergers and acquisitions have been a popular choice considered the history of many facility management providers being single service providers and few being bundled and total FM providers. Further, companies that believe their business model and service provision are different and exceptional than other market competitors have considered investment within the company to contribute to revenue growth rather than conducting mergers and acquisitions. Within the facility management industry, property management, catering and technical provisions have been facility management service that has enabled companies to differentiate themselves from competitors, and thus, have gained a specific competitive advantage in recent years within the Norwegian Facility Management industry. Below follow

quotations thoroughly from the respondents regarding the considerations concerning mergers and acquisitions vs. organic growth.

Director 1 *“The entire company is almost a result of acquisitions. The reason for this is because the company emphasizes identifying strategic opportunities in the market place, but also because the management has had the required expertise to identify and seize market opportunities”. Moreover, organic growth is what we prefer, but this is also something that can be achieved in the long run through cooperation with other companies who with niche operations such as technical firms, property management.”*

Considering market growth and business cycles, we apprehend that mergers and acquisitions are essential vehicles for firms' long-term business, product, and geographic strategies within the facility management industry. Ferreira et al. (2012) and Hitt et al. (2001) argue that M&As besides being significant strategic vehicles for firms, M&As have become primary vital tools for larger firms. Hence, despite the size of the given firm within the facility management industry, we can argue that should the third-party FM service providers increase in size, much of the firm's growth can be accredited to M&As. Further, the rationale consideration which is particularly mysteriously related to powerful companies acquiring other companies to create a more profitable, competitive, and cost-efficient company can explain the strategic intentions. Thus, when conducting mergers and acquisitions, companies will assemble with the aspiration of obtaining a more significant market share or achieving substantial efficiency. However, regarding the potential benefits while considering mergers and acquisitions, it is understood that target companies often agree to be acquired when they acknowledge that they cannot survive solitary in the market place (Brigham, 1986; Cybo-Ottone and Murgia, 2000; Brealey and Myers, 2003).

Director 2 *“The company has not acquired any other company in recent years due to its focus on organic growth, and thus, mergers and acquisitions are not accredited for the firm's positive results. Organic growth is chosen over M&A because the company's culture and core competence have been important for the success of the company. It has also been important for the company to focus on what we are good at ” (do not attempt to set your foot on the unfamiliar ground to avoid danger and uncertainty).”*

Indeed, just as there are multiple strategies for competitive advantage, there are various ways that companies can outperform others through various growth strategies, such as organic growth. The findings identified a group of top-growth companies and respondents at the top report different strategies for how growth and competitive advantage is has been achieved. Moreover, culture is emphasized when considering both organic growth and mergers and acquisitions. Hence, the culture aspect and core competence seem to be of great significance considering facility management providers stress human resources during facility management service provisions and strategy development.

Director 4 *"Mergers and acquisitions are highly considered, mainly because they have strengthened the company's credibility, growth, and market positions. Historically, if a faster option has been presented, the fastest alternative has always been chosen."*

Considering the history of third-party FM service providers in Norway, we can argue that often, M&As are linked to the company's focus on adapting to external environments, which results in choosing the fastest path to the goal. Moreover, organic growth is considered as an expensive and time-consuming alternative in the context of mergers and acquisitions. It takes less time to reach the goal through mergers and acquisitions than with organic growth. Thus, the question arises. "How busy is the company in gaining competitive advantage, growth, and so on. Moreover, previous studies affirm that the synergistic gains are perceived in the financial results (resulting from the utilization of fiscal benefits, greater financial leveraging with reduced costs, project investment, diversification, better capital structure, among other budgetary advantages), operational (resulting from economy of scope, increased revenue, and scale, reduction of operational costs and capital investments), and managerial jurisdictions (resulting from improved managerial competence and substitution of unproductive administration), Berger and Humphery,1992;Kwan, 2002; Shrestha, 2014).

However, astoundingly, most studies comparing pre and post mergers performance reveal that potential efficiency derived from mergers and acquisitions rarely emerge (Piloff, 1996; Berger et al., 1999). However, Yener and David (2004), identified that mergers and acquisitions had a significant role in improving financial performance after a merger, which is a stimulus for efficiency. Contradictory, Beitel et al. (2004) found no gain (financial performance) effect due to mergers and acquisitions.

Director 6 *“In our firm, organic growth is considered for locally geographic growth. Consequently, three factors have often been important while considering mergers and acquisitions; the company’s service unique concept, history, and culture.”* **Market expert 1:** *“The choice is influenced by the company’s history, customers, and ownership structure.”*

According to Cigola and Modesti (2008), Uddin and Boateng (2009), Kadapakkam et al. (2009), and Nogest (2010), the notion of synergistic gains Within the context of mergers and acquisition, accounts for a great deal of the justification for conducting M&As. However, the areas of the benefits are unknown. Considering previous research, we may argue that culture, asymmetric service provisions, and history may have a significant impact on the facility management industry than elsewhere. Further, most of the studies examined concerning mergers and acquisitions, reveals that mergers and acquisitions add significantly financial performance (gains) in cases with the banking sector, apart from Straub (2007) and Rhoades (1993) that have contradictory findings. Thus considering, organic growth strategies within the Norwegian facility management industry may give more insight and thoroughly risk projection contrary to mergers and acquisitions considering previously conducted studies.

Moreover, within the context of mergers and acquisitions, synergy creation is considered as the additional value created by the value generated by the combination of two companies. Accordingly, synergy creation is creating opportunities previously unavailable to independent business entities (Damodaran, 2005). Thus, the value of Norwegian facility management firms must have doubled considering mergers and acquisitions being the most chosen, yea, even desired growth strategies. However, the profitability analysis in chapter 5.2 reveals that profitability ratios have been lower during the last ten years. Hence, most of the conducted mergers and acquisitions within the facility management are related to competitive dependability than growth strategies.

Considering growth strategies, the empirical study confirms the literature assumptions that stress that mergers and acquisitions are highly regarded in constantly evolving markets, markets experiencing fluctuations, and increased market competition. However, notwithstanding that the third-party service providers growth strategies are focused on external industrial factors, such as geographic expansion, competitive dependability, and market position, several directors, claim that combining various elements such as strategic

approaches and business models, has been a significant factor in the pursuit of attaining competitive, yea, even sustainable competitive advantage. Predominantly, this is because few third-party FM service providers in Norway could offer bundled and total facility management service provisions due to historical trends with the market industry.

