Different Styles, Similar Shape
A Case Study on the Effects of Competition on Swedish Charter School Groups
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Abstract

The school market was established in Sweden in the conjunction of several reforms, which, among other objectives, aimed at increasing diversity in the market. This allowed profit-seeking firms to compete against each other in a former monopoly. According to certain theories, the mechanisms of competition are bound to make organizations more homogenous. Other researchers have claimed that differentiating mechanisms such as various strategies allow companies to become more diverse. This paradox presents an interesting research area which we have pursued. Our thesis addresses this contradiction by answering the research question: *How do mechanisms of competition influence organizational diversity among charter school groups?* This explanatory qualitative case study analyzes ongoing organizational trends among three Swedish charter school groups through a within – and cross case analysis. Our main findings indicate that 1) the mechanisms of competition reduces the diversity among organizations of charter school groups and thus the organizations are becoming more homogenous. However, 2) external imitation does not contribute to the homogenizing effects on organizations since brand strategy, lack of resources and transparency as well as employee resistance limits competitive imitation.

**Key words:** Competition, Diversity, Homogeneity, Imitation, Efficiency, Quality, Charter Schools, Sweden’s school market.
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1. Introduction

“Diversity is not really a natural part of market development.” AM1

Competition is generally considered as something positive (Branmnan et al., 1987; Spence, 1981), as is organizational diversity (Garvin, 1984). Both aspects are believed to contribute to an increased variety in terms of customers’ options (Porter, 2008). An increased number of alternatives tend to force various competitors to improve their offerings or reduce their prices (Porter, 1979) and diversity can therefore be seen as something positive for customers (Garvin, 1984). However, an attractive market will lead to additional competing firms entering it and subsequently trying to outperform each other, which causes each organization to pursue, for them, the most favorable business decisions (Porter, 1979). In most markets, companies are competing on the same environmental conditions (Day, 1989) and it can therefore be assumed that companies are likely to pursue similar practices. This is a contradiction against a desire to increase diversity by allowing competition, and thus presents an intriguing issue.

Competition is initiated and enhanced among companies due to several reasons (Porter, 1979; Spence, 1981). For example, if a market becomes attractive, organizations will enter it and aspire for successful performance within it. This will cause them to compete and thereby generating a customer base. A successful presence within a market will require not only attention to environmental- and customer developments but also a sound and optimized organization (Vantrappen, 1992; Koeller et al., 2010). These aspects will generate competition, which consists of several mechanisms, primarily: imitation, efficiency, quality and price (Garvin, 1984; Grant & Jordan, 2012). Regardless of industry, these mechanisms tend to cause resembling results, namely that organizations adopt best practices, apply similar performance improvement techniques and focus upon similar quality features (Hannan & Freeman, 1977; Koeller et al., 2010; Garvin, 1984). Taken together, such developments are bound to have a homogenizing effect upon the organizational diversity between competitors.

However, two specific dimensions; growth- and brand strategies, allow companies to differentiate themselves from their competitors and thus have a positive impact on the degree of diversity within a sector (Koeller et al., 2010; Porter, 1979). By crafting and continuously develop their growth strategy, an organization can find a favorable position within a sector
(Hambrink, 1982). Through a well-planned marketing strategy, with a focus on the development of a unique brand strategy, companies can also present sought after offerings to their customers (Porter, 2008). These two aspects allow companies to become distinct from the competition to a certain degree, and thereby hypothetically increase the degree of diversity within a market. Whether or not this actually does happen or if the mechanisms of competition exceed the impact of growth- and brand strategies is not clear.

The Swedish educational sector is an example of a market where competition recently has been introduced and the above mentioned mechanisms of competition can be found. While many countries have adopted different approaches and educational models such as purely state-run versions to completely private ones (Blomqvist, 2004; Glennerster, 1991), Sweden has a unique model where private and public actors compete. An open market was introduced in the early 1990s as several reforms allowed private actors to compete with public schools through a voucher system where all schools received state financed vouchers for their pupils. This effectively removed price as a mechanism of competition. The reforms aimed to increase diversity on the school market as well as to raise educational qualities, organizational efficiencies and enable free school choice for pupils, as a result of competition (Sandström & Bergström, 2005; SOU, 1991/92:95).

Ever since the implementation of the different reforms, the educational system in Sweden has been highly debated (Blomqvist, 2004; Vlachos, 2012). Some researchers have argued for the benefits of competition between schools (Blomqvist, 2004; Epple & Romano, 1998) whereas others are skeptical towards this statement (Hartman et al., 2011, Vlachos, 2012). While the introduction of competition was expected to increase diversity between the various actors, the actual outcome is not clear (Hartman et al., 2011; Parding, 2011). However, one distinct consequence of the educational reforms has been the emergence of a number of large charter school groups.¹ Although they only represent a few of the charter school companies in Sweden, they operate a significant number of the country’s non-municipal schools. Some theories argue for homogenization as an outcome of competition (Day, 1989; Blomqvist, 2004) but others claim that through different forms of strategies, companies can create unique and attractive offerings for customers (Porter, 1979; Brannman et al., 1987). What remains

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¹ Charter school groups are in this thesis defined as a company that owns and operate three or more independent charter schools in one organization.
unclear in the existing paradox between competition and diversity is how the mechanisms of competition influence and change organizations.

1.1 Purpose and Research Question

Based on the problem stated above, the purpose of our thesis is to investigate the identified research gap regarding the influence on organizational diversity due to the mechanisms of competition in the Swedish school market. By doing so, we will address the current theoretical issues regarding the relationship between competition and diversity and also, identify potential managerial implications that comes from the ongoing development in Swedish charter school groups. Our study will be carried out as a multiple case study of three different charter school groups in terms of growth- and brand strategies so that company-specific factors does not influence the outcome to a large extent. We believe that this approach will allow us to reach more generalizable results. Our thesis will process the identified research gap through a qualitative approach in order to explain how competition changes the degree of homogeneity of organizations and its impact upon diversity. The following research question is addressed:

*How do mechanisms of competition influence organizational diversity among charter school groups?*

The model below illustrates how competition supposedly transforms organizations to become more homogenous and how strategic pressure might reduce this process.

Model 1. The assumed effects of competition on organizational diversity in the Swedish school market.
The remainder of our thesis is outlined as follows. As a first step, the empirical setting for our study is presented and described to give the reader a more substantial understanding of the thesis’ relevance. Thereafter, literature about the mechanisms of competition and its’ impact upon diversity is examined and subsequently a theoretical model with connected hypotheses is derived. Afterwards, the methodological choices for our study are presented to demonstrate our research design, the underlying logic within each decision and their implications. Our data analysis is conducted in a two-step process. First, a within-case analysis is performed to identify and illuminate key findings in all three case companies. This procedure is then followed by a cross-case analysis where the results are examined against each other to demonstrate general patterns. Finally, a concluding discussion is presented where the findings are synthesized into a modified version of the initial model and its implications put in a wider context.

2. Empirical Background

The aim of this chapter is to give a thorough description of the development of the Swedish educational sector and thereby present the empirical setting for our thesis. Key events and central components that make the Swedish school market unique are explained as well as the emergence and development of charter school groups.

The welfare state that was developed in Sweden after the Second World War was aimed to create a society of equal social rights and democratic values. This development was most visible in the social service sector where primary and secondary education, child care, health care and service for elderly were offered to everyone (Blomqvist, 2004). Sweden’s strong discouragement of private alternatives in its state-run welfare sector was pronounced (Wolfe, 1989). This however started to change along with the financial downturn in the 1970s. A long drawn political debate resulted in a changed view among the Social Democratic Party towards the public sector (Blomqvist, 2004). In 1989, the initial steps towards decentralization of the public educational system was taken when the Social Democratic government passed a legislation that made the local municipalities responsible for teachers employment (Blomqvist, 2004). The succeeding government was of a center-right character and they continued the pace of decentralization and deregulation.
In the beginning of the 1990s, several reforms transformed the educational system into a more open and market-oriented version. The center-right political parties had for a long time criticized the public educational system as being too bureaucratic and wasteful of resources (Björklund et al., 2005). The reforms intended to increase diversity on the market and introduce free school choice for pupils and their parents, with the expectation of improved efficiency and quality among the Swedish schools. As a result of the reforms, private actors were for the first time allowed to establish schools and conduct tuition free education in competition with municipally owned schools (Lundh & Wahlström, 2004; SOU, 1991/92:95).

Another important reform introduced a voucher system that allowed each school to receive a tax financed founding (Epple & Romano, 1998), by the municipality for every pupil. Private actors received at least 85% of the funding that municipal schools got for each student, a number that was subsequently raised to the full amount in 1997 (Carnoy, 1998; Lundh & Wahlström, 2004). This was an important change for private actors since they could compete on more equal terms (SOU, 1992/93:230). However, an introduction of market mechanisms initiates competitive behavior and a consequence has been that profit-driven charter schools have started to expand their businesses and look for alternatives to increase their financial margins.

Since the Swedish school market opened up to competition, major changes have occurred. During the initial period after the school system was made available for private actors only a fraction of the pupils attended them (En bild av skolmarknaden, 2012; Vlachos, 2011). In 1995/96, the numbers of non-public schools were 238 primary schools and 42 secondary schools, which by 2010/11 had increased to 741 primary schools and 489 secondary schools (Skolverket, 2013). As of today, approximately 10 % of pupils in primary school and 25 % of pupils in secondary school get their education from a charter school (Skolverket, 2013).

Among the schools in Sweden there are three options: public, private and charter schools. There are only a limited number of private schools, where pupils pay tuitions, and although the public ones are in absolute majority their share is shrinking in comparison to the charter schools (Björklund et al., 2005; Lundahl, 2002). Charter schools are usually owned by business owners who operate only one school, although approximately 5% of all charter school companies own and operate three or more schools (Edman & Hjukström, 2011). In addition to the scattered ownership structure as well as the numbers of competitors, the
educational sector can be described as a fragmented one due to its nature of geographic limitations between the schools and the pupils’ homes as well as different regulations and levels of financing in between the municipalities (En bild av skolmarknaden, 2012; Koeller et al., 2010).

