Line-Managers’ Perception of Change at Ericsson

A study of the process and effects of a re-organization

Bachelor Thesis within Business Administration

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Abstract

Problem: In order to keep up with the vast changes in the telecom industry, stay competitive and gain efficiency, Ericsson implemented a major re-organization in January 2007. The changes had large effects on the line-managers and their direct groups, proposing many critical issues regarding the implantation process and effects of the re-organization.

Purpose: The purpose of this study was to carry out an analysis of how the implementation process of the re-organization at Ericsson was conducted. Also, how the outcomes of the new organizational design as well as the characteristics of the changes affected the line-managers.

Method: Overall, a qualitative approach to research was chosen for this specific case-study. A total of 19 in-depth interviews were conducted with affected line-managers on four different locations and additional interviews with people in other positions were done in order to gain other perspectives of the changes. Issues of reliability, validity, objectivity and generalizability were approached in order to ensure an optimal methodology of this study.

Result: The re-organization within Ericsson lead to a new focus in their matrix structure, moving from being product-based to competence-based. Generally, it was found that the changes were perceived differently in all four geographical sites but common for all is the confusion and mixed opinions regarding why the changes were conducted. Moreover, a strong corporate culture has lead to extremely high loyalty towards the organization.

Conclusion: This study has led to many implications; theoretical, methodological and managerial. Some of the advice from the authors to Ericsson is to improve information and timing of change. Also, they must embrace and allow people to add input to the changes. Finally, the issue of knowledge transfer should be stressed in order to secure in-house competences.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Title</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>1.1</td>
<td>Background</td>
<td>1</td>
</tr>
<tr>
<td>1.2</td>
<td>Problem Discussion</td>
<td>2</td>
</tr>
<tr>
<td>1.3</td>
<td>Purpose</td>
<td>3</td>
</tr>
<tr>
<td>1.4</td>
<td>Research Questions</td>
<td>3</td>
</tr>
<tr>
<td>1.5</td>
<td>Disposition of Study</td>
<td>4</td>
</tr>
<tr>
<td>2</td>
<td>PERSPECTIVES OF CHANGE</td>
<td>5</td>
</tr>
<tr>
<td>2.1</td>
<td>Organizational Structure</td>
<td>5</td>
</tr>
<tr>
<td>2.2</td>
<td>Implementing Change</td>
<td>6</td>
</tr>
<tr>
<td>2.3</td>
<td>Management and Change</td>
<td>8</td>
</tr>
<tr>
<td>2.3.1</td>
<td>Managing Uncertainty</td>
<td>8</td>
</tr>
<tr>
<td>2.4</td>
<td>Employees and Change</td>
<td>9</td>
</tr>
<tr>
<td>2.4.1</td>
<td>Resistance to Change</td>
<td>12</td>
</tr>
<tr>
<td>2.4.2</td>
<td>Culture</td>
<td>12</td>
</tr>
<tr>
<td>2.5</td>
<td>Theoretical Summary</td>
<td>13</td>
</tr>
<tr>
<td>3</td>
<td>RESEARCH APPROACH AND DESIGN</td>
<td>15</td>
</tr>
<tr>
<td>3.1</td>
<td>Choice of Methodology</td>
<td>15</td>
</tr>
<tr>
<td>3.2</td>
<td>Research Approach and Strategy</td>
<td>16</td>
</tr>
<tr>
<td>3.3</td>
<td>Data Collection</td>
<td>16</td>
</tr>
<tr>
<td>3.3.1</td>
<td>Interview Method</td>
<td>17</td>
</tr>
<tr>
<td>3.3.2</td>
<td>Secondary Data</td>
<td>18</td>
</tr>
<tr>
<td>3.4</td>
<td>Data Presentation and Analysis</td>
<td>19</td>
</tr>
<tr>
<td>3.5</td>
<td>Ethical Implications</td>
<td>19</td>
</tr>
<tr>
<td>3.6</td>
<td>Criticisms of Chosen Method</td>
<td>19</td>
</tr>
<tr>
<td>3.6.1</td>
<td>Reliability</td>
<td>20</td>
</tr>
<tr>
<td>3.6.2</td>
<td>Validity</td>
<td>21</td>
</tr>
<tr>
<td>3.6.3</td>
<td>Objectivity</td>
<td>21</td>
</tr>
<tr>
<td>4</td>
<td>THE PROCESS AND EFFECTS OF CHANGE</td>
<td>22</td>
</tr>
<tr>
<td>4.1</td>
<td>Main Concerns of the Re-organization</td>
<td>22</td>
</tr>
<tr>
<td>4.1.1</td>
<td>Interrelation of Process and Effects</td>
<td>23</td>
</tr>
<tr>
<td>4.2</td>
<td>Effects of Structural Changes</td>
<td>24</td>
</tr>
<tr>
<td>4.3</td>
<td>Line-Managers’ Workload</td>
<td>25</td>
</tr>
<tr>
<td>4.4</td>
<td>Communication and Information during Change</td>
<td>26</td>
</tr>
<tr>
<td>4.5</td>
<td>Communication in Today’s Organization</td>
<td>29</td>
</tr>
<tr>
<td>4.6</td>
<td>Group Composition and Knowledge</td>
<td>32</td>
</tr>
<tr>
<td>4.7</td>
<td>Culture of Change</td>
<td>34</td>
</tr>
<tr>
<td>4.8</td>
<td>Empirical Summary</td>
<td>36</td>
</tr>
<tr>
<td>5</td>
<td>ANALYTIC DISCUSSION OF CHANGE IMPLICATIONS</td>
<td>38</td>
</tr>
<tr>
<td>5.1</td>
<td>Implementation and Learning</td>
<td>38</td>
</tr>
<tr>
<td>5.2</td>
<td>Line-Managers’ Relation to the Organization</td>
<td>40</td>
</tr>
<tr>
<td>5.3</td>
<td>Line-managers’ Relation to their Groups</td>
<td>41</td>
</tr>
</tbody>
</table>
5.4 Line-managers’ Relation to Customers .......................................................... 41

6 CONCLUSIONS, REFLECTIONS AND IMPLICATIONS DERIVED FROM THIS STUDY ........ 44
6.1 Conclusions ........................................................................................................ 44
6.2 Implications of this Study .................................................................................. 46
6.2.1 Theoretical Implications ............................................................................... 46
6.2.2 Methodological Implications ........................................................................ 47
6.2.3 Managerial Implications ............................................................................... 47

7 REFERENCES ........................................................................................................ 49

8 APPENDICES ........................................................................................................ 53
8.1 Appendix 1 – Interview Guide Swedish .......................................................... 53
8.2 Appendix 2 – Interview Guide English ............................................................. 55

TABLE OF FIGURES
Figure 1 - Disposition of Study ............................................................................... 4
Figure 2 - Employee Commitment (Nicholls, 1995) ................................................ 10
Figure 3 - Corporate Errors when Conducting Change (Kotter, 2007) ..................... 11
Figure 4 - Change in Expected Group Output ....................................................... 23
Figure 5 - Overall Picture of Concerned Factors .................................................. 23
Figure 6 - Communication Shift ............................................................................ 29
Figure 7 - Communication-process into GSDC Sweden ....................................... 31
Figure 8 - Analytic Model of Change Implementation .......................................... 38
Figure 9 - Summarizing Picture of Critical Issues in Today’s Organization .......... 42

Table 1 ..................................................................................................................... 36
Table 2 ..................................................................................................................... 36
Table 3 ..................................................................................................................... 37
Table 4 ..................................................................................................................... 37
Table 5 ..................................................................................................................... 37
This is a study focused on organizational change where an in-depth analysis of a re-organization within Ericsson’s business unit ‘Global Service Delivery Centre’ (GSDC) Sweden has been done. This chapter will present the background, problem discussion, purpose and disposition of this study.

1.1 Background

An organization does not by any means exist in a vacuum, rather it lives in a complex setting of other organizations and environmental factors that are influential drivers and to which it adjusts. Different business settings place different demands on organizations and these demands change due to the players within it. In order to be competitive, the organization has to consider several important factors which will determine its potential success. It is however not only the case of adopting to the market, the organizations could also try to influence it. By doing so, the organization could steer the market to better fit their competences.

An appropriate organizational structure is generally agreed upon to be one of the crucial factors in order for an organization to work well and achieve its goals. This will allow for the work to be divided properly between its members. Structure has been defined as the ‘pattern of relationships among positions in the organization and among members of the organization.’ (Mullins, 2005, p. 596). Further, the management is dependent of structure since it forms paths for order and command. The structure is not however a constant factor of the organization, instead it should be an ongoing process that adopts to changes in the internal and external needs and demands. Hence, re-organizations could be vital and thus are not uncommon (Mullins, 2005).

The objectives and goals of the organization are achieved by the coordination of work between people and tasks, which is the mission of management. The nature of management therefore relates to all activities and levels in the organization and should not be considered as a separate function. Rather, it is an integral part of the organization with an aim to connect the right person with the right suitable work (Drucker, 1989). Drucker further stated the following lines about management; Management is tasks. Management is a discipline. But management is also people. Every achievement of management is the achievement of a manager. Every failure is a failure of a manager.’ (Drucker, 1979, p.43). This implies that the manager is a key player in the organization.

One industry that has experienced the need to adopt to fast paced changes is the telecom industry. It has experienced extreme peaks and troughs throughout the years, it was subject to major changes during the 1990’s and in Sweden it underwent an expansion of 400% between 1993 and 2000. In the early 21st century, however, the industry plummeted and reached record-low figures and telecom companies suffered great losses (Statistiska Centralbyrån, 2003). Today, however, the telecom industry is, again, looking brighter.

It is generally believed that there are connections between adoption to market changes and company success or failure. Telecom organizations exist and have existed in a world where they have had to face permanent change, followed by the pressure to lower their costs for both products and services. Only the ones that did respond to the changes are the ones that still exist today. This of course also means that those organizations that are responsive and adopt their
strategies and continually innovate will be the ones more likely to survive in the future (Blackman, 2005).

1.2 Problem Discussion

Ericsson is a major organization within the telecom-industry that operates in a complex and ever changing technology-advanced market. In order to cope with the constant changes, Ericsson need to structure themselves in a way that suit their specific business environment at any time. Hence, they conducted a major re-organization almost a year ago moving from five business units (BU’s) to three; Networks, Multimedia and Global Services. This study’s interest however, lays in the re-organization specifically conducted within a certain part in the latter of the three BU’s, Global Service Delivery Center (GSDC) in Sweden. Generally, this organizational change brought about a new structure, moving from a product-based to a competence-based one. The aim of implementing this was to increase performance within the organization. Major changes of this kind are carried out every second to third year. However, smaller adjustments are constantly made. Today, it is important for Ericsson and specifically GSDC Sweden to investigate the effects of their re-organization.

In business environments such as the one Ericsson operates in, re-organizing may be fundamental for survival. From a strategic organizational level there is a firm belief that what today might, be looked upon as a loss, originating from the re-organization, will provide gains in the future. It is also expressed that this particular re-organization is unprecedented amongst their immediate competitors and therefore they hope that this act will bring them to/keep them at the forefront of competition (Ericsson, 2007a).

Line-managers are specifically concerned with the direct objectives of the organization which are the tasks related to the essence of the actual business and the people in the direct chain of command. The staff managers are mainly specialists who provide support functions including advisory relationship with the line-managers. They are basically in between top-management and the operative employees. The latter are concerned with the continued work-processes. Thus, when implementing a change in the line organization, the line-managers have a certain challenge of being a change agent for higher management to employees and the already known work processes (Clutterbuck, 1994). It is natural for the operative staff to worry about changes since long established routines and habits have been developed. Further, it is argued that when conducting change successfully one should approach the context in which employees operate (Goss, Pascale & Athos, 1993). The context is often implicit and not always observable, however, it still affects the work within the organization. Failing to realize that it is the underlying context that needs to be altered may result in no improvement at all. Change is hardly ever an easy process where both managers and employees look upon change in different ways. Whereas top management sees change as a way to support the strategy, employees as well as middle managers, sees it as unsettling and that it disturbs everyday work. Further, in order to make people accept a change it must be done carefully and thought through, new meanings to job-dimensions must be outlined (Strebel, 1996).

One of the major effects the re-organization has had on line-managers within GSDC Sweden is that the actual number of line-managers decreased in percentage, moving from 7.8% to 7.7% of total number of employees within GSDC Sweden. This number is to be further decreased due to the fact that one is yet to fill up the ‘headcount’, i.e. there are approximately one hundred available group-positions whereas the number of line-managers is today saturated. In general, employees not directly contributing to operative revenue were to be decreased and thus overhead costs reduced. This resulted in a situation where some of the line managers had to take on larger
groups, where their staff got new tasks for which they were not trained. Also, this forced new
groups to be formed and integrated, and for some groups this resulted in collaboration over
geographical distances. Further, this means that many employees do not have their manager
situated in the same geographical site, also, a lot of people got new managers to adapt to. The
basic idea of the re-organization was to gain broader competence areas, where the main goal was
that each group or a cluster of groups should be able to solve more problems. This would lead to
faster problem solving processes both internally and externally.