Additionally, because the facility management is dynamic due to the temporary contracts (3-5 years) and environmental changes, hence, services have to be developed and adjusted to the clients demands whilst the firms seek to work more effective and efficient than potential competitors, thus various dynamic competitive strategies such as mergers and acquisitions have been adopted.

4.3.6 Sub research question nr. 4

How do third-party Facility management service providers address risks and uncertainties within the market place?

Seven out of ten respondents claim that the customer's environment, competitors, and internal environment have not influenced the company's strategic choices. However, it is often the suppliers than seek to change the client procurement strategy. It is argued that, often, customers (client organizations) will only intend to outsource one service, while the suppliers will recommend bundled or total FM service provisions to get full use of the resources (supplier competence). Moreover, many of the respondent's stress that market developments have influenced how third-party facility management firms have conducted their strategic decisions and the operationalization of strategy. The determining factors during recent years have included sustainability, digitization, and the degree of outsourcing with the private and public sectors.

Concerning the market analysis, many of the informants affirm that the analysis of the microenvironments (SWOT analysis and five forces) have been emphasized over macro environment analysis (PESTEL). The asymmetrical emphasis between macro and micro environments is related to the considered stable development in the public sector (municipalities) and the nature of the market (contract based). Hence, much of the external/macro-environment adaptation within the Norwegian facility management market has been driven by the client organizations, significant contracts, and changes within the public sector (degree of outsourcing). However, some firms within the Norwegian FM market have adapted the dynamic capabilities approach in the pursuit of being leading providers who

aim to determine the status quo within the FM market. Hence, few facilities management service providers address risks and uncertainties using both the macro and micro analysis perspective.

Moreover, in recent years, more international third-party FM service providers have positioned themselves strategically within the Norwegian facility management market with the aim of strategic growth and increased profitability, and accordingly, many third-party FM providers have been forced to adapt to the status quo in the market. Hence, how third-party FM providers address risks and uncertainties is considered to be equal. However, the speed and scope of the macro and microenvironment analysis are determined by the firm's financial capabilities, customer base, and management experience and competence.

Director 6 *“It has been important for the company to follow the client organizations journey and developments within their market industry, but this has often been towards important customers with long and significant contracts.”*

Considering the information above, we apprehend that choosing customers (client organizations) is indeed a strategic approach. Thus, a customer portfolio consisting of diverse client organizations can either reduce or increase risk. As stated in the literature review, D’Aveni (2010) suggests that companies should focus on building several temporary competitive advantages that are continually being replaced by new short-term benefits. Hence, choosing specific client organizations implies that competitive advantage can be considered as a stage where companies are attempting to withstand the environmental changes while providing satisfactory products and services superior to their competitors.

Market expert 3 *“Due to changes within the market industry, most of the strategic work has been driven by flexibility, anticipating change, using SLAs, helping to influence and supplementing the framework contract.”* **Director 1** *“The company is careful while considering changes in the external environment while considering the company’s current resources base. Consequently, the firm has a main strategy, approx. five-part strategies and several project strategies.”*

Due to uncertainty in the market place, dividing the firm's strategy in primary strategy, part strategy, and project strategy, is considered can be considered as one approach while addressing risks and uncertainties within the market place. Complementarily, Porter (1980)

affirms that every successful organization conducts its strategy to correspond to its specific market situation. Concerning risk assessment and developing competitive strategies, we can thus claim that dividing the primary strategy, enables the third-party FM providers to determine the competitive arena to obtain a satisfactory influence to counterbalance impending demands. These future demands can be from buyers and suppliers, even so, to outperform rival producers, to prevent new companies from entering the industry and fend off the threat of substitute services.

Market expert 3 *“Several suppliers have had a desire for longer contracts, and for this has often been because, often, facility management contracts with 3-5 years see effects in year 2 and 3, and therefore, more time is required to decide on how the suppliers should decide on their strategy in light of external environments, etc”.*

We thus apprehend that, Facility Management providers emphasize on acquiring long term contracts, predominately because it is clearly an advantage with longer contracts than with short termed Facility Management contracts.

Director 5 *“The resources to be used are seen in the context of available capital. If turnover and profitability levels are justifiable, then different factors are emphasized, and therefore, it is important to work first and foremost against the customers with the resources you have due to profitability and customer satisfaction.”*

Resources are indeed limited, and thus, third-party FM service providers must be familiar with the fact that one can meet the demanded service delivery before engaging in the contract. Therefore, the company is also careful when choosing which FM contracts to participate in due to profitability and the number of resources set aside to adjust to the client organizations and external environments”. However, acquire competencies if you do not have the right resources to be able to adapt, but this must be a clear profitability assessment and competency assessment.

4.3.6.1 Deliberate and Emergent strategies.

Considering what has been the root cause for choosing to implement the first intended Strategic approach in the facility management companies during the recent years, the

informants claimed that the root cause often has been to create clarity internally, pave the way for corporate development and implementation of strategic intentions. Additionally, to bring the entire organization in consensus with the intended strategy, visions, and goals. Moreover, implementing the proposed strategy within the Norwegian facility management has been significantly emphasized because of juridical binding contracts, agreed value propositions and intentions related to the contract extension, profitability, and competitive advantage. Further, the informants agreed that it is the deliberate strategy that is implemented to a large extent within the facility management industry. However, the strategy formulation, in most cases, could be deliberate while the implementation was emergent. Additionally, it was mentioned that several changes are to be expected within the Facility Management industry because, in the last years, significant factors like higher degree of outsourcing/procurement sustainability, significant contracts, technology, and customer preference has influenced the firm's strategic approaches, thus, resulting in a more emergent strategic approaches rather than deliberate strategy.

Furthermore, because many facility management strategies are too general and very standardized, the directors and market experts stress that many changes occur in connection with strategy work within the facility management industry. However, the first intended strategies are often implemented in relation to the market environment and the customer value propositions during procurement and contract agreements.

Hence, the intended strategy within the facility management industry, seeks to enable the third-party FM service providers to have a strategic direction in the pursuit of maintaining market position and fulfilling the agreed FM contracts. Moreover, the customers' increasing focus on sustainability and digitization, has also helped influence the third-party FM providers decision on strategy since sustainability and digitization have been emphasized to an even greater extent than first included in the intended strategy before facility management procurement processes. In addition, the use of subcontractors has influenced the degree of applying emergent strategies. Considering the allocation of resources, collaboration with subcontractors, industry standards and regulations, adjustments are made to maintain the service value proposition to during contracts with client organizations.

