Cutting out the Middleman

The Increasing Disintermediation by Swedish Exporting Sawmills

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Summary

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Problem: The Swedish sawmill industry is changing, and sawmills are increasingly pursuing disintermediation opportunities internationally. However, little is known, theoretically nor practically, regarding what is influencing sawmills in their pursuit of disintermediation.

Purpose: This thesis investigates how the disintermediation opportunities in the sawmill industry is changing international operations, and the applied export choices made as a result of the phenomenon.

Research Question: How are disintermediation opportunities influencing export operations of Swedish sawmills?

Methodology: This thesis is a qualitative study conducted in an abductive fashion. A multi-case study design was applied, researching four case companies in southern Sweden.

Conclusions: Results show that Swedish sawmills are influenced by disintermediation opportunities differently depending on various elements and conditions. A set of enabling and driving factors, as well as barriers, have been identified as variables affecting decisions and operations. Additionally, results indicate that sawmills enter markets with higher commitment more rapidly due to improved information accumulation and communication capabilities.

Key Words: Disintermediation; Market entry; Internalisation; Sawmills; Sawmill Industry; Export; Supply chain effectivisation; Internationalisation
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Appendices
1. Introduction

*In the following chapter an introduction of the research area and a background will be presented. This follows with a problem discussion where the relevance and problem of the chosen topic is discussed. A research question and purpose of the study is presented and the chapter ends with delimitations and an outline.*

1.1 Background

**History**

Like many small nations, Sweden is heavily reliant on exports and trade with other countries across the globe. Traditionally, domestic markets are often too limited in these countries for corporations to enjoy sustainable growth year over year. As a result, international trade become paramount for industries based in small countries when compared to companies based in larger countries like Japan or USA. Despite its modest domestic market, Sweden enjoy the benefits of being abundant with raw materials like wood and iron ore, as well as other unprocessed materials (Carlgren, 2015). Historically, the access to these raw materials has been a key success factor for Sweden, growing into some of the most important aspects of the economy and exports. Often referred to as the “base-industries”, steel- forest, and chemical industries are greatly important for the economy and the country as a whole (Carlgren, 2016). From north to south, the Swedish landscape is mainly dominated by forests, supplying materials to companies across the nation and contributing a large part of the base-industries production. Sweden has about 1 percent of world's forest area in commercial use, but supply 10 percent of the world's sawn timber, clearly illustrating the vast production and importance of the forest industry (Royal Swedish Academy of Agriculture and Forestry [KSLA], 2009).

**Forest Industry Structure**

The forest industry consists of two larger sub industries: (1) mechanical lumber refinement, often referred to as sawmills, (2) pulp and paper (Skogsindustrierna, 2013). There are many other branches of this very large industry but their joint relationship is rooted in the reliance on lumber as a raw material. Today, the forest industry with its many components and supporting industries is estimated to employ 200 000 workers in Sweden, accounting for approximately 9-12 percent of Sweden's total exports today, where the
majority of all produced products are exported. In the pulp and paper segment, approximately 90 percent of the produced goods are exported, while about 75 percent of sawn timber is shipped abroad (Skogsindustrierna, 2013). In fact, Sweden is the third largest exporter of sawn timber world-wide (Swedish Wood, 2016).

Consequently, this traditional industry is highly internationalised and dependent on foreign trade in its current form. Internationalisation is a large and widely studied phenomenon often defined as the outward progress of firms’ international operations, or the increased involvement in foreign markets (Calof and Beamish, 1995). A wider definition can be “the process of adapting firm's’ operations (strategy, structure, resource, etc.) to international environments” (Calof and Beamish, 1995:116). Choosing the correct way to conduct international business is critical but also difficult due its many variables. Commonly, international companies choose to do business abroad through local independent intermediaries such as agents in hope of avoiding costs of foreignness (Benito, Pedersen and Petersen, 2005). Theory also suggest that increased international involvement occurs in a stepwise manner in relation to increased market knowledge (Johanson and Vahlne, 1977).

Today, there are about 1300 sawmills in operation, a relatively large number when compared to the approximate 116 paper and pulp companies in Sweden (Skogsindustrierna, 2014). Despite this, the number of employees is larger in the paper and pulp industry, while the sawmill industry has a few thousand employees less in total. By sheer export volume, the paper industry is dominant exporting 52 percent of the entire forest industry combined (Skogsindustrierna, 2015). Furthermore, the paper and pulp industry’s export revenue is about twice as large as the sawmill industry (Skogsindustrierna, 2014). With this in mind, it is clear that the paper and pulp industry is dominated by larger actors exporting high volumes. Companies in that industry might therefore have larger capabilities to conduct exporting operations on their own, while the smaller and more fragmented sawmill industry, which also is export dependent, have a wider breadth of smaller actors conducting international business. The largest companies in the sawmill industry today are Setra Group, SCA, Södra, VIDA, Moelven, and Stora Enso to name a few (Jörnmark and Ullenhag, n.a). Despite having some larger company groups, the sawmill industry is highly fragmented (see Appendix A).
Industry Change

The forest industry, and especially the sawmill industry, has seen a change over the last decades where the industry is consolidating into larger companies, while smaller firms are getting more and more specialised (Naturvårdsverket, 2010). Since the 1950’s, the sawmill industry has decreased in company population by 40 percent but has at the same time increased production volume by 80 percent. In other words, production effectiveness has increased dramatically while the number of sawmills across the country has steadily decreased. In general, the sawmill industry has gone from being a work intensive enterprise to a more capital intensive one (Lindman, 2005). Since 2007, the industry has seen further restructuring due to a generally low profitability which is displayed by the continuous shutdowns, bankruptcies, and mergers in the sawmill industry (Jörnmark and Ullenhag, n.a).

Like many other industries, the economics of the sawmill industry is highly dependent on supply and demand. Sawmills are to a very large extent dependent on raw material prices, competition within the industry, and their ability to sell the refined goods. With the increasing dependency on exports, currencies and their fluctuations also become a major factor in companies’ ability to remain profitable. Combined with the large fragmentation and competition in the industry, raw material prices are being pushed higher and smaller sawmills with an already strained profitability are losing their competitiveness (Ollevik, 2011).

The highly competitive nature of the sawmill industry has subsequently resulted in a race to gain further efficiency in every step of the supply chain to remain profitable and competitive. A supply chain consists of different companies which are involved in a products process. In the end, one actor sells the product to the final customer, however the previous steps former to a finished good vary from product to product. There is no limit to how many companies a supply chain can contain, but it includes at least two companies (La Londe and Masters, 1994). Sawmills are a part of a supply chain starting at the raw material level. First, harvested wood is transported to sawmills or other refinement plants where it is processed. The timber is cut into different dimensions and types depending on the quality of the timber. The wood is then assembled in dimensions and put in packages for delivery. The packages are stored until the date of delivery and then sent to the customer (Svenskt Trä, n.a). In the steps leading up to or from the sawmills, additional
actors can be present depending on the company, product, or buyer. Like the paper and pulp industry, the sawmill industry is moving towards further consolidation where fewer larger companies are taking bigger chunks of the market due to their ability produce larger quantities at lower price levels in comparison with smaller actors. From 1980 to 2012, the number of sawmills producing volumes over 100 000 m3 more than halved (Jörnmark and Ullenhag, n.a).

Supply Chain Effectivisation

In order to further lower costs and gain better effectiveness, sawmills are not only improving production, but also their international supply chain. As previously mentioned, Swedish sawmills are highly dependent on exports and a large component of their success lies in the ability to manage an international supply chain. In the recent decade, a number of well established companies in the Swedish sawmill industry have been changing their supply chains towards end customers in order to gain a better understanding of what the customers needs and demands are. The large sawmill group VIDA follow this pattern moving towards closer contact with end customers. The majority of VIDA’s production is currently being sold without intermediaries, a development the company has successively implemented in their supply chain over the years. VIDA was one of the first companies with an own sales office in England, and has continued to open sales subsidiaries across Europe, eliminating intermediaries (Vida Nytt 2008). Intermediaries, or a third entity operating as a middleman, is often related to foreign market entry or export modes. Middlemen such as distributors, wholesalers, and agents, act as an intermediary between the producer and end customer serving different purposes for export and sales. Often, intermediaries allow exporters to remain situated in their current country, while still exporting to other markets with the help of the middleman. Alternatively, exporters can choose wholly- or co-owned subsidiaries, replacing external actors (Solberg and Nes, 2002).

SCA Timber also changed its European supply chain in 2014 from sales through agents to opening a fully-owned sales office for the European market. By gathering sales operations in Europe to one office, SCA strives to improve communication with end customers and improve competitiveness. The contact between customer and producer is shortened making the information exchange easier and more direct (Björnstedt, 2014). Holmen and the sawmill in Iggesund are also working towards better connection with end customers by
having all sales to major customers managed by internal sales channels. Long-term relationships with customers without intermediaries is prioritised, made possible by this change (Holmen, n.a).

The elimination of intermediaries is known as disintermediation and is conducted in order to enable trade without agents, distributors or brokers. Companies strive for cost efficient solutions and excellent relationships with customers. Changing the links between buyer and seller enables improvement in these areas (Maharg, 2016; Wigand, 1997). Technology such as the internet and other communication sources have made the geographic distance become less significant for companies, allowing sellers and buyers to be linked directly to each other without any intermediaries doing the business (Wigand, 1997). Technology is a major factor that connects the seller and buyer, making it possible to eliminate intermediaries due to improved communications and economic transaction capabilities (Graham, 2008).

1.2 Problem Discussion

The Practical Problem

Doing business in foreign markets is a topic of great scale, encompassing many elements and factors. In the rapidly changing world of today, traditional industries are impacted by ever evolving technologies and processes transforming a once more slowly moving environment. For Swedish sawmills operating in the well established forest industry, changes and transformations can quickly alter previously conventional course of actions, stipulating both challenges and opportunities. The identified change in the Swedish sawmill industry where more and more companies strive for shorter supply chains and the exclusion of intermediaries is a trend that challenges the conventional wisdom of how business is conducted in the industry.

Historically, Swedish sawmills have used intermediaries for serving foreign markets. This extensive use of intermediaries has consequently made it difficult for sawmill companies to have direct contact with end customers and understand their needs. When exporting through middlemen, it is possible for end customers’ interests to be improperly intermediated to suppliers and vice versa, making communications and product matching suboptimal. In 2008, investigations related to this predicament was conducted, examining
end customer knowledge of major softwood product producers in Sweden, Finland, and Central Europe. The study had a significant result; 49 percent of the end customers did not know any sawmill company that supplied the product (Opticom, 2008). In other words, large portions of the exported products from Swedish sawmills is done through intermediaries, and about half of the end customer did not know of the original producer. From the sawmills point of view, this is a major point of potential improvement in their already economically strained supply chain. The sawmill industry, which is subject to cyclical profitability, can develop greater resistance to changes in the market by undertaking better distribution and market strategies, the study suggests (Woodnet, 2008). By handling end customer contact without intermediaries, sawmills are able to develop a greater relationship and understanding of the customer, while also being able cut costs and reduce the probability of losing customers.

With these conditions in mind, the acclimatisation is noticeable among large sawmill companies in Sweden as discussed above, displaying a move towards better connection with the end customers and decreased interference of intermediaries in international sales operations. Large enterprises often enjoy the benefits of being able to set up their own sales offices and operate on a larger scale when compared to many smaller actors in the industry. However, new technologies for communication and knowledge accumulation allow sawmills of all sizes to improve on the apparent lack of direct contact with end customers in the industry. In addition, the new capabilities available to sawmills today subsequently create new opportunities for pursuing disintermediation operations. Both large and small sawmills operate in the same industry and face the same profitability issues and efficiency race; with regard to large sawmill companies move towards seizing disintermediation opportunities, smaller sawmills might need to follow suit in order to remain competitive. This study strives to contribute an understanding of how different companies in the sawmill industry of varying size, contrasting arrangements and conditions, are influenced by disintermediation opportunities.

The Scientific Research Gap
The highly traditional sawmill industry is changing, and the new environment requires adaptation and new strategies for successful international operations. However, previous studies focusing on the sawmill industry often revolve around the logistics between seller and customer, rather than international operations in particular. Gunnarsson (2007)
presents real case studies on two Swedish forest industry companies researching optimisation of the supply chain in the forest industry, centring on supply chain planning with large-scale problems. Additionally, Gustavsson (2006) conducted a study investigating how sawmills can adapt logistics to the service requirements of customers. After the financial crisis, a study on New York hardwood sawmills were made focused on inefficiency in the supply chain to see what sawmills could change in order to become more profitable. The result of the study was that well developed supply chains perform more efficiently. When the market is in a recession, companies require a well working, cost effective supply chain (Germain, Penfield and Smith, 2014).