Aims and main characteristics when re-organizing GSDC Sweden;

- Moving focus from a product-based to competence-based structure
- Fewer line managers
- New constellations of groups
- Faster problem solving
- Improved value

The nature of this study, organizational change, relates the generalized theoretical knowledge to a
real-world case from the constantly changeable telecom industry, the re-organization within
GSDC Sweden.

1.3 Purpose

The purpose of this study was to carry out an analysis of how the implementation process of the
re-organization at Ericsson was conducted. Also, how the outcomes of the new organizational
design as well as the characteristics of the changes affected the line-managers.

1.4 Research Questions

To support the purpose of this study, research questions should be considered in the perspective of
change, and are as follows:

- How has the re-organization affected GSDC Sweden in terms of structure?

- How have the re-organizational changes affected the role of the line manager and its
  relation to their group members?

- What lessons can be drawn from the implementation of change, viewed from the line-
  managers’ perspective?

These are matters of interests since the organization is change-inclined and one may be able to
re-use knowledge from this particular re-organization in the future.
1.5 Disposition of Study

In the model below the structure of the study is illustrated, i.e. the relation between the different chapters.

Figure 1 - Disposition of Study

1. The ‘introduction’ is the very basis of the study. It provides a discussion of the background and problem which leads to the chosen research questions and then finally the purpose. This discussion will also lead to a foundation of the chosen method.

2. The theoretical framework deals with ‘different perspectives of change’ and is developed with close relation to the research questions and purpose of this report. It consists of four main parts; Organizational Structure, Implementing Change, Employees and Change, and ends with Leaders and Change.

3. In the third chapter, the choice of ‘methodological approach and design’ is discussed. Different techniques of research are considered followed by a classification of the ones used in this study.

4. The fourth chapter is a discussion of the ‘process and effects of change’. That is, it will present the information collected from interviews, observations and other relevant findings, as well as provide some analysis by connecting the empirical findings with theoretical references presented in chapter 2. This study largely builds on in-depth interviews with line-managers at Ericsson and this chapter will reflect this.

5. The fifth chapter will present an ‘analytic discussion of change implications’, which is developed with reference to the previous chapter. It is an analysis more focused on the critical areas found in the study through the authors’ own model. Further, it presents answers to research questions in order to reach the purpose of the study through a certain perception of change implications and time.

6. In the closing chapter, ‘conclusions, reflections and implications derived from this study’ are examined based on the analysis. Theoretical, methodological and managerial implications are discussed in addition to the conclusion. These discussions will provide suggestions on improvements as well as areas of further studies.
In this chapter relevant existing theories concerning the problem and purpose are presented. They will facilitate the data processing and support the analysis.

2.1 Organizational Structure

As discussed earlier, the structure of the organization is a determinant factor for its business as well as members. In this section a discussion on organizational structure is presented.

An underlying theme of this study is concerned with the area of organizational structures. Organizations consist of a number of people that are brought together for a specific purpose, and in order to achieve this purpose people need to be organized in the best possible structure for that specific organization (Mullins, 2005). For a long time, the desire to find a best structure for different internal work-processes positively ruled management research. Heavy emphasis was placed on research done on how to link technology within an organization to a best-option structure (Woodward, 1980; Thompson 1967; Perrow 1986). Initiating the very concept of best-option structure, the so called technological imperative, Woodward arrived at the conclusion that technology decided structure. Taking over where Woodward left off, the Astongroup researched the issue further and concluded that technology does indeed have effects on structure, however as organizations grow, the relationship becomes less important (Pugh, Hickson, Hinings, MacDonald, Turner & Lupton, 1963).

Within management research, organizational structure is viewed in terms of division of work, a hierarchy of authority, as well as rules and procedures (Weber, 1946). The work-division issue is dependent on factors such as size, nature of the product/service, policy-making, management style and need for standardization of procedures, whereas the latter two are aids in coordinating work. It is up to the organization as such to co-ordinate and group people into separate functions, departments or sections, in accordance to significant activities. When division of work is present, an important issue to consider is the span of control. ‘The span of control arises in line authority and refers to the number of subordinates who reports directly to a given manager or supervisor.’ (Mullins, 2005, p.610). Urwick already argued in 1952 that the span of control in high levels of the organization should not exceed five to six direct subordinates. However, at lower levels of the organization the span of control can increase. Moreover, Woodward (1980) argues that the span of control varies directly with technology and type of production system. Today, many other factors in organizations such as information technology have developed and that might influence how wide the span of control should be. However, when making decisions of span of control it is important to have a suitable limit for each organization. Having a too narrow span can result in higher administrative costs, slower decision making processes and an unnecessary chain of command. Further, having a too wide span may result in higher levels of stress for managers due to difficulties to supervise many subordinates, slowness to adapt to changes and the possible emergence of informal leaders who can work contrary to management.
The choice of structure is crucial when recognizing work roles and relationships as well as channels of communications. A satisfying structure would provide for efficient performance and resource utilization as well as successful monitoring and co-ordination of the activities and different parts and areas of work within the organization. Further, the structure is of importance when it comes to the flexibility and adaptation in order to respond to future demands and developments as well as changing environmental influences. This is of additional importance when the organization is involved in high technology that is rapidly and constantly changing. Finally, the way the structure is designed relates to the social satisfaction of members that are working within the organization. Therefore only having a satisfying structure is not enough in order to create a successful business. One has to consider the other more abstract themes such as culture, spirit and motivation in order to create a good value system (Mullins, 2005). It is nevertheless important to understand that a proper organizational structure does not by itself produce good performance, however, a poor structure could never generate good performance (Drucker, 1989).

One may set out to form a decided structure or the structure may be of emergent nature, either way, a social structure is inevitable in an organization. It is supposed to support the integration of work between units, positions and individuals and may take on a multitude of forms such as; simple, function-based, divisionalized, matrix, each serving different needs (Hatch, 2002).

2.2 Implementing Change

When dealing with change one can look at factors both from the organization’s external and internal point of view. The external factors refer to the economic, business, political and societal aspects where the organization operates. Further, issues of structure, corporate culture and the political context are the basic ideas of the changes that are processed, and belong to the internal context. Also, the process, which refers to the actions, reactions and interactions of the strategic change, is important to consider. There are many questions that need to be answered when dealing with change but the most basic ones are why, how and when? The reasons behind the change might not be obvious to everyone, hence information is important in order make it successful (Sjöstrand, 1997).

As discussed earlier, there are many fast paced changes in the telecom industry and the importance to keep up with them is crucial in order to be competitive. In large organizations there are constant changes, sometimes these are radical and have great impact on the organization and its members and sometimes they emerge gradually. Brundin (2002) argues that change is strategic when, in addition to treating problems important for institutional survival, it affects different functions as well as organizational levels. Radical changes are often described as revolutionary when an organization has a total new way of doing things, some of which are intentional and some unintentional. Revolutionary change is something that takes place in short periods of time and can be triggered by an action that was not planned. This type is normally experienced when an organization needs to gain a competitive advantage and the way of doing so is by doing something drastically (Brundin, 2002).

Organizational development is a broad and ambiguous term and it is associated with a large number of topics. Depending on situation, emphasis is placed on different areas often resulting in different ways of approaching the problem. Common for all these strategic moves however, is that they suggest development of the organization, groups and individuals, in order to enhance organizational performance. Even though organizational development can be aimed at a multitude of different areas, the implementation process is equally vital for all intervention strategies. It lays the very foundation to build the development on. Some of the different
approaches on how to initiate a well-founded change-process are; Survey research and feedback that may be used in order to examine the opinions and attitudes towards development within the organization. *T-groups*, which is the use of small and unstructured group-meetings in which emotional sensitivity, diagnostic ability and behavior flexibility and effectiveness is dealt with. *Teambuilding* is the act of increasing team-effectiveness within a set group. This is usually done by focusing on work procedures and relationships. *Grid-training* which highlights the concern for production-tasks as well as people-tasks and assigns points to related activities making ranking possible (Mullins, 2005). *Role analysis* is the process of specification and allocation of roles within the organization are made. *Life and career planning* is used in order to align employees’ personal goals with the organizational ones. *Quality of work-life* is aiming at connecting life and career planning with work, hoping to arrive at a better working climate. Finally, *Counseling* can be used to make employees attain a greater understanding of their work habits and to facilitate the attainment of their goals (Naylor, 2004).

Knowledge is one of the most important sources of competitiveness. It is also the internal power in many organizations, hence it is important to always develop and gain new knowledge while not losing what already exists. One complicated task is to measure the knowledge within organizations since it can be seen as invisible assets and are hence intangible. Further, most knowledge does not exist in any written document or database and is therefore hard to manage and to store. How and to what extent organizations choose to administer and share their knowledge varies, however, the most important issue is that they do share (Kalling & Styhre, 2003). This is often a very critical aspect in relation to organizational change. Transforming an organization often means changes in knowledge sharing. There are two different ways to understand knowledge transfer. Firstly, it can be viewed from the external side, meaning the sharing of knowledge among other firms, institutions and customers, and secondly, the internal transfer is between organizational units and its members. This study is concerned with the internal aspects of a corporate re-organization. It is not a matter of a one-time transfer of knowledge from A to B rather it is a constant ongoing process (Chini, 2004). In large organizations it is specifically important not to lose that knowledge, just because people move from one geographic location to another and also change positions within the organization. Key knowledge areas need to be kept or preferably improved.

Timing is another important aspect to consider when setting out to implement change. In addition to the concept of timing, time interval is also of importance. A survey conducted by NASDAQ focusing on companies delivering high-technology products, showed that most of these companies felt the need to change and reinvent themselves every two to two and a half years (Chorafas, 2004). According to Chenhalla and Euskeb (2007) ‘time’ represents a major foundation upon which change and its implications for organizational behavior can be understood. Hence, it is important to consider at what point in time the organization and its members is willing to accept and work towards a change. This may highly affect the outcome, i.e. whether the wanted result is achieved or not. Beckhard and Harris (1987) have argued that the timing of introducing an organizational change is generally dependent upon four elements (cited in Rouda, 1995). The elements are; an experienced dissatisfaction of the present state, a future and obtainable vision as well as the formation of initial steps towards attaining that vision. He argues that at the point in time when the sum of these three parts is more than the amount of resistance to change, which is a concept discussed later, an organization is ready to accept a change. As have been discussed before, environmental forces may pose heavy demands on organizations to change. The actual process of organizational change has been around forever, it is however generally believed that the pace has been accelerated lately (Rouda, 1995). According to Huy (2001) different types of change require different pace of change. It is also argued that there is less time required to change formal structures than many other organizational issues such as
values and beliefs (Bartunek, 1984). Further, Varelas (2005) argues that organizational change often takes twice as long as one plans for. This is mainly due to the fact that the management initiating the change has had sufficient time to mentally let go of the old organization. Members further down in the organization, however, have not had the same time to work through the process and therefore acceptance of it takes longer time.

2.3 Management and Change

As will be discussed later in this section, the output of the change is dependent on the employees. However, it is important to understand the management’s role, not least in the mid-range level, during a change process since it is evident that the manager is one of the main stakeholders. Thus, this section will discuss the critical issues related to this matter.

Many researchers deal with the importance of management when it comes to delivering, organizing and implementing new organizational changes, however, one thing that has not been discussed is the importance of middle-managers in the process of change. Middle-managers connect an organization’s strategic and operational levels through mediation, negotiation, and interpretation (Floyd & Wooldridge, 1997). Since multinational organizations do not conduct all operations at the same geographic location the significance of middle management is increasing. The interaction, even though it is important, between middle- and senior-management decreases due to the separate locations and simultaneously the organization loses important issues of alignment (Balogun & Johnson, 2004). Further, it has been found that in organizations where management is geographically dispersed, the senior-managers become ‘ghosts’ in their relation to the middle-managers. This means that they exist as stories, rumors and gossip which is shared by others in the organization.

There are many different opinions among strategy researchers concerning the overall significance and the role of the manager regarding strategic change processes, however they do seem to agree that the process should be handled by the management or the leader. Managers are often described as the key players. Pettigrew and Whipp (1991) are also in favor of the beliefs that the role of the leader is of great importance when it comes to change, arguing that there are a number of central issues in the process of change; leading the change, linking strategic and operational change, coherence and the management of the change. Communication is a critical issue for management to consider during a change process since they need to communicate the pre-set goals in a suitable way. Sensitivity refers to the ability to communicate the change and self awareness, meaning the skill to understand their own prejudices, preferences and experiences, which are traits that the strategic leader should possess (Balogun & Hailey, 1999).

2.3.1 Managing Uncertainty

During a normal business cycle all organizations will go through periods of uncertainty and since the managers are supposed to lead the organization, their way to deal with uncertainties is worth taking a closer look at.