4.2.6.2 Technological developments and awareness of sustainable business strategies.

Since many resources and attributes can be copied in the market industry, firms that have gained strategic advantages on focusing on technological development and awareness of sustainable business model has had the focus on the above factors from strategy inception and have had the resources in capital to implement technology and sustainability within the business model. However, since the technological development and awareness of sustainable business models are now considered essential factors after price and quality while facility management provisions, enabling efficiency and cost-effectiveness through the use technologic has become an important determining factor for facility management providers in the pursuit of acquiring future contracts.

Notwithstanding the importance of sustainability within the Norwegian Facility Management industry, both Facility management directors and market experts agree that the emphasis on sustainability has been more determinant than technology considering acquiring a competitive advantage in the recent years. Despite the increasing focus on technology through facility management provisions, the expectation has slightly been dimmed due to the impact on cost-effectiveness and efficiency, but also due to security reasons and client organization thoroughly trust and submission to the facility management providers.

Some respondents also indicate that being profitable is also part of working towards sustainability for both the customers and suppliers, thus, running a profitable business is also part of having a sustainable business model while considering technological development and awareness of sustainable business model concerning strategic management. In conclusion, it is agreed that the technological development and awareness of sustainable business model has indeed come to stay. However, these factors have not had a significant impact on the firm's overall strategy concerning achieving competitive advantage mainly because, some firms have focused on these factors from strategy inception and some have adapted to market developments, hence, only established facility management providers have attained competitive advantage.

Below follow some quotations from the respondent's elaboration on how the technological development and awareness of sustainable business model has influenced the company's business strategy, both previous and current strategic approaches.

Director 4 *"In general, the allocation of corporate resources has changed because of external factors. There is now a great emphasis on automation in connection with the canteen and cleaning services. Thus, technological development and awareness of sustainable business models have affected the management structure and the recruitment process of human resources in the company (less recruitment)."*

The ability (strategic realization) is perceived as an essential part of the company's strategic assets that contributes to creating competitive advantages and profitability. Accordingly, third-party service providers must design business models that create value for both the business and benefit the customers (client organizations). An example of this from the facility management industry is that cost-effectiveness, service expertise and service quality have become the most critical factors third-party service providers during the short run contracts, while business partnership and overall efficiency and sustainability focus has become more significant in the long perspective. Thus, cost-effectiveness and service quality has become the starting point for the development of facility management service provisions.

Director 1 *"Our company has long focused on this factor (sustainability) as a natural part of the strategy and the company's goals. Truly, through the last decades, the company has also been accredited with several awards in this area (sustainability)."* **Directors 5** *"Technological development and awareness of sustainable business models have been essential because the organization's strategy is based on megatrends and macro developments."*

With the mentioned factors, we can henceforth argue that technological development and awareness of sustainable business model helps to shape strategies within the Norwegian facility management industry. Hence, strategic approaches within the market must consider the influence of external surroundings. Moreover, it is quite clear that technology and digitization have had a significant impact, this is also concerning the company core competency and target segments, such as facility management services, technical service provisions and property installations equipment's (energy monitoring)".

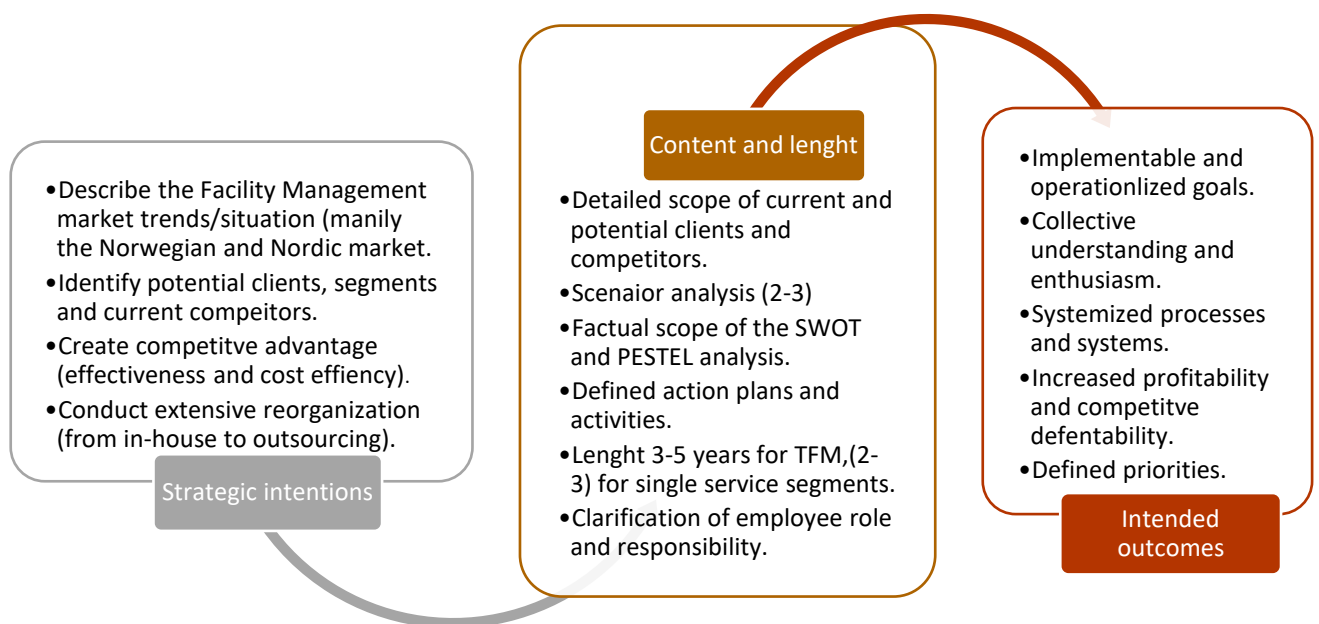
Director 6 *“This has become part of the company’s strategy in recent years but has not been historical. However, there is a great emphasis on sustainability than technology predominantly because technology has had a great impact on the business strategy than sustainability, and this is because the firm has not had so much focus on sustainable due to its service provisions and customer portfolio.”*

Thus, we apprehend that despite the focus on technology, technology is not a necessary part of the third-party FM service provider strategy, but this has been a tool to implement the company’s strategy. Hence, technology has, among other things, helped suppliers to get closer to end-users than before, something which has contributed to the development and improvement of service delivery. Data collection is also easier than before, and thus, mapping customer and end consumers’ needs are more accessible than before. If this is seen at a strategic level, it is still challenging to know how this will be part of the overall strategy.