The topic of disintermediation is largely unstudied in the context of the sawmill industry. In a broader perspective, the demise of middlemen has been discussed at length the last century, but predicted effects have had limited results, especially in the case of wholesalers (Rosenbloom, 2007). Nevertheless, disintermediation has continuously been identified in industries, often in the context of financial markets and banks involving the exclusion of intermediaries of different kinds. (Fang, Ivashina and Lerner, 2014; Morrison, 2005; Schmidt, Hackethal and Tyrell, 1999). In recent decades however, the phenomenon has become of greater importance and relevance for other industries as well, mainly due to the improved ability of companies to communicate. Brindley and Ritchie (2000) suggests, that the new communication landscape will create new opportunities as well as threats. Previously linear supply chain models will be replaced by more irregular models due to the ability to sell directly to the end customer.

Finally, the limited research on sawmill industry as well as disintermediation combined leaves a gap for research. Previous researchers do not consider how disintermediation opportunities affect export operations of the Swedish sawmill industry, nor any similar business. The unique composition of the sawmill industry provide new dimensions previously not investigated; the sawmill industry is highly traditional, and despite its maturity the identified disintermediation operations of Swedish sawmill companies can provide new insights into how corporations of this nature are influenced by disintermediation opportunities.
1.3 Research Question

*How are disintermediation opportunities influencing export operations of Swedish sawmills?*

1.4 Purpose

This thesis investigates how the disintermediation opportunities in the sawmill industry is changing international operations, and the applied export choices made as a result of the phenomenon.

1.5 Delimitations

This study will focus on how Swedish companies within the sawmill industry have been influenced disintermediation opportunities. Research will exclusively investigate Swedish companies and will therefore not be able to look at this from another country’s perspective. The thesis centre on the Swedish market and their way of conducting international business in the sawmill industry. The studied companies vary from large company groups to smaller privately owned firms. All of studied firms are situated in the south of Sweden and might therefore present a regional bias.
1.6 Outline

Chapter 1

• **Introduction**  
In this chapter a background of the topic will be presented, followed by a problem discussion, research question and purpose of the study. The chapter will end with delimitations and an outline.

Chapter 2

• **Theoretical framework**  
This chapter present relevant theories regarding the chosen topic. The theories will be used to analyse the empirical data. A theoretical synthesis will illustrate the connection between the presented theories.

Chapter 3

• **Methodology**  
In this chapter the chosen methodology will be presented along with motivations and choices of the thesis.

Chapter 4

• **Empirical findings**  
The empirical findings will be presented in this chapter. The chapter is initiated with an introduction of the companies, followed by presentation of the empirical data.

Chapter 5

• **Analysis**  
This chapter connects the empirical findings with the theoretical synthesis. Similarities and dissimilarities are discussed.

Chapter 6

• **Conclusion**  
The final chapter will provide a conclusion of the findings from the analysis, allowing for an answer to the research question.
2. Theoretical Framework

In the upcoming chapter the theoretical framework for this study will be presented. Two concepts divide the chapter, first is the concept internationalisation, and second is the concept supply chain effectivisation. The two concepts are kept apart with an introduction of supply chain theory. The internationalisation chapter contains theories about entry modes, intermediaries and psychic distance. The supply chain effectivisation chapter describe the theories of disintermediation, internalisation, transaction cost and export arrangement switches. To conclude, the chapter will be finalised with a theoretical synthesis and a model giving an understanding of the theories connection.

2.1 Internationalisation

With globalisation becoming more widespread during the last century, the topic of internationalisation has become increasingly important and studied. The world has in many ways become more accessible to business and communications than ever before, and international operations are by many countries and companies seen as both vital and a priority. The phenomena of internationalisation can be defined as the outward progress of firms’ international operations, or the increased involvement in foreign markets (Calof and Beamish, 1995). The large proportions of the subject allow for many research angles and theories concerning the internationalisation of firms, and one of the most cited frameworks is the Uppsala model by Johanson and Vahlne (1977). The model argues that companies’ internationalisation often occurs in steps, where each step represents an increase in foreign market commitment. The level of commitment is mainly guided by two factors: (1) market knowledge, and (2) the level of uncertainty. In other words, international operations by firms tend to start with limited commitment in foreign markets, and then incrementally increase when more market knowledge is obtained and/or when risks decrease (Johanson and Vahlne, 1977).

In 2009, the authors revised the model to reflect the current landscape better. The continued globalisation, and changes in the regulatory environment and communications, has dramatically changed the conditions further for international business. Johanson and Vahlne (2009) now argue the importance of networks, stressing how relationships with other actors and their formation into networks are crucial for internationalisation. Relationships and networks are borderless, making the differentiation between foreign
market entry and expansion less relevant, while the connection to uncertainty, knowledge, and commitment now is largely related to relationships in foreign markets. Consequently, gaining access to foreign networks and relationships is essential for international business, and the nature of this network often stipulate the geographical expansion pattern (Johanson and Vahlne, 2009).

2.1.1 Entry Modes

Closely related to the topic of internationalisation is the subject of entry modes, or in other words, the different ways by which firms can move outward internationally and into foreign markets. All markets are not alike, and their variance in for example political, legal, and economic environment might make different entry modes more or less favourable. The different ways of entering a market can be divided into three groups: (1) trade-based entry, (2) contractual entry, and (3) investment entry (Cavusgil, Ghauri and Akcal, 2013). Trade-based entry modes are often performed by exporting firms that want to remain situated in their current country, limiting initial commitment and risks, while still conducting international business. Trade-based modes can be divided further into indirect, or direct exporting. Indirect exporting is performed through a domestic intermediary, essentially outsourcing the foreign market entry to another party. This is generally a cost-efficient method but gives less control over pricing and sales. Direct export is much the same, however the intermediary is located in the intended market of entry, allowing for more information feedback from the specific market and more control over marketing plan. Contractual modes, such as franchising and licensing, is way of transferring for example company name, technology, or property rights, to other companies. A contractual mode of entry can be a low risk option and a quick way to internationalise, although control is limited (Cavusgil et al., 2013). High and low control modes of entry are explained by Blomstermo, Sharma and Sallis (2006). The high control modes involving subsidiaries require resources and commitment, this to decrease uncertainty. Low control mode refers to licensing and contractual relationships, this entry mode does not require as much commitment as the high control mode (Blomstermo et al., 2006).

Investment entry modes entail higher commitment where the company perform direct investments in the market they wish to enter, such as joint ventures or wholly-owned subsidiaries enabling large degrees of control but also greater risk. Common investment arrangements include distribution companies, sales and marketing offices, and
manufacturing or R&D plants. In other words, by doing an investment entry, companies enter the market directly establishing an extension of the parent company. Direct investments can have both advantages and disadvantages. The most apparent advantage of setting up wholly-owned operations is the great control and information exchange it allows. Furthermore, by having additional investments in foreign markets, strategy and activities can be coordinated across several subsidiaries maximising efficiency and benefits in each location. Additional gains can come from lowered production costs and marketing activities. However, direct investments also require significant resources like time, capital, and management for successful operations (Cavusgil et al., 2013).

2.1.2 Intermediaries

As internationalisation theory suggest, internationally expanding companies oftentimes opt for doing business in new markets initially through intermediaries to avoid costs of foreignness (Benito et al., 2005). Intermediaries, also called middlemen, are part of some entry or export modes such as an indirect trade-based mode where the intermediary allow for the exporting firm to remain based in their home country. When dealing with intermediaries, control over sales and other operations is given up in varying degrees. Different types of middlemen allow for different control structures which can be divided into two classes: (1) indirect control modes, and (2) direct control modes. Indirect control modes are characterised by intermediaries taking title of the goods, or in other words, buy and own the seller’s goods for resale purposes in the intended market. Intermediaries included here are for example distributors, importers, wholesalers and dealers. Direct control modes include agents and wholly-owned subsidiaries where the actors do not take title of the goods. Agents simply act on behalf of the seller and ownership passes between seller and end-customer. Also, with agents the seller is often obligated to perform the same operations as with direct export modes such as contract, billing, shipping to name a few. Subsidiaries are considered a direct control method due to its integration with the parent firm (Solberg and Nes, 2002).

According to Forsgren and Kinch (1970), the choice of using intermediaries is closely related to market dynamics and company growth. The main component in the selection of representation lies in the size of exports; smaller companies with smaller volumes commonly choose to use agents over wholly-owned sales offices due to cost reasons, while larger companies can setup their own sales operations. Additionally, the competitive
environment can influence decisions when choosing representation. When competition increases, improved customer relationship becomes more important which can be achieved through sales subsidiaries, and if cost and price reductions are possible, further incentives for in-house operations arise (Forsgren and Kinch, 1970).

2.1.3 Psychic Distance

Foreign markets commonly inhibit divergent elements regarding business environment, culture, language, education and alike, from the home market. This difference is often called *psychic distance* and can as a consequence disrupt communication streams when doing business internationally (Johanson and Vahlne, 1977). For example, when firms internationalise these factors can impact the choices and operations performed by the firm such as market selection, entry strategy (Griffith and Dimitrova, 2014). In other words, markets which are highly different from the home country of the firm are more likely to create a lesser understanding of the optimal strategies to deploy, and the correct way of doing business in those markets become less apparent.

The concept of psychic distance can be separated into two dimensions: business distance and cultural distance. This separation into two sub-dimensions is to highlight the two major differences within the concept of psychic distance. The cultural dimension centres on cultural aspects of the market, while the business dimension centres on aspects like business and economic environment, political and legal system, and language. From the perspective of the firm looking to do business internationally, analysing the two dimensions separately can assist in selecting the correct ways of doing business and improve other factors of internationalisation (Evans, Mavondo and Bridson, 2008). For example, some markets can have contradictory elements where the cultural environment is highly differentiated from the firm’s home market, while the business climate appear similar. If culture is considered an important factor for the firm in question, an expansion might therefore not prove beneficial, and vice versa.
2.2 Supply Chain

The process from raw material to finished product in the hands of the end customer consists of a number of companies and is referred as a supply chain. The supply chain needs to consist of minimum two companies. Companies’ enter a collaboration with mutual understandings of what should achieved to make the other partner satisfied. When working in these types of collaborations the companies need to trust each other so that achievements are reached and both companies can benefit from this collaboration (La Londe and Masters, 1994). The suppliers of raw materials are at the beginning of the supply chain providing the manufacturers with material for components or a finished product. The steps from raw material to finished products varies from different products and industries. Before the end customer have the final product it goes from raw material to manufacturing and then moved for storage or directly distributed to the customer. The supply chain can be seen as a form of network (see appendix B). An explanation of the raw material flow and product flow is made and the different parts that can be involved in the supply chain process. This is a simple supply chain made for explaining the process (Gunnarsson, 2007). Note that a supply chains process is not standardised for any industry or product, the supply chain might appear different from another depending on industry or product (La Londe and Masters, 1994).

When improving the supply chain the company try to lower the amount of sales channels and even customers. The company strives for choosing the best suited suppliers, distributors and vendors. This to make sure that the companies involved in their supply chain are trustable and economically stable. Long term relationships are something that the companies strive to achieve with the selected partners. By creating a long term relation and a good collaboration both partners are dependent of each other and establish a strong supply chain (La Londe and Masters, 1994).

2.3 Supply Chain Effectivisation

2.3.1 Disintermediation - Excluding the Intermediary

Intermediaries in the supply chain between buyer and seller are becoming more and more replaceable. The role of the intermediary is to supply the customer with goods and contracts from the seller and by taking payment for this service (Maharg, 2016). Companies today find new ways of interacting with another company and intermediaries
are less needed (Wigand, 1997). By using an intermediary, the producing company do not have contact with the end customer that should use the product, instead they make all the contact with a distributor or agent that provides the information to the end customer. Disintermediation is describing the process of excluding the intermediary in the supply chain. This results in a straighter process line for the company making it possible to have direct contact with the end customer (Maharg, 2016). Buyers make the trade directly with the seller, instead of going through an intermediary. The geographic distance is no longer a barrier for communication due to the developed technology and communication improvements (Wigand, 1997). The internet has made it possible for buyer and seller to shorten the communication path and by that lower the costs (Andersen, 2005). Communication linkages between companies were made by intermediaries in the past, but with development of communication processes the intermediaries are less needed in the sales process (Wigand, 1997). The disintermediation process opens up more focus on customer relationship by also understanding what type of product the customer wants. When a company applies disintermediation, the intermediary is replaced by a technological service or is internalised into the company. In industries where there is digital existence the process of disintermediation occurs, such as production industries, retail industries and patient and client industries (Maharg, 2016).