Over the past two decades, there have emerged a rising number of privately owned charter school groups. In order to increase the number of schools within these groups, they have pursued different growth strategies by either engaging in mergers and acquisitions (M&A’s) and/or establishing schools organically (En bild av skolmarknaden, 2012). In addition, many of the charter school groups have, to different extent, used their brand strategy to differentiate themselves from competitors. This has led to the emergence of a number of school groups, which are operating under shared values and similar goals (Friskolor, kvalitet och vinst, 2009; Edman & Hjukström, 2011). Although none of them have gained a dominant market position yet (Edman & Hjukström, 2011) there is a clear trend in that charter school groups utilizes growth and branding to compete in the market. The paradox between competition and diversity on the Swedish school market is largely influenced by this trend and therefore, research about this paradox could preferably focus on charter school groups.

3. Reviewing the Literature on the Mechanisms of Competition

The theoretical chapter provides the reader with an understanding of the connection between competition and diversity. A theoretical review of mechanisms of competition for our particular empirical setting is covered and elaborated upon. The theoretical dimensions are thereafter synthesized into hypotheses and a conceptual model of the relationship between competitive mechanisms and the degree of organizational diversity

3.1 The Effects of Competitive Mechanisms

When a previously closed market is opened to competition, various companies will evaluate the newly established market and thereafter make a decision whether or not to compete in it. If so, the firms will have to modify and reshape their current business model to fit the new market and its conditions (Day, 1989; Porter, 1979). In a market, firms can compete either by offering a differentiated product, deliver it at a lower price or a mix of the two approaches
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(Doyle, 1989; Porter, 1979). However, in a so-called quasi-market where external stakeholders, such as governmental agencies and politicians currently in office, have a larger influence than in a normal market and when a voucher system is established, companies cannot compete from a price perspective (Le Grand, 1991; Lundahl, 2002). In line with Porter’s (1979) arguments, firms are then limited to compete by offering superior products with higher quality than their competitors and/or be financially more efficient than their peers in order to create economic values (Bruner, 2002; Koeller et al., 2010). Therefore, these three mechanisms; imitation, efficiencies and approaches to raise product quality levels, are all central components to study when evaluating competitions’ impact on organizational diversity in the Swedish school market.

3.2 Reduced Organizational Diversity through Imitation

Within the organizational literature, researchers argue that competition among organizations can lead to a reduction of diversity in the marketplace (Hannan & Freeman, 1977; Lieberman & Asaba, 2006). Imitation and learning from competitors experience are adequate strategic moves for organizations in order to reduce risk and to stay competitive, which subsequently might lead to increased homogeneity in the market. In uncertain environments where decisions and actions must be taken rapidly, the fact that imitation is less costly and time consuming than internal development are significant motives for imitative behavior (Baum et al., 2000).

3.2.1 Competitive Isomorphism as an Outcome of Imitation

When DiMaggio and Powell (1983) studied what makes organizations similar, they found that even though companies act rational in order to change, their decisions make them more similar. Over time, the outcome of competition turns diversity into homogeneity through competitive isomorphism (DiMaggio & Powell, 1983). According to Hawley (1968), isomorphism is a “constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions” (DiMaggio & Powell, 1983:149). Competitive isomorphism occurs in markets where free and open competition exists (DiMaggio & Powell, 1983; Hannan & Freeman, 1977). In the first stages of the development of an emerging market, new innovations and practices are introduced. From a setting where diversity in approaches exists, the competition of scarce resources among competitors forces organizations in the market to strive for economic fitness to survive. Isomorphism among
companies will result from that the same efficiency-increasing innovations become adopted and imitated among organizations and/or that non-optimal activities are selected out. As a market becomes stable and matures, it leads to homogeneity among organizations (Hannan & Freeman, 1977).

However, DiMaggio and Powell (1983) are critical towards this claim and argue that competitive isomorphism does not entirely mirror the actual environment of organizations. Instead they suggest that institutional isomorphism must be added for a more accurate picture. They argue that organizations adapt to environmental contexts both from a competitive and efficient perspective but also, as institutional isomorphism implies, from a social acceptance perspective in which organizations seek legitimacy (DiMaggio & Powell, 1983). Even though the line between competitive and institutional isomorphism is uncertain, we stay on the side of competition as we examine how competition influences organizations. The results from our study could however be interpreted as institutional isomorphism and hence be a limitation to the study’s result.

The theories above suggest that organizations over time become more homogenous as a consequence of a strive towards economic fitness. However, Hannan and Freeman (1977) and DiMaggio and Powell (1983) do not take into account that managers can strive to gain economic fitness through pursuing a strategy to niche and differentiate their organizations. Differentiation of brands and products as a strategy has been argued to be a successful way to find a position in the market where competition from competitors are limited as the number of substituting brands are reduced (Porter, 1979). Since market conditions constantly changes, companies must adapt to the new environment to survive and keep the organization different from its competitors in order to stay differentiated (Hambrick, 1982). However, some researchers argue that companies’ brand differentiation on the market has a low actual impact on consumer choice unless it offers an outstanding function (Romaniuk et al., 2007). Instead they argue that customers in many cases do not consider a brand as differentiated from other brands (Romaniuk et al., 2007). Thus, it is not obvious whether or not differentiation strategies are functioning as a way for companies to differentiate their organization on the market. In other words, growth- and brand strategies used in order to differentiate an organization on the market may or may not limit competitive isomorphism as firms actively differentiate themselves instead of imitating competitors.
3.2.2 Conceptualizing Imitation from an Organizational Perspective

The current school market in Sweden is still facing great market changes such as new laws and regulations. The market continues to develop and pressures schools to become more efficient and improve overall processes to stay competitive. According to competitive isomorphism literature, actors in a competitive market will actively seek to find the best ideas, innovations and processes to imitate and incorporate in their own organization (DiMaggio & Powell, 1983; Hannan & Freeman, 1977). In the following part of the thesis, spread or transfer of best practices and imitation will be used interchangeably to refer to activities that according to the theory will lead to homogeneity among organizations. According to our interpretation of DiMaggio and Powell’s (1983) theory, the spread of best practices in a market can occur both between competing companies but also within a large group consisting of several school units. In relation to our research question, the consequences of imitation in the Swedish school market should lead to increased homogeneity among charter school groups regardless of pursued growth- and brand strategies. Two hypotheses are tested to address how competition influences organizational diversity.

Hypothesis 1a: Regardless of growth- and brand strategies, transfer of best practices (such as innovations, ideas and processes) within charter school groups leads to an increased degree of homogeneity within their organizations.

Hypothesis 1b: Regardless of growth- and brand strategies, transfer of best practices (such as innovations, ideas and processes) between charter school groups leads to an increased degree of homogeneity between charter school groups.

3.3 The Relationship Between Strategy, Efficiency and Homogeneity

For-profit organizations operate in order to create economic values, which can be achieved in mainly two ways; one being through growth and the other return on invested capital (Koeller et al., 2010). The first one can be accomplished by having a dynamic and competitive growth strategy and the second one partly by continuously identify and utilize potential improvements that increase the efficiency levels of a company (Day, 1998; Dobbs et al., 2007). There are primarily three ways a company can achieve growth through; M&A’s, organic development and joint ventures (Koeller et al., 2010). In our thesis, joint venture is
not a relevant option due to the lack of them on the Swedish school market. Therefore, to
determine the influence of different strategies and efficiency activities upon organizational
diversity, the positive and negative implications on diversity of the remaining two growth
alternatives must be evaluated.

3.3.1 Increased Organizational Homogeneity due to Efficiency

There are several rational arguments for the M&A-alternative when a company is pursuing
growth, including geographic roll-ups, industry convergence and product-line extensions,
factors which can be hard to achieve through organic growth (Bower, 2001). One of the more
successful settings for value creations through M&A’s is a roll-up strategy where a larger
company consolidates a highly fragmented market by buying up small competitors whose
size prohibits them to achieve scale economies (Koeller et al., 2010). This particular strategy
works well when there is room for substantial cost savings or increased revenue streams that
each involved company cannot achieve on their own (Koeller et al., 2010; DiGeorgio, 2002).
The Swedish school market is a good example where a roll-up strategy is suitable since there
exist numerous cost cutting possibilities due to several potential areas where standardizations
and economies of scale can be achieved (Vlachos, 2012; Björklund et al., 2005). At the same
time, M&A’s have proven to be a risky business in general (Koeller et al., 2010). According
to efficiency theory, motives for pursuing M&A’s are among others to achieve synergies
(Trautwein, 1990). Koeller et al. (2010) have divided the number of possible synergies that
theoretically can be achieved into several groups, where the primary area is operational
synergies. When combining operations from two firms in an M&A, synergies in form of
economic of scale or scope is possible (Gates & Very, 2003).

By developing an organization in a purely organic way, companies can achieve several
advantages as well as avoid most of the risks associated with M&A’s (Day, 1989; Bruner,
2002). The approach allows companies to grow in a controlled manner and also, avoid
unexpected organizational conflicts (Koeller et al., 2010). Furthermore, through internal
development of a company, there is a far less risk of cultural and personal conflicts since no
new practices and/or values are forced upon an acquired unit (Dobbs et al., 2007; Grant &
Jordan, 2012). However, organic growth is not without issues and obstacles that must be
overcome if a company is to compete successfully in a market. The establishment of a new
entity, or even an entire new business, through a Greenfield approach carries substantial risk
from both a strategic and financial perspective (Porter, 1979; Koeller et al., 2010). Nevertheless, the organic growth alternative is often chosen since its tends to carry less risks than M&A’s and still enable a company to achieve more synergies through efficiency activities (DiGeorgio, 2002; Koeller et al., 2010). By organically growing the number of units or divisions within an organization, that company can create numerous economies of scale and standardizations (Dobbs et al., 2007; Grant & Jordan, 2012), and thereby improve their financial performance.