4.3.7 The main characteristics of a good strategy within the FM industry.

Below follows a summary of the above question with results from the facility mana providers only. The market experts were questioned about the success factors, but also what they considered as the main characteristics of a good strategy within the Norwegian FM industry.

Figure 13: Characteristics of a good strategy within the Facility Management industry



(Source: semi-structured qualitative interview, 2019)

Many of the facility management suppliers state that the right business strategies within the Norwegian facility management industry have had clear descriptions of market trends, market size (geographic, competitors and strategic partners) with the main emphasizes on the Norwegian and Nordic facility management industry. However, two of the firms included claimed that their overall strategy had had a global approach/perspective, but the firm's business strategy been adjusted for the Nordic and Norwegian market due to the scale of the company's worldwide service production and delivery. Some firms have also implied that, among other things, analysis carried out by other companies such as McKinsey & Company and other Consultancy firms are used to some extent, to collect facts about the industry and understanding market developments.

Market scopes have included analysis of which sectors demand services, etc. Health, school, private companies, etc. and what types of businesses are outsourcing in general. Further, several if not all firms mentioned that an inward analysis of the firm had been principal while developing a successful business strategy. Understanding the client's organizations and their market industry was also significant, examples such as the bank and investment industry, consultancy firms, oil, and shipping industry. In several cases, analysis of previous contracts was also crucial since several firms seek to understand the FM contracts that are won and lost, to learn from the success stories. The last statement was also essential concerning the analysis of the current market segment and customer portfolio.

Market analysis for the facility management industry have consisted of factors like:

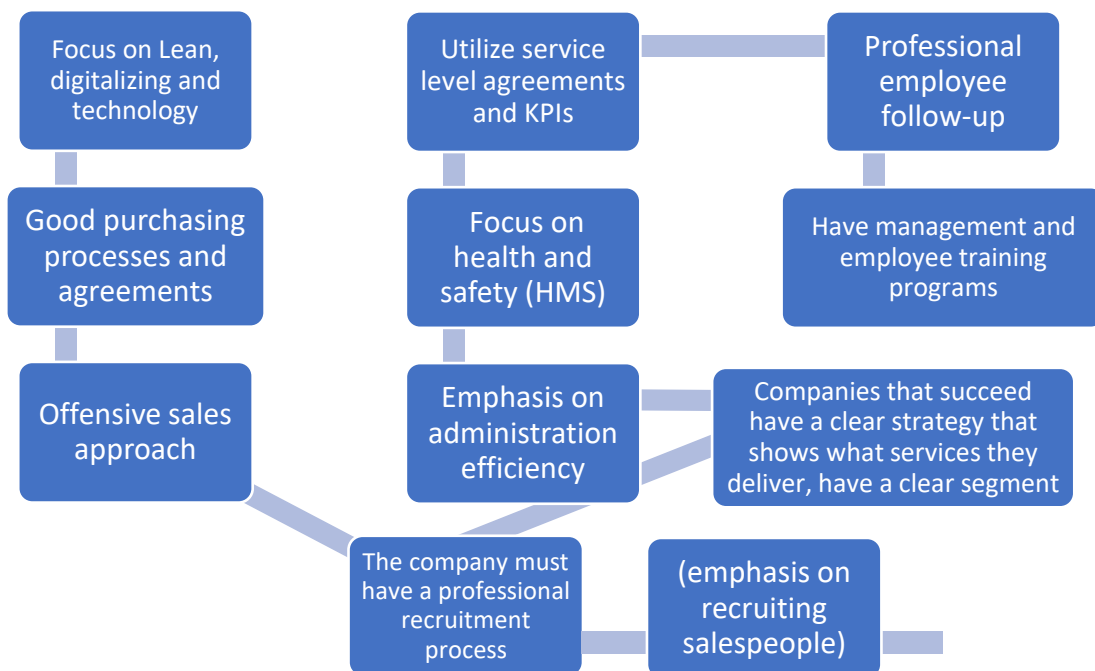
- Understanding market developments (use of technology like sensors, iPads during service delivery, property monitors, drones, LEAN implementation).
- Analysis of competitors and what market shares they have.
- Analysis of what are the customers doing etc. (Which sectors are demanding and purchasing services (outsourcing), etc. Health, school, private companies etc. and what types of businesses they are.
- Analysis of the firm internally in relation to new contracts and market developments (SWOT analysis, analysing current resource base).

- Analysis of the contracts that are won and lost, that is, to learn from the success stories, but also to improve the contracts that the firm has lost previously.
- Analyse current customer segment.
- Understand what types of operations that are used (provided the services via mix, that is, operating model and supply chain management).
- Understand that one cannot be the best at everything.
- Understand how the customer's market evolves. (Analysis of current customer segment and current customer portfolio).

4.3.7.1 Extended market success factors.

Below follows a supplication given by the market experts concerning the factors that are characterized as the success factors in the Norwegian facility management to business strategy and achievement of sustainable competitive advantage in the last ten years.

Figure 14: Extended market success factors.



(Source: semi-structured qualitative interview, 2019)

When considering the success factors within the market industry, several directors also claim that combining various elements such as strategic approaches and business models, has been a significant factor in the pursuit of attaining competitive, yea, even sustainable competitive advantage. Due to historical trends in the public sector (municipalities), some directors claim that analysis of the public sector has not been prioritized as much as the study of market competitors and market trends amongst private service providers. In consideration of market developments and trends, municipalities that have outsourced before to private service providers have been included within the market analysis and current customer portfolio. Further, many directors state that the facility management is dynamic due to the temporary contracts (3-5 years) and environmental changes, hence, services must be developed and adjusted to the client's demands while the firms seek to work more effective and efficient than potential competitors would. Market experts also stress that "The most important thing in facility management is communication" Thus, facility management providers that have had communications, yea, even processes, and system have enabled the information flow to be an advantage within the market place.

Concerning previous and future FM contracts, references, and good business relationships are also considered as a strategic approach. Notably, good recommendations have indeed been decisive for a contract extension and can and have paved the way for essential and several contracts, thus, having excellent communication while facility management provision can, and has in some ways contributed to the achievement of competitive advantage. Communication is also crucial because many third-party service suppliers often fail to communicate. It is challenging to stay ahead of development when one does not have a dialogue or communication with the client. Moreover, this must be done before the FM contract agreement and after the FM agreement.