2.3.2 Disintermediation - Managing the Intermediary

A study of four producing B2B companies (Brozovic, Holmlund and Nordin, 2013) introduce another way of disintermediate the intermediary by adapting different mechanisms when managing the intermediaries to establish better contact with the end customer. The problem is when a company is in an unwanted position with an intermediary and need to handle the relation. The six mechanisms being introduced are:

1. Strategic partnering
2. Mergers and acquisitions
3. Organic growth
4. Communication and training
5. Incentives
6. Information and communication technology
The mechanisms from the study do not only focus on excluding the intermediary but also on working closer with the intermediary to establish better contact with the end customer. *Strategic partnering* aims to create value for the end customer by working closely with the intermediary to build trust. *Mergers and acquisitions* is an approach where the company either buy the intermediary company or merge together, creating more control over the process. The third mechanism, *organic growth*, signify that the company develop an internal alternative and control the relation with the end customer directly. The company need expertise to create more control, this requires that the company have sufficient economic resources for this type of operation. *Communication and training* intends to communicate directly with the end customer and how they can connect and create value. This might require learning and training on how this is done. *Incentives* explains that companies give bonuses to the intermediaries. This is done for influencing the behaviour of the intermediary and strengthen the will to be loyal to the company. The collaboration with the intermediary becomes stronger and the customer then have more control over the intermediary’s work. The sixth mechanism, *information and communication technology*, is known as the most used method when applying direct communication and disintermediation. The internet is the most common way of establish communication directly from producer to end customer. The way from producer to end customer is shortened by using information and communication technology, a process which takes time and requires the company to have the right skills and involvement to integrate it properly (Brozovic et al., 2013).

### 2.3.3 Internalisation

When deciding to shorten the supply chain and implement disintermediation the process of internalisation takes place and a multinational enterprise is created. The removal of the intermediary enables the company to have direct contact with the end customer and cut the cost which the intermediary occupied. Internalisation is often performed when the costs of internalisation is equal or lower than the intermediary cost and when the company can take advantage of the internalised position (Rugman and Verbeke, 2003). Internalisation is the change from intermediaries which are independent to opening up own sales and marketing channels, either at home or in the host market (Benito, et al., 2005). By internalising, companies can utilize expertise and know-how to a greater extent and further gain an advantage against competitors in the market. This internalisation, often performed by foreign direct investments like a subsidiary, is done when costs are lower than...
externalisation (Brouthers and Nakos, 2002; Fina and Rugman, 1996). The cost of opening an own subsidiary may be high but could be necessary to maintain information that the company holds (Meyer, 2001). Internalisation is made to reach a higher mode of control of the company since it is hard to control an intermediary. By transitioning the costs internally, a vertical integration of the company’s process is made. This vertical integration process allows the company to get increased control over its operations, activating motivational interests of employees (Williamson, 1975).

If internalisation is to be effective, companies also need good knowledge about the market to be able to manage the business in-house. Switching from an intermediary to own operations induce further costs influencing decisions (Benito et al., 2005). An intermediary holds expertise in that market and when internalising the company needs to be confident in its ability to be able to handle operations (Rugman and Verbeke, 2003). Meyer (2001:360) suggests that “Entrants are more likely to establish wholly-owned subsidiaries in economies that have progressed furthest in institutional reform”. Information is a key when opening a subsidiary, market information is gained easier when the market is in a close psychic distance to the home market. Also, if the market intended for internalisation inhibits low degree of psychic distance, expenses of gathering information, adapting to the market, and training the local employees decrease (Meyer, 2001). Four relevant factors are important in the decision of internalisation; (1) Industry structure (product and market), (2) specific region factors, (3) Nation factors (government), and (4) company factors (Rugman and Verbeke, 2003).

If complete internalisation is unavailable due to costs, a joint venture is an alternative. Joint ventures can give companies internal control, and at the same time gain market experience by integrating with a local company. Although profits are shared with the partner company, it can still provide a more profitable arrangement than selling through an intermediary. However, this does not enable full control nor eliminate the cost of transactions. In cases where the market allows for opening up of a wholly-owned subsidiary, the company should do so (Meyer, 2001). Fina and Rugman (1996) introduce an in-depth study concerning one company’s international operations in the pharmaceutical industry. Results show that the firm tended to internationalise with intermediaries such as distributors initially. However, with time the company internalised in nearly every market, switching to modes such as subsidiaries in order to gain enhanced control. This behaviour
support theories arguing for transaction costs when analysing internationalisation (Fina and Rugman, 1996).

2.3.4 Export Arrangement Switches
The different forms of export modes retain contrasting benefits and shortcomings. Commonly, many exporting firms choose to serve international markets through local independent actors such as distributors and agents in order to lower risks, reduce management costs, and minimise initial investment costs. However, the company and the market it operates in rarely remain static, but instead constantly shift and change. Consequently, the mode of entering the market might not remain the best way of staying in the market while other modes of export can develop to become favourable (Benito et al., 2005). Switching export mode will therefore prove beneficial for companies in certain markets and situations. Benito et al. (2005) highlight the distinction between two ways of changing export arrangement which includes foreign intermediaries: (1) within-mode switches where the intermediary is replaced by a new intermediary, or (2) between-mode switches where the intermediary is replaced by a new mode of export such as own sales subsidiaries. These export mode changes can in turn both be motivated or discouraged based on several factors.

Benito et al. (2005) continue by covering six important factors which motivate switching export arrangement:

1. Export market growth
2. Growth of exporting company
3. Exporter accumulation of knowledge
4. Selection of intermediaries
5. Controlling issues
6. Specific assets

Starting with export market growth, it is considered to be a motivator for a between-mode switch to, for example, a sales subsidiary (Klein, Frazier and Roth, 1990). A wholly owned subsidiary is financially and managerially costlier, only making it justified when the market and sales volumes are large enough to support the additional costs induced by the subsidiary. In other words, if a firm uses an agent in a market which is growing large
enough in volume and sales to support an in-house operation, it becomes viable to switch to that in-house mode economically (Benito et al., 2005). The second motivator, similarly to the first one, enable mode switches due to growth but from the perspective of the firm. In this case, a growing firm acquires greater resources both financially and managerially, making it possible for the firm to initiate a mode of higher commitment that was previously unavailable due the lack of resources (Leonidou and Katsikeas, 1996). The third motivator is closely related to the internationalisation model by Johanson and Vahlne (1977), where it is argued that greater knowledge of the market reduces uncertainty, which in turn make higher commitment modes, such as subsidiaries, appear favourable. Additionally, greater knowledge of the foreign market can motivate within-mode switches to other intermediaries that appear better suited for the firm's operations, according to Benito et al. (2005). The fourth motivator stems from the selection process an exporter go through when choosing intermediaries in foreign markets. Initially, the firm might select intermediaries mostly based on cost as opposed to performance, and the selection is rarely done systematically, but rather in an opportunistic fashion. This process can lead to the hiring of suboptimal intermediaries creating poor performance in the long run (Kobrin, Basek, Blank and La Palombara, 1980). Hence, firms that conduct a careful screening of the available options are more likely to switch within or between modes due to greater knowledge of the alternatives, if better ones are found. The fifth switch motivator is related to the amount of control the exporter has over the intermediary. An exporter which is not able to measure or monitor the activities of the intermediary experience it to be of a higher risk, making them more likely to regard switches. Finally, some exports may require intermediaries to undergo specific training, make investments and alike with the exporters products in mind, creating hold-ups for the intermediary. This can create dissatisfaction from both parties if these factors are not performed adequately leading to termination of the relationship (Benito et al., 2005).

Contrariwise, Benito et al. (2005) also lists possible deterrents for changing the export arrangement:

1. Contractual restrictions
2. Loss of sales revenue
3. Recruitment and training costs
4. Foreign operation learning
First, exporters and intermediaries tend to sign contracts which include clauses making it difficult and costly to terminate the contract. From the exporter's point of view, switching from an intermediary incurs costs due to contractual reasons, in addition to finding a replacement. Second, after-sales can in many cases be the responsibility of the intermediary. If a switch were to happen, the exporter would therefore lose local revenue due its linkage to the intermediary. Third, if the exporter plan to set up in-house operations after removing an intermediary, the firm might need to hire and train additional personnel, and start with own marketing operations for example, which requires resources. Fourth, supposing exporters have been heavily reliant on intermediaries to conduct sales operations in foreign markets, the firm has as a result not been able to develop local market knowledge. In this scenario, the exporter would see the need to acquire new know-how of the market in addition to setting up own operations (Benito et al., 2005).

2.4 Theoretical Synthesis

Conducting international business is a complex issue with many components to consider in order to do it successfully. The literature review has revealed several different factors that interplay when firms actively pursue, or intend to pursue disintermediation opportunities. First, the traditional internationalisation theory indicates that that risks and market knowledge guide companies when choosing the way of doing business in foreign markets. Also, theory suggests that companies will internationalise with more and more commitment as the market knowledge increases and risk decreases. Furthermore, the importance of relations and networks are also stressed, indicating its importance in the case of disintermediation modes. With this in mind, the concept of psychic distance is also highlighted as a possible factor that will affect choices made by firms doing international business. Naturally related to disintermediation is theory concerning entry modes and intermediaries. Theory suggest that different entry/export modes and intermediaries are suitable in different situations depending on the aspired control and cost structure.

The literature review further uncovered more specific aspects of the disintermediation phenomena. In short, there are several aspects which can be included in a broader disintermediation perspective, making the supply chain more effective. It is indicated that this increasing disintermediation occurrence partially is a result of increased
communication capabilities where technology like the internet has allowed for much faster and closer connection with business actors. This has in turn, it is argued, diminished the role of the intermediary since much of its work used to be mediation between seller and buyer. Other literature argue that disintermediation only occurs when transaction costs of pursuing opportunities gets lower than what an intermediary would cause. Since disintermediation is likely to incur additional costs on the company by handling additional customers internally, the shift will only occur when those costs are sufficiently low. Additional researchers broadly specify disintermediation as activities that improve the relationship with the end customer by deploying incentives for this as well as strategic partnering to name a few. Finally, the literature revealed insights into what motivates and deters the changing of export arrangement.

The theoretical synthesis demonstrates the literature review and how the different parts are attached and affects the analysis of disintermediation opportunities in the Swedish sawmill industry. The theoretical findings have further been divided into two overlying segments: internationalisation and supply chain effectivisation. In combination, these two segments aim to provide a theoretical basis for analysing sawmills process of market entry (internationalisation), and sawmills ability change market operations (supply chain effectivisation). Together the concepts integrate, giving a combined ability to assess how disintermediation opportunities influence export operations.

![Figure 1. Theoretical synthesis](image-url)
3. Methodology

The methodological framework used to conduct this study will be explained in the following chapter. The chapter will present methods for sampling data and how those methods have been used as well as their suitability. The research approach will be presented in the beginning of the chapter followed by the research method and what types of data that have been gathered. A presentation of the operationalisation will be made before finishing the chapter with a method quality discussion and ethical considerations.

3.1 Abductive Approach

Traditionally, research models are separated in an inductive or deductive approach, where inductive research originate from empirical data, and deductive research originate in logic. In other words, an inductive approach starts with a number of observations and strive to find a general truth from those observations. A deductive research approach, on the other hand, starts with a general truth and applies it to a single case, avoiding any clear explanations or generalisations (Alvesson and Sköldberg, 2009).

However, there are other ways of conducting scientific research. In this paper, the research derives from a deductive approach where observed cases of Swedish internationally exporting sawmills actively pursuing disintermediation in their supply chain have been identified. This activity is perceived as a hypothetical underlying pattern where more and more sawmills engage in this phenomena. The perceived pattern of disintermediation opportunities is further researched by new observations in the Swedish sawmill industry, as well as theoretical additions, in order to confirm and study the pattern. This method is a kind of mixture between induction and deduction, formally called abduction (Alvesson and Sköldberg, 2009). It is important to note that the ‘abduction-mix’ cannot be reduced to either induction or deduction, but rather introduce new aspects of the research process. Abduction is characterised by a continuously developing empirical and theoretical process, where both parts are changed and improved over time. More specifically, abductive research strive to develop an understanding of the underlying patterns by accepting both empirical observations and theoretical frameworks which are refined during the research (Alvesson and Sköldberg, 2009). Furthermore, an abductive approach view pre-existing models, concepts, and frameworks as modifiable and open to scrutiny. In keeping every
possibility probable, the abductive process allow for search strategies that guide towards which explanatory conclusions should be pursued first (Arthur, Waring, Coe and Hedges, 2012).

Since this paper is grounded in both empirical observations in the Swedish sawmill industry, and theoretical explanations of the disintermediation phenomena, an abductive research approach is considered suitable. The abductive approach have allowed additions of theories that could be helpful in the analysis. Theories that were added after the interviews are psychic distance and export arrangement switches. This due to the relevance of the theories based on the facts provided from the interviewees. Additionally, due to its highly specific nature, current concepts and explanations might not prove effective in the sawmill industry, further establishing arguments for an abductive research design.

3.2 Qualitative Research

When conducting a study, a research question should be answered, and the research method describes the process of how the study finds the answers (Kumar, 2014). In the area of research there is qualitative and quantitative method to use when collecting data. The difference between these two types of methods is that quantitative research focus on collecting data from numbers, while qualitative research focus on words and visual pictures (Denscombe, 2016; Kumar, 2014). The analysis of the collected data tends to differ as well. In qualitative research the data tends to be analysed while collecting it, while the data in quantitative research tends to be analysed after the data is collected. The qualitative method is often used in small-scale studies, while quantitative method is used in a study of large-scale (Denscombe, 2016).