Sjöstrand (1997) provides a frame of reference for analyzing uncertainty in organizational contexts. He argues that when an organization comes to a change situation, the connections with institutions, technology and competition will be challenged which leads to increasing degrees of uncertainty. He also proposes ways to deal with this through both intra-individual and inter-individual measures. He suggests some concepts that could be fruitful in dealing with this. The intra-individual aspects, i.e. what goes on inside the individual are captured by five concepts; cognitive, emotional, intuitive, habitual and aesthetic forms.
With *cognitions* Sjöstrand means the individual’s thinking and interpretations, the way they make sense of what they are exposed to. This reflects how the managers describe and define phenomena, which is a subjective process. Each and every individual may understand a situation differently. The environment where the manager operates is far too complex in order for him/her to treat all the information. Therefore, one important issue is whether the person, here the manager, maps the situation in a way that may be representative by asking whether or not the most important information is stored and processed. *Emotion* is looked upon as the conscious and unconscious feelings that guide managers through for example a change process. There are differing opinions whether cognition affects feelings or feelings influence cognition, or if they are independent. Sjöstrand chooses to treat them as separate phenomena. There is not always one definite way to go about things. Managers might have a ‘feeling’ of what to do which is perhaps not the most logical decision to make, but to them it ‘feels’ right. In decision making there are always feelings involved and they might be conscious or unconscious but still present. Trust, mutual confidence and friendship are very important factors when it comes to emotions. Also, experience will contribute to forming emotions. *Intuition* is another important feature when it comes to dealing with uncertainty and it is closely related to both emotion and cognition. Intuition can be experiences that are impossible to explain in any verbal sense-making way. It can be associated with tacit (non explicit) knowledge which is hard to measure and that sometimes is unaware to us. In addition, what managers might do to reduce uncertainty is to use *habits and routines*. These are referred to when one action, that has once turned out to be successful is repeated without further consideration. Further, habits and routines are not strongly related to emotions, rather to experiences. Finally, *aesthetic* refers to the guidance that managers get from mental impressions of beauty, what forms a nice solution or nice pattern. This is to some extent related to cognition and emotions. These five concepts could be helpful in analyzing what goes on inside the manager e.g. when exposed to and involved in change processes.

Sjöstrand (1997) also discusses the inter-personal ways the manager deals with uncertainty. He uses the same concepts and distinguishes between rational and irrational approaches. The rational approach is based on logic and rational reasoning where cognitions and habits play an important role. Managers’ manner of thinking and interpreting will be important prerequisites for efforts to influence others. There should be some kind of rational connection between what they *think* and what they *do*. The irrational approach to dealing with uncertainty is neither fact nor logic based and it has to do with how managers trust the people around them, be it inside the organization or outside. Irrational ways of dealing with uncertainty also includes shared ideals and genuine non-instrumental and social, interactions with people. Emotions, intuition and aesthetics are mostly connected to this (Sjöstrand, 1997).

### 2.4 Employees and Change

During times of change it is not only the business itself that will be affected, also the members of the organization are affected. Since all human beings are different in nature, the way they react to these changes will vary. Since employees are one of the most important factors in an organization the result of a change process is dependent on their reactions. Sjöstrand (1997, p.6) treats many major challenges when it comes to change, one of which is; *Is it possible to motivate all or most of them to follow a specific strategy promoted by management?* This can be seen as a very difficult task which means that the manager shall put their expectations on this matter fairly low due to the high complexity in large organizations. However, some theorists propose different ways to go about motivating employees. It is suggested that managers might create a situation of chaos or confusion in order to trigger actions.
Further, Strebel (1996) has investigated organizational change and he believes that to make employees accept a change it should be conducted carefully and he argues that there are three dimensions to what he calls ‘personal compacts’, all of which must be brought to new meanings in order to make a change accepted. The three dimensions of the ‘personal compacts’ within companies he proposes are the following: formal, psychological and social. The formal dimension includes written documents, such as job descriptions and performance agreements. Both the managers and the subordinates get guidelines in how, what and when they are supposed to perform their tasks as well as in what way they will be rewarded. If these descriptions are clear, the employees are more likely to develop personal commitment to the organization. The psychological dimension looks upon implicit employment relations and usually it sets out the frame of commitment to organizational and individual objectives. Emphasis is put on the relation the employees have with their manager, if they believe that they are appreciated and will get recognition for their effort, they will perform better and it will answer the question whether their work is worth it or not. Of course, the individual motivation is different for every person, for some it might be monetary proof of good performance and for some, mere oral appreciation from the manager is enough, but the relation between the manager and employees is crucial. The latter dimension, the social one, looks upon the organization’s culture and how the management acts in relation to it. The employees interpret what is said about the company in terms of value, management behavior and mission statements. Also, they evaluate and test the managers in the sense of ‘walking the talk’, i.e. if they mean and do what they say. Another and perhaps one of the most important aspects in the social dimension are the beliefs about the unspoken rules that concerns promotion, decision-making, layoffs etc. Change will inevitably alter these three aspects and Strebel believes that in order to make employees buy into a change, new personal compacts will have to be clearly defined and accepted by the employees. Strebel has drawn the conclusion that to successfully implement a change, management has to act in a systematic way. Initially, the need to change has to be highlighted then a process in which employees contributes and accepts new compact terms have to be carried out (Strebel, 1996).

According to Mullins (2005) organizational climate can be experienced in terms of trust and understanding among the members of the organization. He further argues that it is an indication of employees’ feelings and beliefs of the organization, which makes climate a vital part of implementing organizational change since it affects employee-commitment. Employee commitment is elaborated on by Meyer, Becker and Vandenbergh (2004) and although it has been criticized by other theorists (Putterill & Rohrer, 1995) job performance is said to be highly connected to employee commitment. According to Meyer and Allen (1997) commitment is the process that binds an individual to an organization. Further, commitment takes on different forms and can be aimed at a number of objectives, including the organization as such. The level of commitment highly affects the way employees perceive and adjust to new organizational directions. It is further an indication of employee’s desire to stay within the organization, exercising work effort and accepting goals (Putterill & Rohrer, 1995). The below figure proposed by Nicholls (1995) aims to understand what issues that are related to a committed workforce.

![Figure 2 - Employee Commitment (Nicholls, 1995)](image-url)
According to Nicholls (1995) a committed workforce that is trying to fulfill a common goal can be achieved by this three-component model. First of all, in order to build up a solid employee-commitment, members of the organization need to be informed, involved and feel that they share the organization’s success, as can be seen in the left part of the figure. This applies to both the financial as well as the physiological side and is gathered under the concept of sense of belongingness, in the central part of the figure. Furthermore, experience excitement about work, which Nicholls base on concepts of pride, trust and accountability of results. This part is highly aiming at employee-motivation, since there is a psychological part to improvement. The last part of the model is aiming at supporting and securing the first two parts. It states that employees must believe in the management of the organization, which is viewed on basis of authority, dedication and competence.

Returning to the issue of making employees feel informed, many authors express the importance of good communication when initiating, and working through a change process (Kotter, 2007; Kaplan & Norton, 2006; Fernandez & Rainey, 2006). Communication is a vital component of all stages of change. After researching over one hundred companies for a decade, all different in terms of size, market and financial stability, Kotter (2007) settled on eight specific areas of failure for companies when conducting an organizational change (see figure 3).

<table>
<thead>
<tr>
<th>Corporate Errors when Conducting Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Not establishing a great enough sense of urgency</td>
</tr>
<tr>
<td>• Not creating a powerful enough guiding coalition</td>
</tr>
<tr>
<td>• Lacking a vision</td>
</tr>
<tr>
<td>• Under communicating the vision by a factor of ten</td>
</tr>
<tr>
<td>• Not removing obstacles to the new vision</td>
</tr>
<tr>
<td>• Not systematically planning for and create short-term wins</td>
</tr>
<tr>
<td>• Declaring victory too soon</td>
</tr>
<tr>
<td>• Not anchoring changes in the corporation’s culture</td>
</tr>
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Investigating these issues one sees that communication is in fact an underlying theme in some of them. Most pronounced is the issue of communication in the area of communicating the change vision. According to Kotter (2007), many organizations fail in making employees buy into the new vision due to under-communication. Communicating the new vision to the masses at meetings, speeches and newspapers is not enough. In addition to delivering the vision through verbal or written communication channels, it is also essential that the executives all ‘walk the talk’. As was mentioned above, communication is a vital component in most of these critical areas. Communicating why there is a need for a change enhances the sense of urgency that might originate from other observable sources. The guiding coalition needs to provide a solid ground and be able to answer questions such as why and in what way things are to be done, in ways appealing to the audience. Some obstacles to change are easy to pinpoint and can consist of humans opposing change. Opposition may take the form of managers conducting actual work that are not aligned, or actually contradictory to, the ‘new’ way. Opposition may be removed or won over to the ones favoring change. The process’ time-span and what is sought after can be communicated through plans and numbers, which facilitate the acceptance from co-workers. Finally, making change a part of culture touches upon the importance of having change communicated through everything within the organization, which is looked into more later (Kotter, 2007).
2.4.1 Resistance to Change

'Change is not made without inconvenience, even from worse to better.' (De Wit & Meyer, 2001, p. xviii)

There are many reasons why people resist change but most commonly people do not appreciate the uncertainty and ambiguity that comes along with the change. Hammer (1990) describes that the ability to change fixed habits and routines recedes when they become fixed with time and new job descriptions are rather seen as an unwelcome interference in the existing system. Further, change in organizations always leads to a different constellation of winners and losers and will thus never lead to every member’s advantage. Where the change proposal originates from also has great significance, i.e. from what hierarchical level. If the initiative to change comes from a group of people high up in the hierarchy with great formal power, the change is often regarded as negative and thus creates resistance among the groups lower in the hierarchy who is affected by the change (Olsson, 1985). It is also argued that the lower groups in the hierarchy often use their size and solidarity in order to influence decisions at the top. However, this is also the very base of the resistance concept since they often use their ability to protest rather than come up with constructive suggestions on improvements (Olsson, 1985). Kanter (1985) supports this view and further talks about the importance to integrate the affected people into the change decision.

'Change is exciting when it is done by us, threatening when it is done to us’. (Kanter, 1985, p. 52)

Thus, it is crucial to recognize the source of the change in order to understand the resistance. It is also important to realize that the resistance to change is often a rational reaction from individuals and groups that can be seen as normal viewed from an outside perspective (Kanter, 1985).

As touched upon earlier, a lot of people resist to changes when it involves new work processes and routines. This is because people start questioning their competence and whether they will be able to perform well under the new circumstances. However, some people have larger incentive to react and protest to changes than others (Kotter & Schlesinger, 1979). The insecurity that the change brings is also an important factor for resistance since people go from a secure and stable state to an insecure one. Kotter and Schlesinger (1979) further says that when people feel that they are about to lose something that they value, the individual often react by only looking at their own best interest instead of looking at the bigger picture. Another issue related to resistance to change is whether it comes as a surprise or something expected. Kanter (1985) says that the first reaction to an unsuspected change is often resistance since the individual did not have time to mentally prepare for the changes. Also, resistance often occurs due to the fact that re-organizations lead to that social relations between people are lost. The more people who are affected by the re-organization the larger will the resistance be. Thus, an important challenge is to find a strategy that will minimize the resistance or at least one that can be implemented despite resistance (Kanter, 1985).

2.4.2 Culture

As one can understand, when conducting organizational changes various factors will determine whether it will be successful or not. It is earlier mentioned that structure and managers (including line-managers) are important, there is however another important aspect, culture. Organizational culture refers to ‘a system of shared meaning within an organization’ (Robbins & Barnwell, 2002, p. 377). Returning to Kotter’s study on areas concerned with change (2007), one needs to incorporate change into culture to ensure successful results. Organizational members need to accept change as a normal component of work-life. In order to do this, executives need to exemplify and show how specific changes have led to positive results, proper connections are of essence. Executives
also need to ensure the sustainability of a change-accepting culture by employing management that is good a representatives for it.

Handy (1994) has recognized four types of cultures that can exist within an organization, all of which can lead to success if applied correctly and in a suitable organization. First there is the power culture that is dependent on a central power source. It is said that the power derives from the top person, and that personal relationships matter more than any formal title or position. This kind of culture can for example be found in small entrepreneurial companies or political parties. The second culture is dealing with the role structure and is often referred to as being bureaucratic, where the culture is controlled by procedures, role descriptions and authority definitions. Co-ordination is at the top level and the job position is central. This type of culture creates a highly structured and stable company. The task culture is thought of as a small team approach, that is small organizations co-operating together to deliver a project. The emphasis is on results and getting things done and individuals are empowered with direction and control over their work. This type of culture emphasizes talent, youth and continuous problem-solving teams. Finally, the individual culture means that the person is the central point. This culture only exists for the people concerned, it has no super-ordinate objective and the people who posses this tend to have strong values about how they will work. They are very difficult for the organization to manage. The type of organization that attains this culture exists most often so that individuals can achieve their own purposes (Handy, 1994). In this study the environment and other factors such as the changing technology is often mentioned, the effects on the culture indicates that an organization with a strong culture might have a harder time to change with its environment (Robbins & Barnwell, 2002). Also, when the organization’s size increases, i.e. the amount of employees increases, it can become a critical task to try to keep a strong culture. Large and global organizations tend to have weaker cultures than small and local ones. However, if they do have a strong culture it will affect the organization’s effectiveness in a positive way if the culture is successfully aligned with the internal integration and the external adaptation, i.e. aligned with the organization’s strategy, environment and technology. Further, a strong culture enhances behavioral consistency which means that the organization is capable to manage and control its members as a substitute for formalization. Therefore, by having a strong culture the members become attached to the organization via the culture and are controlled through the mind and soul, rather than having formal structural controls. By limiting the formalization, it creates trust and enhances the willingness to take on responsibilities and perform well (Robbins & Barnwell, 2002).