3.3.2 Decreased Organizational Homogeneity due to Strategies
While organizations indicate homogenizing behavior as an effect of their growth strategies and subsequent efficiency activities, different forms of development and corporate branding also allow companies to differentiate themselves from their competitors (Grant & Jordan, 2012; Porter, 1979). The two aspects; growth- and brand strategies, allows organizations to create a unique profile and shape their future development in a suitable way. By targeting a certain segment or geographical area, companies can differentiate themselves from their competitors to some degree (Day, 1989; Grant & Jordan, 2012). In addition, by emphasizing their corporate brand and the connected values in branding strategies, organizations have a valuable competitive tool to rely upon. Together these two components; growth- and brand strategies, allows organizations to differentiate themselves from other, similar companies and should thus have decreasing effect upon the organizational homogenization that competition supposedly causes.

3.3.3 Conceptualizing Efficiency from an Organizational Perspective
Regardless of the growth- and brand strategies chosen by a company, most organizations that operate in a competitive environment change and modify their organizations and practices regularly. By doing so, each firm can improve their business model and adjust to market changes in order to cope with their competition. Therefore, charter school groups have reasons to standardize their operations, gain economies of scale and centralize different parts of their organizations. These three types of efficiency practices tend to improve profit margins when implemented correctly, and thereby improve a company’s competitive position (Day, 1989; Koeller et al., 2010), but also drive a reduction of diversity in terms of number of different organizational approaches within a market. Hence, the focus upon similar types of
efficiency improvements will shape organizations to become gradually more homogenous over time.

Hypothesis 2: Regardless of their growth- and brand strategies, charter school groups actively seek out efficiency activities, which makes their organizations more homogenous.

3.4 The Quality Aspect as a Means of Competition

In addition to competitive isomorphism and efficiencies, quality stands out as a key aspect of competition due to its importance for every business (Szmigin, 1993) and how organizations look upon it in relation to their strategies (Porter, 1979). By choosing different levels of quality, companies can often adapt strategies that better fit their competitive goals (Grant & Jordan, 2012) and thereby improve their financial performance (Forker et al., 1996). In general, companies can compete by being either different from their competitors’ offerings or by competing with lower prices (Grant & Jordan, 2012; Porter, 1979). However, since some markets, such as the Swedish educational system, carry the characteristics of a so-called quasi-market, the competitive landscape differs to some extent.

A quasi-market differs from conventional markets in one or more of these three ways: firstly, not-for-profit organizations competing for public contracts, sometimes in competition with for-profit organizations; second, consumer purchasing power in the form of vouchers rather than cash; and finally, in some occasional situations, the consumer being represented in the market by agents instead of operating by themselves (Le Grand, 1991). These conditions have the implications that more than an average numbers of stakeholders are involved, thereby increasing the numbers of goals and anticipations an organization must try to reach (Levin, 1998; Sandström & Bergström, 2005). In Sweden’s educational sector, the voucher system has effectively ensured that charter schools do not compete with price as a determining variable (Parding, 2011). This leaves quality, monitored through the requirements from Skolverket, as their means of competition (Lundahl, 2002; Vlachos, 2012). Therefore, charter schools needs to create and develop a unique offer to attract pupils (Bradley & Taylor, 2010; Vlachos, 2012) and continuously work to improve their levels of quality to maintain and expand their client base consisting of prospective and current pupils (Sandström & Bergström, 2005). To succeed with their quality work it is imperative that companies align these developments with their growth- and brand strategies to reduce the
risks of internal frictions (Szmigin, 1992). Organizational changes can cause significant damages within a company (Forker et al., 1996) and therefore, it is imperative that quality development does not influence the internal aspects when pursued.

At the same time, quality as a concept is rather subjective and can be demonstrated and measured in many forms (Forker et al., 1996). Quality is easy to visualize yet difficult to define, which causes significant ambiguities in regards to its importance and shape within organizations (Garvin, 1984). Numerous authors have argued for the importance and benefits of developing and maintaining high quality standards (Forker et al., 1996; Luchs, 1986; Porter, 1979). However, these levels are closely linked to what the particular company’s underlying motives are (Forker et al., 1996). Garvin (1984) argued that in order to succeed, companies should identify and leverage a particular quality niche that works for their business model. Therefore it is appealing for many actors to present their business in a dressed up manner (Forker et al., 1996). This has led certain stakeholders to demand more strict and standardized quality evaluations in several industries, including the educational sector (Vlachos, 2012; Garvin, 1984). These demands might lead to more standardized and transparent quality evaluations (Vlachos, 2012), which in turns might have a negative impact on the organizational diversity among organizations.

The potential reduction in organizational diversity due to quality development is enhanced in the Swedish school market by the possibility to operate schools for profit, which has led to the development of the professionally driven school-groups (Vlachos, 2012). In addition, private equity companies have emerged as charter school owners (Björklund et al., 2005) besides the smaller, often privately owned independent schools in Sweden (Vlachos, 2012). These companies operate with a profit-driven mentality and as a consequence, they utilize standardized quality techniques (Hartman et al., 2011; Vlachos, 2012). Taken together, these market developments regarding quality and the above outlined effects of competition indicate a possible further homogenization among charter school groups over time.

3.4.1 Conceptualizing Quality from an Organizational Perspective

The lack of price as a competitive option for the charter school groups in Sweden has caused them to turn their focus to the quality levels of their offerings and how they can improve
them. By doing so, charter schools create attractive offerings for prospective and existing pupils and thereby ensure future revenue streams through the vouchers tied to each student.

Hypothesis 3a: Regardless of their chosen growth- and brand strategies, charter school groups actively develop their level of quality as a means of competition in the school market, which makes the organizations more homogenous.

At the same time, charter school groups need to develop their own unique educational options in order to differentiate themselves and adapt to their highly volatile market. The educational sector is a central aspect of the Swedish society and under continuous scrutiny by a number of stakeholders. Political parties and regulatory agencies monitor and evaluate the school sector. In order to maintain their license and avoid negative press, charter school groups must work continuously with their quality levels to meet the ever-changing and increasing external demands, such as quality standards, educational regulations and meeting national performance goals.

Hypothesis 3b: Regardless of their chosen growth- and brand strategies, charter school groups actively develop their level of quality in a similar manner to cope with the ever-increasing levels of regulatory demands, which makes the organizations more homogenous.

3.5 Concluding the Literature Review

In regards to the paradox stated in the introduction, our literature review provides a collective understanding of the mechanisms of competition in the school market. The theoretical areas state that organizations are bound to become more homogenous when competing against each other. However, current theory does not provide an explanation of the outcome of these mechanisms when the organizations are pursuing different growth- and brand strategies in order to differentiate themselves. The model below illustrates how the mechanisms of competition influence organizational diversity and how various growth- and brand strategies supposedly limits this assumed reduction. The hypotheses test the different mechanisms in order to provide an insight into the presented paradox.
Model 2. The assumed effects of the mechanisms of competition on organizational diversity in the Swedish school market with the associated hypotheses.

**4. Qualitative Research Approach**

This chapter describes the choices made regarding the research design for our thesis. Three case companies have been analyzed in a two-step solution. This section thoroughly explains and demonstrates how and why these particular companies were chosen, displays how the findings were validated through triangulating techniques and discusses the limitations in regards of the research approach.

**4.1 Research Design**

In order to provide a better understanding of how mechanisms of competition transform organizational diversity towards homogeneity regardless of companies’ chosen growth- and brand strategies, we have conducted a qualitative multiple case study of three of Sweden’s largest charter school groups.

Due to the explanatory nature of our thesis, a qualitative approach were chosen to gain new insights of how mechanisms of competition and the strategies of organizations influence each other in regards to the degree of organizational homogenization (Saunders et al., 2009). To
understand what drives and prevents changes that concern organizational transition and how outcomes are perceived, we needed to understand the perception of employees’ individual experience and perception of the transition (Merriam, 1994). Therefore, a qualitative study is appropriate as it allowed us to understand the relationship between competition and diversity (Saunders et al., 2009). A multiple case study was conducted at three charter school groups to reduce the risk of finding company specific results. In addition, whereas studies based on a single case can contribute to a limited description of a phenomenon, studies based on multiple cases provide stronger evidence of a phenomenon as the empirical setting is varied (Eisenhardt, 1989). Thus, the three cases that constitute the empirical data and later are analyzed are more likely to give a generalizable and robust result. Though the findings will give limited contribution for organizational science in general (Yin, 2003), the result will provide new insights for other charter school groups in the Swedish educational market. In addition, to strengthen our thesis from a validity point of view, a triangulation method was used where data from the case interviews were compared with annual reports as well as interviews with external experts to gain confirmation on the gathered data (Yin, 2003).

4.2 Case Selection
In order to see whether competitive aspects create organizational homogeneity in the market regardless of different growth- and brand strategies, a heterogeneous non-probability sampling approach were chosen (Saunders et al., 2009). During our search and selection of the case companies for our thesis, we based our choices on a number of criteria to ensure that the organizations chosen were the most relevant for the research question. Firstly, since our thesis deals with the implications of competition on diversity amongst charter school groups, the sample group was limited to currently active charter schools within Sweden. Secondly, because the market is characterized by mostly small independent owners and a few large groups, (Edman & Hjukström, 2011) we decided to select companies among the latter option since they actively pursue a growth- and brand strategy. In addition, the selection of case companies that pursue different strategies helped us to isolate growth- and brand strategies as single components that may limit organizational transition towards homogeneity. Thirdly, for us to see if the chosen mechanisms of competition have an influence on organizational diversity, the chosen charter school groups had to have several units both on a primary and secondary school level. This would ensure that mechanisms such as economies of scale and spread of ideas between different schools are possible. The fourth criteria were geographical
spread of the schools to reduce the dependency on demographic volatility among the case companies. Some of the selected case companies have preschools and adult education in their groups. These segments were however excluded to the greatest extent possible in the study, because it gave a better comparison when the companies’ activities were isolated to only primary and secondary schools.

4.3 Case Description
The heterogeneous non-probability sampling approach, chosen in order to find answers to our hypotheses, resulted in the following case companies; AcadeMedia, JB Education and Kunskapsskolan. All of whom are among the largest charter school groups currently operating in Sweden. However, each case company is different from one another in terms of growth- and brand strategies, their numbers of pupils and units as well as owners. The following section gives a description of each case and ends with table 1, which summarizes the heterogeneous aspects of the companies.