A study conducted by qualitative method is done by collecting data and information from interviews, documents and observation. The data is mainly spoken words and written form from a primary source (Denscombe, 2016). This thesis is conducted with a qualitative method since it is conducted on a small scale where the data is gathered from interviews with case companies. The data collected should be treated carefully, qualitative data can be interpreted in many steps during the handling of the data and may be changed during the way. If the data is collected by interviews it should be transcribed to decrease the risk of the interpretation changing the data (Cohen, Manion and Morrison, 2011). By doing a
qualitative research the focus is to go deeper, and therefore the area of the study is limited. The data gathered from interviews, notes, documents and observation needs to be written down, either transcribed or summarised, before the analysis could start (Denscombe, 2016). In this thesis the data have been collected in Swedish, then transcribed, before it was translated to English into the empirical chapter. The data have been interpreted along the process and carefully reviewed to maintain it as the original source intended.

A disadvantage of qualitative data is its lack of representative power when compared to data in a quantitative research. The generalizability is therefore questioned when using this method due to the fact that qualitative data is collected from a smaller amount of cases than in quantitative cases (Denscombe, 2016). There is analytical and statistical generalisation in research, where only the analytical generalisation is preferred in qualitative research. The analytical generalisation is allowing a smaller amount of different data collections compared to statistical generalisation (Yin, 2014). The generalisation of the thesis derives from a relatively small sample of empirical material gathered from sawmills located in southern Sweden. Results should therefore not be considered as a general certainty for the entire sawmill industry. This thesis can rather create a better understanding of how disintermediation opportunities are influencing sawmills export operations.

3.3 Research Design

In qualitative research, different study designs can be applied; the options are for example survey, experiment, archival analysis, history, and case study (Yin, 2014). This thesis focus on gaining an understanding of how disintermediation opportunities is influencing the Swedish sawmill industry. For this sort of qualitative research, it is suitable to apply a case study method due to its analytical focus on ‘why’ and ‘how’ questions (Yin, 2014). In other words, as this study investigates how disintermediation opportunities influence operations of Swedish sawmills, a case study can be considered an appropriate research method. A case study can be defined as “[…] research on a system bounded in space and time embedded in a particular physical or socio cultural context. Research is conducted using diverse methodologies, methods and data sources, like participant observation, interviews, audio-visual materials, documents, and so on” (Silverman, 2011:16). Trough methods like interviews, data collection is conducted by listening and asking questions for example, which is considered fitting for this paper. Furthermore, as disintermediation
opportunities in the Swedish sawmill industry is researched, a case study design enables a wide range of exploration, benefitting an understanding of the phenomena.

3.3.1 Multi-Case Study Design

When carrying out case studies, one or more cases can be researched, which in turn are categorised as single-case or multiple-case studies (Yin, 2014). In the effort to understand disintermediation opportunities in sawmills foreign operations more than one company is researched in order to gain a more comprehensive understanding of the phenomena. Consequently, the case study method of choice is therefore of a multi-case design. By studying more than one case, it becomes easier to draw conclusions, and to be more of value than single-case studies. Moreover, if only one sawmill would have been studied, as in a single-case study, the research would be more likely to represent an underlying pattern of disintermediation, but rather only in that specific case. With several sawmills researched, the probability of understanding the phenomena in the industry increases, which further motivates a multi-case study for this thesis (Yin, 2014).

3.3.2 Purposive Sampling

To achieve a representative data sample for analysis, the right research subjects has to be selected (Merriam and Tisdell, 2016). For this paper, the right sawmills have to be chosen in order to get insight into the international disintermediation operations performed in the industry by some actors. In order to select appropriate firms for sampling the following selection criteria has been applied:

The companies must…

1. be Swedish
2. have performed disintermediation

Interviewees must…

1. be familiar with the company's international sales operations

This type of selection is called purposive sampling (Denscombe, 2016) which is used when researchers strive to gain knowledge and an understanding in a specific topic, therefore choosing specific research subjects with high likelihood of relevance. This type of
sampling permits the researchers to choose appropriate respondents to interview, for example. Purposive sampling is in turn part of non-probability sampling, which is appropriate for qualitative research focusing on gaining insight into a certain problem without using statistical tools for analysis (Denscombe, 2016). Statistical analysis would be probability sampling, often associated with random sampling, which is more suitable for quantitative studies where the frequency of an occurrence is researched (Merriam and Tisdell, 2016). Hence, the appropriate sampling method for gaining insight into disintermediation in the sawmill industry is considered to be purposive sampling due to its allowance for identifying and choosing relevant research subjects.

3.3.3 Cases

Table 1 present the chosen companies, interviewee person, where it took place, and when the interview was conducted. The cases were chosen by the criteria described in purposive sampling. All of the interviewee persons are familiar with their organisation's operations and were therefore suitable to answer our questions.

<table>
<thead>
<tr>
<th>Company</th>
<th>Informant</th>
<th>Interview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Södra Wood</td>
<td>Carl-Johan Nilsson Title: Sales Manager</td>
<td>Långasjö, 03-05-2016 Time: 13:00-13:50</td>
</tr>
<tr>
<td>Bergs Timber AB</td>
<td>Per-Åke Bergh Title: Market and Sales Manager</td>
<td>Mörlunda, 4-05-2016 Time: 10:00-10:40</td>
</tr>
<tr>
<td>J G Anderssons Söner AB</td>
<td>Annelie Bjuringer Title: Sales</td>
<td>Linneryd, 09-05-2016 Time: 10:00-10:35</td>
</tr>
<tr>
<td>Jarl Timber AB</td>
<td>Kent Johansson Title: Timber Sales</td>
<td>Broakulla, 16-05-2016 Time: 10:00-10:55</td>
</tr>
</tbody>
</table>

Table 1. Cases
3.4 Data Collection

Information that comes to the researcher’s knowledge in different parts and pieces can be measurable or intangible. Information or data that are spoken or written words are seen as qualitative data while data of numbers are seen as quantitative data (Merriam and Tisdell, 2016). Data for research can be collected from primary sources and secondary sources. Primary data is argued to contribute with more relevant data to the problem researched (Ghauri and Grønhaug, 2010). Since this thesis aims to get a profound understanding the empirical material will be based on primary data. The way of collecting data is decided by the researcher, but generally qualitative data is collected by interviews, documents or observations (Merriam and Tisdell, 2016). The data that is collected for the study should be relevant and contribute to a conclusion, the researcher decides if all collected data is relevant for the study or if only a part should be used (Ghauri and Grønhaug, 2010).

3.4.1 Primary Data

Data collected directly from a primary source, such as interviews, by the researcher is called primary data. Different form of interviews can be face-to-face, email and phone meetings (Ghauri and Grønhaug, 2010). Interviews is the most common way of acquiring primary data when doing a qualitative research and gives the researcher a better understanding of the data interpreted from the source. The data could be described further and provide the researcher with a deeper understanding when interviewing a person that has knowledge of the phenomena (Merriam and Tisdell, 2016).

In this thesis, the collected primary data was gathered through face-to-face interviews. Interviews and collecting primary data is also in line with the choice of the qualitative research method. By collecting the primary data through interviews the thesis will get a better understanding of how the sawmills are affected by disintermediation opportunities.
3.4.2 Secondary Data

The secondary data is already collected data by another researcher or person. This data is also analysed and made from the original data or research questions, statistics and theory. There are different types of secondary data such as documents, analysis and results from surveys (Arthur et al., 2012). Secondary data can also be books and articles in journals as well as online data sources (Ghauri and Grønhaug, 2010).

In this research, the focus is mainly on primary data for the analysis. Secondary data in the empirical chapter is gathered from the companies’ websites. This to introduce the companies and to get an understanding of company structure and size as well as production volume.

3.4.3 Structure of Interview

Data from interviews are collected usually at pre-booked meetings where the researcher’s questions within a certain area are answered. The questions and answers might stick to the area of research but sometime answers and questions will lead to broader discussions and a more flexible interview. There are three types of interviews classified: structured, semi-structured and unstructured (Denscombe, 2016). This study has used a semi-structured interview. In a semi-structured interview, the questions are structured but flexible and therefore open for supplementary questions (Merriam and Tisdell, 2016). The researcher may change the order of questions during the interview. By using a semi-structured interview, the interviewee is allowed more time to explain in detail and develop the answers (Denscombe, 2016). The choice of a semi-structured interview was made to keep the interview open for changes in question order and to let the interviewee develop thoughts and answers. Conducting a semi-structured interview allows for follow up questions that can appear during the interview based on answers from the interviewee. A structured interview is often in a form of a survey with questions that are pre made and answer alternatives that are limited. Both questions order and structure is decided in advance to the interview and no supplementary questions can be made (Merriam and Tisdell, 2016). The choice of not using a structured interview were due to the pre made questions and that the structure does not allow for follow up questions and change of question order. This would not allow the interviewee to supplement the interview with further explanation of the answers. Unstructured interviews are a more informal way of
doing an interview. When a researcher is low on knowledge about the specific area this interview technique is a better alternative (Merriam and Tisdell, 2016). The researcher introduces the area of discussion and then let the respondent develop thoughts and ideas (Denscombe, 2016). Unstructured interview is not used due to the informal way of conducting the interview as well as the non pre-set questions.

The face-to-face interview is the most common way of collecting data (Denscombe, 2016), here the researcher and respondent engage in a meeting. It is easier to perceive the emotions and expressions that the respondent gives when answering the questions (Denscombe, 2016). Interviews performed face-to-face is argued to provide the researcher with a quality of answers that are higher than telephone interviews (Holbrook, Green and Krosnick, 2003). A personal interview is easier to control and gives both the respondent and researcher time to develop answers and questions. For the purpose of transcribing the interview it is said that the interview is easier to understand if there is only one participant respondent. A disadvantage with personal interviews is that the researcher only gets one person's opinion at the time. The personal interview does not open up for an interview with different respondents either at the same company or two independent persons (Denscombe, 2016).

In this research one participant at each sawmill were interviewed. One participant at each interview is considered to be sufficient due to their position at the company, and the received information about the study in an email. The email allowed the interviewees to get an understanding of the purpose of this study and to acknowledge if they had experience in the area.
3.5 Operationalisation

An interview guide should be based on research about the literature and the area of study. This gives the questions a theoretical base that differs from previous studies (Jacob and Ferguson, 2012). The theoretical framework needs to be operationalised which means that the researcher needs to define the theoretical concepts. This should link them to the real world through abstract terms (Patel and Davidson, 2011).

<table>
<thead>
<tr>
<th>Concepts</th>
<th>Interview questions</th>
<th>Reasoning</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business operations</td>
<td>1-4</td>
<td>To get an understanding of the company’s general operations, we asked questions regarding the company’s size, products and markets.</td>
</tr>
<tr>
<td>Internationalisation</td>
<td>5-7</td>
<td>By asking questions about export operations, internationalisation, risks and networks, an insight into the company’s internationalisation can be obtained. This segment strives to highlight what factors are considered while exporting to foreign markets.</td>
</tr>
<tr>
<td>Supply Chain</td>
<td>8-9</td>
<td>To gain knowledge of what components makes up the supply chain in the company and what the most important factors are. The studied companies operate in the same industry but vary greatly in size and composition which affect exports.</td>
</tr>
<tr>
<td>Intermediaries</td>
<td>10-15</td>
<td>In order to understand what the company’s view on working with middlemen is, and how they are traditionally used in the industry, we asked question regarding the firm's current or previous operations with intermediaries as well as other factors concerning exports with intermediaries.</td>
</tr>
<tr>
<td>Working without</td>
<td>16-25</td>
<td>By asking the interviewees questions regarding their international operations without intermediaries an understanding of how companies in the industry operate in this fashion and what motivates this way of doing business internationally can be acquired. Although this is treated as a separate segment, many aspects are interconnected with previous segments.</td>
</tr>
<tr>
<td>intermediaries</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Disintermediation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Internalisation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2. Operationalisation
3.6 Method of Data Analysis

In the qualitative data collection, the researcher collects a large amount of data. This data need to be analysed to give the researcher insights and understanding of what the data contains (Ghauri and Grønhaug, 2010). The collected data should help the researcher to answer the research question. When analysing the data, the researcher moves between parts of data and abstract concepts, definition and explanation, and abductive and inductive reasoning. This leads to the conclusion of the study (Merriam and Tisdell, 2016). Three elements of data analysis in a qualitative research is mentioned by Miles and Huberman (1994): data reduction, data display, and conclusion drawing/verification. Data reduction refers to when the data is simplified, selected, focused, abstracted, and the process of transforming the written transcription data. The reduced data is presented in a way that allows the researcher to draw a conclusion (Miles and Huberman, 1994).