2.5 Theoretical Summary

As discussed in this chapter, strategic change influences many factors within the organization. Due to structural changes, activities in groups are changed and new ones are altered. This affects relationships and personal contacts between people at different levels of the organization. Changes in the organizational structure are performed in order to achieve effectiveness. However, culture, spirit and motivation are other more abstract themes that are important to highlight. Through these abstract concepts, middle-management has a crucial task to implement strategies in a suitable way and thus achieve the goals. The role of the middle-manager is thus of extreme importance since they are the ones that transfer abstract strategies from higher management to concrete actions down the line.

In the process of implementing change there are many factors for the middle-manager to consider. The issue of informing and involving everyone in the changes, as well as to communicate a unified picture of *why* the changes are performed is extremely important. After the implementation it is of great significance to follow up and evaluate the changes.
One of the crucial tasks of the middle-manager is to get the employees to work for a unified purpose. Neglecting this might lead to resistance to change since people often react negatively on new work processes and changes to routines. However, regardless of how the change process is implemented, it will always lead to a different constellation of winners and losers.
3 RESEARCH APPROACH AND DESIGN

This chapter aims to give the reader a clear view of the methods used when conducting this study. First, different approaches to research as well as collection methods are discussed. Second, general methodological concerns have been elaborated on and clarified related to this study.

Methodology is used as a tool to help the researcher fulfill the purpose of the study. In order to take advantage of the collected information in the study there is a need to have systematic selections that are compatible with reality. Furthermore, the information and result need to be presented in such a way that can be easily controlled (Holme & Solvang, 1997).

The aim of this study was in broad terms seen as an investigation of the results of a reorganization. The focus was to study how the changes in the organization have affected the line-managers and their group-members, as well as their relationship to one another. When making the decision of the most suitable approach to research, there are a few conditions that one can base the choice on; mode of procedure, problem formulation, the researchers own prerequisites and resources, the characteristics of the studied object and the researcher’s position towards the source of data (Halvorsen, 1992).

3.1 Choice of Methodology

There is a clear distinction made between two methodological approaches; the quantitative and the qualitative approach, and the two approaches can be used either separately or combined (Holme & Solvang, 1997). Quantitative research methods are most often used when the research contains numerical data that needs to be studied and analyzed in order to reach the objective. When using a quantitative approach the numerical data is often the very foundation of the report and the objectives requires the conclusions to be statistically correct (Saunders, Lewis & Thornhill, 2003). Qualitative research can be conducted in many ways. The method focuses more on analyzing the data in-depth and the objectives emphasize more on an investigating and explanatory standpoint. Also, it is important to note that qualitative research could use numerical data, but to a different degree and purpose. Further, with this type of research the samples are often smaller and the importance of a well-planned and systematic data collection becomes even more evident in order to avoid a biased result (Saunders et al., 2003). A qualitative approach to research is often used when there is an aim to explore the behavior, perspectives and experiences of the people studied. Additionally, qualitative studies can be seen as a form of social inquiry that focuses on the way people interpret and make sense of their experiences (Holloway, 1997).

Since the objective of this study was to describe and analyze how the re-organizational changes have affected the line managers, a survey-based method could have been chosen on a number of defined questions. However, as there was an aim to come closer to those involved in the study, capture their feelings and reflections, a qualitative orientation was preferable. In such cases theory supports using a qualitative approach in order to come to suitable conclusions. This approach was appropriate in order to gain rich and normative knowledge, which have been developed in this research.
3.2 Research Approach and Strategy

After deciding to use a qualitative research method, there were different approaches to choose between when analyzing the collected data. These approaches are dependent on whether one starts from an inductive or a deductive perspective. When focusing an analysis from a deductive position one starts by searching for existing theory and thereafter form the analysis from the standpoint of the chosen theories. The theories would then be used to arrive at rather specific questions suitable for testing. With an inductive approach one would be more open-minded in relation to the empirical field. This is however not to say that such studies are performed with no support from theories (Saunders et al., 2003). According to Svenning (2003), the quantitative approach is most often deductive and a qualitative most often inductive in its nature.

In order to do a meaningful analysis of the empirical findings, some already existing theories by acknowledged researchers have been used. However, in order to accurately answer the purpose and problem of this study as well as to provide meaningful suggestions for improvements to the studied organization, there was a need to develop new models and guidelines related to this study. Since the deductive approach intends to test theories whilst the inductive approach aims to build theory, this study used a combination of these. To support this, Saunders et al. (2003) states that in their experience it is often advantageous for the research to combine approaches.

After deciding upon a research approach, it is of great importance to come up with a strategy for the research, since it will work as a general plan for the study. When designing the strategy one must first of all consider the nature of the study, research questions and objectives. No strategy is mutually exclusive and can with ease be combined and adjusted to suit the specific study (Saunders et al., 2003).

The strategy used in this research is called case-study. The case-study strategy is used when the research evolves around a specific empirical investigation with a broader range of multiple sources of information. Further, it can be a suitable way to apply and challenge existing theory as well as to develop new theories and hypotheses (Robson, 2002). The case-study strategy fits very well with the purpose of this report; to investigate changes in a specific organization with specific challenges and problem areas making this study critical in its nature. That is, focus has especially been put on such areas where the authors have found indications of possible improvements, or lessons learnt for future changes. Additionally, the research was conducted by firstly looking into Ericsson and the specific research questions, develop a relevant theoretical framework which was applied and challenged to the extensive empirical findings in order to come up with suitable suggestions on improvements for Ericsson.

3.3 Data Collection

In order to meet the purpose of this study, both primary and secondary data have been collected. The case-study approach suggests several possible data collection methods such as questionnaires, interviews, observation and documentary analysis (Saunders et al., 2003). This research mainly collected primary data through interviews and secondary data from several sources, further developed below in chapter 3.3.2.

The core purpose of this study was ‘to carry out an analysis of how the implementation process of the re-organization at Ericsson was conducted. Also, how the outcomes of the new organizational design as well as the characteristics of the changes affected the line-managers.’ In total there are about 60 line-managers in GSDC Sweden and a decision was made to aim for interviewing about one third of these in order to be able to come up with valuable results. This
number was decided after dialogue with the main contact at Ericsson and was limited mostly due to time constraints as well as the overall scope of this study. A total of 19 interviews with line-managers were conducted.

GSDC Sweden have six geographical sites; Älvsjö, Kista, Gothenburg, Karlskrona, Sundsvall and Oslo. However, GSDC Sweden’s main sites are the four first mentioned and it was decided that interviews with line-managers would be done at all those main sites in order to recognize geographical differences. Thus, the data collection started by getting the complete lists of line-managers at these different sites. In Karlskrona, the smallest of these main sites, e-mails to all line-mangers were sent out and interviews were done with the ones who replied that they were available that specific date. At the other sites a random sample was selected by giving all line-managers numbers and then randomly selecting numbers by creating a ‘lottery’ and drawing numbers written down on paper. E-mails were sent to the selected ones and thereafter some positive replies and some negative were received. However, not enough interviewees were collected after the first selection, thus a second one had to be done in order to get as many interviews as was aimed for. This might have created some bias since the ones who agreed to be interviewed might be the ones that have certain strong opinions about the specific re-organization. Even though there was an aim to have a random sample, one must consider the fact that the retrieved information might be biased in the way that such opinions were communicated. That is, data from people in the population that did not view this re-organization as important or significant might have been lost.

In order to get an overview and also to broaden the perspective on the re-organization, other interviews were also conducted. First, two informal face-to-face interviews with the main contact at Ericsson have been done in order to get the overall knowledge as well as gain other valuable information. A few conversations with the same person have also been done by telephone for different purposes. Further, two interviews were made with primary contact (PC) functions that are in daily contact with GSDC Sweden, in order to get an ‘outside’ perspective on the re-organization. One interview was also made with one of the so called ‘thinkers’ that were the main planners behind the re-organization in order to understand the real purpose of it. All together, this means that the study resides on 23 interviews and a significant amount of secondary data.

3.3.1 Interview Method

Conducting interviews is a useful method in order to retrieve relevant, valid and reliable data related to the specific research questions. There are different types of interviews and it is important to decide on a specific type in order to assure consistency among the interviews as well as the nature of the study (Saunders et al., 2003). The three different types of interviews are; structured, semi-structured and unstructured. The structured interview follows a strict pre-decided template of questions in a specific order. The semi-structured interview is based on a few problem statements that are subject of investigation. Neither the specific questions, nor the order of them, are thus made up in advance. The unstructured interview is highly explorative and is simply a spontaneous discussion with questions that arise during the meeting. In order to assure standardization, the different types can be combined and modified to fit the specific case (Patton, 1984).

In this study, a semi-structured interview method has been chosen. This allowed for structure which was crucial in order to compare and contrast the different interviews, but at the same time be able to maintain openness and have spontaneous discussions. Thus, the same pre-made interview guide was used in all interviews and can be seen in appendix 8.1. All interviews were conducted in Swedish in order to ease for communication and discussions and not obstruct the
interviewee in this matter. However, an English version of the interview guide with the same questions can be found in appendix 8.2.

The interviews took between 30 to 40 minutes each, where all but one were made face-to-face on location. One was made through telephone since traveling made it hard to find time to meet in person. It was done on a speaker phone in order for all the authors to actively take part in the interview. The interviews were conducted by having one person specifically asking the questions from the interview guide, and the others concentrating on taking notes and contributing with follow-up questions. Interviews were held in separate and quiet rooms on the different sites (Kista, Älvsjö, Gothenburg and Karlskrona) and in order to avoid misunderstandings, all interviews but one have been recorded and then listened to at least a second time. The interview not recorded was a result of expressed concern about integrity, however, during this one, two of the interviewers fully concentrated on taking notes in order to assure accuracy and reduce biased results. Having most of the material recorded, allowed the authors to thoroughly focus on the interviewee, to be responsive for follow-up questions as well as to recognize body-language. In order to avoid drawbacks with having interviewees feeling uncomfortable due to the tape-recorder, everyone was asked for permission and also assured confidentiality of the recorded information.

3.3.2 Secondary Data

Secondary data is referring to data that was originally collected for other intentions. It can be used in a variety of ways and for multiple purposes. Secondary data can take the shape of documentary, multiple and survey material (Saunders et al., 2003). The strengths of using secondary data are that information is already processed and accessible. The main weakness is that secondary data might be created for another purpose compared to that of this report, which may yield a somewhat skewed picture. The data used in this report might also be contradicted by other data not included (Saunders et al., 2003).

This thesis makes use of secondary data in order to support primary data as well as findings. The secondary data has been collected from a multiple of sources such as academic books and journals, the internet and published theses as well as relevant corporate documents (see below). Much consideration has been done in order to make sound choices amongst the vast literature. All of the data used have been published and the majority of the data was collected from academic journals and scholars in order to provide balanced theoretical aspects on specific issues. Well recognized authors have been chosen to the largest possible extent. In addition to these sources, a survey conducted among the employees at Ericsson called Dialog (2006 & 2007) have been used. This survey is conducted by SIFO Research International (SIFO) once a year to measure the satisfaction among all employees and uses the same questions and values every year to make sure that it provides comparable results. SIFO is an acknowledged institute providing custom-made surveys to companies and other organizations (SIFO Research International, 2007). In the empirical chapter the authors have rather frequently used results from Dialog as a reference point to the specific findings of this study through interviews.

The authors have also been given access to the Ericsson Intranet, where the company stores relevant information that has been used in order to get overall information.
3.4 Data Presentation and Analysis

Due to the relatively high number of interviews conducted in this thesis, the data presented had to take on an unconventional form in order to ease for the reader and to make sure that the information provided is clear and relevant. Thus, the empirical findings are presented together with analytical references in chapter 4. This is done by relating the theories presented in chapter 3 together with empirical findings collected mostly from interviews with line-managers. Chapter 4, presenting the results, is divided into critical areas related to the effects and the process of change. It provides both a presentation of results as well as some analysis where theory is connected to findings. The chapter is then ended with a pure empirical summary.

This data presentation has ensured confidentiality in the sense that it will never be noticeable who said what in the empirical results. Also, it provided a clear structure and base that is easy to follow related to the research questions. Further, it is obvious that such extensive empirical findings have included information that was not relevant for this specific study and by having this kind of structure, one might to the furthest possible extent eliminate irrelevant information from being used.

