HANDLING THE LOCAL IN THE GLOBALISED FIRM – WHAT DECIDES THE MODE?

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ABSTRACT

This paper sets to explain modes of local reconfigurations between already internationalised firms. It takes its motivation from how companies are increasingly globalised and as a consequence, when they join forces, organisational and/or business partner overlaps may present themselves. To come to turns with these overlaps, the firms may reconfigure their representations (local offices) in terms of additional acquisitions, divestures, cancellations or rearrangements so as to minimise overlaps. The paper asks what decides modes of reconfigurations as the consequence of such overlaps. A single case study including multi-country observations constructs the empirical data. It focuses on an acquisition between two internationalised firms and the reconfiguration of their country and regional-level sales organisations. Findings indicate how the presence preceding the joining of forces between the firms guides decisions rather than the search for 'optimal' locations. Business partners, specifically customers, play a part in deciding locations, and hence, what representations to keep. Contributions are made to the literature on internationalisation and specifically to how the local is handled in already internationalised firms and to research on what happens following a market entry. Practical relevance related to this is found in the increased globalisation of firms and hence expected increased frequencies of issues as those presented in this paper.

Keywords: Acquisition; Global; Internationalisation; Local

INTRODUCTION

In today's increasingly globalised society, internationalisation does not only occur as a company entering into one new geographical market at the time. Rather, internationalisation may mean that a company enters into several different countries simultaneously. This applies to the born-global firm (Cavusgil & Knight, 2015; Oviatt & McDougall, 1995), but also when mature companies with international spread join forces, such as in joint ventures/alliances between internationalised firms or acquisitions between such parties.

A joint venture or acquisition between two internationalised firms could expect to lead to overlaps in terms of business partners and/or representation on local – country or regional – levels. Representations here denote country and regional offices to cover specific areas of the country. In turn, the overlaps may cause internal competition or at least lead to an ineffective use of resources. In the light of how internationalised firms join forces, and in this paper specifically targeting an acquisition, questions arise on how to handle such overlaps, and this paper asks: *What decides the mode of reconfiguration as the consequence of such overlaps?*

Reconfiguration implies changes (Karim & Mitchell, 2000) to how organisations are currently composed and relates to the concepts of coordination and configuration as described by Vahlne, Ivarsson and Johanson (2011) in relation to globalisation. In their view, coordination describes how roles and activities of individual units are adjusted so as to contribute to the entirety, while configuration refers to value-chain set-ups. *Re*configuration would consequently describe changes to the value chain, and is in this current paper used to describe what happens when companies are already internationalised, yet met by challenges of overlaps in their local markets. The *modes* of reconfiguration describes changes such as acquisitions, divestures, closedowns, rearrangements, and/or continued overlaps between the parties, that is, they refer to *how* a strategy is pursued. The purpose of the paper is *to explain modes of local reconfigurations between already internationalised firms.*

Contributions are made to the literature on internationalisation and specifically to how the local is handled in already internationalised firms. Most literature on internationalisation still focuses on the market entry, while less is known about what happens following such entrances. Vahlne, Ivarsson and Johanson (2011), for instance, do not focus on changes to already established configurations. Contributions are also made to research on international acquisitions as the empirical part of the paper departs from an acquisition between two internationalised firms. When integration is researched in international acquisitions (or any type of acquisitions for that matter), focus is on it as an activity including only two parties: the acquirer and the acquired party, the fit between them, and cultural differences, for instance. Thes two parties are not depicted as consisting of firms distributed in their representations, nor are their business partners taken into account (see e.g., Öberg, 2014; Öberg, 2016a as exceptions).

The rest of the paper is structured as follows: After this introduction comes a section on the discussion on modes in internationalisation of the firm and one on local reconfigurations. These sections aim to summarise previous research while also indicating the research gap and focus of this paper. After these theory sections follows the research design. The empirical part of this paper is based on a single case study including multiple observations on various local (country and sales region) markets. The research design describes how data was collected, decisions made on what markets to observe, and how the data was analysed. After the research design follows the case description. The case describes the local reconfigurations following Toyota Industry Corporation's acquisition of BT Industries and is based on data from the initial international acquisition, the overall project of reconfiguring the European operations for the firms by country, and country and sales-region data from five countries to present a spread of reconfigurations. The case is then analysed. The paper ends with a concluding discussion including theoretical contribution, managerial implications, and ideas for further research.