To be able to answer the research question, the gathered data have been reviewed and divided into different parts with the theoretical framework in consideration. The data was divided into internationalisation and supply chain effectivisation. Within the two concepts, companies were presented individually to facilitate the information for analysis and the reader. By dividing the data into the two concepts the information within the different areas could more easily be analysed and a comparison between the different companies could be made. The data analysis has aligned with Miles and Huberman (1994), with the presentation of the data that leads to conclusions.

3.7 Quality of Research

3.7.1 Validity

In order to study how disintermediation opportunities influence Swedish sawmills, the thesis was conducted following a qualitative method with data being collected through interviews with appropriate firms in the industry. Validity refers to the accurate and appropriate presentation of data in a study (Denscombe, 2016). To ensure a level of quality of the collected data, the validity of interview research should be considered and how it could contribute to the study (Arthur et al., 2012). However, Arthur et al. (2012) highlights the indeterminate nature of qualitative research performed through interviews, where it is rarely possible to assess whether the research is simply valid or invalid, but rather to which degree validity is reached. Furthermore, the validity of interviews can be made in two
different ways: (1) establishing to which degree the interview provide dependable information based on experience, and (2) to which degree that experience is typical for it place and time (Arthur et al., 2012). To ensure appropriate levels of validity, interview research for this thesis was conducted with persons with insight into international sales operations at companies with at long history in the industry. Moreover, as the interviewed companies operate in the same industry, in the same markets, with similar products, their experience is considered representative for the researched environment.

Other methods which often are associated with validity of studies are respondent validation and triangulation. Respondent validation refers to the process of returning to the interviewee with the results in order to improve them with the help of the subjects (Silverman, 2013). There are different arguments for and against this method, Silverman (2013) adds. It can be considered an appropriate method to fully get the points of the interviewees avoiding misconceptions, while other argue it's possible contaminating nature where initial empirical material might be changed due to the interviewees changing their position. This thesis has not applied respondent validation due clear and sufficient primary data. Interviewees extensively expressed a conclusive answer during the research, and the topics were discussed more than once during the course of the interview. The data acquired in research has carefully been managed in transcription and evaluation, intending to fully represent interviewees answers. Although a respondent validation can attain empirical approval from the informants, it is not considered necessary due to the open nature of the industry and the company's operations. Triangulation is a method of attempting to get a more complete understanding of a subject by looking at it in different ways referred to as method triangulation, or through different findings called data triangulation (Silverman, 2013). The empirical findings in this thesis are mainly triangulated through data where the comparison with different results indicate their validity.

3.7.2 Reliability

Reliability of a study concerns the trustworthiness of the collected data. The unit of measurement lies in the preciseness of the presented observations and how well it corresponds with participants’ intentions and meaning (Arthur et al., 2013). In social sciences it can however be difficult to assess the reliability of the observations due to the differences in human behaviour. Comparing one set of people in a study might therefore not be replicable in a similar study with different people (Merriam and Tisdell, 2016).
Despite the difficulties with replicability, the findings in a qualitative study should not be overlooked due to different possible interpretations, but rather be based on if it is confirmable and dependable (Kumar, 2014). Denscombe (2016) describe that a qualitative study should present its method used for the research to strengthen the reliability of the study.

With this in mind, this study favour reliability by ensuring transparency with an attached interview guide (see Appendix C). The interviews were all conducted verbally and recorded in order to allow for a word by word transcription. All empirical data is recorded in audio and written down in text. Additionally, to allow for the reader to get a comprehensive understanding of the methodological process has been exhaustively outlined.

3.8 Ethical Considerations

In research, some ethical considerations should be applied in collecting and interpreting data. When collecting data with an interview, researcher get benefits but also risks while processing the information. The interviewee may reveal something they did not have any intention of telling and feel uncomfortable (Merriam and Tisdell, 2016). Therefore, the researcher should keep good manners and good ethics when interviewing and interpret the conducted information (Ghauri and Grønhaug, 2010; Merriam and Tisdell, 2016).

In this thesis, interviewees have been anonymous from the other participants during the interview process, this due to the possibility of anonymity request from companies for the final work. The participating companies received an email with the purpose of the study and the factors required to be able to participate in the study. Consequently, the companies could decide whether to take part or not based on the study criteria.
4. Empirical Findings

The following chapter will present the gathered empirical data. First, an introduction of the companies and interviewees is presented. Then the empirical findings are divided into two concepts; Internationalisation and Supply Chain Effectivisation. In the two concepts companies are presented separately to create a better understanding for the reader.

4.1 Cases

In this thesis the participant companies have international operations without intermediaries to varying degree. All companies are international with a significant part of their production going abroad. The participant companies are mainly active in Europe, Northern Africa and USA, but also around the world. All four interviews were conducted face-to-face at the companies’ head offices between the 3rd May and 16th May.

Södra Wood

Södra Wood is a part of the Södra company group that employs 3500 people. Södra is an economic association that has about 50,000 members. The members own about half of the forest in the southern part of Sweden (Södra, 2015). Södra Wood, a fusion between Södra Timber and Södra Interiör (Södra, 2014), produce wooden products at ten sawmills located in Sweden (9) and Norway (1). The company produce about 2 million cubic meters to customers such as building supplier stores or processing companies. Of the total production nearly 1.3 million cubic meters is exported. England is the major export market followed by Northern Africa. Generally, Södra Wood exports ten percent out of Europe to Northern Africa, China and USA. Södra Wood turns to those who want high quality products and delivery service. All the products are specified to fit the customers need (Södra Wood, 2015). Södra Wood employs about 1400 people. Carl-Johan Nilsson is working as sales manager at Södra Wood located in Långasjö, Mönsterås and Växjö. Nilsson works mainly with Holland and sell directly to end customers but also handles orders that comes from Södra’s local sales office.
Bergs Timber AB
The publically listed company Bergs Timber AB was founded in 1919. It was a family business from the beginning, operated by three generations before it was publically listed in 1984. The company consists of four plants in Småland, Sweden. Berg Timber’s vision is to be the natural partner within the wooden products, wood protection, energy and forest management in the prioritised areas where the company operate (Bergs Timber, n.a). Bergs Timber’s organisation employs about 150 people at their different plants and have a production around 350,000 cubic meters, where 300,000 cubic meters is exported. England is the key market and accounts for 50 percent of the export. The Middle East and North Africa are other important markets, but in general Bergs Timber exports across the globe. Per-Åke Bergh is working as sales manager and market manager at Bergs Timber in Mörlunda.

J G Anderssons Söner AB [JGA]
JGA is a family business started in 1928, and the company is currently managed by the fourth generation of the same family Andersson. The company produces 175,000 cubic meters of timber annually. JGA have customers in the industry sector and retailers in Sweden and Europe, where about 40 percent is sold domestically and 60 percent is sold on export to Europe, Northern Africa and The Middle East. The major market abroad for JGA is the Dutch market followed by England. The company is a part of the OMA Group which consists of five companies within the forest sector in southern Sweden and employs 133 people (JGA, n.a). Annelie Bjuringer is located at the head office in Linneryd and is working at export sales.

Jarl Timber AB
In 1946 was Jarl Timber AB founded in Broakulla. It was a family business from the beginning and is today owned by Norvik. The company started internationalising in 1966 and are today exporting to countries in Europe, and the important market, the United Kingdom. The company have 45 employees and produce about 120,000 cubic meters annually (Jarl Timber, n.a, a). The mission of Jarl Timber is to be one of southern Sweden's leading exporting sawmills with a focus on customer and environment. A local responsibility and a flexible production is important (Jarl Timber, n.a, b). 90 percent of the production is exported, mainly to England, Holland, Belgium, Denmark and Germany.
Europe is the main market but Jarl do export to the Middle East, China and Northern Africa. Kent Johansson works with timber sales at the office in Broakulla.

4.2 Internationalisation

**Södra Wood**

When entering new markets, Nilsson at Södra explain that the company uses different methods. The industry in its basic form is very mature which usually means that there are old already used methods or entries in most markets. For Södra, risks do not play a large role when choosing export mode as all deals are either insured or money guaranteed, Nilsson explains. However, a relatively new market for the company is China, Nilsson continues. Initially, the Chinese market was very immature and only bought the cheapest goods, but now the market demand high quality products which favours Södra. In large markets like China there are usually good ways of attaining new contacts through for example industry fairs. In smaller markets it is also possible to get help from chambers of commerce and alike. Nilsson also highlight the possibility of using intermediaries, such as agents, to enter markets in a cost efficient manner or when the company is unsure of the markets potential. For instance, in a market like Spain where Södra only export smaller volumes, the company mainly use agents as the company does not prioritise or believe in strong growth in the market. Additionally, Nilsson adds that many southern European markets can be dominated by intermediaries; actors like agents can in a sense control the market by being strongly tied with the final customers, only making them accessible through the agent. Other markets require intermediaries for cultural reasons, like for example Saudi Arabia where cultural aspects play a large role.

In total, exports carried out through external intermediaries only account for about 5-10 percent of the total volume. Intermediaries are only used in smaller markets with small volumes, he continues. If the market is not large enough for a dedicated sales office, it is better to use an agent in many cases. Furthermore, if volumes are not very big, it does not make sense to spend large amounts of time managing that relationship, and when volumes are small the cost of agents does not become very high. Although agents have benefits, Nilsson states that it is common that agents work more for the end customer rather than the sawmills, even though the seller pay the commission. Other intermediaries like distributors or importers are rarely seen as intermediaries, but more like customers. In the case of
Södra’s sawmill at Långasjö, large volumes are transported directly to construction retailers in Holland. Nilsson continues by acknowledging that importers/distributors are becoming increasingly rare. However, in England there still exist a few larger ones, due to the geographical isolation and the logistical problems it produces.

**Bergs Timber AB**

Bergh at Bergs Timber explain that the company often go through a contact when entering a new market. Bergs Timber opened a storage facility in Baltimore, USA, a year ago which was made possible due to their agent in England. The discussion of opening a storage facility in USA had been contemplated previously and the company was eventually able to proceed when the right contact could be obtained through their English agent. The process started and a smaller sales organisation was established by the English agent and the American contact. The importance of network and contacts is crucial when internationalising and if Bergs were to establish on the American market without the help of an intermediary it would have taken additional time, Bergh adds. When Bergs Timber considers entering a new market a SWOT-analysis is conducted; often a risk which is extensively regarded is currency fluctuations. During the time the deal takes place the exchange rate can change significantly, an uncertainty which often is combated with some kind of currency hedging. Additionally, the value of products in storage might change in value as a result of currencies or commodity prices, also posing a threat to profitability, Bergh explains.

Contacts is a vital part in the business according to Bergh and that is explained further when discussing intermediaries and their role for the company. The major part of the export goes through intermediaries and 95 percent of all business goes through an agent or trading house. Bergh further explains that tradition plays a major role in the fact that the company still has a majority of intermediaries. The business in general have lacked understanding of how the market works, but this is changing. Bergh says that the pros with intermediaries is the local knowledge and closeness to the customers as well as in markets where cultural difference is noticeable. Bergh also state that the more an agent sell, the more he gets paid even if Bergs do not make money on that deal. Subsequently, a conflict of interest can appear with agents. In Poland, Bergs are trying to increase business on their own, but Bergh finds it hard because of language difficulties and cultural aspects. Certain markets may require an intermediary if the company not want to open an own sales office,
the company needs to consider the costs and if it is possible with an establishment. Bergh adds that it requires a large amount of sales to reach break-even with an own establishment, this is the case for Bergs Timber who not have the required volume to open own sales offices.

J G Anderssons Söner AB
JGA have tried to enter new markets through wholesalers and agents, this due to the size of the company Bjuringer explains. The company rather pay the provision to feel more secure with wholesalers. Bjuringer further explains when entering Poland, they started with an agent that resigned and the company built up the market more or less by themselves. In Poland, JGA work directly with the end customer except from a few customers; The company found customers through the internet, contacts and business fairs, Bjuringer explains. Bjuringer believes that contacts and network are important when entering new markets. The risk of markets depends from market to market and Bjuringer explains that the financial manager takes the final decisions if the buyer is trustworthy or not. The company always look up information about the customers financials and at some markets they credit insurance the customer.

Agents are sometimes the ones that holds the financial risk, it is important for JGA that the customer are insured or trustable Bjuringer adds. The company sell about 50 percent of their export through intermediaries and 50 percent directly. Bjuringer believe that if the company not have the required time to find new customers it is easier to have an agent that works for the company, and in some cases decreasing the risk. Today in the developed world with new technologies and lowering risk with credit insurance, intermediaries are not necessary according to Bjuringer, but for JGA in certain markets, there is an advantage to work with agents or wholesalers. The disadvantage with intermediaries is the time to get feedback from end customers, the agent has other clients to work with and you never know if it is the intermediary or end customer that takes time. Today is all about fast decisions and fast answers, language is not a big problem today since nearly everyone speaks English. The cost of an agent is somewhere between two to three percent per deal, Bjuringer says.
**Jarl Timber AB**

In Jarl Timber’s international expansion, the company utilize different strategies. The most recent market entry was Poland where the process started late in 2015. Entering the Polish market has proceeded relatively quickly Johansson, explains. The company started by surveying the market through internet sources, searching for specific industries and companies which are likely to demand Jarl Timber’s products. The identified subjects were then contacted by an unsolicited email. Simultaneously, Jarl Timber got contacted by an agent in Poland that wished to do business for the company. In a matter of weeks, the agent arranged business with Polish customers, while the directly contacted subjects also responded positively, Johansson continues. The process of internally searching for customers in certain markets is a strategy often deployed by the company. In the Polish case, it was the intermediary who contacted the company, not the other way around.