When considering the various strategic approaches and growth strategies, the empirical results conform to the literature to a large extent. However, the literature review emphasizes more on organizations particularly when considering how dynamic the market industry is, while the empirical results indicate that the facility management firms are not necessary for a very dynamic market, but that the client's organizations, which often consist of various industrial developments and fluctuations due the diversity in the customer portfolio. Accordingly, many respondents affirm that choosing potential customers is as important as selecting the business strategy approach since these factors are influence each other mutually.

5. CONCLUSIONS

The purpose of this case study (thesis) was to carry out an exploratory study about the Norwegian Facilities Management market, with emphasis predominantly on how third-party FM service providers have sought to obtain sustainable competitive advantage during the period from 2008 to 2018. To answer the constructed research question; How has sustainable competitive advantage been achieved within the Norwegian facilities management industry during the period from 2008 to 2018? I conducted a thorough literature review on the influential theories and concepts within the field of strategic management and financial management with the emphasis on competitive advantage, resource-based perspective (inside-out), market-based perspective (outside-in), dynamic capabilities, profitability and merges and acquisitions. Supplementary, I divided the main research question into four underlying/sub research questions that are incorporated into the main research question above. The four underlying issues are included in section 2.7 (summary of literature review and research questions). The aim of covering the four underlying/sub research questions after the literature review was to connect the reviewed literature with the research method and the findings in chapter four.

Further, I supplemented the literature review with an explorative empirical case study consisting of qualitative interviews (the main mean of gathering data) and accounting figures, annual reports, research reports and media reports as secondary data. The combination of these data (qualitative and quantitative) has provided comprehensive, relevant, and exciting data material about the Norwegian Facilities management market. Moreover, the qualitative explorative empirical study was based on semi-structured interviews with ten respondents consisting of two chief executive officers (CEOs), 3 chief business development officers (CBDO), two chief strategy officers (CSO) and three market experts, with an average of 15 years of experience in their respective positions within the facilities management industry. Given the above factors, the conducted case study presents a nuanced picture of how sustainable competitive advantage has been achieved within the Norwegian facilities management market in the period from 2008-2018.

Indeed, the respondents have contributed to increased understanding and insight into what lies in the concept sustainable competitive advantage and how this has been achieved through resource-based perspective (inside-out), market-based perspective (outside-in) and dynamic capabilities perspective within the Norwegian facilities management industry. Based on empirical evidence and undergone theory, Porter's Industrial Organization (PIO) describes how external factors affect firm performance within the market, while Resource-Based View (RBV) focuses on the effects of internal factors. Consequently, Porter (1980) stresses on competitive advantage through environmental conditions and industrial attributes while the RBV perspective, on the contrary, focuses on firm characteristics and considers resources as heterogeneous and immobile (Barney 1991). Further, Amit & Schoemaker (1993), Teece, Picano & Schuen (1997) and Drnevich & Kriauciunas (2011) accentuate that heterogeneous capabilities, such as unique, customized, idiosyncratic, and specific to a firm, are prerequisites for sustainable competitive advantage. Therefore, in industries with strong industry forces, it is likely that PIO and heterogeneous capabilities will explain a more substantial proportion of firm performance than RBV. Further, notable differences between capabilities and dynamic capabilities have been described. Some researchers argue that capabilities are concerned with the company's ability to achieve a result or solve a task, while dynamic capabilities relate to the ability to change these current capabilities.

The conducted market analysis reveals that, in recent years (2007-2018), the profitability within the Norwegian facilities management industry has fluctuated but increased progressively, especially in the years from 2013 to 2016. Consequently, the competitive environment within the outsourced market has intensified, and thus, more firms have considered various business strategies, such as extensive organic growth, dynamic capabilities and mergers and acquisitions as appropriate options for achieving competitive advantage and market growth. Moreover, many facilities management contracts often last from 3 to 5 years, and operational level employees' turnover rates are usually high amongst several third-party service providers. Hence, the service providers' business environment is often transparent and highly volatile, and as a result, the third-party service providers struggle to keep business secrets and maintain their competitiveness. Despite the market fluctuations and low degree of outsourcing provisions in Norway, the Norwegian facilities management industry is still considered as a market with considerable potential growth (degree of outsourcing).

Further, the empirical study confirms the literature assumptions stressing that mergers and acquisitions are highly acknowledged in constantly evolving markets, markets experiencing fluctuations, and increased market competition. However, notwithstanding that the third-party service providers growth strategies are focused on external industrial factors, such as geographic expansion, competitive dependability, and market position, several directors, claim that combining various elements such as strategic approaches and business models, has been a significant factor in the pursuit of attaining competitive, yea, even sustainable competitive advantage. Predominantly, this is because few third-party service providers in Norway could offer bundled and total facility management service provisions due to historical trends with the market industry. Additionally, because the facility management is dynamic due to the temporary contracts (3-5 years) and environmental changes, hence, services must be developed and adjusted to the clients demands whilst the firms seek to work more effective and efficient than potential competitors, thus various dynamic competitive strategies such as mergers and acquisitions have been adopted.

Accordingly, to achieve sustainable competitive advantage within the Norwegian facilities management industry, empirical findings from my study indicate that the emphasis on the resource-based (inside-out) and the dynamic capabilities strategic approach must be considered within the FM market. Further, when considering growth strategies, mergers and acquisitions will most likely be preferred above organic growth strategies due to the effectiveness and broad results that mergers and acquisitions offer concerning the achievement of sustainable competitive advantage within the FM market industry. These benefits include geographic expansion, competitive dependability, acquiring larger contracts (bundled and TFM contracts), technology, partnership, and peculiar service expertise and provision. However, externally time conditioned factors, such as the degree of outsourcing in the public sector, procurement of large contracts, financial, political, and cultural developments, must also be considered. This is mainly because the degree of outsourcing in the public sector, purchase of large FM contracts, financial, political, and cultural developments have also contributed to the achievement of competitive advantage during the last ten years, indeed even developed the Norwegian facilities management industry. Thus, we apprehend that it is not necessary the strategic approaches within the Norwegian third-party services that contribute to the completion of sustainable competitive advantage and

profitability only, but customers (client organizations) and external micro and macro factors also contribute to a large extent.