AcadeMedia is Sweden’s largest charter school group with more than 44 000 children and young adults attending its pre-, primary- and secondary schools spread out over approximately 300 units, which are located throughout all of Sweden (AcadeMedia annual report, 2012). It also offers education for adults. The business model is to be a private education company active in the public educational sector, which operates and develops educational businesses with a high quality. AcadeMedia has several strong brand names such as in primary school Pysslingen and in secondary school Plusgymnasiet (AcadeMedia annual report, 2012). AcadeMedia has historically pursued a growth strategy through both M&A’s and organic development and continues to do so. The company is currently owned by the private equity company EQT (AcadeMedia annual report, 2012).

JB Education is one of Sweden’s largest charter school groups with 14 500 children and young adults attending its primary- and secondary schools. The majority of the pupils, 10 000, attend JB Gymnasiet. The company has a single brand, JB, for both its primary and secondary schools. (JB Education, 2013a). JB Education also offers education for adults. The company’s business idea is to offer a quality ensured school concept that is in constant development and where its values combined with an entrepreneurial spirit serves as the common foundation for the different units (JB Education, 2013b). JB Education has
historically grown through both M&A’s and organic alternatives and this strategy is still used. The company is owned by the Danish private equity firm Axcel since 2008. Axcel’s owner philosophy is to aid JB Education whenever necessary with advice and its expertise regarding the potential benefits of operating a larger corporate group (JB Education, 2013c).

Kunskapsskolan is also one of the largest charter school groups in Sweden with more than 10,000 pupils spread over 36 primary- and secondary schools where pupils attend school year 4-9 as well as academically preparatory secondary school programs. The company was founded 1999 based upon the idea that all people are different and therefore requires different levels of assistance and opportunities to learn (Kunskapsskolan, 2013a). Its pedagogical model together with a single brand strategy makes the charter school unique in the school market. Ever since its inception, the company has focused upon and pursued an organic growth strategy and continues to do so by aiming towards the establishment of a couple of new units every year. (Kunskapsskolan, 2013b). The company is owned by the founder and his family but also by the Swedish investment company Investor.

Table 1. Heterogeneous aspects of the case companies.

<table>
<thead>
<tr>
<th>Differentiation factors</th>
<th>AcadeMedia</th>
<th>JB Education</th>
<th>Kunskapsskolan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth strategy</strong></td>
<td>Organic growth / M&amp;A</td>
<td>Organic growth / M&amp;A</td>
<td>Organic growth</td>
</tr>
<tr>
<td><strong>Brand strategy</strong></td>
<td>18 brands</td>
<td>One brand</td>
<td>One brand</td>
</tr>
<tr>
<td><strong>Number of schools</strong></td>
<td>65 primary schools 100 secondary schools</td>
<td>5 primary schools 30 secondary schools</td>
<td>28 primary schools 8 secondary schools</td>
</tr>
</tbody>
</table>


4.4 Sampling of Respondents

In order to gain access to each case company, potential respondents were approached through an email that presented the purpose of the research and requested participation. All potential respondents were selected based on the criteria that they should have a managerial position or work with the development of the company at their headquarter. This would ensure equivalence among those who were interviewed. Due to reasons such as time constraints, some declined to be interviewed and others did not respond at all. This could be seen as a limitation as some important informants were not included in our study. However, the managers and other respondents within the case companies that agreed to be a part of the
research were all knowledgeable of their own organization. The titles of the respondents were CEO, different senior management positions and business developer. Due to the anonymity of the respondents in our study, the title could not be linked to each respondent.

4.5 Data Collection
To find out what influence: imitation of best practices, efficiency improvements and quality development have on organizational diversity, the results might be yielded from quantitative data. For instance, how many processes and ideas are imitated within and between organizations in the school market. Since this type of data has not been gathered by the case companies or by other institutes, it was not possible to utilize it in our study. Furthermore, another helpful data source; internal documents, which documents imitation, efficiency improvements and quality development were confidential and not available. Based upon this situation, the qualitative research method chosen for our thesis gave a deep understanding of managers’ perception (Punch, 1998; Yin, 2003) on how mechanisms of competition influence organizational diversity in their charter school group. A qualitative data collection based on interviews in three case companies therefore provided an evident alternative in order to get sufficient answers to our research question.

Two interviews were conducted with each company and all of them were face-to-face interviews at the companies’ headquarters (Appendix A). This was done in order to establish confidence and trust between the respondents and the interviewers (Saunders et al., 2009). All interviews were recorded with the consent of the interviewees and transcribed before the cross case analysis was conducted. This approach increased the credibility of the study’s result as the risks of biased and unrecalled answer from the respondents were diminished (Nutt, 2006).

Since the cases where chosen based on their degree of heterogeneity, a semi-structured interview approach suited the explanatory purpose. Follow up questions were used to get a deeper understanding or to get illustrate examples. All interviews were conducted in Swedish to decrease communication difficulties. An interview guideline was conducted based upon the three themes from the theoretical framework; imitation, efficiency and quality (Appendix B). In line with Saunders et al.’s (2009) action research spiral, as the interviews progressed, the interview guideline was partly modified and improved to increase the chance to capture
an understanding of how the respondents saw competition and its effects on the diversity of their organization. When the theoretical themes above were combined, the answers given by the respondents offered a holistic understanding of how managers and workers perceived competition and how it fosters their organization.

It can be argued that a rather small sample of respondents, two respondents for each case, might have a negative effect on the ability to get an overall picture of how competition changes organizations (Saunders et al., 2009). Therefore, a generalization of the findings should be done with prudence. However, since we were aware of this limitation, actions were taken as data was gathered to ensure that the data were captured in a fair and unbiased way, for instance; no leading questions were asked and the interviews were recorded and transcribed at an early stage. In line with Yin’s (2003) recommendations for case studies, triangulation with multiple sources of data was used to strengthen the validity of the findings. Data was primarily collected through interviews at the different case companies. Annual reports from the case companies served as secondary data to strengthen or reject data from the interviews. Furthermore, interviews with external actors such as a high-level employee in the Swedish schools inspectorate, “Skolinspektionen” and a PhD candidate who focuses on ongoing development in the Swedish school market were used to triangulate the data and get an additional view on the case companies’ behavior. This allowed us to question and compare data from different sources and decide whether or not the findings from the interviews were reliable.

4.6 Data Analysis

The collected data from multiple sources were analyzed in a two-step process based upon Eisenhardt’s (1989) framework. The first step, a within case analysis, served as a means to cope with huge amounts of gathered data. As our interviews lead to 135 pages of transcribed data, the within case analysis helped us to gain insights into every case in a structured way. The first step of the analysis is rather descriptive and quotations were used in order to get a clear view of each case. In addition, data from annual reports were used to triangulate and confirm data from the interviews. The second step of the analysis was a cross case analysis where the unique pattern of each case, found in the within case analysis, were analyzed for generalized patterns and finally resulted in supported or rejected hypotheses (Eisenhardt,
1989). In the cross case analysis, data from external interviews were used to triangulate the findings from the within case analysis.

In order to reduce the risk of subjective interpretation to a minimum, all interview quotes used in our thesis have been left unchanged content-wise but have been translated to English so that the thesis can reach a broader reader base (Saunders et al., 2009). In line with Yin’s (2003) recommendations, we drafted an analytic approach based upon-, and structured around the hypotheses formulated in the literature review. As a first step, before the within case analysis was written, all data was coded and subsequently organized around central themes from the interview guideline before a succeeding search for distinct patterns and issues was conducted to determine whether or not it fitted the various categories (Hartley, 2004). This coding process included interview IDs, categories, pages, lines and settings regarding the respondents’ position and organization to achieve a maximized benefit from all material. To secure the anonymity of the respondents that participated in our thesis, the interview ID for the respondents became a letter and number combination based on the company name and the order in which the interviews were conducted per company. For example, the first respondent that was interviewed in AcadeMedia is referred to as AM1 and the second person as AM2. Appendix A provides a table of all interviews ID.

The data was first read individually by us and then re-read and analyzed together in a structured way to ensure a general and mutually confirmed understanding of patterns and key aspects from the transcriptions. Afterwards, the data was compressed and analyzed against the theory sections’ hypotheses. Moreover, data from the case companies’ annual reports and external interviews were used to validate the findings and determine their relevance and accuracy. The analysis of the raw data was performed to search for patterns and key aspects (Saunders et al., 2009). By doing so, we were able to identify and evaluate contradicting explanations, which is a vital part of case study research (Hartley, 2004; Yin, 2003).
5. Within Case Analysis

The findings from the three case companies are here presented individually. The results are structured along the three mechanisms of competition focused upon in our study; imitation, efficiency and quality, to better enhance and clarify the discoveries.

5.1 Case 1 – AcadeMedia

5.1.1 Imitations of Best Practices

During the last couple of years AcadeMedia has grown rapidly both in terms of the number of brands within the group and the number of schools in each brand. AM2 mentions that the company tries to spread best practice not only within each brand but also among all brands in the group. For example, schools within the Vittra brand have imitated Pysslingen’s way of handling complaints from pupils and parents in order to be more effective. AM1 states that the positive effects are that the schools do not need to reinvent themselves all the time. Even though there are examples of successful spread of best practice, the rapid growth and the large size of AcadeMedia as a group has increased the bureaucracy and consequently decreased the spontaneity of imitation of best practice. For instance, AM1 says that this becomes more difficult as the company grow:

“When a company becomes larger it is often more bureaucratic and formal and it is a pity because sometimes in small business, there are great advantages in this entrepreneurial driven mentality and fast decision making.”

Instead, AM1 argues that many ideas and processes that actually are spread are done so in a structured way at, for example, regular meetings with principals from different schools where successful practices are put forward. Since AcadeMedia has several brands under its umbrella, it tries to establish a climate where the various strengths of the different units are put forward and taught in the organization.

The respondents argue that AcadeMedia actively try to keep up with what is happening on the entire industry. The company takes in as much impact as possible both from municipal schools and other charter schools. AM1 mentions that the focus has been on what competitors do right and wrong. According to AM2, the recent demographic decline in the number of
pupils in secondary school has increased the competition between schools and forced the company to learn from its competitor’s successes and failures. AM2 states that:

“A couple of major companies are underperforming, and it is clear that you have to learn from them and we do too [...] the competition is much higher and there are some who do not succeed, of course.”