THEORY

Modes in internationalisation

Research on internationalisation has in its description of modes of entry preoccupied itself with trying to explain choices of firms. Johanson and Vahlne (1977), for instance, connect mode of entry with learning and commitment and depicture how companies move from ad-hoc export over intermediates or agents, to owned sales organisations and local manufacturing. These ideas are also reflected in other studies. Birkinshaw, Bresman and (2010), Lynch (2006), and Nadolska and Barkema (2007), for instance, describe choices among alliances, acquisitions, and greenfield, go-it-alone investments in relation to experiential learning or knowledge. Based on how knowledge would reduce uncertainty and also on how commitment is closely linked to risk-reduction, such further investments would be described as both risk reducing and risk responding (cf. Vahlne & Johanson, 2013).

While learning and commitment connects solely to the party that is to enter the market, other studies have described the role of the network in connection to internationalisation. Johanson and Mattsson (1988) concerned themselves with how a firm internationalises compared to its business partners. These scholars infer that firms' internationalisation depend on the own degree of internationalisation and the internationalisation of the firm's network. If the firm precedes its business partners in its internationalisation, the process becomes gradual in terms of investments/commitment as the firm lacks partners on the foreign market. If internationalisation of the firm occurs in parallel with its business partners' internationalisation, the process becomes marked by international integration, including acquisitions and alliances. If the firm, lastly, is preceded by its business partners in the internationalisation and hence may already have relationships with parties on the foreign market, the internationalisation process may occur at speed and be less influenced by distances to the foreign market. Hence, there is a presumed link between when and how network parties internationalise and the choice of internationalisation mode. Other studies have indicated that companies copy the modes of their peers (Öberg & Holtström, 2006), or how a combination of learning, imitating and the company's position in the network affects the choice of entry mode (Oehme & Bort, 2015; Zheng, 2012). Yet other studies have pointed out how the company learns and practices a specific entry mode (Swoboda, Elsner & Olejnik, 2015) through the accumulation of knowledge, or how such knowledge is transferred among business partners (Öberg, 2016b).

Literature has also increasingly described how companies vary entry modes among the markets they are to operate in (Calia & Ferrante, 2013; Petersen & Welch, 2002) and focused on the entry mode of born-global firms (Efrat & Shoham, 2013; Melén & Nordman, 2009). Furthermore, and as internationalisation has changed patterns to increasingly include emerging markets, the political system of that market has become a variable of increased concern. But, while the literature hence provides some different explanations to why a company practices a specific entry mode, less is known about modes since the internationalisation has taken place, or as in this paper: modes of local reconfiguration between already internationalised firms.

Modes for local reconfiguration

It could certainly be argued that the subsequently increased commitment to a market and hence change from ad-hoc export over intermediates or agents, to owned sales organisations and local manufacturing (cf. Johanson & Vahlne, 1977), describes what happens following an internationalisation. And in a way it does certainly do so. But, this sequential description would imply that one entry mode follows the next, and furthermore would not deal with how internationalised firms deal with overlaps in local representation, which is the heart of this paper.

It could also be argued that studies on integration following international acquisitions (e.g., Björkman, Stahl & Vaara, 2007; Hopkins, 2008)– as the starting point preceding the local reconfiguration in this particular paper is an international acquisition – would give answers to how the local reconfiguration takes shape. But, very few acquisition studies concern sequential acquisitions (which might be the result to deal with overlaps) or refer to integration in terms of various mode. Rather, an international acquisition is normally researched as an isolated event, whose possible integration remains the business between the acquirer and the acquired party alone.