5.1 Implications

Early contributions to the field assumed a direct link between dynamic capabilities and organizational performance. Later, this assumption was moderated to enable businesses to retain their competitive advantage even without pursuing continuous innovation, but only under certain conditions (Teece, 2007). The study (thesis) helped broaden the empirical use of this theory, which primarily concerns third-party FM service providers, arguing that service companies too - or bureaucratic organizations with narrow limits, predominantly of operational capabilities and only medium-developed dynamic capabilities also stress dynamic capabilities in the pursuit of achieving sustainable competitive advantage.

Concerning the empirical finding, it is understood that what makes different businesses competitive can vary. Moreover, empirical results from my study indicate that achieving competitive advantage within the Norwegian facilities management has been partly influenced by the emphasis on the resource-based approach and the dynamic capabilities. However, externally time conditioned factors, such as degree of outsourcing in the public sector, procurement of large contracts, financial, political and cultural developments have also contributed to the archiving of competitive advantage during the last ten years. Thus, strategic managers must not solely accredit nor relate the achievement of sustainable competitive with exclusively the strategic approaches within the third-party services.

Moreover, a thorough understanding of factors that contribute to a sustainable competitive advantage within the market place, indeed, even profitability, can enable third-party facilities management service providers to adapt strategically to customers (client organizations) and external factors while applying their intended, yea, also highly valued strategic approaches. Note; This study does not provide enough insight into the external phenomenon of the creation of a competitive advantage. In my opinion, further research is needed in this area.

5.2 Limitations and further research

The literature analysis identified a need for empirical studies of strategic approaches in service organizations, which this study answers. Nevertheless, the case lacks some representativeness, as the environment around the third-party service providers is stable. It can, therefore, be interesting to map competitiveness in service organizations in more dynamic markets. It has been argued that performance and DC are interrelated, but since this study has not made direct measurements and to a limited extent can say anything about this, several measurement studies are needed, for example quantitative. Some findings were made that exceeded the scope of this study but may be of interest to look at the interaction between incremental and radical dynamic capabilities. This may include innovation, as well as the balance between operational and dynamic capabilities (exploitation vs. exploration), under different conditions - what is required, for example of a start-up facilities management business, or in-service organizations with limited financial frameworks - is it possible to maintain a high level of dynamic strategic approach and exploration over time, and how can management facilitate this? Besides, there is a need for a comprehensive operationalization of competitiveness adapted to service organizations, which exceed the limits of this study, but which can facilitate several empirical studies going forward. Further, qualitative research about which strategic approach is highly valued among facilities management practitioners can be considered with the emphasis on assessing determining factors influencing the strategic decisions within third-party facilities management companies. However, due to the few numbers of companies within each country, the potential study can involve multiple countries for thoroughly market analysis. Potential research questions and hypothesis:

- *How do Nordic third-party facility management service providers achieve sustainable competitive advantage?*
- *How significant is the correlation between strategic management approaches and sustained competitive advantage?*
- *How can third-party facility management service providers increase their market share within the Norwegian public sector?*

Every new beginning comes from some other beginning's end. Lucius Annaeus Seneca (c. 4 BC – AD 65); Roman Stoic philosopher, statesman, dramatist.

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Appendix 1

3/8/2019

Meldeskjema for behandling av personopplysninger

NSD NORSK SENTER FOR FORSKNINGSDATA

NSD sin vurdering

Prosjekttittel

How has sustained competitive advantage been attained in the Norwegian Facility Industry in the last 10 years?

Referansenummer

561618

Registrert

01.03.2019 av David Benedict Zumbo - s233970@stud.hioa.no

Behandlingsansvarlig institusjon

OsloMet - storbyuniversitetet / Fakultet for samfunnsvitenskap / Handelshøyskolen ved HiOA

Prosjektansvarlig (vitenskapelig ansatt/veileder eller stipendiat)

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Type prosjekt

Studentprosjekt, masterstudium

Kontaktinformasjon, student

David Benedict Zumbo, s233970@oslomet.no/davidbenedictzumbo@hotmail.com, tlf: 97617970

Prosjektperiode

07.01.2019 - 31.05.2019

Status

04.03.2019 - Vurdert

Vurdering (1)

04.03.2019 - Vurdert

Det er vår vurdering at behandlingen av personopplysninger i prosjektet vil være i samsvar med personvernlovgivningen så fremt den gjennomføres i tråd med det som er dokumentert i meldeskjemaet med vedlegg den 04.03.2019. Behandlingen kan starte.

MELD VESENTLIGE ENDRINGER

Dersom det skjer vesentlige endringer i behandlingen av personopplysninger, kan det være nødvendig å melde dette til NSD ved å oppdatere meldeskjemaet. Før du melder inn en endring, oppfordrer vi deg til å lese om hvilke type endringer det er nødvendig å melde:

https://nsd.no/personvernombud/meld_prosjekt/meld_endringer.html

Du må vente på svar fra NSD før endringen gjennomføres.

TYPE OPPLYSNINGER OG VARIGHET

Prosjektet vil behandle alminnelige kategorier av personopplysninger frem til 31.05.2019.

LOVLIG GRUNNLAG

Prosjektet vil innhente samtykke fra de registrerte til behandlingen av personopplysninger. Vår vurdering er at prosjektet legger opp til et samtykke i samsvar med kravene i art. 4 og 7, ved at det er en frivillig, spesifikk, informert og utvetydig bekreftelse som kan dokumenteres, og som den registrerte kan trekke tilbake. Lovlig grunnlag for behandlingen vil dermed være den registrertes samtykke, jf. personvernforordningen art. 6 nr. 1 bokstav a.

PERSONVERNPRINSIPPER

NSD vurderer at den planlagte behandlingen av personopplysninger vil følge prinsippene i personvernforordningen om:

- lovlighet, rettferdighet og åpenhet (art. 5.1 a), ved at de registrerte får tilfredsstillende informasjon om og samtykker til behandlingen
- formålsbegrensning (art. 5.1 b), ved at personopplysninger samles inn for spesifikke, uttrykkelig angitte og berettigede formål, og ikke behandles til nye, uforenlige formål
- dataminimering (art. 5.1 c), ved at det kun behandles opplysninger som er adekvate, relevante og nødvendige for formålet med prosjektet
- lagringsbegrensning (art. 5.1 e), ved at personopplysningene ikke lagres lengre enn nødvendig for å oppfylle formålet

DE REGISTRERTES RETTIGHETER

Så lenge de registrerte kan identifiseres i datamaterialet vil de ha følgende rettigheter: åpenhet (art. 12), informasjon (art. 13), innsyn (art. 15), retting (art. 16), sletting (art. 17), begrensning (art. 18), underretning (art. 19), dataportabilitet (art. 20).