This chapter is followed by an analytical discussion in chapter 5, where some critical areas that emerged are developed and discussed even further. This has been done through the authors’ own model of the critical issues of implementing change and what one might learn from this specific re-organization and study created from it.

3.5 Ethical Implications

In order to ensure that no sensitive information related to Ericsson’s operations leaks out, the authors of this study have signed a contract stating professional secrecy.

Further, all interviewees have been guaranteed confidentiality. As mentioned before, recordings from interviews have been done to support the interviewers’ notes and ensure that only correct information is used, thus avoid misunderstandings. However, nobody except the researchers will know exactly who were interviewed and what each individual answered.

3.6 Criticisms of Chosen Method

There are both positive and negative criticisms towards the qualitative research method. It is sometimes criticized for not being scientific enough due to the nature of interviews (Kvale, 1997). The question is often what kind of scientific value that can be added by mainly using interviews. This particular study aims to gain deeper understanding of what line-managers think about a specific re-organization. Thus, in-depth interviews are a prerequisite in order to attain that specific knowledge. If qualitative research would not be included in the research repertoire, many highly relevant and important fields in need for new knowledge would not be possible to address. It is not the qualitative method per se, but the ways in which they are carried out that matter.

Miles and Huberman (1994) discuss the advantages of using a qualitative approach. They argue that qualitative methods provide for vivid understandings of reality and complex situations due to the rich collection of information. Further, by using a qualitative method, emphasis is put on people’s own thoughts and experiences of a particular situation which leads to an optimal
opportunity to investigate how people’s lives are affected in different situations. Taking this into account, using a qualitative approach in this study was a necessity.

A common question related to the qualitative study is also whether the results can be generalized, that is, whether it can be assigned to other similar situations (Kvale, 1997). However, one needs to understand that every situation is unique, meaning that each phenomenon has its own structure and logic. Universal laws of behavior are extremely hard to find due to the complexity of human behavior. Stake (1994) discussed the opportunity to gain generalized results from case studies and found that there are three forms of generalizability to be gained in this type of study; Naturalistic, Statistic and Analytic. The naturalistic generalization is grounded in personal experiences and mainly consists of silent knowledge that will lead to expectations and explicit know-how. Statistic generalization is formal, explicit and direct in the sense that a sample is randomly selected. If the interviewees are randomly selected and the result is quantified one will reach statistic generalization also in case studies to specifically defined situations. Analytic generalization is reached when well-grounded judgments are made with a focus on what would happen in a different situation. That is, if the analysis is thorough and created on existing theories the researcher has opportunities to prove to the reader that the results are generalizable (Stake, 1994). In the case of this study both statistic and analytic generalization can be argued for despite a qualitative case focus. The interviews have to the largest possible extent been chosen randomly and the results of critical issues have been quantified. Still, it is realized that a genuine and comprehensive statistic analysis demands even more, but statistic issues have been dealt with in the sample selection and other issues in order to support statistic generalization in this case. The analysis was based on well known and acknowledged theories and the reader can easily follow how the well-grounded results were found, supporting the argument of analytic generalization. Thus, the issue of generalized results has been tackled to the furthest extent possible.

When conducting a case study with a focus on change, it is obvious that the optimal method would be to collect empirical information before, during and after the change is implemented. This would enable objectivity of the before- and after-perspectives of the change and its implications. However, the scope and time-span of this study did not make such a study feasible. Thus, the before-perspective is only viewed in the light of the after-perspective, which for several reasons might lead to a skewed and modified picture of how it actually was. Also, interviews were only conducted with present line-managers, i.e. the ones that due to the changes did not keep their position as line-manager have not been considered in this study.

In modern research the issues of reliability, validity and objectivity have become the holy trinity of science (Kvale, 1997). In the following section these concepts are discussed in the light of this specific study.

3.6.1 Reliability

Reliability is one of the two most common ways to measure the quality of a study (Yin, 2003). It is concerned with the degree to which a specific method of research would yield the same results if other researchers would conduct the same study. When it comes to qualitative studies this entails some problematic questions. First, it is difficult for a different researcher to retrieve the exact same information through an interview since the collaboration between the interviewee and the interviewer is of great importance to the retrieved data. Also, the result in qualitative studies is to a large extent based on the researchers’ own analysis and measurements (Yin, 2003). In order to ensure reliability in this study, clear interview guides have been made and all three researchers have been present during the interviews. The choice of methodology as well as exact descriptions on how this study has been conducted is presented thoroughly in order to secure reliable results. However, attention must be given to the fact that the way the researchers chose to present and
compile the extensive qualitative data collected from interviews in the empirical result, might influence how the analysis and results were found.

3.6.2 Validity
The other common approach to measure the quality and trustworthiness of a study is through the degree of validity (Yin, 2003). It is concerned with the extent to which the researchers access the data that was intended, i.e. whether the collection method results in what one actually was supposed to measure (Saunders et al., 2003). In this study, a large amount of in-depth interviews were conducted with a primary focus on the specific re-organization. The interview questions ensured that as much correct information was retrieved as possible. Translating questions and answers from Swedish to English might have lead to some bias, however, by recording interviews the researchers could re-listen to them and ensure that the provided information was valid. Further, by having semi-structured interviews the respondents had the opportunity to motivate and discuss their answers in order to achieve a straightforward communication which in turn decreased the possibility for misinterpretations.

Due to the nature of this case-study the collected data is very detailed and precise, which has eased the opportunity to connect theoretical and empirical data in a valid way.

3.6.3 Objectivity
It is argued that there is no objectivity in the qualitative research method, mainly due to the high degree of human interaction during interviews (Kvale, 1997). However, one needs to understand that there are several meanings of the word objectivity. If objectivity is referred to knowledge that is free from bias, certain procedures need to be assigned to the interview in order to assure a high level of objectivity. Further, the researchers’ understandings are related to the previous knowledge and experiences, the frame of references used and the personal interests (Kvale, 1997). Thus, objectivity would be impossible to reach in a qualitative study. In order to attain a high level of objectivity in this study, the researchers have used the same interview guide for all interviews which is used as the basis for well-founded results. The authors did not have any previous knowledge of GSDC Sweden and all information and understandings have been required in the process of this study. Also, in order not to influence the result of this study a broad field of theories has been used and emphasis has been put on the issue of being neutral in the analysis to avoid favoring any results.
4 THE PROCESS AND EFFECTS OF CHANGE

This chapter will present the empirical data concerning re-organizational implications at GSDC Sweden in conjunction with analytical contributions. The latter is connected to the previously presented theory.

4.1 Main Concerns of the Re-organization

This study is focusing on GSDC Sweden, which is a part of Ericsson and one of many GSDC’s around the world, with the following mission; ‘Based on a solid understanding of customers’ needs, deliver superior services and create business opportunities through operational excellence and empowered employees’ (Ericsson, 2007b). Their long-term objectives are thus; (1) Operational Excellence, which aims at creating an efficient global operation, balancing centralized and local resources for service delivery and ensuring profitable growth and customer satisfaction. (2) Profits and Strategic Direction, i.e. establishing a service delivery culture that is aligned with the unique needs in each competence area which promotes customer focus, best practices, knowledge sharing and business generation. (3) Employee, that is, attract and maintain top talent by creating an environment where growth and empowerment are key focus areas. The service delivery center in Sweden must therefore be structured in a way that will lead to optimal utilization of competences (Ericsson, 2007b).

During early 2006, top-management at GSDC Sweden realized that they needed to carry out some structural changes within the organization in order to stay competitive. A few specific goals were of essence when conducting the re-organization; to move from a product-based structure to a competence-based one, to make new constellations of groups and to reduce the number of line-managers. The blueprint of the new organization tackled the division of work and pushed through an organizational shift from being divided into different product areas (PA’s) to a division according to competence areas (CA’s), which in this case relates to specific technology used in production i.e. technological platforms. This shift would entail that one group, or a combination of related groups, would be able to produce many services based on the same platform and hence one group would be able to deliver a complete solution, i.e. all kinds of services relating to one assignment. This also means that the customer will only have to contact one specific group in order to receive all relevant competences related to their project, a so called ‘one-stop-shop’.

Division of work in accordance to activities is highly visible in both the old and the new structure. In the previous organization, it was done in line with PA’s. However, one PA was not able to deliver all relevant services and the customer had to work with different PA’s in order to get the requested services. That is, the different PA’s were earlier focused on providing a specific service that they had expert knowledge in and not the complete basket of services needed for a specific assignment. The re-organization would also enable alignment and integration between different PA’s, simplify the interaction between internal units as well as ease communication for customers by having the mentioned ‘one-stop-shop’ where the whole solution is bought. This new way of working within the organization required new constellations of groups in accordance to individual competences. A final major change entailed the reduction of the line-managers who are responsible for a group. As a result of this, all line-manager positions were re-defined in clear written documents and all line-managers had to re-apply for a position within the organization.
These actions were handled by a professional recruitment agency and not GSDDC Sweden itself. The mentioned changes were looked upon as strategic moves in order to improve internal performance and as a consequence keep a strong competitive position on the telecom market. The old and new organizational group-work is illustrated in figure 4.

![Old Organization vs New Organization](figure4.png)

Figure 4 - Change in Expected Group Output

In order to achieve an optimal implementation process, theory suggests that it is important for Ericsson to inform and involve all concerned workers. If change is driven with a top-down approach, the need of communicating a unified picture increases. That is, the answers to how, why and when has to be clear as well as perceived in the same way throughout the organization. To be able to constantly learn and improve, evaluation of the process should be conducted and the gained knowledge must be considered for future changes. The effects of change processes are related to the degree of resistance shown by employees. This in turn is connected to how the middle-manager has handled the change-process. If this process is handled in a suitable way one gains a unified commitment, which leads to a higher possibility to achieve the desired effects.

4.1.1 Interrelation of Process and Effects

This study’s primary purpose was to investigate the effects of the conducted organizational changes, which does not have a simple cause-and-effect relationship. Effects of organizational changes are not general, i.e. they are highly influenced of the organization-specific situation and the particular process used to employ them. In order to investigate the effects, this study also looked into the preceding implementation process. The model below shows the overall picture of this study and how the different areas of concern are interrelated.

![Overall Picture of Concerned Factors](figure5.png)

Figure 5 - Overall Picture of Concerned Factors
Since this study is concerned with both the process as well as the subsequent effects of a re-organization it is important to understand that some surrounding circumstances are influential. As seen in figure 5, the effects of the strategic changes are affected by the problem’s characteristics as well as the context in which it exists. In the case of Ericsson, the characteristics of the problem are the practice of staying ahead of competition through changes in their organizational design. The outer context pushes for constant changes through market forces, which can be facilitated by features in the inner context. For example, a strong corporate culture that embraces change in the inner context has great influence on the desired effects.

The empirical findings of this study are presented together with analytical remarks throughout the entire following section. This integrated way of presentation will conclude with a table highlighting pure empirical results in order to create a clear view of important areas.

4.2 Effects of Structural Changes

The change of concern in this study is looked upon as significant enough to be qualified as strategic. It was initiated and driven from top management, it was however not only they who realized the need to conduct a re-organization. Although there are a multitude of perceptions to why there was a need to re-organize, over half of the interviewees (57%) realized a need for improvement within several areas in the old organization. Hence, they did indeed understand the actual need to re-organize since they experienced dissatisfaction over the state in which they were. This is a vital part in the acceptance and promotion of change actions (Chenhalla et al., 2006). In comparison to the other sites, the need-realization of a new organization is most pronounced in Karlskrona and Älvsjö, where all interviewees described it as a necessity. Both of the other sites were inclined towards not realizing such a need. Today, approximately a year after the big change, the new organization has somewhat sunk in and Dialog (2007) shows that although the proportion of total number of employees supporting the organization’s direction is somewhat lower than last year (82%) a large part is still supportive (81%).

The old organization did not have a unified way of conducting business and therefore the re-organization resulted in varying degrees of change for the different geographical sites. Organizational work processes was inevitably affected by the new structure. Different groups of workers, the group of line-managers being one of them, were affected in varying ways by the re-organization. There has been an increase of people in the high levels of management groups, which sometimes have made it increasingly difficult to make one’s voice heard. In many cases line-managers are relatively autonomous and therefore they have not experienced it as a big issue, however, some line-managers have expressed the concern that the chain of command is too long and as a result it is hard to push through ‘their case’. Further, when looking at line-managers’ subordinates, one of the aims of the new organization was to increase the general group size to 20 people, which for most line-managers meant an increase in their span of control. Span of control however is not the only structural influence they have experienced, also work-processes as such have of course changed. Line-managers in different sites have had varying experiences when it comes to work-processes. In many cases the Älvsjö-site did not experience great changes since the way they worked previously is very similar to the way the new organization operates. On the contrary, many of the line-managers in Kista have had an extremely rocky year and experienced great changes in many areas. The groups in Karlskrona have expressed that the biggest change for them was not to be as geographically focused, which was one intention of the new organizational design. Their subsequent challenge has been that they have been clustered
with groups in other geographical sites. The kind of local team-spirit previously present and the locally based solidarity is hard to create in the new organization, which is not surprising. Kanter (1985) explained that resistance to change can occur when social relations are lost.