Reuer (2002) has previously studied how companies buy or sell international joint ventures, which speaks to a similar issue as the one presented here, but then with a predefined mode, and further without departing from the idea of overlaps in representations. Hertz and Mattsson (2004) similarly describe reconfigurations related to alliances and link changes of alliances to market reconfiguration. Also studies on divesture following acquisitions (Capron, Mitchell & Swaminathan, 2001) could be said to deal with reconfiguration issues, though not necessarily in an international context and in the case of Capron, Mitchell and Swaminathan (2001), for instance, only targeting divesting parts of an acquired party as it did not create a fit with the acquirer. Reconfiguration as described here includes how various companies as part of two joined international groups (that is, their subsidiaries or other types of representations of the joined groups) are changed to deal with overlapping representation on domestic levels (referred to as local markets here and specifically targeting country levels and regional levels). Explanations to such reconfigurations may either be sought as overall global strategies of the firms and searches for optimal locations (Ohmae, 1985; Porter, 1986), or it may be based on distributed analyses of individual locations and decisions for each such representation. Thirdly, a spatial division could be practiced, where current locations represent or conduct different tasks. But how is it done, and what decides the mode of reconfiguration? This latter question is what this paper seeks to address and do so through a case study description multiple observations of overlaps and consequent reconfigurations in sales representations.

RESEARCH DESIGN

The empirical part of this paper is, as mentioned, based on a single case study reflecting multiple observation units. The case describes Toyota Industry Corporation’s (from here on: Toyota) acquisition of BT Industries (BTI), and was much the inspiration for this paper. The acquirer and the acquired party were both internationalised firms before this acquisition. Toyota had a net of independent dealers throughout the world, and BT Industries had its distribution net in Europe, while also owning Raymond that represented the company in the US and Australia. The acquisition between Toyota and BT Industries occurred in the year 2000, while the reconfiguration on country and regional levels throughout Europe (but for on BT Industries' domestic market, Sweden) started in 2007.

Data collection

The data collection was divided into two major parts: one taking place between 2003 and 2005 and capturing the acquisition between the two internationalised firms, and also the reconfiguration on the domestic market (Sweden) of the acquired party. This initial data collection started without knowing about the later reconfigurations on local markets. The second round of data collection took place between 2010 and 2012 and put focus on the reconfiguration as an all-over initiative for the European market, and with studies on country and regional sales levels in four different countries: Norway, the United Kingdom, Germany, and Spain. These countries were chosen based on their differences in reconfigurations, while they on country levels represented important markets for the firms.

Semi-structured interviews based on open-ended questions constructed the main data source for the case (cf. McCracken, 1988), and were complemented by newspaper items, annual reports, and internal documentation. These latter aimed to provide checks of accuracy on facts and figures from interviews, provide time lines, and also minimise negative influence of retrospective reporting by interviewees (Denzin & Lincoln, 2000; Huber & Power, 1985; Patton, 1990). The number of interviews accounted to thirty-eight for the first round of interviews, and an additional thirty-two interviews during the second round of data collection.

Interviewees included board members, present and former CEOs, CFOs, the HR-manager, marketing, production, and procurement managers, sales representations, and for the local level interviews: country-level managers, sales and marketing managers, and sales representatives on these local markets. Based on how some interviewees shifted jobs during the scope of the data collection, they were interviewed in both present and previous positions, and also staff recruited for their previous positions was interviewed along with retired staff (including former CEOs, for instance). Each interview lasted between one and three hours and they were either conducted on the acquired party's head or local offices in Sweden, or on locations in the different countries (Spain, Germany, the United Kingdom, and Norway). Production sites were also visited during the process of data collection.

The interviews were supported by a guideline of themes developed, improved, and adjusted to the various interviewees' positions and experiences. Themes covered during interviews included: descriptions of the acquisition, integrations, justifications of such integrations, a go-through of each individual reconfiguration (on country and sales-region levels) and its reason, consequences, description of the reconfiguration program (see below), its links among countries, and individuals involved in each decision and implementation.

Analysis of data

The analysis of data started off with the transcription of interviews or notes from them. This allowed for the recapturing of the interviews and ended up in an initial case draft. The case draft targeted some over-all descriptions of the acquisition between the two internationalised firms and a structured presentation by country on the reconfiguration in Europe. This was presented to interviewees to ensure its correctness and also integrated with secondary data to structure time lines.