NSD vurderer at informasjonen om behandlingen som de registrerte vil motta oppfyller lovens krav til form og innhold, jf. art. 12.1 og art. 13.

Vi minner om at hvis en registrert tar kontakt om sine rettigheter, har behandlingsansvarlig institusjon plikt til å svare innen en måned.

FØLG DIN INSTITUSJONS RETNINGSLINJER

NSD legger til grunn at behandlingen oppfyller kravene i personvernforordningen om riktighet (art. 5.1 d), integritet og konfidensialitet (art. 5.1 f) og sikkerhet (art. 32).

Dersom du benytter en databehandler i prosjektet må behandlingen oppfylle kravene til bruk av databehandler, jf. art 28 og 29.

For å forsikre dere om at kravene oppfylles, må dere følge interne retningslinjer og/eller rådføre dere med behandlingsansvarlig institusjon.

OPPFØLGING AV PROSJEKTET

NSD vil følge opp ved planlagt avslutning for å avklare om behandlingen av personopplysningene er avsluttet.

Lykke til med prosjektet!

Tlf. Personverntjenester: 55 58 21 17 (tast 1)

Appendix 2

Interview Guide (Facility Management providers and market experts)

Case/Context: Facility Management industry over the past 10 years.

• **Introduction:** Brief introduction about myself. Preliminary presentation. Reminding that this is a master thesis in economics and business administration. Briefly explain the proposed research questions and topics.

• **Factual questions:**

1. How long have you been in the current position? Follow up: In total, how many years have you worked in the Facility Management industry?

• **Introductory questions:**

2. What do you associate with the term sustainable competitive advantage, and what are your thoughts regarding the application of business strategy in your position?

3. Considering the achievement of sustainable competitive advantage in the Norwegian Facility Management industry in the last ten years, would you consider sustainable competitive advantage being a result of internal resources utilization, or is it a result of market insights utilization? Follow-up: why. (Markets and Resources Paradox).

• **Transition question:**

4. Has the company's past or present strategic approach (s) contributed to the achievement of competitive advantage? Follow up: Can you elaborate about the company's strategic approaches thus far?

• **Key questions:**

5. Which considerations regarding strategic approaches are highly valued whilst formulating the company's business level strategy?

- Company systems, tools, processes, and services? (Resource-based approach/Inside-out)
- Market insights, customer value and needs? (Market-based approach/Outside-in).
- The ability to adapt to environments that change continually? The ability to integrate, build, and reconfigure internal and external knowledge (dynamic capabilities).

6. What has often been the root cause for choosing to implement the first intended Strategic approach in your company? Evt. In the last 10 years, has there been a case (s) where the company chose to implement an emergent strategy and not the intended strategy? (Was this a conscious choice?). (Deliberate vs. Emergent).

7. Has the company's environment (customers, employees and competitors) added guidance on how you have formulated and applied your business strategy? Follow-up: Has there been challenges in formulating and applying your intended strategy? In that case, which ones?

8. Given that you have taken part in negotiating and formulating various strategies within the Facility Management industry, what would you say has been the main characteristics of a good strategy?

9. At what levels in the company as the business level strategy been applied? Strategic, tactical or operational level. Follow up: Can you elaborate more on why business level strategy should be applied at these levels?

10. Choices regarding mergers and acquisitions vs. organic growth are understood to be of great importance whilst formulating the business level strategy. What factors and synergies have you considered when choosing either mergers and acquisitions or organic growth? Follow up: What are the specific targeted/planned effects of the chosen strategy?

11. How have you weighed the trade-offs stating that the formulated strategy must consider changes in the external environment whilst considering the company's current resources base?

12. Given that the technological development and awareness of sustainable business model has come to stay: How has the given factors influenced the company's business strategy?
Previous and current

13. What would you say has been the success criteria when formulating and implementing business strategy in the recent years? Follow-up, is the company's competitive advantage a result of corporate use of internal resources or is it a result of market insights utilization?

• **Closing question:**

14. Is there anything else that you think is important regarding the choice of business level strategy and sustainable competitive advantage?

Do you want to receive the thesis/part of the thesis just before assessment and delivery, so that you can review the posted answers?

Norwegian Appendix 2

Norsk VEDLEGG 2 – Intervjuguide (Facility Management-leverandører)

Jeg vil presisere at spørsmålene nedenfor gjelder for en setting hvor vi har en leverandør av Facility services innenfor Facility Management bransjen.

Case/kontekst: Facility Management bransjen de siste 10 årene.

• **Innledning:** Kort om meg selv. Innledende presentasjon. Minner om at dette er en masteroppgave i økonomi og administrasjon. Forteller kort om valgt forskningsspørsmål og tema.

• **Faktaspørsmål:**

1. Hvor lenge har du hatt denne stillingen? Oppfølging: Hvor mange år totalt har du jobbet i Facility Management bransjen?

• **Introduksjonsspørsmål:**

2. Hva forbinder du med begrepet langvarig konkurransefortrinn, og hvilke tanker har du om anvendelse av forretningsstrategi i din stilling?

3. Ser du på oppnåelse av langvarig konkurransefortrinn i Facility Management bransjen som et resultat av bedriftenes bruk av interne ressurser, eller sikter det mer mot utnyttelse av markedsinnsikter? Oppfølging: Hvorfor. (Markets and Resources Paradox).

• **Overgangsspørsmål:**

4. Har bedriftens tidligere eller nåværende strategisk (e) tilnærming (er) bidratt til oppnåelse av konkurransefortrinn? Oppfølging: Kan du fortelle litt om bedriftens strategiske tilnærming(er).

• **Nøkkelspørsmål:**

5. Hva legger bedriften vekt på ved valg av strategisk tilnærming?

Bedriftens systemer, prosesser, og tjenester? (Resource-based approach Inside-out)

Markeds innsikter, kundenes verdi og behov? (Market-based approach /Outside-inn).

Evnen til å tilpasse seg omgivelser som kontinuerlig endrer seg? Evnen til å integrere, bygge, og rekonfigurere intern og ekstern kunnskap (dynamic capabilities).