However, the process can differ between markets depending on factors like customer’s ability to pay, quality, and culture. Today, transparency is important between intermediaries, Johansson adds. In Poland, both parties know exactly who sells to whom, and consequently respects those boundaries. Johansson highly stress the importance of networks, and the larger the network the better. The market is large enough for everyone and trying to outcompete each other is only harmful, Johansson believes. Having good relationships with actors on the market is key to be successful and larger networks also serves as buffer in some relationships fail. Risks are also important to consider, and markets and customers differ in this respect as well. Jarl Timber always try to acquire a credit rating for each customer the company plans to sell to. Some countries are known for payment problems and corruption, making it hard to reliably evaluate a customer, Johansson explains. However, there are always risk involved when exporting in some markets, and the company cannot afford not to sell at all, Johansson continues. Commonly, Jarl Timber sell one shipment of goods and accept the risks involved. If the customer wishes to continue doing business, the next shipment will not be sent without the first one being paid. Consequently, when customers wish for continuous shipments, the company most often gets paid relatively swiftly. In time, the relationship with customers hopefully improves and greater trust can be developed, Johansson states.

Jarl Timber export about 65-70 percent through intermediaries, Johansson explain. Most often, an intermediary like agents are required to reach and do business with smaller
customers in markets where communication poses a problem. Johansson, mentions the case of Poland as an example again; many smaller companies in Poland do not have representatives that speak English very well, making it almost impossible to do business unless a Polish agent is involved. Larger industrial customers in Poland have better communication capabilities and do not require agents for this reason. Another reason for choosing intermediaries is to avoid initial cultural problems, according to Johansson. The entry into China for Jarl Timber had to be managed through an agent in order to do business, for example. The most common type of intermediary in the industry are agents which usually take a commission of about 2.5-3 percent, Johansson explain. A good agent is worth the money in some markets, Johansson continues. The agent in Poland for example, has warned of some potential customers that can be slow with payments, while recommending others that has performed perfectly. Additionally, some foreign markets can be hard to personally manage if problems arise. Johansson mentions how some Arab countries have a different payment and reclaiming culture when compared to Europe. Specific dates do not matter as much, and if there are complaints on the product the process is rarely very specific, making it hard to assess its validity. In those cases, a local agent can easily visit the customer in person, not requiring a sales person from Sweden to travel there. However, all agents cost money and also strive to serve themselves as well, Johansson highlights. Using agents can limit the possibilities to adapt operations to the needs and wants of the company. For instance, sometimes it is advantageous to reduce volumes to some customers or raise prices, Johansson continues. An agent is mainly motivated by increasing volumes, making this difficult at times. Furthermore, some agents might not relay information sufficiently to the customers, creating misunderstandings, or at worst misinformation.

4.3 Supply Chain Effectivisation

Södra Wood

In Södra’s main markets, the company almost exclusively use fully or co-owned sales subsidiaries, managing foreign customers through them; about 90-95 percent of the company's total sales is done without external intermediaries. Nilsson states that it would be nearly impossible to serve a large amount of foreign customers without having local representatives. The industry is very traditional and is still a ‘people's business’ where contacts and relations are very important. In the company's main markets, such as Northern
Europe, nearly all sales are made through a local sales subsidiary. For example, in Holland Södra have a local office with five people that usually have daily contact with customers. If customers need new goods, the sales office report it to the sawmill in Sweden where an order is placed and usually shipped to the customer the following week. In this case, only sales are intermediated with an internal sales office, while transport of the goods is done directly to the end customer. However, it also quite common with foreign sales without any intermediation, internal or external, Nilsson states. In fact, Södra sell directly to customers in most foreign markets where they are active. Often, those customers request direct contact with the sawmill in which a sales office does not serve any purpose. Additionally, direct sales can be related to the maturity of the customer, where connections to Swedish sales people are stronger increase the chance of direct sales. Nilsson also explain that if customers are large and represent large volumes it is simply unnecessary to use any form of intermediary, and the contact is instead kept in a direct fashion. However, volumes do not necessarily have to be the only reason for disintermediation, but market and customer knowledge also is also an important factor. Nonetheless, if a company have many customers and intended to serve many foreign customers a local representative, or alternatively an agent, is required. Only in Holland, Södra have somewhere between 150-200 end customers, and it would be impossible to manage them from Sweden, Nilsson explains. Additionally, Södra has noticed how the average order is decreasing in volume which has meant that there are more smaller orders, a trend that will continue, Nilsson believe.

When finding new customers, Södra often have people traveling locally in order to gain new business. It is rare that Södra find new foreign customers from Sweden, Nilsson continues. The company always have a list of new customer they want to attain. Nilsson explain that the main reasons for exporting without any intermediaries are cost cutting and better contact with customers. An external intermediary always takes a commission that can vary from about 2-4 percent. A large part however, is the contact with the customer. Often, an intermediary creates a communication filter which make it difficult to know what parts are good and if some parts are not working. Moreover, if the customer uses the products for industrial purposes, more product development is possible, making it better not to use intermediaries. Södra almost exclusively sell directly to industrial customers, Nilsson explains. The most important factors when exporting without intermediaries is to have good logistics and keeping the customer satisfied; it can be the small things that in
combination create good relationships. Södra sometimes break collaborations with agents when the relationship with the customer is good after many years of business, and the agent does not serve a purpose, Nilsson states. In that case, Södra essentially ends the contract and pays the agent what commission he would have gained on future deals. Sometimes the customer can demand a termination of agent as well, but a problem with excluding agents might lie in the personal contact the customer has with the agent. For instance, even though Södra has a local sales office, some customers only are accessible through an agent because of their relationship.

Nilsson describes a clear change in the industry over the last 10-15 years where communication capabilities has impacted the industry profoundly. Due to new technologies, actors like exporters and importers has lost their function when it is possible for supplier and customers to talk to each other directly. In conjunction with communications, the decreasing fragmentation in the industry with growing company groups has allowed for some intermediary functions to be taken over by suppliers, Nilsson explains. It used to be that many sawmills were small and independent, located in rural areas which made market knowledge, control, and communication difficult. Although some distribution functions have been taken over by the sawmills, the change has in large part not greatly improved the profitability of the business itself, Nilsson inform. Rather, the benefiting party has been the landowners that supply the raw material to sawmill companies. Lumber prices account for about 60-65 percent of the finished product value, he adds. The trend is moving towards less interactions with intermediaries, where sawmill companies take larger responsibilities when it comes to sales for example. The number of agents has dramatically been reduced the last 5-10 years, according to Nilsson. For the industry in general, the focus on production has shifted more towards sales instead. The room for simply producing, and not selling, sawmill companies is getting smaller and smaller, Nilsson believe.

**Bergs Timber AB**

Bergs Timber use agents in 95 percent of their business which leaves a small number of sales without intermediaries. Bergh says that the main part of sales without intermediaries are done in the Swedish market but also to Poland and England. In Poland, a relative new market, there have not been any culture of agents established as Bergh experience in Germany for example. Bergh describes that it is difficult to exclude agents in the German
market where there is a strong culture of agents. The agents are very opportunistic, especially in Germany and Denmark, when it comes to the suppliers, they are more of a buyer's agent even if it is the supplier that pay the provision. Berg Timber’s agent in England works for the company to 100 percent, Bergh adds, but they work for the customer as well and still with Bergs in focus. The process of finding new customers is divided 50/50 between searching actively on the market and customers contacting Bergs. In the recent time Bergs have had interest from Northern Africa, and customers contacting Bergs through WhatsApp, email and other social apps. Bergh explain that the younger generation have understood that the provision the agent costs do not have to occur if direct contact is made. The technological change is a difference that Bergh have noticed. He believes that new technology has made it easier to make contact with companies in other countries. This opens up the world and makes it easier to export without intermediaries. Bergh additionally say that there is an auction website where buyer and seller meet online, that creates an electronic intermediary where a company can have a membership, a setup that is increasing. When asked about foreign sales offices Bergh say that it is not necessary, if Bergs would have a Polish speaking employee in Sweden Bergh believe that the business would increase in Poland.

However, local presence is still essential. In that case, a number of visits per year would be necessary. When the company reaches a higher volume of sales in a market, a local sales office is required, Bergh adds. Volume of sales is crucial for making it profitable with an own subsidiary. The cost for an agent is about 3 percent per deal and if an own subsidiary would cost 3,5 percent, it may be worth with an own sales office to get more control over the business. The motivation for excluding intermediaries is especially profitability, but also to get an understanding of what the customer wants and how the market evolves. The control of information is vital to understand customer’s complaints or praise, the agent can work as a filter of information, which can be good sometimes but it is important to hear the truth. Agents are motivated by volumes and it is therefore in their self interest to increase volume, despite the wishes of the company, Bergh additionally explains. Bergh describe some factors that need to be considered if exporting without intermediaries, the company need to understand the business and country culture along with the economy in the country. This is something that the agents provide for the company, and if the company remove an agent they need to take own responsibility to acquire the knowledge. Bergh describes that Bergs Timber one time resigned a contract with an agent but in that case the
agent was replaced with another agent. Bergh further explains that more presence at the market would have been necessary for disintermediate the intermediary. It is harder to establish a subsidiary in reality than what theory explain. The company have pressure to reach the volume budgeted for and if the company should make an establishment it needs to start running from the first day. There is also a moral consideration, a common responsibility with the agent and an established relation is something that can affect business. To reach more sales without intermediaries Bergs need to change their market organisation, Bergh explain. Today Bergs Timber focusing on acquiring raw material rather than sales operations. Bergh finishes with saying that a solid market plan needs to be done and that it takes time.

**J G Anderssons Söner AB**

The export without intermediaries’ accounts for nearly 50 percent of the company’s total export sales. Bjuringer describe that JGA works without a local sales office and without intermediaries to Poland, Holland and England. The advantage with selling directly to the end customer is the relationship with the buyer becoming closer. It may be easier to ask if the buyer need something they normally do not buy. The communication chain is faster and easier to handle without intermediaries and facilitates communication that normally is not possible. Bjuringer describe that a sales office is not necessary for JGA at this stage, if the market is important and the company exports a larger volume to a number of customers then a sales office may favour the business. The volume can also affect the decision of exporting without intermediaries. If exporting to an uncertain market, Bjuringer explains that the company feel more secure by having intermediaries specialising on the country and accounts for the financials. Countries that are similar to Sweden are easier to gather information from and the payment culture and moral are usually the same. The economical factor and the direct contact of exporting without intermediaries are advantages that Bjuringer mentions; if the company have time to maintain a direct contact with customers a larger profit can be made. JGA minimise risks by looking at the customer's ability to pay via credit information and information about the customer. JGA have never excluded an intermediary from a customer worked with together. Bjuringer describes that contracts with intermediaries have lapsed but that were not due to JGA, but the intermediary, and then continued to work with the end customer. Bjuringer explains that it is not easy to exclude an intermediary, due to rules that protects an agent from being excluded.
Today with new technology, everything is much faster from communication to credit information. 15-20 years ago there was more agents in the supply chain. As a result of improved English language proficiency, the business has seen a decreasing number of agents. Bjuringer believe that the number of agents will continue to decrease on the market. JGA will probably decrease agents in a long perspective, but this is not something the company works actively with today. It is expensive to exclude agents from contracts and there is an established relation with the agent based on trust, Bjuringer explains. JGA have opened a web store and Bjuringer believe the market will move more in the way of web stores and less personal contact. The younger generation do not appreciate the personal contact as much as the older generation Bjuringer adds, they want the process to be short and efficient. Additionally, Bjuringer say that the personal contact is the fascination with the business today but the industry need to keep up with the rest of the world. The distance to other markets can affect the business itself but if the company trades with China for a long time the culture and way of conducting business will be learned Bjuringer explains.

**Jarl Timber AB**

Not counting the Swedish market where Jarl Timber never use intermediaries, the company export to customers in Denmark, Germany, Poland, Holland, and North Africa without intermediary interference. This is often initiated both by customers, but also by the company itself. The most common way of gaining new business is to get contacted by customers in those specific markets, ordering shipments or products, according to Johansson. A small company like Jarl Timber does not have the capabilities to constantly have sales personnel searching for customers in every market. Additionally, the company does not have the volumes or financial capabilities to open foreign sales offices like larger sawmill companies. Moreover, while financial strength and volumes are required for sales subsidiaries, Johansson also explain how a sales subsidiary is required to serve the market adequately and increase volumes. In other words, Johansson believes that to fully exploit the potential in a market a local sales representative is needed, and to be able to do just that, a certain size of the company is necessary. Johansson continue by stating how the key to successful disintermediation lies in a large company opening foreign sales subsidiaries. It is also highly important to keep the customer satisfied, especially when exporting without intermediaries. A good relationship and business can quickly change for worse if
some shipments are suboptimal. Also, such occurrences can prove costly if travel or replacement goods are necessary.