In the further analysis, instances mentioning the reconfiguration were extracted from transcriptions and notes. This was done per country and sorted by sales region as part of each country. How the reconfiguration was pursued and its reason were coded by sales region and country-level, respectively, and then compared on a within- and between country level. Initial codes of reasons were reduced to find patterns and also link these back to the mode in each instance. In a final stage of the analysis, findings from the case study were compared with previous research so as to ensure theoretical contribution while also linking findings to previous research.

CASE DESCRIPTION

Background – two internationalised firms in an acquisition

In 2000, Toyota acquired BTI. Toyota had since long operated in the area of counterbalanced trucks and had established a production site in France (in addition to its production site in Japan), while it had a net of independent dealers representing the firm on the European market. These dealers in turn either exclusively represented Toyota, or offered Toyota trucks among other brands. BTI was niched towards warehouse trucks and had a production site in Sweden, while having a wholly-owned distribution net throughout Europe, with some few exceptions. In certain countries where it had had difficulty to reach profitability or break-through, joint ventures applied and in some remote areas (as part of countries) the firm was represented through an independent counterpart. BTI also had a production site for counterbalanced trucks in Italy following the acquisition of Cesab, and one site in the US which provided the US-market and Australia with warehouse trucks and that followed from BTI´s acquisition of Raymond there[1].

Prior to the acquisition between the firms, BTI had started to provide warehouse trucks to Toyota’s dealers in Europe. This referred to a limited range of trucks branded Toyota, but essentially replicas of some of BTI’s own trucks. After the acquisition, such provision of trucks continued, which increasingly meant that Toyota’s dealers and BTI’s sales organisations competed on overlapping markets and with the same products. While BTI did not obtain any Toyota trucks, it provided counterbalanced trucks manufactured by Cesab, but branded BT throughout Europe. A decision was early taken to keep a “two brands, two channels” strategy in Europe (but for essentially the exception of Sweden, see below). This meant that all representations were kept intact and lasted for some years after the acquisition. In each country, BTI and Toyota normally had a country-level office in addition to the individual representations covering various sales regions (as part of each country). In Europe, this included how BTI´s sales organisation competed with more than 240 Toyota dealers.

The program of local reconfiguration

Five years after the acquisition the unification took place that meant that a shared management organisation divided by continent was shaped. The Toyota Material Handling

[1] The case study focuses on the European market only, and on the reconfiguration of sales on country and regional levels in Europe.

Group was created, while product brands were maintained as BT and Toyota. The year thereafter, a program was started to reconfigure local representations throughout Europe. An initiation meeting was held in Japan to collect all dealers world-wide and inform them. The program team to lead to European sales organisations reconfiguration consisted of some few management representatives of each firm, and involved country-level representatives for each local representation. Intentions were to now create a "two brands, one channel" organisation. The program entailed a mixture of acquisitions, cancellations, joint ventures, and maintained independent dealers and was rolled out in 2007.

2007 and 2008 meant that the Netherlands, Belgium, Baltics, Greece, Romania, Iceland, and Ireland moved from a two channel, overlapping local representation to one channel. This included acquisitions and also the cancellation of some Toyota dealer contracts. In 2008, sales representations in Norway, Finland, Denmark, Portugal, Czech, Slovakia, Bulgaria, Serbia, Croatia, Slovenia, and Belarus were reconfigured on country and sales-region levels. The year though introduced a severe downturn in the economy and meant that the program of continued reconfiguration was temporarily interrupted. 2010 meant new country and sales-region reconfigurations. That year sales were reconfigured in the UK, Spain, Germany, Poland, Switzerland, Austria, and Hungary. Some of the sales-wise most important countries were hence kept until last, often depending on various difficulties in these countries. Spain was complicated by regional differences in the country, and France and Italy still remained unintegrated for similar reasons. Only in 2013, sales in France was reconfigured to use BTI's distribution net, while be seconded by a separate dealer network, hence in a sense keeping the two channel configuration. Below, details on five countries and the reconfiguration of sales on country and regional levels in each of them are described.