6. Hva er ofte årsaken til at dere velger å implementere valgt strategisk tilnærming i deres bedrift? (Evt. Har det vært tilfeller der selskapet har implementert en oppstått strategi og ikke den planlagte strategien i de siste 10 årene? (var dette et bevisst valg?)). (Delibrate vs. emergent).

7. Har bedriftens omgivelse (kunder, ansatte og konkurrenter) lagt føringer for hvordan dere har utformet samt anvendt forretningsstrategi? Oppfølging: Har det oppstått utfordringer ved utforming og anvendelse av strategi? I så fall, hvilke?

8. Sett at det er du har tatt del i forhandlinger og utarbeidelse av strategier innen FM-bransjen, hvilke hovedelementer mener du en god strategi har inneholdt?

9. På hvilke nivåer i selskapet har forretningsstrategien blitt anvendt? Strategisk, taktisk eller operativt nivå. Oppfølging: kan du si noe mer om hvorfor strategi bør bli anvendt på disse nivåene?

10. Fusjoner og oppkjøp vs. organisk vekst anses å være viktige momenter å ta hensyn til i forbindelse med strategiutvikling. Hvilke faktorer har dere tatt hensyn til ved valg av enten Fusjoner og oppkjøp eller organisk vekst? Oppfølging: Hva er de konkrete målsatte/planlagte effektene av valgt strategi? Gjerne utdyp

11. Hvordan har dere forholdt dere til avveininger om at implementert strategi skal ivareta endringene i eksterne omgivelser samt ta hensyn til bedriftens tilgjengelige ressurser?

12. Gitt at den teknologiske utviklingen og bevisstheten rundt bærekraftig forretningsmodell er kommet for å bli: Hvordan har overnevnte faktorer påvirket selskapets tidligere og nåværende strategisk tilnærming?

13. Hva mener du har vært suksesskriteriene ved utforming og implementering av forretningsstrategi de siste årene? Oppfølging, Er bedriftens oppnådd konkurransefortrinn et resultat av bedriftens bruk av interne ressurser eller er det et resultat av markedsinnsikter?

• **Avslutningsspørsmål:**

14. Er det noe annet du tenker på som er viktig med tanken på valg og strategisk tilnærming og oppnåelse av langvarig konkurransefortrinn?

Ønsker du å få tilsendt oppgaven/deler av oppgaven like før innlevering, slik at du kan se gjennom avlagte svar?

Appendix 3

ØAMAS5900-1 18H Master's thesis

Declaration of consent for the interview in connection with the master's thesis.

General information and description of the project.

I am a student from OsloMet attending the master's program in economics and business administration at Oslo Business School. In that regard, I am now conducting a master thesis in the subject ØAMAS5900-1 18H Master's thesis. The master thesis is to be written by David Benedict Zumbo. My supervisor from OsloMet is associate Professor Knut Boge, Email: knut.boge@oslomet.no, tlf: Mobile: 450 65 261/office: 67 23 65 07.

The master thesis is a contribution to research within the field of strategy and competitive advantage. In this project, the main emphasis is on business level strategy and its impact on sustainable competitive advantage in the Norwegian Facility Management industry. To broaden the knowledge about the chosen topic, I also seek to see what characterizes the strategic priorities and limitations whilst formulating business strategy. I have the following research question for the thesis:

How has sustained competitive advantage been attained within the Norwegian Facility Industry in the last 10 years?

Voluntary participation: All participation in connection with the survey is voluntary and you can withdraw at any time. I won't be making audio recordings of the interviews but will take notes and write down as much as I remember of what was said in the interviews. Given the information above, the length of the interview is estimated to be 45-60 minutes. The results/findings will only be discussed with the assigned supervisor during the preparation of the thesis.

Anonymity: The name of the entity will not be stated in the task. All personal information will be anonymized.

Consent: I agree that the answers that have been presented in the interview/interviews may be used in further research.

Yes ___ No ___

I would like to receive a note with a summary of the interview, so that I can approve the direct quotations, etc..

Yes ___ No ___

I have read and understood the information above and give my consent to participate in the interview. Location and date Signature

Norwegian Appendix 3

Vedlegg 3 Norsk ØAMAS5900-1 18H Master's thesis

Samtykkeerklæring for intervju til ØAMAS5900-1 18H Master's thesis.

Beskrivelse av prosjektoppgaven

Jeg er student fra Handelshøyskolen ved OsloMet og tar master i økonomi og administrasjon med profil strategi og finans. I den forbindelse utarbeider jeg nå min masteroppgave i emnet ØAMAS5900-1 18H Master's thesis. Masteroppgaven skal skrives av David Benedict Zumbo. Min veileder fra OsloMet, er Førsteamanuensis Knut Boge, epost: knut.boge@oslomet.no, tlf: mobil: 450 65 261/kontor: 67 23 65 07.

Masteroppgaven skal være et bidrag til forskning innen strategi og konkurransefortrinn. I prosjektet konsentrerer jeg meg om hvilke strategiske tilnærminger som kan ha bidratt til langvarig konkurransefortrinn i norsk Facility Management industri. For å utvide kunnskapen om valgt forskningstema, vil jeg i denne oppgaven også belyse hva som kjennetegner bedriftenes strategiske prioriteringer og begrensninger i forbindelse med strategiutvikling. Jeg har følgende problemstilling for masteroppgaven:

How has sustained competitive advantage been attained within the Norwegian Facility Industry in the last 10 years?

Frivillig deltakelse: All deltagelse i forbindelse med undersøkelsen er frivillig, og du kan trekke deg når som helst. Jeg vil ikke gjøre lydopptak av intervjuet, men ta notater og skrive ned så mye jeg husker av det som ble sagt i intervjuet. Med hensyn til ovennevnte faktorer, så er estimert lenge på intervju estimert til å være 45-60 minutter. Jeg vil diskutere resultatene/funnene med tildelt veileder under utarbeidelsen av masteroppgaven.

Anonymitet: Navnet til selskapet vil ikke bli oppgitt i oppgaven. All personlig informasjon vil bli anonymisert.

Samtykke: Jeg samtykker til at data som har fremkommet i intervjuet/intervjuene kan brukes i eventuell videre forskning.

JA___ NEI___

Jeg ønsker å få tilsendt et notat med en oppsummering av intervjuet, slik at jeg kan godkjenne direkte sitater, osv..

JA___ NEI___

Jeg har lest og forstått informasjonen over og gir mitt samtykke til å delta i intervjuet

Sted og dato Signatur