The main motivator for exporting directly to foreign customers stems from cost savings, Johansson explain. These operations are further enabled by today's communication capabilities. Johansson describes how physical distances does not influence exports as much as it used to; today people know common business languages to a larger extent, and technology like mobile phones and the internet has enabled disintermediation operations. Furthermore, agents can display larger self-interest and mainly work for themselves, or the customer instead of the supplier. An agent is motivated by volume, Johansson states, and this can lead to bad deals for the sawmill or inadequate price control. If the company wants to lower volumes but increase prices the agent would receive a lower commission. By exporting directly, the company gets larger control over prices and distribution which is beneficial, according to Johansson. If the company can manage foreign customer contacts internally, an agent no longer really serves a function. However, direct export is restricted to time limits due to limited internal capabilities. Nonetheless, relationships with the customers also is a factor motivating direct export. If the company has a good relationship with the end customer, an agent does not add any value, Johansson explains. However, breaking ties with an agent can be difficult due to legal or cost reasons. In order to exclude an agent fully, the agent legally needs to be compensated for estimated lost revenue which is costly. Jarl Timber once terminated an agent when miscommunication was carried out between the company and customer. In that specific case, the agent did not relay the intended information which led to the decision to terminate the relationship. An easing factor can be if the end customer itself does not wish to work with an agent, Johansson adds. Between agent and customer there rarely are any legal predicaments protecting an agent, making it simpler disintermediate from that perspective. Additionally, most agents intermediate several customers which complicates a disintermediation with only one customer.
5. Analysis

The upcoming chapter presents the analysis where the empirical findings are connected and analysed with the theoretical framework. The empirical and theoretical material will be discussed and similarities and differences will be compared. The structure of the analysis is based on the same structure as the empirical data was presented.

5.1 Internationalisation

According to Johanson and Vahlne (1977), internationalisation of firms often occurs in steps depending on market knowledge and the level of uncertainty. These factors are argued to heavily influence commitment choices and entry strategies when entering foreign markets. The different ways of entering a market can be classified into three modes (Cavusgil et al., 2013): trade-based, contractual, investment modes. The empirical findings reveal contrasting, but also overlapping, strategies when the studied sawmills decide to expand into foreign markets. First, the used entry modes are exclusively of a trade-based or investment nature, while contractual modes do not occur. Furthermore, all of the studied companies confirm the common use of a trade-based approach where an intermediary is used to initially enter a foreign market. The use of intermediaries is argued to avoid costs of foreignness when market knowledge is low and uncertainty high, according to Benito et al. (2005). Indeed, using an intermediary can be a cost efficient way to acquire new customers and gain knowledge in a new market, according to all companies. Commonly, agents are used for this operation making it easier to receive customers abroad, as well as reducing risks of psychic distance.

Although this approach has been utilized by all of the studied companies, the case of Jarl Timber’s recent expansion to Poland did not commence following the conventional strategy. Rather, as described by Johansson at Jarl Timber, the initial entry started with market research using the internet as a tool in order to identify potential customers in the entirely new market. The customers were then contacted and exported to without using any intermediary. In this case, where market experience was consequently non existent and uncertainty high, internationalisation theory would traditionally not suggest this course of action (Benito et al., 2005; Cavusgil et al., 2013; Johanson and Vahlne 1977). JGA also used a similar approach when expanding to Poland; customers were initially discovered...
through internet research among other methods, stipulating a divergent pattern. The Uppsala model by Johanson and Vahlne (1977; 2009) suggest that this procedure would occur when market knowledge is high and/or when risks are low, or alternatively when relationships in the market enables the expansion. However, neither of these elements were satisfied for Jarl Timber or JGA in a traditional sense. Although, it could be argued in a more contingent fashion, that internet research and communications allowed for the companies to partially fulfil elements like market knowledge and network creation, making the model viable. The process of internationalisation and companies’ movement through the process of traditional theory might therefore be accelerated due to capabilities enabled by technology. Companies are now capable of building networks and information accumulation without actually entering the market.

In the case of Södra Wood, investment modes are utilized to a very large extent. Investment modes are of a high commitment degree where the company establish own facilities in the market of entry. This is done to get more control, allowing for better information exchanges, lower costs, and improve marketing capabilities, according to Cavusgil et al. (2003). Södra Wood extensively use wholly- or co-owned sales subsidiaries to serve foreign markets. If markets are large enough to support a local sales subsidiary, the mode is favoured. If not, the company commonly use agents to enter new markets. Bergs Timber’s expansion to the US market occurred in a mixed fashion where their English agent was allowed to set up a local sales operation with American contacts, managing the company’s wholly-owned storage facilities. In other words, an investment mode was used to serve the market, while a trade based arrangement managed sales and operations. The reason for this arrangement derived from the network of the agent which allowed for the expansion. As Johanson and Vahlne´s (2009) revised model of internationalisation suggest, relationships and networks increasingly stipulate the pattern of internationalisation, a thesis supported by Berg Timber’s choice of expansion when the network enabled it.

When a company internationalise certain factors such as business environment, culture and language can impact the decisions and operations for that particular market. This is called psychic distance (Griffith and Dimitrova, 2014; Johanson and Vahlne, 1977). The cultural difference is a major factor when taking decisions of entering new markets for all of the companies. Södra Wood take notice of cultural differences and in those markets the
company is required to have an intermediary where the cultural aspects are important. For Bergs Timber an intermediary is favourable when cultural and language difficulties are noticeable. The company struggles with expanding their business in Poland due to the language barrier. The case is similar for Jarl Timber which finds it difficult with smaller customers in Poland where language is a problem. It is difficult to do business with a company where no one speaks English, making a bilingual intermediary necessary. Thus, agents and intermediaries can serve as a well performing internationalisation strategy when the business distance, as described by Evans et al. (2008), is large. Moreover, cultural distance impacted Jarl Timber’s expansion strategy to China where an agent was chosen to minimise cultural misconceptions. The language is a factor that have changed the market for JGA and made it easier to make contact with customers. The company believe that everything is changing due to new technology and the world is becoming more accessible when information is available through the internet.

5.2 Supply Chain Effectivisation

Today, intermediaries are becoming increasingly replaceable, a change in large part driven by enhanced communication capabilities enabling suppliers and customers to have greater contact (Maharg, 2016; Wigand, 1997). The empirical gatherings also suggest that technology and enhanced communication has had a large impact on companies pursuing disintermediation opportunities. Södra Wood indicate how intermediaries has lost some of their function as a consequence of today's developed communication capacity. The traditional sawmill industry used to be dominated by intermediaries such as exporters, distributors, and agents. In the last 15 years, a cataclysmic change has occurred where the market control of such actors has gradually decreased, a change largely driven by communications. Bergs Timber further stresses the ability to exclude intermediaries due to technology; the company has received large interest from customers in North Africa using modern internet based services. In addition, JGA and Jarl Timber explain the enabling importance of good communications and how modern technology has enabled the companies to further strengthen the contact with customers. Consequently, experiences of all companies align with theories by Maharg (2016) and Wigand (1997) concerning communication and its enabling power of disintermediation. According to Jarl Timber, the improved communications has enabled the company to have greater relationships with their customers and in the process decrease the need for an intermediary. This might
indicate that improved relationships with customers allow for disintermediation. After all, if the customer relationship is not adequate, the likelihood of a good business partnership is naturally lower and an intermediary is more suitable. Södra Wood stresses the importance of great relationships and its enabling power in excluding the intermediary. Moreover, Södra Wood indicate how some customers might demand a termination of the intermediary as the relationship with the sawmill is good. Jarl Timber also explains the possibility in customer's wishing for an exclusion the intermediary, something that would ease the disintermediation as an agent is not legally bound to the end customer. As a result, this would indicate that if companies wish for disintermediation in the future, relationship building is key for doing it successfully. Furthermore, if customers are pushing for disintermediation, it could provide an easier and less costly process.

Another enabling factor of disintermediation seems to lie in company size. Södra Wood, the by far largest company present in the empirical gatherings, is also the company that perform disintermediation functions to the largest extent in relation to the other three studied companies. When comparing the exported volumes without external intermediaries, Södra Wood exceed the smaller companies. For example, Södra Wood export 90-95 percent without intermediaries, while Bergs export 90-95 percent with intermediaries, clearly displaying a difference in export approach. JGA and Jarl Timber, the smallest companies, have exports with middlemen around the 50 percent mark. Theory would suggest that export company growth is a key motivator for switching export mode (Brozovic, 2013; Klein et al., 1990). In other words, a growing company accumulates greater resources and capabilities allowing them to exclude the intermediary. In this case, Södra Wood is largest company with the largest resources, and their disintermediation operations are also the most comprehensive. Jarl Timber highlight the need for company size and foreign sales subsidiaries in order to sufficiently perform disintermediation, which is something that Södra Wood is doing. The key to successful disintermediation lies in large volumes and large company resources, according to Jarl Timber. However, while volume and company size are indicated to largely influence disintermediation operations, the empirical gatherings also show that it necessarily does not have to be the case. For instance, while Södra clearly have more disintermediation operations, possibly as result of size and capabilities, JGA and Jarl Timber also have relatively large share of direct export without intermediaries when compared to Bergs Timber, even though they are smaller and have less resources. Therefore, company size and volumes do not have to be the sole
Södra Wood mentions volumes as a reason for disintermediation, explaining that when doing business with a large customer representing large volumes, an intermediary is no longer necessary. Internalisation only occurs when costs are lower or equal to externalisation (Brouthers and Nakos, 2002; Fina and Rugman, 1996). Comparing it to Södra Woods’s internalisation when customers represent a substantial turnover, it indicates that when the commission of an agent grows to a point where it is more cost efficient to manage the relationship internally, disintermediation occurs, supporting Rugman and Verbeke (2003). Brozovic et al. (2013) further indicate how organic growth can improve the abilities of companies searching for alternate export methods, enabling the company to for instance internalise. Jarl Timber explain that the major reason for disintermediation also stems from cost cutting. Although Bergs Timber hold opposing criteria under the certain circumstances where relationships can be improved, all companies align with financial aspects as being a key reason for intermediary exclusion. Maharg (2016) argues how disintermediation enables greater relations with customers, making it easier to understand their demands and intentions. All companies align with this theory, where enhanced relationships and understanding of the customer is one of the key motivators for excluding an intermediary. Agents always induce a communication filter, potentially misaligning information and intentions of both seller and buyer, an opinion shared by Bergs Timber, Södra Wood, and Jarl Timber. Bergs Timber further states that the potential additional costs caused by disintermediation can be worth the financial drawback if relations with the customer improves. In fact, achieving closer contact and lowering costs is constantly being reported as the biggest motivators for disintermediation operations, matching Andersen (2005). Jarl Timber also stress how agents possibly create control problems in foreign markets. Solberg and Nes (2002) explain that when using
intermediaries, control over functions such as sales and other operations is sacrificed. Although, both agents and foreign sales subsidiaries are considered direct control modes, Jarl Timber clearly accentuate how agents by nature can have different goals than the sawmill. Agents are compensated based on sales volumes which might not be the optimal strategy for the supplier. For example, Jarl Timber sometimes want to reduce volumes and increase prices which might not be the will of the agent. Consequently, a conflict of interest can occur, a problem which is experienced by Jarl Timber, Bergs Timber, and Södra Wood. In addition, the empirical gatherings show that agents can have a tendency to prioritise the wishes of the end customer, rather the supplier which is the party who pays their commission.