The school market is considered young by the respondents and changes still occur. Since AcadeMedia is the largest charter school group in Sweden, AM1 argues that it needs to be proactive and a driving force of development in the market. Employees within the company takes initiative on their own and tries to create best practice themselves. AM2 feels however that there is in general a certain degree of skepticism towards imitating others’ ideas not only within some units in AcadeMedia but also among other schools in the market as there is a lack of transparency and cooperation among schools on the expense of mutual learning.

5.1.2 Activities Aimed at Improving Efficiency Levels

The company is devoting time and resources towards centralizing several aspects of its organization. By transferring several divisions such as business development, legal and salary administration to central units, AcadeMedia actively seeks to improve its level of efficiency. However, certain aspects such as marketing and recruiting are deemed to be unit specific whereas they cannot be transferred to central divisions. As argued by AM1:

“The marketing work is so influenced by local factors that it must be conducted within the units.”

This work is a continuous process that is constantly being modified as AcadeMedia grows, either organically or through additional M&A’s. For instance, after the major acquisition of Pysslingen, an integration process was launched in order to increase the work speed and improve the financials of AcadeMedia. One of the ideas, among others, was to reduce the number of work-related meetings and create more direct decision-making processes. AM2 argues that in a major organization like AcadeMedia, these types of actions can generate significant cost-reductions.
“If you remove the segment-director then you only have four levels left, which is one less, and that is worth millions.”

In order to work towards a more standardized and centralized company, AcadeMedia is creating a solid organization for future growth, both from a horizontal and vertical perspective. The company has fixed costs related to the central, non-educational aspects of the company, which are significant. Therefore expanding and complementing the business helps AcadeMedia to become a financially more robust company and improve its margins. AM2 claims that:

“We become financially stronger and that creates an opportunity for us to lower our central costs in relation to our turnover.”

AcadeMedia demonstrates several areas with opportunities to achieve economies of scale through its organizational structure and clearly stated ambitions to standardize and centralize several aspects of its work.

5.1.3 Perception towards Quality Development

The company claims that quality is a central part of its work. Both respondents stresses that it is present throughout all aspects of its operations. Quality is a key factor not only in AcadeMedia’s operations but also when evaluating and initiating an acquisition of another unit. This is done throughout all of AcadeMedia and not only on a certain organizational level. AM1 explains that:

“When we purchase other schools, a high level of quality is the single most important sampling factor.”

Furthermore, quality-work is operationalized by being performed on a daily and continuous basis amongst all 250 units. Each academic unit is responsible for conducting its own quality report, according to certain standards and later on, the same procedure is performed on a segment- and general level. By doing so, AcadeMedia claims that quality is defined and measured in a homogenous way throughout the entire organization. AM1 states that by following what the company calls “AcadeMedia-modellen”, which is an annual quality
framework, it has managed to measure and follow up the levels of quality within the organization. With this approach, AcadeMedia can in a better way present to external stakeholders how it monitors and improves the quality amongst its schools and, according to AM1, gain somewhat of a seal of quality on the company’s education.

“The actual quality work is very, very central to our business.”

The actual quality work in AcadeMedia is structured around four parameters, namely: learning, the customer, the co-worker and the economy. This approach allows the company to get a more holistic and general understanding of its operations than by solely focus upon a few and fixed factors. By creating this school suited version of a balanced scorecard, AcadeMedia can adapt to local problems in a better way, according to AM1. This particular approach is in line with how the company’s annual report presents AcadeMedia’s three main focus areas in terms of quality; functional-, perceived and purposive quality (AcadeMedia’s Annual report, 2012). The segment director states that in certain geographical areas which are troubled by social and/or economic problems, AcadeMedia’s quality approach allows them to better direct extra resources towards these schools when needed and thereby adjust to specific quality issues. The challenge is explained by AM1:

“Diversity becomes very hard due to the ever-increasing regulations from external parties. Diversity is not really a natural part of market development.”

5.2. Case 2 – JB Education

5.2.1 Imitations of Best Practices

According to JB2, recent media criticism about for example pedagogical orientation has given valuable insights into the importance of aligning all schools within the same brand. There is an imminent risk that the whole brand is negatively influenced if one school makes choices that is not coherent with the goals and guidelines of the group. JB2 says:

“In my opinion, if you are supposed to be a charter school group, then you should do many things the same, but you must agree about what and how to perform in an equal manner.”
There are regular meetings where principals meet to discuss the business plan and mutual goals. Good examples of practices and ideas that have worked at different schools are demonstrated at the meetings. The principals try to figure out how to implement these ideas successfully into their own organizations.

According to JB1, it is more important to improve the worst performing schools when it comes to for instance, low number of pupils in relation to the total capacity, compared to the ones that are full. The respondent argues that the systematic process of improvement within the group is limited and rather focused on how to improve the worst schools instead of learning from the best ones. JB1 states that:

“Everyone talks about a best practice but I would say that there is a much more systematic approach towards worst practices than there are best practices”

JB1 perception is that JB Education’s schools and schools in general only learn a fraction of what is possible from competitors. For example, some principals do not know which schools are in the same city. Principals and teachers are occupied with activities in their own school and thus miss opportunities to improve by not implementing successful innovations from competing schools. Furthermore, since JB Education’s brand and model is unique, some resistance towards copying ideas from competitors can be found within the organization. JB2 on the other hand states that the group intensifies the awareness of competitors’ activities on the market as the competition increases. Because schools lack clear insight into competitors operations and processes, most imported ideas and innovation comes from how competing schools utilizes marketing to attract pupils.

5.2.2 Activities Aimed at Improving Efficiency Levels

JB1 perceives that the environment in the school market has become tougher along with the demographic decline, new regulations and the current debate against for-profit driven charter schools. When the number of pupils is reduced, the income follows and consequently schools search for ways to be more efficient and cut cost. JB Education has grown through acquisitions and organically to increase in size, which has given the company economical benefits. JB1 argues that:
"There seems to be an inexhaustible demand for diversity from the customer side. However, the diversity will not last because you may not have sufficient economies of scale and therefore the consolidation of the school market is likely to continue."

JB1 claims that JB Education is continuously trying to work towards a more standardized and efficient organization. According to the respondents, most administrative tasks, for instance financial accounting, IT solutions and salary administration, have been centralized to the headquarters in order to be more efficient. Objectives such as developing a uniform structure are made with the hope to reduce cost but also improve the company’s possibility to secure quality throughout the whole group. The respondents’ argumentation is in line with the company’s annual report (JB Education’s Annual report, 2011). For instance, the annual report states that numerous company-wide projects have been executed in order to improve the quality of operations, improve profitability and increase efficiency. An example of these projects is also mentioned in the annual report (2011):

"During this year [2011], John Bauergymnasiet is replacing its name to JB Gymnasiet. This is a natural step for the group which gives us a unified brand strategy."

During the last years, JB Education has focused on synchronizing purchases for all schools in order to achieve economies of scale. The company has the same strategy when managing other functions. JB2 mentions that the company has a contract with only one IT vendor, which serves all schools, and that JB Education tries to rent properties from the same national property owner since it increases the company’s negotiating power. JB2 describes that there is a continuous search for ways to improve financially in all aspects:

“I feel that charter schools are always trying to save on overhead cost as much as they can, both at school- and headquarter levels.”

5.2.3 Perception towards Quality Development

The company states that quality is very important to its work. Both the respondents interviewed emphasize quality to be an essential aspect for charter schools to focus upon. JB1 claims that a common, well-defined quality work is necessary and creates a good framework
Different Styles, Similar Shape

for an educational company. At the same time, how quality is developed and presented in
general can be problematic according to JB1:

“It would be a disaster to buy a secondary school and then tell all students in the second or
third year: too bad for you but you are getting an entirely new educational concept than the
one you chose the first year. Therefore, all changes must be done gradually.”

The actual quality work is conducted through a combination of annually written business
plans and continuous evaluations. The core aspects of the quality work is performed at the
headquarter of JB Education whereas the more detailed and unit specific evaluations take
place at each school. According to JB1, this is due to the fact that there is a widespread belief
in the Swedish school market that organizational diversity is something positive from an
educational point of view and as such, the principals and teachers should have a more
detailed understanding of the pupils than the head quarter. JB Education has organized its
quality work to reflect this belief through a quality system called JBQ, which is open for
modification so that JB Education can meet the regulatory requirements and offer a high
quality education. JB2 says that:

“Quality is the number one factor when it comes to competition. That is the only thing we can
compete with, nothing else. Quality is what schools can compete with.”

Both respondents states that the quality work must be focused upon creating good academic
programs and a pleasant social atmosphere at the schools since potential pupils primarily
make their choices based upon the various programs’ structure and content and secondly on
the schools’ reputation. Therefore a school’s reputation regarding quality, educational options
and environment is extremely important when attracting potential pupils.

5.3. Case 3 – Kunskapsskolan

5.3.1. Imitations of Best Practices
Since Kunskapsskolan was established, an important part of its concept is that all schools
should be similar and comparable. Consequently, large efforts must been taken to secure that
all schools develop in the same direction. According to KS2, in order to achieve this
objective a structured process has been developed, which serves to spread information such
as pedagogical guidelines from the headquarter to the schools but also as a chance for schools to learn from each other. For instance, KS2 exemplifies the process as:

"[...] we gather our principals and teachers to different meetings quite a few times a year, more than others do I think, for joint trainings and, yes we do a lot of benchmarking and transferring good ideas within the company."

The schools that perform above average in different internal surveys acts as examples of best practices and shares their ideas and practices to other schools at regular meetings. KS1 believes that it may be easier for Kunskapsskolan who has the same educational focus and brand at all schools to spread best practice since almost all non-educational functions within the company is already shared. Furthermore, both respondents have noticed a demand from teachers that further developed processes and new improved ideas within a particular school should be shared with other units.

The description of Kunskapsskolan’s approaches, in its annual report (2011), is in line with the information given by the respondents. The company addresses continuing development with transferring best practices from better performing schools to those which perform worse. The annual report states that:

"Because we have many schools that work in the same way, we can compare and discover which schools are most successful in a particular field. We continuously transfer knowledge and draw lessons from each other within the company and can thus achieve a high educational quality in all our schools."

