

# Chapter 11

## The Gotheborg IV (G4) Model and the Function of Language in the Globalization Process of the Firm: The Case of Swedish MNEs

**Cheryl Marie Cordeiro**  
*University of Gothenburg, Sweden*

### ABSTRACT

*This chapter contributes to the theory of a firm's globalization processes reflected in the Uppsala Globalization Process Model (UGPM). The Gotheborg IV (G4) model is introduced, mapping the knowledge zones of the UGPM in a four quadrant axis model. Using language in its meta-capacity as theory and framework of analysis the G4 model makes a distinction between the words 'enterprise' (Hn) and 'subsidiary' (H1), addressing the core features of firm globalization with geographically dispersed foreign subsidiaries and globally coordinated activities of manufacturing, sourcing and R&D capabilities. With the distinction between Hn and H1, the G4 model is able to present eight perspectives of the globalization process from interior and exterior to the enterprise and subsidiary. As method, this chapter will show how using the G4 model results in a richer analysis and findings from qualitative data. In this study Swedish top-level managers working in Asia show how they foster an organization culture of continuous learning and change that supports the MNE's globalization efforts.*

### 1. INTRODUCTION

Despite an increasingly interconnected world, many in the intellectual circles of international business (IB) research seem to relegate to the canon of mythology, true globalization of multinational enterprises (MNEs). Globalization of MNEs simply do not exist in full extent. The reason cited is that MNEs are believed to operate mainly on a regional level, with few achieving coordinated operations at a global

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level (Dunning, Fujita & Yakova 2007, Flores & Aguilera 2007, Rugman & Verbeke 2004, Ghemawat 2003, Rugman 2003). Yet the long history of Swedish MNEs, notably such MNEs as Volvo AB, IKEA, AstraZeneca, ABB and SKF, present a different perspective to their organizational narrative on MNE globalisation. In an endeavour to theoretically understand and explain the globalization of Swedish MNEs, models of the internationalization of firms have been put forth.

The most prominently cited of internationalization models is the Uppsala Model (UM) by Johanson & Vahlne (1977). Developed on the assumption that knowledge was lacking on the internationalisation operations of the firm, the UM has been widely applied and likewise (Carneiro, Rocha & Silva 2008, Langhoff 1977, Oviatt & McDougall 1994, Andersen 1993). The knowledge of the internationalization process was considered a necessary acquisition if one were to understand the two directions of internationalization, which included “the increasing involvement of the firm in the individual foreign country, and [the] successive establishment of operations in new countries” (Johanson & Vahlne 1977:23). A review of the original UM was put forth by Vahlne & Ivarsson (2014) and called the Uppsala Globalisation Process Model (UGPM). Globalization was defined by Vahlne, Ivarsson and Johansson (2011:1) as “...an effort to optimize a business in terms of its configuration and coordination systems globally and globalization, like the internationalization process, is characterized by the management of complexities and uncertainties requiring learning and commitment building”. This meant that the firm encompassed not just a widely dispersed engagement in foreign markets (defined as ‘internationalization’), but that it had a network of differentiated units that could exploit advantages of specialization on location that defined the ‘globalization’ process (Bartlett & Ghoshal 1990). Both the UM and the UGPM were based on empirical studies of Swedish MNEs.

Due to that the founding authors of the model, Vahlne, Ivarsson and Johanson (2014, 2011) believe that the mechanisms of the UGPM encompass those of the UM, and are sufficiently general to allow for its application for most managerial processes characterised by uncertainty, ambiguity and complexity, in this chapter, the word ‘globalization’ is seen to encompass the processes of ‘internationalization’, though perhaps not vice versa. Likewise, UGPM is seen as encompassing UM but not vice versa.

In a combination of efforts of the studies that rendered the UM, the UGPM, and studies on Swedish management (Cordeiro-Nilsson 2010, Cordeiro-Nilsson 2009, Cäker, Andersson, Wickelgren 2011, Birkinshaw 2002, Källström 1997, Lindell & Arvonen 1996, Jönsson 1995), the conceptualisations in this chapter serve to bridge the knowledge gap in the globalization process by focusing on the role language can play in the context of Swedish MNEs in the field IB studies. The Gotheborg IV or G4 model is introduced as a richer means of visualising knowledge of the firm’s globalization process as reflected in the UGPM.

The G4 model illustrates how language can be used as theory and framework to render a deeper analysis of qualitative data that help uncover knowledge zones in the study of the globalization process of an enterprise as originally set out by the UGPM. In particular, it illustrates how language can be used in its meta-capacity to uncover the agency behind how the firm might take advantage of the local environment for its sustained development, mainly through strategic management, and the management styles of top level managers of Swedish managed firms.

Most studies that apply the UGPM in explaining the processes of globalisation in an enterprise have been quantitative in nature, focusing on geographical configuration and coordination capacities of the firm applied to different industries from fashion retailing to information communication technology (Childs & Jin 2014, Vahlne & Johanson 2013, Figueira-de-Lemos, Johanson & Vahlne 2011, Johanson

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