Benito et al. (2005) suggest that while the effectiveness of entry modes and the variables guiding foreign market entry is largely studied, strategies for entering a market might not be the optimal strategy for staying in the market, but instead favours a switch of export arrangement. This might involve excluding intermediaries which could pose problems, creating barriers for disintermediation. Contractual restrictions are persistently being mentioned as the largest deterring aspect of intermediary exclusion. If an agent is to be surpassed, a buyout has to be done compensating estimated lost revenue for the agent. This is something Södra Wood has performed several times, where the intermediary has been replaced by either direct export to the customer or a local sales office. Additionally, internalising intermediary functions might create the need for additional recruitment and foreign operation learning, factors Bergs Timber extensively considers. Jarl Timber highlights the need for internally handling after-sales if intermediaries are to be replaced by internal operation which can be problematic if the market is geographically distant. Benito et al. (2005) also points out contractual restrictions, foreign operation learning as possible deterrents for switching export mode involving exclusion of an intermediary. Additionally, Bergs Timber performed what Benito et al. (2005) describe as a within-mode-switch when the company terminated the contract with an agent, but instead of internalising the intermediary functions, another agent took its place. Disintermediation would in that case require too much resources by the company, as opposed to what Södra Wood usually do. If a company like Bergs Timber, which currently export mostly through agents, strive to increase disintermediation operations despite limited internal capabilities a few options are to consider; the company could instead try to partner with intermediaries and customers to a greater extent, possibly acquiring the agent. Furthermore, by improving
communication integration and incentivise intermediaries, better relationships and results can be possible for the company (Brozovic et al., 2013). For Södra Wood, removing agents is quite common and is rather considered a natural step in their business model, constituting a between-mode-switch. The difference between Södra Wood and Bergs Timber underlines a key feature dividing the larger organisation of Södra Wood compared to the other smaller companies present in the empirical gatherings. While all companies agree upon the increasing exclusion of intermediaries in the business, only Södra Wood actively perform between-mode-switches. A reason for this might lie in the company's ability to surpass the deterrents listed by Benito et al. (2005). The company has both the financial and managerial capabilities, but also the knowledge to replace an agent due to their foreign sales subsidiaries across the world, a large advantage according to Jarl Timber. In other words, Södra Wood’s capabilities allows for internalisation to a greater extent which might be due to lower initial costs as the large organisation enables economies of scale, aligning with theories by Fina and Rugman (1996).
6. Conclusion

In this chapter, conclusions based on the analysis presented in the previous chapter are displayed. First, an answer to the research question will be presented followed by theoretical and practical implications of the study. The chapter will end with limitations and suggestions for future research.

6.1 Answering the Research Question

In recent years, communication capabilities among other factors has drastically enabled once confined companies to further expand internal capabilities to conduct international operations without the need for external intermediaries. Despite the apparent disintermediation opportunities available to sawmills today, it is clear that traditional internationalisation theory still applies to the behaviour of exporting Swedish sawmills. Agents and other intermediaries can indeed be an effective way of entering foreign markets, especially where uncertainty is high and the network is underdeveloped. However, it could be argued that some behaviour inclines a shorter market entry process by some sawmills. For instance, while factors like risk and market knowledge is shown to stipulate the pattern of foreign market entry, the amount of consideration of these factors can be lower due to the greater availability of information and improved communication capabilities. Alternatively, technology and improved communication capabilities has allowed for greater accumulation of market knowledge, in turn reducing uncertainty and therefore allowing greater commitment without previous market experience. In other words, the empirical findings imply that greater information accumulation and communications can lead to higher market commitment modes, without intermediaries, more rapidly due to its ability to create networks and improve market knowledge.

During this study, it has also become apparent that the disintermediation opportunities of today is being utilized and exploited in different ways depending on a set of identified of factors. Contingent on internal capabilities as well as external circumstances, companies in the industry appear to export internationally in a disintermediation fashion differently as a result of the variables composition. The identified factors influencing companies has been classified as either: (1) enablers, (2) drivers, or (3) barriers, for pursuing disintermediation opportunities in the industry.
First, results of this study suggests that a set of four components are largely enabling Swedish sawmills to seize disintermediation opportunities. As mentioned above, technology and its communication enhancing ability has in many ways transformed sawmills capability to communicate with customers without intermediaries. Moreover, technology has revolutionised information accumulation capabilities, making market research and network building faster than what this conservative industry has previously experienced. Now more than ever before do companies have the ability to gain new customers, as well as manage relationships, without using an agent. Consequently, if a sawmill has good relations with the end customers, an intermediary does no longer serve a purpose, enabling disintermediation. Results has further indicated the importance of organisational capability; sawmill companies often serve large amounts of customer in foreign markets and in order to be able to perform adequately, a local sales subsidiary might be needed in that market. Subsequently, if a sawmill has the financial, and managerial capabilities of opening foreign subsidiaries, it can present large opportunities for disintermediation.

Second, while companies in the Swedish sawmill industry has demonstrated what factors enable disintermediation, a set of three drivers for disintermediation has been identified. Consistently, two drivers are indicated to highly motivate Swedish sawmills to export without intermediaries: reducing costs and gaining improved relations with customers as well as understanding their needs. Using an intermediary, which in the sawmill industry mostly consists of agents, induce costs as well as a communication filter. In striving for improved operations, sawmills want to earn more money and supply customers with optimal products. By internalising functions previously carried out by agents, sawmills can gain the ability to both lower costs and improve customer relations. For example, if a customer represents significant volumes, and therefore also revenue, a commission based agent corresponds a large expense which can be internally managed more efficiently. In doing so, the sawmill would also gain the ability to have closer contact with the customer, potentially developing the relationship. Another driving factor for disintermediation has been identified as the quest for greater control; sawmills want the freedom to manage volumes and prices towards customers on their own terms, a function which can be obstructed by intermediaries with opposing goals.
Third, results have shown that a set of four barriers influence Swedish sawmills when pursuing disintermediation opportunities. Largely, contracts have been indicated to stipulate a major barrier for excluding an intermediary. Although disintermediation sometimes can be the optimal course of action, legal factors protect agents from being disintermediated without financial compensation. However, while sawmills are not eligible to surpass an intermediary without the right precautions, it has been indicated that end customers have the ability to greatly influence disintermediation opportunities. Consequently, a customer that wishes for disintermediation can increase opportunities for both themselves and the sawmill. The other three barriers are largely connected to internal capabilities of the sawmill. If disintermediation opportunities are to be pursued, the sawmill has to be able to internally manage functions previously performed by the intermediary. As a result, factors like market knowledge and psychic distances present a larger need for internal capacity, which require additional personnel and learning. Surpassing these barriers can in turn create additional costs for sawmills, which in itself presents an additional barrier.

The figure below is model of the factors identified as influencing export operations by Swedish sawmills. The factors result in either seizing disintermediation opportunities or the use of intermediaries.

![Disintermediation influencing factors](image)

Figure 2. Disintermediation influencing factors
Finally, results show that seizing disintermediation opportunities represent a sort of balance act for sawmills. The Swedish sawmill industry does seem to move towards further pursuit of disintermediation opportunities, and from the factors discussed above, export operations are being influenced in different ways. The drivers for seizing disintermediation opportunities has largely been identified as universal goals for sawmills; achieving better relations with customers, lowering costs, and gaining larger control are in isolation not surprising objectives. However, it is the balance of enabling factors and barriers that constitutes the real impact on Swedish sawmills exporting operations. For instance, while enabling factors like technology are available to all industry wide, it has also been indicated that organisational capability based in company size somewhat stipulate disintermediation pursuing action. In other words, sawmills that have the capability to internally manage foreign customers abroad through sales subsidiaries are more likely to a large extent disintermediate. For smaller sawmills, the balance between enablers and barriers is more delicate. While the reasons for pursuing disintermediation remain consistent, the barriers are higher mostly due to organisational restrictions when compared to enabling factors. As a result, some smaller sawmills show a tendency to combine disintermediation opportunities with more traditional methods. In other words, smaller companies compensate their lack of organisational capacity by being agile, combining direct export where enabling factors outshine barriers, while applying intermediaries where most fitting. Conclusively, disintermediation opportunities have constituted an impact on Swedish sawmills export operations differently depending on several enabling factors as well as barriers guiding the level of opportunity pursuit. The empirical findings show that while some sawmills might continue a rapid move towards intermediary exclusion, there are still grounds for keeping the middleman.

6.2 Theoretical Implications

Academic research concerning disintermediation opportunities and its impact the Swedish sawmill industry has largely been unstudied. Moreover, the phenomenon of disintermediation in international business has also received relatively little research, further indicating a research gap. This study strived to contribute an understanding of how disintermediation is affecting export operations in the Swedish sawmill industry, and has consequently led to research on Swedish sawmills and how their operations are influenced by disintermediation opportunities. Results show that the Swedish sawmill industry is at a
macro level moving towards further pursuit of disintermediation in export operations. At the firm level, a set of enabling and driving factors as well as barriers has been identified as the major influencing aspects when companies choose to seize or not seize disintermediation opportunities. In large part, it is the combination of the different factors that stipulate disintermediation pattern where costs, customer relations, and organisational capabilities are core aspects. These findings predominantly correspond with previous studies concerning internalisation, disintermediation, and internationalisation, however contributes an understanding of a traditional industry like the sawmill business is influenced by the factors and disintermediation opportunities.

Additionally, this thesis contributes an understanding of how disintermediation opportunities, mainly driven by technology and communication capabilities, enable sawmill companies to enter markets in a more rapid fashion. Today's capabilities to accumulate information and communicate across borders creates improved market knowledge and lower uncertainty without market experience, in turn allowing for higher entry commitment in markets. The number of steps by firms advancing internationally can consequently potentially be reduced, where the choice of expanding through intermediaries can be replaced by internal operations.

6.3 Practical Implications

The Swedish sawmill industry has traditionally been dominated by intermediaries, and has historically had sparse integration with end customers. Empirical findings in this study has shown that disintermediation opportunities in the Swedish sawmill industry is affecting companies in different ways depending on various factors. First, technology and communications has allowed sawmills to have greater relations with customers, an opportunity that unlocks great potential in several areas. By obtaining closer integration with customers, sawmills can further understand their needs and get improved control over products and information. Also, this process further allows for potential lowering of costs if intermediaries are surpassed by internal capabilities. However, sawmills are still limited by high barriers despite clear opportunities. In some cases, costs of seizing disintermediation opportunities may outshine other alternatives, and the capacity to internally manage operations might be limited. Subsequently, using intermediaries can still provide advantages when compared to disintermediation. If companies wish to extend
capabilities to pursue disintermediation opportunities, further integration with end customers and the use of technology can further facilitate enabling factors and reduce barriers.

6.4 Limitations

During the process of this thesis, some limitations that can influence the quality of this study and the capability to answer the research question have appeared. The main limitation stems from varying level of disintermediation performed by the different case companies. This spread can therefore give different results than a study with companies with dissimilar levels of disintermediation. The study has not investigated the process of VIDA, SCA Timber, and Holmen, the companies mentioned in the introduction which were identified as pursuing disintermediation. Secondly, since this thesis is based in empirical gatherings from four case companies, the result might therefore not apply consistently to the entire Swedish sawmill business. If studying other and several companies in different parts of the country, the result could be different. Additionally, this thesis did not investigate how disintermediation opportunities in the Swedish sawmill industry affect intermediaries and buyers, consequently not fully displaying their point of view. Finally, this thesis has only focused on how disintermediation opportunities influences Swedish sawmill companies and can therefore marginally contribute to the perspective of other markets or the context of contrasting industries.

6.5 Suggestions for Further Research

The research area is limited regarding international disintermediation in the Swedish sawmill industry. Disintermediation is mainly absent and in general sparingly studied. Due to the limitations of this study some relevant topics for further research within disintermediation which can contribute to filling the research gap:

1. To investigate how disintermediation opportunities have an influence on other international industries. By studying other industries, more research to the area of disintermediation can create a deeper understanding of the phenomenon and how it can affect other industries.
2. To investigate how disintermediation opportunities influence intermediaries. By investigating disintermediation from the perspective of intermediaries, the research may contribute a deeper understanding of how disintermediation can affect intermediaries.

3. To investigate how disintermediation opportunities influence buyers. By studying how the process of disintermediation is perceived by buyers, the study may contribute to a wider understanding of the area and what problems or opportunities there are.
References

Interview Participants

Literature


**Articles**


**Electronic Sources**


Appendices


Appendices

Appendix A

Pulp & Paper Industry

Sawmill Industry

Appendix B
Appendix C
Interview Guide

General
1. How many employees does the company have?
2. What products does the company sell?
3. How much of the company’s production is exported?
   a. How large is the exported volume?
4. To what markets?

Internationalisation
5. What is the company’s process when entering a new market?
6. How important are networks and contacts when exporting?
7. How much do risks influence the choice of market and export mode?

Supply Chain
8. What does the company’s supply chain look like from forest to end customer?
9. Which are the most important parts of the supply chain?

Intermediaries
10. How much of the company’s exports go through intermediaries?
11. When is it preferable to use intermediaries?
12. What is the most common type of intermediary in the sawmill industry?
13. Do some markets require intermediaries and why? What markets?
14. What are the drawbacks and benefits of intermediaries?
15. How large is the cost of using intermediaries?

Export & Disintermediation/Internalisation
16. In what markets is the company not using intermediaries?
17. What does the process look like when exporting without intermediaries?
18. How does the company find the customer?
19. What export mode?
20. Is a local sales subsidiary required? If yes, why?
21. What motivates the company to work without intermediaries?
22. What factors are important to consider when exporting without intermediaries?
23. Has the company ever terminated the contract with an intermediary and continued exports to the same end customer without the intermediary?
24. Has the company ever entered a market using intermediaries and then found new customers in that market without the help of an intermediary?
25. How hard is it to replace/surpass an intermediary and what problems can arise?
26. How are export volumes influencing the choice of not using an intermediary?
27. How has modern technology changed international sales?
28. How much more or less control does the company get if sales are managed without intermediaries?