The case of local reconfiguration in Germany

The German market was marked by heavy competition since it was the domestic market for both main European competitors – Jungheinrich and Linde. The country's central location in Europe meant that, the number of remote areas were few, and mainly represented by the eastern part of the country (former DDR). Prior to the reconfiguration, BTI was represented through its sales distribution net and a country-level office, while Toyota's country-level representation was a subsidiary to Toyota (since 1991, when it went from being owned by Toyota Motor Corporation). The BTI headquarter in Hannover was to become the new one, while Toyota's country-level representation became a workshop.

The dominating strategy was to acquire Toyota dealers (80 percent of the instances) and this applied to, for instance, Cologne, Augsburg, and Stuttgart. These acquisitions were quite accidental though, in the sense that it was specific circumstances that put these dealers to sale. In Cologne, the dealer was owned by a man about to retire and he had no successor to the company. In Augsburg, the dealer was close to bankruptcy and it made sense to acquire the dealership, which was done for 1 EUR. In Stuttgart, the owner had inherited the company, but was not an entrepreneurial person. His skills though fitted well with those of a manager, and he remained as such with the company following the acquisition. Regarding the dealer in Cassel, negotiations were held, but interrupted and the dealer was maintained. In Hannover, to where the headquarter was located, the dealer was acquired.

In regions more remote areas (that is, predominately the eastern part of the country), dealers were maintained rather than taken over. These dealers then went from exclusive to nonexclusive deals, and this all applied to twenty-one dealers throughout Germany. Some new dealerships were introduced to create an improved coverage in the country,

The case of local reconfiguration in Norway

In Norway, Toyota owned its country level representation in Trondheim following an acquisition of the Norwegian importer that took place a few years after the international acquisition described above. BTI was represented through its distribution net and country-wise headquartered in Oslo. The number of regional representations amounted to ten (divided among four subsidiaries to the country-level representation), with a total of sixty service centres. In 2007, Toyota’s country-level representation acquired BTI’s counterpart. The direction of this country-level reconfiguration was thus the reverse to most other countries.

Following the acquisition, the headquarter was located in Trondheim, with some functions remaining in Oslo. The ten regional representations were co-located when they serviced the same or overlapping regions. The way in which this was handled was again based on how Toyota owned its representation, and hence dominated by how BT representations were closed down or merged with Toyota regional representations. Decisions on whether to actively join together regional representations or close them related to their centrality from a business network point of view, that is, the location of customers and how easy these were accessible from a geographical point of view.

The case of local reconfiguration in Spain

Spain had from BTI’s point of view been marked by how the firm had had problems to establish own sales representations there. For Toyota, its dealers had achieved strong positions vis-á-vis Toyota. Toyota was prior to the country-level reconfiguration represented through an importer, while BTI had its fully-owned representation after several years as a joint venture. Toyota only had independent dealers in Spain, while BTI had some fully owned sales organisations and in more remote areas, dealers.

The Toyota importer was acquired by the BTI country representation. As such, the importer though continued to operate also following this acquisition. On regional levels, and if representation from both parties included dealers, negotiations followed. If the BTI representation consisted of owned sales organisations (e.g., in Barcelona, the coast line area, and Madrid), negotiations for acquisitions were started. These all though failed based on dealers’ expectations on premiums. To come to turns with this, the Toyota dealer in Barcelona, for instance, came to continue as a dealer, though without the exclusivity right to the Toyota brand. Here, the double representation hence continued. In other areas, dealerships were cancelled, to keep only the BTI representation. In more remote areas, only one dealer was kept, and this could be either the BTI or the Toyota representation. These areas were marked by supplying a limited number of customers.

The case of local reconfiguration in Sweden

BTI’s domestic market entailed BTI’s production site and headquarter in Mjölby. Sales were conducted through a wholly-owned sales organisation BT Svenska. Prior to the international acquisition between Toyota and BTI, Toyota was represented on the same market by Atlet, a firm focusing production on warehouse trucks while distributing Toyota counterbalanced trucks and one of BTI’s local competitors.