### 4.3 Line-Managers’ Workload

Varelas (2005) argues that re-organizational changes take longer time to settle in lower levels of the organization if they have not been included in input-process to the change. New ways of conducting work brings periods of adjustments, which in turn requires effort and commitment. In today’s organization, goals, groups and day-to-day work are different for many line-managers which inevitably alter workload. Below, the areas most influential for the line-managers’ changed workload are discussed. These mainly originate from three sources; changing group-compositions, increase of internal travels and increase in time-consuming administrative tools.

At the moment, the number of employees within GSDC Sweden is not satisfying according to organizational plans. There is a gap of approximately one hundred people between the actual and the wanted number. This number only refers to group-member positions and not line-manager positions. The latter are according to what it is planned to be. As will be discussed later, group compositions have altered greatly in size, location and competence-composition. Out of the interviewees 36% have responsibility of a larger group of co-workers today than before the re-organization. As have been elaborated on when discussing group-composition, group size per se is not the only crucial factor, the changeable composition of people also alters groups’ accumulated competence bases, affecting each line-manager’s workload. One interviewee said;

> ‘All of a sudden, there were twice as many people in the group, people I had never seen that were working with things I have never worked with. I started with X people then I got another 30% into the group. Today however, out of those we are only 43% left. The seniors took off. Generally, people here work [at one position] for a while and then they move on but during re-organizations, many people are usually moved around. It is drastic. In our case, we have gotten a lot of people that do not know what they are doing and all the seniors have left so there is no one to teach them.’

Having such changeable groups, when it comes to size and in-house competences, affects line-managers. Increasing group-sizes are not site-specific but is evenly spread among them in order to reach the full-sized groups of 20. For the line-managers with larger groups, administrative workload is heavier. It is also notable that, especially in Kista, competence within groups has been lost since valuable seniors possessing needed knowledge have been moved. Instead, groups have received employees that need to be trained and educated, also evident in the above paraphrase. Chini (2004) stresses the importance of transferring knowledge on a continuous basis. Today, however, there is an obvious gap in the knowledge base that is to be filled by training. Both the issue of less competent people and the need for more personal development inflicts on line-managers’ workload. In other sites however, interviewees have expressed gratitude to having had seniors moved into their groups. One interviewee has expressed the complexity of not having as homogenous group as before. The fact that groups are diverse in order to be able to deliver complete solutions, rather than parts of a solution, makes it more difficult to manage since the group-members have different needs and demands.

> ‘Today I have a group of 17 people, which is a combination of different roles. In position of being a boss, I’d like to have a homogenous group since with different roles comes different backgrounds, needs, etc, which makes my role as a manager rather complex.’
As will be discussed later, the fact that subordinates of one line-manager are geographically dispersed to a greater extent than earlier contributes to a change in travel-pattern. When it comes to travels concerning internal issues and not specifically for customer-projects, 36% of the line-managers travel more, whereas it has actually decreased for 14%. A few line-managers experience that pressure on line-managers increase since their travel-time has soared. Whereas most line-managers do not experience difficulties with traveling, some realize that they might do in the future, however only a small proportion of the line-managers experience it as a major drawback. It is however notable that among the ones who do, they do not express it in negative terms for them personally but for the company and mostly relating back to costs.

‘Geography has always set limits for human kind, I do not see that this geographically dispersed structure can hold for long. It contributes to unnecessary costs and it will have a large impact in the future. Especially in Sweden, keeping costs down is extremely important.’

Today, groups are in general larger than before and this contributes to more administrative work for line-managers, which leaves less time to run the operative work. The reduction of operative workload and increase in administrative work is an intentional strategy of the organization. Adding on to this increase is the recent reduction of personnel not directly contributing to operative revenue, among which administrative personnel constitute a large part. Even though none of the line-managers seem to be aware of that the administrative workload has increased partly due to an intentional strategic move, all of them are aware of the decision to reduce administrative personnel. Hence, line-managers are well aware that the increase in administrative work that they now experience is not only directly originating from the re-organization. Another critical area when it comes to administrative work however, is the use of computer tools. Many of the administrative tools used today take long time to learn and little training has been conducted. Much irritation is funneled towards these tools since it is perceived as time-consuming and complicated.

Since there are many members in each group, managers feel stressed and it has been expressed that they would appreciate more time with there subordinates. Relating this to Woodward’s (1980) span of control one can connect the issue of having too wide span of control that in turn results in higher levels of stress and informal group-compositions working against the management. In GSDC Sweden’s case this is of relevance. However, it has been proven that the number of subordinates is not too high in relation to how many one manager can handle in the operative work, rather it is due to the administrative tasks that has been added. Due to the relatively large sizes of groups however, it is hard to make one’s voice heard when it comes to new ideas, routines and propositions. One interviewee expressed this in the following way;

‘Informal groups have been formed because people know it is hard to get things through, so instead of running it by the whole group, people go direct to upper management and plant an idea. It feels like they work contrary their own managers and group.’

### 4.4 Communication and Information during Change

The concerned change has largely been driven with a top-down approach without involvement of low levels. All GSDC sites in Sweden have been treated in similar manners in terms of input to the new organization and have in general had opportunities to put their own niche to the implementation. There are however exceptions to this rule since some groups have been put together with groups that are located at different geographical sites. For example a lot of groups in Kista have been placed together with groups in Älvsjö. They have historically very different ways of working and have successfully been able to conduct business in their own preferred way.
However, the new organization was created in line with how many of the groups in Älvsjö already had been working, thus when re-organizing, these particular groups did not look upon the change as substantial at all. One of these line-managers said;

'It is hard for me to even view this re-organization as a change since I am basically working in exactly the same manner as before. The biggest change is that some groups have been moved into our organization. But above all, this re-organization is a confirmation of the fact that the way we were working was a suitable and smart way to conduct business.'

On the contrary, there were some groups in Kista that were moved into the Älvsjö organization, which has lead to great changes for these groups. Concerning this, one line-manager expressed that,

'It has been an extremely turbulent year for me and my group, probably the most turbulent year ever.'

The ways of being informed about the upcoming re-organization have varied greatly between line-managers. Some have received the information from personal communication with their immediate boss or by attending a meeting but some line-managers heard about the re-organization through a rumor. Common for most of them is that no matter in what way information was communicated, it has come in small bits and pieces and is largely thought of as not being sufficient. The line-managers that initially heard the information through a rumor were situated in all geographical sites and some thought that the blueprint of the re-organization was presented to the employees before the implementation was thoroughly planned due to the unfortunate rumor. Although, information in large was seen as insufficient, the new blueprint seemed to be obtainable which is vital for implementing change (Chenhalla et. al., 2006). Further, when the new blueprint and the plans for the new organization were communicated, 50% felt that it came as a surprise whereas the other 50% said they expected something to happen at that point.

'It came as a total shock for me that we were about to re-organize. I didn't see a need for it since I thought that we were really good and efficient in the way we were working. The new organization entailed that we had to give up most of how and with whom we had been working.'

This can be compared with;

'No, it didn't come as a surprise that we were about to do some big changes. It was a while ago we did the last re-organization and there were a few things we really needed to improve in the old organization'

Kanter (1985) discussed the issue of unexpected change and concluded by saying that the first reaction to unexpected changes is resistance. Not all of the 50% who were surprised to hear about the changes at Ericsson expressed that they resisted to it, rather, many of them realized the potential of the re-organization and are now positive towards it. Nevertheless, the ones that are still negative towards the re-organization were all initially surprised to hear about it. This confirms what Kanter discussed as well as demonstrates Mullins’s (2005) point in taking greatest possible care during the implementation process.

As have been discussed earlier, communication is one of the most vital issues when it comes to implementing a change. First off, the way the change was communicated from the beginning is critical factor in this study. It is shown that many of the line-managers got to know about the upcoming re-organization through a rumor which could have lead to the fact that they did not feel as if they were involved in the process of conducting the change. Kanter (1985) posits that
‘change is exciting when it is done by us and threatening when it is done to us’, which is highly applicable in the case of Ericsson. The line-managers who felt that the re-organization was a change that confirmed the way that they were working before feel highly involved and can thus experience excitement about it. However, the line-managers that had to do great changes and also got to know about the re-organization through a rumor view it differently. They feel that this was decided about them without even bothering to involve them, which also confirms the quote from Kanter (1985). It is important to understand that, as Olsson (1985) explained, a re-organization will always lead to a different constellation of winners and losers. It is however important to consider the opinions of the dissatisfied managers and make them feel involved.

All line-managers were asked to say what they believed were the actual reasons behind this re-organization. Here are the most frequent answers from line-managers regarding what they thought were the reasons;

- "We needed to increase the co-operation between the different silos. It was difficult to increase the cooperation as the organization looked before, now we have a much more logical division of competences."
- "Now the whole world is re-organizing. It is obvious that they wanted to give some people the opportunity to work with other tasks than only the ones they were doing and thus create a competence structure where everyone should know little about a lot."
- "It was too tight between each product area which made it really hard to co-operate. By re-organizing, a 'one-stop-shop' is created which makes the process for Market Units a lot easier. The delivery flow of services is now a lot more efficient."
- "I believe that some parts of the business wanted to do what we are doing. For example the customer support wanted to be involved in other parts of the process as well. In the old organization we were structured related to how we delivered services, now it is related to what we are working."
- "The aim was to be able to deliver services no matter what geographical site we were located at."
- "To create larger flexibility for consultants in the projects they were working in."

When looking at these different paraphrases it is obvious that the very goal of the re-organization has not been stressed enough when communicating the change from the beginning, which according to Kotter (2007) is one of the most common failures when conducting change. This has led to that the affected people have drawn their own conclusions as well as picked bits and pieces that they felt were the real reason behind the changes. Most of the above expressed reasons are by no means wrong, however, they were not intended to be regarded as a main reason. Strengthening Kotter’s reasoning, Sjöstrand (1997) explains that the reasons behind the changes might not be obvious to everyone thus it is of great importance to clearly express the *how*, *what* and *when*, regarding the up-coming changes during the implementation period. Looking at the above paraphrases again one can see that this is something that was not good enough and a much clearer communication would have been needed in order to get even more people onboard and potentially make them more positive towards the new organization. More positive attitudes facilitate sought-after positive synergies for the organization.

Sjöstrand (1997) further suggests that when implementing a re-organization managers could create some kind of chaos and confusion in order to trigger actions. In the case of GSDC Sweden, 43% did not see a reason to re-organize. This might have been a different case if higher
management would have created incentives and good reasons to actually conduct the changes. Strebel (1996) however suggests that a change should be implemented carefully and systematically in order to get the best result. It is extremely important to highlight the need to change and in which way employees can contribute to the changes in a valuable way related to formal, psychological and social dimensions. When looking at the re-organization within GSDC Sweden related to Strebel’s theory one can conclude that, due to a conducted re-definition of job-positions and goals, most of the formal dimensions such as job descriptions and other performance agreements were fully developed and are perceived as clear and valuable. Looking at the psychological aspects that treat the relation between the line-manager and the subordinates is a situation that can be seen as somewhat complicated. Ericsson is a traveling organization and their nature of business requires them to be geographically dispersed, however this does not make the personal relationships less important. The result of the interviews has shown different opinions about this. A large part of the line-managers feel that they would want more time with their subordinates and think that they do not have enough face-to-face interaction, while others expressed that they do not request more.

‘Our employees are used not having us managers around, perhaps they would appreciate more ‘one-on-one [time]’, but they fully understand that this is not an easy task, and that we do what we can in order to be supportive’

In the social dimension Strebel (1996) emphasizes the manager’s actions and the employee’s faith in them. Line-managers are structurally different from group-members however, they are not put on a pedestal where their work can never be questioned. The decision that they had to apply for the newly formed line-manager positions delivered a message to the employees that their manager were not merely accepted and the ones who got to keep their position were proven to be the right person for the job.

4.5 Communication in Today’s Organization

One desired effect of the re-organization was to facilitate, as well as support, communication between functions within the organization as well the communication to customers, figure 6 serves to illustrate this.

![Figure 6 - Communication Shift](image)

The shift in communication shows that today’s organization requires ever more communication via certain computerized tools, i.e. not only e-mails, in order to have standardized channels. This was an intentional strategy in order to facilitate and standardize communication. The increased use of computerized tools however has been seen with different views. Even though Dialog (2007) has found that 76% of the employees think that communication channels in general are efficiently used. This study’s interview-results shows that 43% of the line-managers think that
today’s communication channels are neither well-defined nor user-friendly whereas the same proportion (43%) of the line-managers think that there has been no significant change in communication channels. Among the latter group, some of the line-managers have expressed that they have not experienced great differences since they have such a stable personal network to rely on. These are all line-managers working with groups and areas that are the same, or similar, to what they did before the re-structuring. One may question whether they actually make full use of the computerized tools or if they still rely heavily on old personal connections within Ericsson. When it comes to the computerized tools, it is supposed to be a channel for communication and an aid in resource allocation, relying on a data base connecting people with competences.