When it comes to external transfer of ideas and innovations between competing schools, KS2 reflection is that this is an undeveloped area in the school market. Innovations are kept within school groups instead of being shared with others. Kunskapsskolan’s unique model and pedagogical approach has had an influence on why it does not benchmark more from competitors. It develops its own model with innovations that are developed internally to preserve its unique concept and to offer a differentiated educational model compared to its competitors. However, KS2 argues that the company can learn more from competitors than the company is currently doing:
“I believe that we who work in Kunskapsskolan can learn a lot more from competitors, as of today we mostly focus on our competitors marketing, successes and failures.”

Both respondents argue that the focus of Kunskapsskolan has been on how to improve and manage challenges internally in the group rather than to evaluate and analyze external schools development. Lack of time is, according to KS1, the pronounced reason for why the company focuses on internal improvements. However, Kunskapsskolan still takes some influences from how competitors portray themselves to consumers and reflects over successes and failures made by competing schools. There is no established process in which the latter is evaluated or analyzed. KS1 states that it rather is discussed sporadically within the organization when something new is mentioned in media:

“You pick up from the media, but not deeper than that really.”

5.3.2 Activities Aimed at Improving Efficiency Levels
Kunskapsskolan demonstrates efficiency activities throughout the entire organization. The company has synchronized its educational model with its purely organic growth strategy and corporate structure in a way that allows Kunskapsskolan to standardize and centralize virtually all non-educational aspects of its school group. This approach is present from the beginning when the development of a new unit is approved and conducted in a structured and linear approach. KS2 argues that:

“Kunskapsskolan is a corporate chain where things are done in the same way and a very significant part of all support functions are centralized so that the schools can focus upon the education.”

Kunskapsskolan is continuously trying to find ways to make its organization more efficient. Due to the company’s relatively slow growth, which comes from the organic expansion strategy, the management needs to find other areas where potential efficiency improvements can be achieved. Examples are expansion of existing schools with additional year cohorts, and thereby the realization of economies of scale and scope and also, framework agreements for all schools. KS1 states that:
“We conduct framework agreements for all schools. That is an aspect where I see great potential economic efficiencies.”

The aspiration for an efficient and high-performing organization is present within each school unit. For example, all school units within Kunskapsskolan are designed in a way that minimizes the amount of areas that are not fully utilized. The same goes for the company’s educational model, which excludes all forms of physical school books and instead uses digital options and also, the relatively high degree of working hours the teachers spend with pupils. Furthermore, Kunskapsskolan utilizes its online portal to allow teachers to spread lecture material and tests among each other instead of creating everything themselves. The result is exemplified by KS2 who says:

“We have an approach that allows us to organize the average school day which allows us to maximize the outcome.”

Kunskapsskolan’s unilateral educational model and organization has allowed the company to achieve efficiencies in multiple aspects of the organization. At the same time, the company is facing some constraints since its educational model and unique methods do not fit everyone and there can be substantial obstacles to overcome when establishing new schools. Examples include finding properties that fits the concept of the company, teachers willing to embrace its educational approaches and synchronizing all the support functions with each school.

5.3.3 Perception towards Quality Development

Kunskapsskolan is built upon its unique concept with a rather different educational model. Both respondents state that the schools’ core is centered on their levels of quality and that continuous improvements are necessary. All dimensions of the company are built upon structured and homogenous approaches towards quality. To ensure that the quality is at an equal level throughout all units within Kunskapsskolan, a quality evaluation procedure has been implemented. KS1 says that:

“To ensure that we can maintain our quality sign we have developed rigorous quality control models and systems.”
This statement is in line with how the company presents its view upon quality evaluations and development in its annual report (2011) where the importance of continuous work regarding quality in Kunskapsskolan is something it will never compromise. According to Kunskapsskolan’s annual report (2011):

“Our focus upon quality has produced tangible results but it is a work process that must continue on a constant basis and never be compromised.”

KS2 states that the company’s quality work relies heavily upon annual quality surveys, which are distributed to a broad range of co-workers as well as pupils and parents. These are used to benchmark the individual schools against each other and also to ensure that the overall quality levels reach their targets and continue to rise. KS2 also states that the ongoing debate regarding the school market sometimes presents an incorrect and negative picture of charter schools. Therefore, Kunskapsskolan has set up four general goals for its business, the first one being a specific net margin and the other three; student performance, the most satisfied pupils and parents and finally the best and most pleased co-workers. This somewhat modified version of a balanced scorecard is utilized to ensure that Kunskapsskolan maintains a sustainable organization and continue to improve its performance. Such a holistic approach towards quality work helps the company to set future goals according to KS2, who argues that:

“By quantifying and analyzing our surveys, we can extrapolate data which thereafter serves as guidelines for our future business objectives.”

KS2 states that in order to create a stimulating and welcoming environment for the pupils, Kunskapsskolan dedicate significant time and resources towards planning and developing the school properties to fit the educational model. This is in line with the company’s approach towards quality but might cause some limitations on the company’s business model. Not only does this reduce its growth rate but also increases the regulatory work for the management. For instance, KS1 says that:

“There is a more demanding regulatory environment nowadays where Skolinspektionen is raising administrative standards and demands. It is not always easy to see how it contributes, or secures, better education for pupils.”
Regardless, both respondents claim that the company’s quality work is essential to attract and maintain pupils. In their opinion quality is the key aspect when it comes to competition on the Swedish school market.
## 5.4 Summary of Within Case Analysis

Table 2. Summary of within case analysis

<table>
<thead>
<tr>
<th>Factors &amp; aspects</th>
<th>Case 1 - AcadeMedia</th>
<th>Case 2 - JB Education</th>
<th>Case 3 - Kunskapsskolan</th>
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<tbody>
<tr>
<td><strong>Isomorphism</strong></td>
<td></td>
<td></td>
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<tr>
<td>Transfer and spread of best practices (BP) internally</td>
<td>• Transfer of BP within and between brands; across acquired and organic schools. • Formal and structured transfer processes.</td>
<td>• Transfer of BP between schools. • Focus on improving the worst performing schools. • Regular meetings where BP are shared.</td>
<td>• Transfer of BP between schools. • Structured and constant spread of BP. • Regular meetings where ideas are shared.</td>
</tr>
<tr>
<td>Transfer and spread of best practices (BP) externally</td>
<td>• Low degree of external imitation and spread of BP. • Lack of external transparency and cooperation. • Studies others successes and failures.</td>
<td>• Low degree of external imitation and spread of BP. • Lack of resources and external transparency. • Studies others marketing. • Conscious preservation of unique model.</td>
<td>• Low degree of external imitation and spread of BP. • Lack of resources. • Studies others marketing, successes and failures. • Conscious preservation of unique model.</td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Focus on standardization</td>
<td>• Centralization of non-educational elements. • Parts of marketing and recruitment are not possible to standardize due to different brand specializations. • Standardized start-up and integration programs.</td>
<td>• Centralization of non-educational elements. • Ongoing standardization within the company. • Working toward a common structure in the organization to reduce costs and enhance quality.</td>
<td>• Centralization of non-educational elements. • Synchronized model of education, growth strategy and organizational structure. • Efficient use of facilities and teachers.</td>
</tr>
<tr>
<td>Focus on economies of scale</td>
<td>• Growth reduces the fixed costs related to non-educational components. • Improved margins are a driving force.</td>
<td>• Growth reduces the fixed costs related to non-educational components. • Improved margins through e.g. synchronized purchases.</td>
<td>• Growth reduces the fixed costs related to non-educational components. • Grows with both new schools and develop existing with more grade levels.</td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Types of evaluation</td>
<td>• Internally developed quality model: “AcadeMedia-modellen”. • Evaluation on all levels. • Four different areas are evaluated to ensure overall understanding and control.</td>
<td>• Internally developed quality model: “JBQ”. • The model is modified when needed e.g. new regulation.</td>
<td>• Internally developed quality model. • Surveys to a large degree. • Four different areas are evaluated to ensure overall understanding and control.</td>
</tr>
<tr>
<td>Frequency of evaluation</td>
<td>• Annual business plans and continuous evaluations and adjustments.</td>
<td>• Annual business plans and continuous evaluations and adjustments.</td>
<td>• Annual survey based evaluations.</td>
</tr>
<tr>
<td>Importance of quality work</td>
<td>• Central factor in operations and acquisitions.</td>
<td>• Quality is perceived as the most important factor to compete with.</td>
<td>• Quality is perceived as one of the most important factors to compete with.</td>
</tr>
</tbody>
</table>
6. Cross Case Analysis

In this chapter, the findings from each company in the empirical chapter are compared with each other and analyzed in a qualitative manner. By focusing upon similarities and differences between the case companies in terms of imitation, efficiency and quality, the hypotheses are answered.

6.1 Internal but not External Imitation

Main similarities between the three case companies are how they address internal improvements of their schools and how the transfer of ideas and innovations are managed. According to Baum et al. (2000) imitation can be a better alternative compared to internally developed approaches since it contributes to lower costs and saves time. All charter school groups have established structured processes in which best practices are transferred between schools in their organization. Employees within the organizations were mostly positive towards imitation as a means to improve the standards of the schools. Indications from the within case analysis illustrates that the best considered ideas are spread both between schools in the same brand (JB Education, Kunskapsskolan) but also across brands (AcadeMedia). Hence, regardless of their chosen brand strategy, the motive to avoid making unnecessary or redundant preparations seems to be a driving force for imitation internally. It is argued in the literature that because resources are scarce, competition among firms will force them to strive for economic fitness (Hannan and Freeman, 1977). The systematic and continued transfer of ideas and innovations between schools, instead of a practice of internal development within each unit, seems to be in line with the theoretical argument.