Back in 2000, and as Toyota's acquisition of BTI was first announced, Atlet reacted instantly. The firm did not want to provide revenues to the owner (that is, Toyota) of its foremost competitor (BTI) and therefore decided to discontinue as a dealer to Toyota and start to distribute Catepillar trucks instead. This in turn meant that Toyota had no dealer in Sweden, and while the evident option would be to distribute trucks through BTI's sales organisation, Toyota started to look for various options, as, at the time, the decision to bring together sales to one channel was not yet taken. Eventually though, but much treated as a contractual partner, decisions were made that BT Svenska would sell Toyota trucks through the same channels as the BT trucks on the Swedish market. This applied to the entire country and no further reconfigurations of sales offices applied, much a consequence of how BTI's sales in Sweden were coordinated from Stockholm, with regional sales offices all coming in the possession of distributing Toyota trucks.

The case of local reconfiguration in the United Kingdom

In the United Kingdom, the country-level reconfiguration occurred in 2007. Before the reconfiguration, BTI had been present through BT Rolatruc, obtained from an acquisition in 1961 (the name Rolatruc was maintained as "BT" was connected to the telecom-company in the UK). Toyota had two owned dealers and an additional nine independent dealers in the UK. Here, it was the BTI operations that acquired the Toyota country representation, and the manager of the BTI operations became the MD with the Toyota counterpart as his deputy.

Following this reconfiguration, a stepwise process of reconfiguration by region was put to practice. This started with Toyota's owned dealer Toyota North, and then followed a pattern of various locations. Each reconfiguration, and in relation to choosing what mode to reconfigure with, was preceded by an external evaluation (due diligence) per dealer, and followed by an internal investigation if the dealer was to be taken over. The reconfiguration included a "re-programming" of staff so they later could represent both type of trucks (that is, counterbalanced and warehouse trucks).

Toyota regional level representations in the North, Midlands and East of England regions were cancelled. These dealers demanded too high a premium to be acquired. The Toyota representation in the north was replaced with BTI, while the cancelled dealerships replaced Toyota products Catepilar or Still, for instance. To complement cancelled dealers, new dealers or owned sales organisations were introduced. In remote areas, dealers continued to be the operating force for sales. This applied to Scotland and Northern Ireland, for instance, and with a total number of four independent dealers throughout UK. Two facilitations sites were maintained; one focusing on new trucks, the other one on used units and representing the locations of BTI´s and Toyota´s pre-reconfiguration country-level representations.

ANALYSIS

Table 1 summarises the country and sales-region level reconfigurations detailed above.

Table 1: Case summary

Country	Pre-reconfiguration set up	Post-reconfiguration set up	Mode	Reason
Germany	BTI and Toyota had country-level representations. Dealerships by Toyota; owned sales organisations by BTI	BTI took over Toyota's country-level representation, but its location was maintained. Large part of owned sales organisations.	Acquisitions.	Divesting parties needed to divest. Remote areas: dealerships.
Norway	Both parties own country-level representation	Toyota's representation took over.	Toyota acquiring BTI.	Toyota's ownership over distributor.
Spain	BTI country-level representative; importer of Toyota trucks; dealerships and owned sales representatives	BTI became the owner on country-level. Maintained mix of owned sales organisations and dealerships	Acquisition; maintained dealerships	Remote areas: maintained dealerships. Maintained dealerships or cancellations in other areas a consequence of too high expectations on premiums.
Sweden	BTI's home market; Toyota represented through Atlet	BTI took over Toyota representation	Change of representation to BTI for Toyota	Previous Toyota representative cancelled its dealership.
UK	Both parties own country-level representation and in addition some regional level representations	Integration of BTI and Toyota country-level representation with BTI in charge. Some regional levels cancelled, others integrated, or maintained as dealerships	Acquisition, cancellation; and maintained dealerships.	Remote locations leading to dealerships. Cancellation due to overlapping representations and too high expected premiums by divesting parties.

As can be read from the table, there was a variety of setups before the reconfigurations, but dominated by BTI country-level and owned sales organisations, and Toyota's independent dealers, the latter combined with an owned country-level organisation or an independent importer.