‘Generally, the administrative tools have increased a lot and they take up a lot of time since they often don’t work properly.’

An issue for line-managers is that there has been little training in how to use the administrative tools and they have been experienced as frustrating and time-consuming to use. One interviewee expressed the following about the used administrative tools;

‘The pedagogical streak in this company is not very strong, instead the focus of getting people to actually understand is not stressed at all. This creates confusion of what we are actually doing and why.’

The frustration falls back on both the complexity of usage and the fact that line-managers have taken over a large part of what traditionally have been conducted by administrative personnel, i.e. on top of using a new system, many actual work-tasks are new. Additionally, the interviewed line-managers have in general been employed for a long time period and therefore they have knowledge on where to turn within the organization. Starting to use a computer system to guide them right is thought of as impersonal, however, even though complaints on actual usage of the tool, the purpose of it (easily accessed information and standardized communication) has been fulfilled. The perception of whether the change in communication is good or bad has a mixed dispersion among the sites and there is no obvious geographical relationship. However, none in Gothenburg and Kista perceive the channels as well-defined and clear.

Nicholls (1995) argues that a committed work-force feel that they belong and are excited about what they do. The result of making line-managers use computerized communication channels to a larger extent has reduced the personal communication and inevitably also interaction, which has had psychological implications on commitment. One implication may be that since involvement is reduced, the sense of belongingness is negatively affected for that particular work-group. This effect may be furthered by the implied weaker site-culture experienced within the organization. Adding on to the negative effect on involvement is the fact that some operative responsibilities have unceremoniously been removed from the line-manager’s table. However, even though the new communication channels may inhibit personal communication and involvement to some extent, it also provides an equal information ground for all line-managers. Information is there for everyone, at any time.

Not only the internal communication changed significantly but the new organization also brought a new way of conducting communication with customers. Again the aim was to facilitate the communication process, however, this time the focus was put on people external to the organization. The figure below shows a common view of both the internal and the external communication.
As can be seen in figure 7, in the old organization, the first step in a project-purchase was that the network operators (end customer) contacted a Market Unit (MU) who acts like a middle-hand and ‘buys’ projects from GSDC Sweden. The MU’s are thus an internal part of Ericsson but act like customers related to the different GSDC’s. Subsequently, in the old organization the MU had to find the particular resources within GSDC Sweden that was able to deliver the requested project. This was a time-consuming and complex task since, in order to deliver a complete solution many people with different resources had to be coordinated. These people were situated in different areas, groups and locations. In addition to having a time-demanding process, there were often problems with requested people already being occupied with other projects. The process of contacting the right resources could be perceived as a confusing process since there were no clear enough tools to guide the MU’s in their search. As one can see in figure 7 there are a few highly critical communication-related areas (see gray areas 1 & 2). Area ‘1’ represents the communication-difficulties between customer and MU and area ‘2’ represents communication-difficulties between MU and the sought-after human resource. These difficulties were something that today’s organization was going to remedy, partly by applying a new computer tool and partly by incorporating an extra function between the MU and GSDC Sweden, a so called ‘primary contact’ (PC). There was to be one of these ‘primary contact’ functions per competence area and it would result in the removal of critical area ‘2’. The idea with the function is to have one single point of contact for MU’s that is well aware of where in the organization the needed resource is found. Knowing what competence is needed for a specific customer-project, the ‘primary contact’ and easily accessible information on where to find it, the communication of assignments was supposed to be easier to handle. Today however, evidence show that by removing much of the human control and instead rely on computer tools, mix-ups have been made. It is not very common but one unique interviewee expresses his concern;
According to the same interviewee, a function not existing officially in GSDC Sweden has emerged in a couple of geographical sites in order to facilitate the PC’s work. It is placed between the PC’s and CA’s and acts as a supporting function. Their mission is to find and allocate resources to projects and then confirm it with the MU’s. This is per definition the PC’s main task and hence this can be seen as a failure of the PC function. Similar functions have been created in other GSDC’s around the world without it being communicated and common for them all is that they operate within highly complex units.

These findings also have ties to Nicholl’s theory (1995). Traditionally, certain line-managers have been ‘a must’ in certain processes due the high reliance of human communication of requests but today, MU’s may avoid person-related reliance by using the computer tool, which opens up for a greater span of options. Obviously, human importance has been reduced in the delivery process. This is positive for GSDC Sweden in the sense that they do not have to place as much weight on specific positions or people. However, reducing a person’s responsibilities in such a way inflicts on perceived involvement. Line-managers may feel that they are not as involved in delivering projects as they felt before. The third and final component is the accountability of results, companies need to deliver what is asked for by their clients. Having employees that believe in the products and services they deliver, will create a stable ground for commitment. Dialog results (2007) show different indicators of having employees believing and accrediting faith in GSDC Sweden’s output. The following figures show the positive support of each indicator;

- ‘Customer orientation’ 77%
- ‘Going the extra mile for customers’ 86%
- ‘Support of new organizational direction’ 81%

Overall, there seems to be a good internal confidence in what is produced and delivered by GSDC Sweden, however, it is evident that the new communication standards have not been implemented successfully, as can be understood in the paraphrase previously referred to exclaiming that wrong competences at wrong time have been delivered. This inevitably has effects on accountability and even though it is a unique case it is an issue that may spread a ‘bad feeling’ which could have extensive effects. Another implication of having largely computerized channels for problem-solving actions may be the creation of habits and routines as a response to the subsequent uncertainty. This in turn may have major consequences for the re-organization.

Looking at both the internal and external communication, this stresses the fact that the decrease of personal communication and responsibilities are critical actions. Therefore they have to be treated delicately, even more so since they were executed in combination with each other. However, if one looks at this particular cornerstone of Nicholl’s theory and one assigns equal importance and weight to each of the three components (informed, involved and sharing in success) it may be argued that in GSDC Sweden’s case the involved-component may be affected negatively by the decrease of personal communication but the informed-component’s importance has increased since the computerized tools makes information available in ways that where not possible before. Therefore one may argue that the shift in how communication is conducted is indeed different but it may not have decreased in quality.

### 4.6 Group Composition and Knowledge

Since Ericsson is a traveling organization most of the employees and the line-managers are used to not having the whole team by their side, nevertheless there are managers who feel that they
have lost important interaction with their team and would appreciate more. The value of this interaction is stressed by Balogoun & Johnson (2004) in terms of alienation of managers to their groups. Some of the groups, especially in Kista have had large rotation when it comes to people, the implication of this is that line-managers feel they have to spend too much time guiding the new-comers into the new groups. Adding onto this is the perception of group’s competence bases as unstable. Dialog (2007) however, contradicts this and states that 81% of the employed look contently upon their own competence, which indicates an increase of 1% since Dialog (2006). These opinions would, according to Kotter and Schlesinger (1979), lessen the resistance to change. The major part of the respondents in the survey is however co-workers, i.e. the survey provides a view from a lower level in the organization. The findings from interviews with line-managers are approaching the same issue but from another angle and it highlights that, co-workers look differently upon competence compared to line-managers. It may also be that the findings may have brought forward a minority’s view on competence and in general, groups’ competence-level is indeed satisfying.

As Kalling and Styhre (2003) argue, knowledge can be very hard to measure, in the case of Ericsson this can bee seen from two sides, the internal and the external. The internal technological knowledge might be somewhat easier to measure due to the coding of persons and their competences in data bases. The other internal knowledge that is tacit and gained from experiences is hard to measure in general and maybe even more so in such a large organization as Ericsson. In some groups, the majority of the people who left were seniors and therefore managers have expressed that they lost a lot of competences and tacit knowledge. It should be realized that knowledge did not leave the organization since people, the knowledge-carriers, did not leave the organization as such. They only moved from one group to another. However, knowledge may have escaped or entered groups and for some groups, knowledge-losses have been radical. Of course, since knowledge is largely tacit it is hard to analyze how much has been lost on the way, but as all human beings have different experiences and knowledge, one can speculate that it is an extensive share. Within Ericsson however, employees change positions frequently but the alternation does not concern as many people as it has done in the case of the re-organization. Hence the effects are bigger than in the regular movement of employees. Finally, it has been argued that actual sharing of knowledge is crucial and even more so within the context of major organizations such as Ericsson. Within GSDC Sweden it is an issue of continual importance, which is strengthened by a view of 83% explicitly expressing a belief in a high state of organizational knowledge-sharing (Dialog, 2007).

Although it has been almost a year since the new organization was put in place there are still some question marks among the line-mangers about what some groups have in common and why they are now put into one group. This should not be a difficult issue since both group compositions and co-operation between groups are based on expected competence and what they are able to deliver in terms of services. For some managers this has lead to frustration and weakened faith in the sense that they feel that their group and what they do is less important. This can lead to uncertainty that is not pleasant, both employees and managers can feel neglected and less motivated to form a new strong group hence they might lose the sense of belongingness that is needed in order to create a winning team. Further, as argued by Kotter and Schlesinger (1979) when changes involve new network processes and routines, people start questioning their own competences and as one can understand, this is personal and not all people react in the same way. However, if they do react this way there is a chance that they develop a resistance to change and this behavior consequently can be spread to the rest of the group. Frustration has been expressed in a variety of ways, one of which is;
I don’t feel sure that upper management appreciates my group and my work! One starts to question how long they will keep us here doing what we are doing.’

The problem of combining different groups was in one case specifically expressed;

I have a group with people that formerly came from two different places, however they still don’t have anything to do with each other and therefore it is hard to get them interested when having combined meetings. First, one group is asleep when it doesn’t concern them, then as soon as it is in their interest they wake up and the others goes to sleep. It is hard to plan and hold a meeting where everyone feels involved’.

Also, when individuals feel like they are about to lose something that is important to them, the person can ignore to see what it best for the bigger picture rather they look to their own best interest. This might be one of the explanations to why some line-managers have emphasized negative aspects of the re-organization (Kotter & Schlesinger, 1979). However one line-manager expressed the following

‘I can understand why this re-organization came about, it was probably necessary in order to stay competitive, however I can not from my specific group perspective see how we could benefit from this. Also, even though I understand why, I am not sure that my group members do.’

In some groups however it has been very little turbulence. Basically, one can say that the ‘lucky groups’ were positive about getting a few new people through the door and it was looked upon as a chance to gain new knowledge and develop a more extensive social network.

Well, we were quite lucky in the sense that our group did not change as much as some of the other ones. We saw the new co-workers as a new way to gain knowledge and also develop a deeper contact with the new group-members. The ones who moved in were more experienced and it has been an easy process integrating them.’

The above mentioned aspects of knowledge-sharing has been from the internal side of view, on the external part, knowledge in Ericsson is gained through some acquisitions of other smaller firms. This helps them in the sense that they do not need to educate and learn things from scratch, just place the new people with right competence in the suitable groups.

4.7 Culture of Change

Culture is an underlying determinant of how change is perceived and dealt with. Line-managers within GSDC Sweden look upon their culture as strong and highly characterized by change. Change has been expressed as a concept incorporated in every detail of work-life and within Ericsson change is looked upon as rather normal. Most interviewees expressed that there are always upcoming changes within the organization. Historically, changes of this kind of magnitude are conducted every second to third year within GSDC Sweden and therefore, line-managers think of themselves as experienced and used to change. They constantly feel that, whatever state they and the company are in at the moment, it will not last for very long. It has been expressed in interviews that ‘it seems like they change for the sake of changing’, which relates back to the previously discussed insufficient communication during the re-organization. They always expect new changes and all interviewees agree that this is how GSDC Sweden has always functioned and will continue doing in the future. As stated earlier, 57% of the line-managers saw a need to re-organize whereas 43% did not feel it was necessary.
From experiences values and ideals emerge (Sjöstrand, 1997). Interview findings show that most of Ericsson’s employees have been there for a long time, hence they have similar experiences when it comes to change and they are all aware of that since they operate in a technologically advanced industry change is necessary.

'It is excellent to change ever so often since one creates discontinues in the daily work processes and this will preempt the slacking that can occur when the same person has done the same thing for too long'.

All of the managers think that they have a strong culture and that the loyalty towards Ericsson does not decrease at all due to re-organizations. This is enforced by 59% of all co-workers stating that they would stay within Ericsson even if they got offered a similar job with similar pay and benefits in another organization (Dialog, 2007). However, concerning the loyalty expressed by line-managers within GSDC Sweden but directed towards other groups and individuals in other places, the result is somewhat different. 21% perceive this aspect of loyalty to be weaker after the re-organization in comparison to what it was before the re-organization. This can be closely related to Kotter’s study (2007) concerning change where he means that in order to integrate change and get successful results one needs to include change in the culture as an everyday process. This is fully supported in the case of Ericsson where several managers have expressed that they have a ‘culture of change’ and they are aware that change can happen at anytime. Then, of course managers have opinions about the changes whether they are good or bad.