Another important similarity concerns the results of internal imitation that contributes to more homogeneity within organizations. According to Hannan and Freeman (1977), competitive isomorphism, i.e. organizations become more alike, can result from either a learning process from the experience of what works best or as a process in which non-optimal activities and innovations are selected out from the organization. Irrespective of the charter school groups’ growth strategy, transfer of best practices within a charter school group has gone from both acquired schools to organically established ones and in the opposite direction (AcadeMedia and JB Education). Kunskapsskolan with only organic growth have transferred ideas between schools in a similar manner. All organizations utilizes, to different degrees,
best practice to learn which approaches are most appropriate and as a way to spread developments of innovations between schools. In contrast to this, JB Education also focuses, to a large extent, on the improvement of its worst performing schools, something they refer to as a worst practice. The within case analysis indicated that all three charter school groups works with the spread of best practice and improvement of worst practice to achieve a more homogeneity within the organizations as well as to be more efficient and competitive. Thus, the findings support hypothesis 1a.

Imitation of ideas and innovations between competing charter school groups seems to be less developed compared to the imitation within these organizations. The literature framework used in our thesis suggests that the competitive pressure will force one unit in the market to resemble other units if they face the same environmental conditions (DiMaggio and Powell, 1983; Hawley, 1968). The within case analysis gives some indications that the current environment and companies’ strive to find a unique niche in the school market prevents the process that should occur according to the theory. All case companies argue that as competition increases in the market, they increase their marketing and competitor analysis. For instance, all three case companies argue that they study competitors’ successes and mistakes, but also, JB Education and Kunskapsskolan study competitors marketing strategies, information that is available through media or public documents. Otherwise, the companies focus on internal development.

The within case analysis indicates that there are several reasons for why charter school groups imitate competitors only to some extent. Firstly, there is a limited transparency into competing schools activities and processes. Secondly, two of the case companies argue that they lack resources to imitate competitors’ best practices, in terms of time and employees, which is a limiting factor and hence the companies prioritize internal improvements. Finally, there is in general some resistance and unwillingness towards imitating competitors’ ideas. Single branded groups argue that their unique models are different from competitors and influences from others might interfere with their uniqueness. The last factor indicates that the brand strategy may be seen as a force that limits organizations in the market towards becoming homogeneous. Furthermore, some of the respondents that participated in our study have worked at competing charter school groups before their current position. This may indicate that ideas are transferred with the managers as they move between charter school groups and later implemented at their new employer’s organization. However, as the
respondents did not mention this process it could not be confirmed. Consequently, the findings in our study rejected hypothesis 1b. Hence brand strategy seems to reduce the transfer of best practices between charter school groups and it could not be stated that imitation leads to an increased degree of homogeneity between charter school groups.

6.2 Similar Performance Improvement Activities
When analyzing the three case companies in terms of efficiencies, two distinct areas stand out where AcadeMedia, JB Education and Kunskapsskolan all look for improvements, namely aspects suitable for standardizations and/or economies of scale. However, they do have different approaches due to their different growth- and brand strategies even though the outcome does indicate similar results to a large degree.

Existing theories regarding value creation states that it can be accomplished through standardizations and subsequent efficiencies (Dobbs et al., 2007; Koeller et al., 2010), concepts that are actively pursued by the three case companies. AcadeMedia has a very clear and constantly ongoing centralization processes among all non-educational aspects of their organization. Furthermore, they have developed structured and standardized frameworks for implementing their business into acquired schools for the same reasons current theories promote as key factors for successful implementations (Gates & Very, 2003; Bower, 2001). JB Education also states that it works towards a standardized and common organizational structure throughout the entire company in order to reduce costs and ensure a high and even quality level. Kunskapsskolan has taken the standardization approach even further by aligning their growth- and brand strategies, educational offers and organizational structure with each other to create a completely homogenous company. Altogether, the three case companies are indicating clear signs of actively pursuing standardizations as much as possible in their organizations.

Regarding potential economies of scale, all three case companies clearly states that charter school groups can benefit extensively from pursuing economies of scale, and thereby reason in line with existing theories concerning financial benefits from various growth strategies (Dobbs et al., 2006; Forker et al., 1996; Vlachos, 2012). Primarily AcadeMedia states that running charter school groups is associated with significant fixed costs and as such, there are definite financial advantages with achieving economies of scale. JB Education also
acknowledges the importance of shrinking costs that does not primarily concern the educations and actively pursue favorable agreements from suppliers. Due to its completely organic growth strategy, Kunskapsskolan does not have the same range of potential synergies to strive for as the two other case companies, since they do not engage in M&A’s. However, they do achieve economies of scale as well, partly due to the organic expansion but also since they have started to expand the range of services amongst existing schools. These findings are in line with Day’s (1989) research regarding organic development. Altogether, the three case companies demonstrates clear signs that their sizes and shapes are used to their advantage since they all actively searches for- and takes advantage of potential economies of scale.

In summary, there are clear indications that Swedish charter school groups actively try to increase the level of efficiency within their organizations, which is confirmed by SI1:

“There is an overall consolidation trend among the large charter school groups. ”

We find strong indications that regardless of growth- and brand strategies, Swedish charter school groups have an extensive range of areas where they can, and do, achieve economic efficiencies through centralizations, standardizations and economies of scale. This points towards an increased degree of homogenization in between charter school groups and we therefore conclude that hypothesis 2 is supported.

6.3 Shared Views but Different Approaches Towards Quality Development

Another of the main similarities between the three case companies is their distinct conviction that quality as a means of competition is central when operating charter schools. In line with Szmigin’s (1993) and Lundahl’s (2002) arguments, the three companies all state that quality is a key aspect when running a business, and especially in the school market. The three companies all utilize a model of some sort to gather data and create their annual business plans, which have a holistic approach and are open to modification so that they can adapt to environmental changes, both internal and external ones. Regardless of their different growth- and brand strategies, the three companies all perceive their efforts for continuous improvements in terms of quality and how they market this work to be their primary tool of competition.
However, whereas AcadeMedia and JB Education demonstrate signs of being open towards a more flexible mentality regarding changes and modifications, Kunskapsskolan runs its operations based upon quality control models and systems which all take place during a certain time each year. Both respondents from that case company state that this is due to Kunskapsskolan’s unique educational model and purely organic growth strategy. In order to ensure that all units are virtually identical and operate in a homogenous way, fixed evaluation system regarding the school units’ performances and levels of quality is necessary. On the other hand, AcadeMedia explicitly states that when it evaluates potential acquisition targets then that particular organization’s quality standards are the important part, not necessarily how they measure quality. This is in line with Forker and his colleagues’ (1996) arguments that a potential acquisition target’s standards and quality levels should be above average to increase the chances of a successful integration. This indicates that companies that grow completely or partly through acquisitions, such as AcadeMedia and JB Education, mainly are concerned with the levels of quality within a potential acquisition target and not necessarily how that particular organization evaluates quality since they will implement their own approaches afterwards anyway.

At the same time, all three case companies demonstrate awareness and, to various degree, concerns regarding the ongoing debate in Sweden regarding the existence and operating conditions for charter schools. The combinations of various political propositions and the continuous rise of regulatory demands from Skolinspektionen and other governmental agencies have restricted their growth strategies to some extents. Kunskapsskolan perceives that its role as a charter school group is occasionally misrepresented in media, AcadeMedia expresses concerns regarding their ability to achieve various forms of diversity due to their size and the ever-rising levels of regulations and JB Education believes that there is a risk of bad external perception when a charter school group standardize and streamline its quality work. Altogether, there are indications that charter school groups adjust and modify their expansion plans and quality work in regards to the external environment and external demands.

In summary, the cross case analysis demonstrates signs that quality is a key aspect of competition among charter school groups in Sweden. We find indications that regardless of the growth- and brand strategies chosen by a charter school group they not only use their
approaches towards quality to market themselves but also to cope with regulatory demands. The subjective nature of quality demonstrated in the theory is present among the three case companies as well. They have developed and implemented different quality models and systems to fit their educational systems. This presents a problematic setting from a regulatory and transparency perspective and is line with SSE1’s belief regarding quality:

“I think that in general people don’t know what quality is, especially in the school market.”

The different quality evaluations make comparisons between charter school groups more ambiguous. However, since our three companies differ from each other in terms of their growth- and brand strategies and yet continuously work with the development of their quality standards in a similar manner. We find indications that these patterns are not typical for these particular companies but rather are more of general quality practices among Swedish charter school groups. Thus we find support for both hypothesis 3a and 3b.

6.4 Summary of Cross Case Analysis

Table 3. Summary of cross case analysis

<table>
<thead>
<tr>
<th></th>
<th>Main findings</th>
<th>Outcome of hypotheses</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Imitation</strong></td>
<td>• Internal transfers through structured processes</td>
<td>Hypothesis 1a: Supported</td>
</tr>
<tr>
<td></td>
<td>• Positive attitude towards imitation</td>
<td>Hypothesis 1b: Rejected</td>
</tr>
<tr>
<td></td>
<td>• Limited external imitation due to employee’ resistance, lack of time and low industry transparency</td>
<td></td>
</tr>
<tr>
<td><strong>Efficiency</strong></td>
<td>• Common aim to achieve standardizations and economies of scale</td>
<td>Hypothesis 2: Supported</td>
</tr>
<tr>
<td></td>
<td>• Efficiency activities aimed at non-educational aspects</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Positive attitude towards efficiency-related organizational changes</td>
<td></td>
</tr>
<tr>
<td><strong>Quality</strong></td>
<td>• Quality is the primary competitive tool</td>
<td>Hypothesis 3a: Supported</td>
</tr>
<tr>
<td></td>
<td>• High quality levels are essential</td>
<td>Hypothesis 3b: Supported</td>
</tr>
<tr>
<td></td>
<td>• Quality models are being utilized</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Varying mentality towards spontaneous change</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• External quality influences quality work</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Quality is a key aspect for growth</td>
<td></td>
</tr>
</tbody>
</table>
7. Concluding Discussion

In this final chapter, we present the findings from our case study and answer the thesis’ research question. The model presented in the previous theoretical section is refined and adjusted to our empirical setting. Finally, the limitations with our study are discussed in terms of future research and we present how our findings can be of relevance for practitioners.

7.1 Conclusion

The aim of our study was to examine the impact of competition on organizational diversity among Swedish charter school groups. We wanted to address if and how imitation, efficiency and quality influence a transition towards reduced organizational diversity to provide a theoretical and practical understanding of the paradox between competition and diversity in a market.