Following the reconfigurations, the *country-level* was owned, while there was a maintained mixture of owned regional-sales organisations and dealerships. The country-level were in most circumstances reconfigured through a reverse acquisition, meaning that it was BTI that acquired the Toyota representative, while BTI had been the acquired party in the initial acquisition. Some countries, such as Norway, diverged from this and did so as the result of how the Toyota country-level representation was owned directly by Toyota. The location of the country-level office followed that of the representation that would remain in charge, and hence had an influence also on the decisions. In such regards, it was the location of the office rather than who would be in charge that guided the decision, and location would be based also on closeness to customers or centrality in terms of their locations. The country-level representation that would not be in charge were though in cases as in the UK kept, but made into a workshop.

As for the *regional-sales representations*, reconfigurations resulted in a mixture of maintained representations, maintained dealerships, rearrangements, cancellations of dealerships, and acquisitions of dealers or owned representations. The dealerships were the preferred option in remote areas; such remote areas being defined by a low number of customers or potential customers. Here, either dealer would normally be cancelled if overlaps were present. Decision then often aligned with it being the BTI dealer that was to remain, but these instances were often few based on how BTI thus often owned its sales representations.

In the circumstance of acquisitions of regional-sales representations, which essentially was the case if BTI was represented in the region and Toyota had an independent dealer in the same region, or if the region was central, yet BTI lacked representation there, the acquisition would mean that BTI took over the Toyota representation, or that the country-level representation acquired the Toyota dealer. Here, there were several instances that also had to do with the previous dealer: either in terms of the dealer being reluctant to sell and cancellation being the consequence (with a new representation then being put to place, a new dealer recruited, or how the dealer lost its exclusivity contract), or acquisitions came about as there were no one to take over the dealership (see e.g., in Germany). Table 2 summarises reasons of choices of mode in the case.

Table 2: Choices of mode

Mode	Reason	Description
Maintained	No overlaps existed	Previous dealerships and/or owned sales-region representation was maintained. In remote areas this would mean maintaining dealerships, in central areas (from a customer point of view) this would ideally main owned sales representation.
Acquisition	Deal with overlaps Maintain or establish owned position in central location No one to take over a dealership	Occurred on country-levels and in central regions. Acquisition either of company owned by Toyota or BTI or of Toyota dealer. Unless Toyota owned the representation, where differences would occur among countries and regions, BTI would acquire the Toyota representation.
Cancellation/Divesture	Failed acquisition: the divesting party requiring too high a premium Remote areas, with no/low customer interest	Mostly cancellation, while divestures were rare. Dealerships were not prolonged.
Rearrangement	Based on how BTI and Toyota did not have the same way to divide each country into region.	Sales regions were changed. Could apply when a dealership was cancelled and rather than taking over the dealership, the sales region for existing parties was enlarged.
Change of deals	Situation could not be solved (e.g., Spain)	A dealer requesting too high a premium, for instance, could be maintained but lost exclusivity right (that is, BTI would also be allowed to sell Toyota trucks in the same region)

As Table 2 reveals, the reconfiguration took different shapes, but was formed around the wish to own the representation in central areas, these being defined by customer presence, and continuing with dealerships in remote areas, defined by a limited amount of customers. Divesting parties though inflicted on the realisation of these accomplishments. Looking at how reconfiguration was pursued, it was much based on where representations were located before the reconfiguration. This applied both to the country-level reconfiguration and to reconfigurations of sales organisations. When new organisations – in the forms of new dealers or even new own establishments – were started, this was much connected to previous locations and discontinued representations there. Hence, rather than looking for optimal locations (Ohmae, 1985; Porter, 1986), decisions were made based on previous representations. And furthermore, it was done so in a decentralised process taking each representation into account.

CONCLUDING DISCUSSION

This paper set to explain modes of local reconfigurations between already internationalised firms. In doing so, it adds to the present literature on internationalisation and also, through its empirical illustration, to research on international acquisitions. The introduction of this paper asked: *What decides the mode of reconfiguration as the consequence of such overlaps?*, overlaps then referring to how two internationalised firms may found themselves competing on, for instance, regional levels based on representations on the same markets, or having overlapping business partners.