The findings from our study indicate that the case companies’ organizations have become more homogenous as a result of competition in the market. This transition has occurred regardless of their chosen growth- and brand strategies. While the pursued strategies have had a low influence on the case companies’ organizational differentiation in the market, the activities within the organizations seems to have had a stronger transition towards homogeneity. We have seen that the more mechanisms that are pursued by the charter school organizations the more aspects of the organizations become homogenous. However, the findings from the three mechanisms of competition have provided somewhat unexpected results since all except one of the hypotheses, 1b, were supported. Although the case companies’ work toward improved efficiency and quality have resulted in organizational homogeneity among the companies, the same have not been proven in regards of imitation between competitors.

Concerning the findings on imitation we could, on the one hand, notice willingness to imitate internally from employees within the organizations. The transfer was carried out within and across brands as well as between both organically established and acquired schools through mostly standardized processes. Since imitation was performed between all schools within a group, growth- and brand strategies did not limit the internal transition towards homogeneity. Furthermore, the visible outcome of internal imitation is alignment within the organizations.
On the other hand, our empirical findings concerning external imitation did not align with the theory. None of the case companies performed imitation and transfer of best practices more than occasional studies of competitors marketing strategies, successes and failures, in other words, activities that are visible in the market. Our findings provide some understanding to why transfer between competitors is limited. Firstly, there is some resistance among employees towards learning from competitors’ best practices, both in terms of ignorance of possible contributions, but also a low degree of collaboration. Secondly, the most pronounced reason for why external imitation does not occur is the lack of resources. Managers within the charter school groups argue that since resources are limited, focus is on improving their own schools rather than learning from competitors. Finally, there is a low transparency on how activities and daily tasks are performed as well as the result of them within charter school organizations. It seems like these factors limit charter school groups to imitate competitors and, according to hints given from some respondents, the strive to be unique and different in the market may have a limiting effect on increased homogeneity. Thus the study indicates that brand strategy, among charter school groups with a single brand strategy, to some extent, can limit organizational homogeneity in the market. A possible explanation to why the existing theory and empirical findings differ might be that organizational aspects are complex and the combination of for instance; strategy, organizational culture and approaches may give different outcomes depending on how they interconnect.

Regarding the findings connected to efficiency related activities within the three companies we have seen that general performance improvements that can be applied within an organization operating in a free market are also being utilized among the charter school groups in the school market. The practices of centralizing non-educational aspects of businesses appear to come as natural development for the charter school groups rather than being driven by a desire to imitate competitors. Therefore, we argue that it is possible to separate the efficiency activities from the effects of competitive isomorphism. Furthermore, from an organizational perspective, the pursuit of various efficiencies, such as economies of scales, standardizations and centralization processes, have made the case companies financially more efficient but also reduced the organizational diversity in between them. The aspirations to achieve efficiency improvements seem to be present within all three case companies regardless of their growth- and brand strategies. Organic or M&A based growth strategies does not influence charter school groups thinking and approach towards optimizing
their organizations and neither does the way the groups develop and market their brands. Thus we conclude that charter schools aspire for the same types of performance enhancements regardless of whether they grow through acquisitions or organically and also, through different brand strategies. Since it is beyond the scope of our thesis to determine the potential consequences of this trend we can only note that efficiency as a mechanism of competition has a reducing effect on organizational diversity.

In terms of the quality aspect, our findings indicate that charter school groups act according to existing theory concerning alternatives on how to compete. The lack of price as an available competitive tool has made all three case companies prioritize the quality of their offers as their primary means to compete with. Furthermore, our results demonstrate that the approach towards quality development is in line with existing theories regarding the subjective nature of quality. The ambiguous definition of quality has enabled charter school groups to develop their own quality evaluation and presentation models. Moreover, the results indicate that these quality models and values are spread through all existing and future schools, regardless of the pursued growth strategy. Therefore, the growth- and brand strategies of the case companies do not limit the reduction of organizational diversity that quality as a mechanism of competition causes. On the contrary, the internal aspirations to improve the quality levels due to its importance as a competitive tool as well as the external pressure regarding quality controls on charter schools have made the groups more homogenous.

The findings in our thesis has allowed us to construct the model below that explains how the mechanisms of competition influence the organizational diversity among charter school groups in Sweden. In contradiction to previous theories we have noticed that there exist factors that primarily limits external imitation and thus do not contribute to the reduction of organizational diversity. These factors are: brand strategy, employees’ resistance, lack of resources and also, lack of industry transparency. The other two mechanisms, efficiency and quality, are not influenced by different growth- and brand strategies.
Factors that limits the reduction of organizational diversity

Mechanisms of competition

- Strive to imitate best practice
- Strive to increase efficiency
- Strive to improve quality

Employees’ resistance
- Lack of resources
- Lack of transparency

Outcome of competition
- Organizational homogeneity

Model 3. The effects of the mechanisms of competition on organizational diversity in the Swedish school market.

7.2 Limitations and Implications for Researchers and Practitioners

Our study has provided findings that are specific to the case companies in the Swedish school market. Since competition have influenced the organizational diversity towards homogeneity in all case companies, we believe that the findings, could to some extent, be applicable on other charter school groups in Sweden.

While our study is limited to providing evidence for the transition towards homogeneity among organizations, we have not investigated whether competition has any effect on educational offerings. Therefore, it would be interesting for future research to examine to what extent the educational offerings of charter school groups, for instance: range of educational courses and programs as well as pedagogical approaches are influenced by competition. Another drawback of our study is that since the data was primarily collected through interviews, there is a risk that the respondents presented an overly optimistic picture of their companies and their progresses. Because our findings are derived from the respondents’ own beliefs and agendas, the results might be too simplistic and one-sided. Therefore, a suitable area for additional research would be a longitudinal study that evaluates charter school groups’ organizational changes over time. Furthermore, since the case companies in our study are large organizations, future research could examine whether or not
the findings are applicable on small organizations, e.g. charter and municipal schools with only one or a few units. In addition to this, the findings rejected our hypothesis concerning imitation of best practices among competing charter school groups and there were indications that different organizational factors and brand strategy limit competitive imitation. Since our study did not explore these factors further to find an explanation of how and why, it would be interesting for future research to study how and why organizational factors limits external imitation among charter schools.

We suggest that it is the combination of several mechanisms of competition that together contributes to a decreased diversity among charter school groups. However, we have only studied some of the mechanisms that have a homogenous impact on charter school groups and there are several other mechanisms that potentially have the same outcome on organizations in a competitive market, which future research could investigate in order to provide a deeper understanding of how competition influences organizations.

One main finding in our thesis is that charter school groups do not evaluate and subsequently imitate practices among their competitors to any significant extent. The three case companies state various reasons to why this does not occur, including but not limited to lack of time and resources. Therefore, it could be wise of the management teams in charter school groups to consider allocating more funds towards intelligence gathering and focus upon their competitors’ organizational behavior and practices as well as general market trends. This would help them to strengthen their positions against their competitors. The educational sector in Sweden, and especially charter schools, is a highly debated area and several external stakeholders are pushing for regulations and limitations. By investing more in market- and competitive research, charter school groups will have an even better understanding of the regulatory environment as well as expected future developments and thus, be able to prepare themselves for upcoming organizational and/or business restrictions.
8. References


Appendixes

Appendix A: Date and Duration of Interviews

<table>
<thead>
<tr>
<th>Case</th>
<th>Respondent ID</th>
<th>Interview type</th>
<th>Date</th>
<th>Duration</th>
</tr>
</thead>
<tbody>
<tr>
<td>AcadeMedia</td>
<td>AM1</td>
<td>In person</td>
<td>2013-03-18</td>
<td>45 min</td>
</tr>
<tr>
<td></td>
<td>AM2</td>
<td>In person</td>
<td>2013-03-21</td>
<td>47 min</td>
</tr>
<tr>
<td>JB Education</td>
<td>JB1</td>
<td>In person</td>
<td>2013-03-27</td>
<td>59 min</td>
</tr>
<tr>
<td></td>
<td>JB2</td>
<td>In person</td>
<td>2013-04-18</td>
<td>35 min</td>
</tr>
<tr>
<td>Kunskapsskolan</td>
<td>KS1</td>
<td>In person</td>
<td>2013-04-03</td>
<td>39 min</td>
</tr>
<tr>
<td></td>
<td>KS2</td>
<td>In person</td>
<td>2013-05-03</td>
<td>44 min</td>
</tr>
<tr>
<td>External actors</td>
<td>Respondent ID</td>
<td>Interview type</td>
<td>Date</td>
<td>Duration</td>
</tr>
<tr>
<td>Skolinspektionen</td>
<td>SI1</td>
<td>In person</td>
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<td>54 min</td>
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<tr>
<td>Ph.D. candidate at SSE</td>
<td>SSE1</td>
<td>In person</td>
<td>2013-04-24</td>
<td>80 min</td>
</tr>
</tbody>
</table>
Appendix B: Interview Guidelines

<table>
<thead>
<tr>
<th><strong>Respondent and company specific</strong></th>
<th>Background and role of the respondent, goals and strategies of the case company.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Growth- and brand strategy</strong></td>
<td>Managers’ perception on the company’s growth- and brand strategy, connection to competition and differentiation.</td>
</tr>
<tr>
<td><strong>Activities and attitudes towards imitation</strong></td>
<td>Internal spread and imitation of best practices, reasons for why and how it is pursued, the organizational contribution of imitation. External spread and imitation of best practices, reasons for why and how it is pursued, the organizational contribution of imitation.</td>
</tr>
<tr>
<td><strong>Efficiency improvement activities</strong></td>
<td>Attitude towards centralizations, view upon standardizations, possible economies of scale and scope, existing issues regarding efficiency-related activities, potential areas of improvements, industry-wide obstacles, future trends.</td>
</tr>
<tr>
<td><strong>Perception on quality</strong></td>
<td>Definition and key aspects of quality, view upon quality as a concept and its importance, evaluation system, frequency of evaluations, soft- and hard quality dimensions, affected stakeholders, difference between competitors’ approaches.</td>
</tr>
</tbody>
</table>