Based on the case study, some propositions could be formulated. Firstly, and as the case indicates, the firms did not redraw the entire map and look for optimal locations (cf. Ohmae, 1985; Porter, 1986) on a continent-level basis, but rather based their decisions on present locations. This applied to both the country- and regional-level representations, and in, for instance, Germany, but also the UK, the other party's country-level representation was maintained, although possible modified to become a workshop or facility unit. Decisions were hence made by country and region, how, based on present representations, activities should best be carried out in the future. This could be described as a multinational approach, as reverse to the global approach of all-over optimum. Basing decisions on present locations, could, be linked to previous investments in these specific locations, and furthermore, be the consequence of network and present capabilities.

> *Proposition 1a: Owned representations would dominate geographical areas – regional or country levels – where the firms have made previous investments.*

This could expect to apply more frequently in the sales and market organisation of firms, as opposed to a possible strive for optimum in manufacturing. When overlaps existed, *acquisitions* would be the dominating mode for reconfiguration, had the companies already invested in the country/region. The acquisition would try to keep both representations in terms of staff and business relationships, meaning that as little as possible would be given away as a result of the reconfiguration. From the case, this is, for instance, seen in how it was often the BTI representation – on country and regional levels – that persisted as the acquiring party. This was so, despite that the original acquisition was one of Toyota acquiring BTI. Again, Norway deviated from this on a country level as Toyota owned the organisation there. While acquisition literature often seems to suggest that the acquirer's way of conducting business would dominate, this case thus points at that the party that had invested the most also would be the one to be the party to take over, leading to:

> *Proposition 1b: The operations kept would be those of the firm that has invested the most on the local market.*

As the case indicated, each country contained more or less remote areas for operations. Remote and central areas were defined by customer presence (cf. Johanson & Mattsson, 1988): present ones and potential customers. In remote areas, the companies were not as inclined to invest, and also had not been so in the past. Dealerships dominated, and this was also the preferred mode following the reconfiguration. In the Spain situation, for instance, the country could be seen as quite diverse. However, it was not any differences in cultures that led to more ad-hoc representations (dealerships in the case), but rather geographical remoteness defined by customers (cf. Johanson & Mattsson, 1988).

Proposition 2a: Remote locations would lead to ad-hoc representations or representations through other firms.

Proposition 2b: Business partners' locations would affect which areas are considered remote (or central) and thereby affect the representation.

Investments, which much guided the maintenance of previous representations (Proposition 1), could then also be linked to whether areas were considered central or remote, where, the centrality/remoteness of area would explain whether or not investments had been made, and such investments in turn would decide what representations would be kept. But, although this link is created, the case also points to how the firms were not as willing to fight for the dealerships in remote areas, should they been lost, and hence, how investments, both back and forth, links to the decided mode of reconfiguration.

Proposition 3: The willingness to invest in a location in dependent on its centrality from a customer point of view.

As described above, it was indeed business partners that affected how locations were maintained, and it was also these that defined what areas were central and remote, respectively. In addition to the business partners (customers predominately) locations, it was investments made, and resources – human as well as facilities – that decided locations. Double representations were only maintained if takeovers failed, but then exchanged with how the dealer no longer had the exclusivity deal with the parties.

Theoretical contributions

This paper contributes to previous research through focusing on local reconfiguration and the choice of mode following how two internationalised firms join forces. Literature has been scarce in this regard, while the paper makes an important contribution, not the least based on how firms are increasingly globalised. The findings explicitly indicate how the presence preceding the reconfiguration guides decisions rather than the search for 'optimal' locations. Contextual factors as well as business partners' locations decide the mode for these locations.

Further research

This paper is based on a single case study, although representing multiple observations and detailing on five different countries. For further research, additional studies are prompted, so as to further develop and test ideas proposed in this present paper. Such additional studies could include more case studies, but also quantitative data collections and analyses are of interest. Compared to the internationalisation process (Johanson & Vahlne, 1977), the reconfiguration of local representations include how various representations are already present. This was in the present paper seen as reducing the number of options on locations, and would in additional studies be interesting to explore further.

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