As described earlier, Handy (1993) treats four types of different cultures that can exist in an organization and in the case of Ericsson several can be applied depending on where in the organization one chooses to look. First, there is the power culture that is dependent on a central power source where the power comes from the top person. In GSDC Sweden’s case it is generally believed that this person is very charismatic and it has been expressed that whatever he decides is the way it will be. The second culture deals with roles where emphasis is put on the highly defined structures and organization charts. However, the line-managers do not feel that they are controlled more than necessary by upper management as the theory might suggest, instead they have a lot of freedom and feel that they are empowered. Interviews showed that the line-managers perceived that they have clearly defined job-descriptions and well stated ways to go about different procedures, these are characteristics of a task culture. This can be traced to a new career model that was developed and defined new and clearer ways of how one can progress within the organization. Now there is a possibility to climb the corporate ladder without having to take on a management position. There are clear descriptions of what competences one has to possess, what goals to fulfill and which role to take.

‘My loyalty has not changed during this re-organization, but I know that some of my co-workers have felt insecure, and if this in turn leads to decreased loyalty one can only speculate’

Robbins and Barnwell (2002) deal with how the culture changes depending of the organization’s size and mean that it is harder to keep a strong organizational culture as organizations expand and become more international. It is a fact that Ericsson is a large international organization however, they seem to have been able to keep some important aspects of the change-culture. Also, challenging this solid culture is Kanter’s (1985) argument that the more people that are affected by the change, the more likely it is to face a higher resistance to it. Findings however, indicate that people in Ericsson are very accepting of change. Additionally, once employed by Ericsson very few choose to leave the organization. Supporting this, 93% of the line-manages are sure that they will still be working at Ericsson the next coming five years. Contributing to this long-lasting relationship, is the variety of positions the organization can offer along with heavy
investment in development and further education. The employees change positions and locations internally quite frequently but few move to external organizations.

4.8 Empirical Summary

The following section is a pure empirical summary of the four concerned areas of figure 5 (see section 4.1.1) which is guiding the empirical and analytical presentation above. The major points regarding the ‘strategic change by organizational design’ are; the move from a product-based structure to a competence-based one, to construct new groups to fulfill the new structural needs and to reduce the number of line-managers. The ‘problem characterization’ as well as the ‘contexts’ mainly concerns the experienced need to change and the inner and outer conditions making the required changes feasible. In this case the change-inclined culture is the underlying determinant of acceptance of new directions of the organization. Only perceptions of the ‘inner context’, which can also be seen as ‘process variables’, and ‘the effects of change’ have had quantifiable results in this study and the tables below summarize the most important variables that have been elaborated on concerning these.

<table>
<thead>
<tr>
<th>Inner Context / Process Variables</th>
<th>Yes</th>
<th>No</th>
<th>Unchanged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeling sure to keep job within Ericsson</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Feeling sure to keep the present job</td>
<td>0%</td>
<td>100%</td>
<td>0%</td>
</tr>
<tr>
<td>Realizing the need to re-organize</td>
<td>57%</td>
<td>43%</td>
<td>0%</td>
</tr>
<tr>
<td>Being surprised by the up-coming re-organization</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
<tr>
<td>Increased loyalty towards Ericsson</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Increased loyalty to other groups and individuals</td>
<td>0%</td>
<td>21%</td>
<td>86%</td>
</tr>
</tbody>
</table>

Table 1

<table>
<thead>
<tr>
<th>Effect Variables</th>
<th>Yes</th>
<th>No</th>
<th>Unchanged</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of administrative workload</td>
<td>50%</td>
<td>29%</td>
<td>21%</td>
</tr>
<tr>
<td>Increase of group size</td>
<td>36%</td>
<td>36%</td>
<td>14%</td>
</tr>
<tr>
<td>Perceived well-defined communication channels</td>
<td>14%</td>
<td>43%</td>
<td>43%</td>
</tr>
<tr>
<td>Line-manager's belief in positive customer effect</td>
<td>29%</td>
<td>57%</td>
<td>14%</td>
</tr>
</tbody>
</table>

Table 2

One can observe that when it comes to the ‘inner context’, the situation has been changed in five (out of six) cases, due to the re-organization. Whereas none of the line-managers were sure to keep their present job, everyone was certain to stay within Ericsson. When it comes to realizing the need for a re-organization, the majority did indeed see it even though half of them were surprised about the change. None of the above implications however have had effects on the overall loyalty towards Ericsson. It has remained unchanged and stable but loyalty within the organization towards other groups has decreased.

There are quite dispersed answers concerning the effect variables. Overall, half of the line-managers have experienced that the administrative workload has increased whereas a minor proportion believes it has decreased. Equal proportions have had increasing and decreasing group sizes (36%). The new communication channels have not been defined in a clear way and mostly it has been perceived as similar to what it was before, or worse. A final and highly crucial point is that only 29% believes that the re-organization has led to positive effects for customers.
It was however found that there were large deviations of these figures in the different geographical sites. The table below specifies the above results but separates them according to the four investigated geographical sites.

<table>
<thead>
<tr>
<th>Inner Context / Process Variables</th>
<th>Kista</th>
<th>Älvsjö</th>
<th>Karlskrona</th>
<th>Gothenburg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Feeling sure to keep job within Ericsson</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Feeling sure to keep the present job</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Realizing the need to re-organize</td>
<td>25%</td>
<td>100%</td>
<td>100%</td>
<td>50%</td>
</tr>
<tr>
<td>Unchanged loyalty towards Ericsson</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Unchanged loyalty to other groups and individuals</td>
<td>33%</td>
<td>67%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 3

<table>
<thead>
<tr>
<th>One Extreme</th>
<th>Kista</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expressed loss of knowledge within working-group</td>
<td>100%</td>
</tr>
</tbody>
</table>

Table 4

<table>
<thead>
<tr>
<th>Effect Variables</th>
<th>Kista</th>
<th>Älvsjö</th>
<th>Karlskrona</th>
<th>Gothenburg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase of administrative workload</td>
<td>75%</td>
<td>100%</td>
<td>50%</td>
<td>33%</td>
</tr>
<tr>
<td>Increase of group size</td>
<td>50%</td>
<td>67%</td>
<td>50%</td>
<td>67%</td>
</tr>
<tr>
<td>Perceived well-defined communication channels</td>
<td>0%</td>
<td>33%</td>
<td>25%</td>
<td>0%</td>
</tr>
<tr>
<td>Line-manager’s belief in positive customer effect</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
</tr>
</tbody>
</table>

Table 5

In tables 3 through 5, separating the geographical sites, one can observe that there have been major differences in the perceptions of the re-organization. Starting with the differences of ‘inner context’, where realizing the need for a re-organization implied large differences and where Karlskrona and Älvsjö fully saw the need. In Kista the majority did not see a need to re-organize and only half of the line-managers in Gothenburg did. There is a strong agreement that loyalty towards Ericsson has not changed at all. In Kista and Älvsjö however, loyalty to other groups has changed, where roughly two thirds in Kista thought it had changed and one third in Älvsjö.

One interesting extreme value, concerning line-managers in Kista, was the explicitly expressed loss of knowledge within working groups, an opinion that was not expressed in other geographical sites. Further, there are quite dispersed answers concerning the effect variables. As mentioned earlier, the majority of the line-managers experience that the administrative workload has increased, which is mostly recognized in Kista and Älvsjö. Half of the line-managers in Karlskrona have also gotten more administration to handle, whereas the perceived increase is the smallest in Gothenburg. The increased group-sizes have been experienced in an evenly spread manner in all sites. The perception of largely well-defined communication channels is low in all sites, even though it is most explicitly pointed out in Kista and Gothenburg. These two also have a rather pessimistic vision of customer effects whereas in Älvsjö and Karlskrona at least half of the line-managers are optimistic.
The following analysis will be presented through a model which will approach the purpose from another angle that has been done previously and consequently shed new light over the research questions.

The model below is trying to get to the study’s research questions in the perception of time. It shows a simple one-way process, however this is simply a generalized view and it is a purposive tool for the sake of this analysis. It highlights the primary relations between line-managers and other units that are affected by the re-organization. These are; the relation to the overall organization, customers and groups of co-workers managed by the line-manager. It also stresses the fact that if change is conducted again, it will affect the same relations which is shown by the connection of implementation (beginning) and learning of outcome (end) which ties the process into a fully connected circle. In addition to adding a time-perspective on the process the model will also add the following dimensions in order to enable a depth; freedom of choice, knowledge and communication.

Figure 8 - Analytic Model of Change Implementation

This relation-model of change implementation shows the different group compositions that the line manager is concerned and highly connected with. The relations presented above in figure 8 are considered by the authors as being highly significant and crucial as it concerns the line-managers role in contributing to the efficiency in the operations.

5.1 Implementation and Learning

Rather than being the beginning and the end of a process, implementation and learning are highly connected. In an organization such as GSDC Sweden’s, where re-organizations are a constantly re-occurring theme, learning is of essence and one should be able to re-use processes that enable
the securing of relationships and remove the ones that do not have the wanted results. Hence, lessons should be drawn from previous re-organizations.

In the main body of this report it has been put forward that planning of the re-organization started approximately a year and a half before actual implementation which provides a rather long period of time in order to establish a well worked through plan for the change-process. There have been different perceptions of the pace of the re-organization, varying from very swift to very slow, which have had a multitude of implications. It has been expressed that;

‘One runs way too fast and usually only half [of the employees] keep up, whereas the rest falls behind. When one eventually gets the critical mass back on track, it is all of a sudden time for another re-organization. This leads to momentum-losses.’

This is not the only issue affecting momentum, even though perceptions differed within the organization, there is a common denominator for most and that is that some aspects of the re-organization lagged and out of these the most crucial for this study is the appointment of line-managers. This appointment was a crucial act. It has been argued (Floyd & Wooldridge, 1997) that middle-managers connect strategic and operational levels in an organization through mediation, negotiation and interpretation, which stresses the importance of suitable line-managers. This is especially important in large organizations with its operations spread around the world, such as Ericsson. A line-manager is able to lead and co-ordinate subordinates due to what they know and who they know, in addition to these aspects, it is beneficial if a line-manager acts in such a way as to anchor the new direction and guide group-members through the rocky change-process. When appointing line-manager positions, there was an obvious choice between time and quality. One could prioritize time and consequently make a fast decision when choosing line-managers in order to avoid leader-less groups. This however may not provide a sound long-term view since if one makes a badly founded decision when appointing line-managers, they may not be the best choice to support the groups through the transition. Nor may they be the best choice for the group after the change when the new organization has sunk in. The latter option was the one prioritized by GSDC Sweden, quality was seen as more important than the time-aspect and therefore they took sufficient time to appoint, what they believed, appropriate line-managers for each and every group. The prioritizing of having the most competent line-managers lessened the importance of time and therefore, for some time, a few groups did not have an immediate boss. This was however looked upon as an acceptable deficiency in comparison to potential future benefits.

The initial communication of a re-organization is the starting-point for the majority of people within an organization. This is when they should get answers to why, how and when. Ericsson and its employees are experienced when it comes to changes, having a change-frequency of approximately once every 2-3 years, and therefore one may assume that the organization as such is skilled in the way it communicates changes to the employees. The findings however, push through a view of a deficient communication-process that has had unwanted long-term effects on employees in terms of psychological ones as well as operative work-performance. Communication of the need and expected outcome of the re-organization is, according to this study, an area of possible improvements. Firstly, communication and information is providing a basis for the future and therefore GSDC Sweden should stress the importance of making the first opinion of the upcoming change as positive as possible for the employees. In the surveyed re-organization, initial information was, in general, not perceived as sufficient. It did largely answer when and how it was to take place but in most places the information did not answer why (the purpose of change) it was to be done. Secondly, there is an issue of not communicating information in a uniform and professional way which may have enhanced pessimism. Findings of
this study present that line-managers that have been informed through personal conversations with their boss or through small meetings are content. The communication of information has not only had bad sides, but good ones have also been present and today it is of importance that these aspects are noticed and carried on to the next re-organization. For 50% of the line-managers the change did not come as a surprise. For many of them, the re-organization was an expected as well as wanted action. This is enforced by the fact that a need, even though it differed from place to place, was to a large extent conveyed throughout the organization.

As have been approached by Mullins (2005) there is a need to thoroughly plan the re-organization and to some extent involve as many affected parties as possible in the planning process. Before initiating the changes at Ericsson, a survey directly pointing to the employees would have been a good way to understand how the people who are performing work with customers consider certain changes. This would enable understanding as well as involve the employees and give them a voice in the change process since they possess extremely valuable information about customer satisfaction. Also, the kind of information this particular study provides should be regarded as valuable feedback in order to better understand how people in the organization has looked upon the re-organization. However, further studies should be made in order to gain extended understandings of other parts that were affected by the changes. Recognizing opinions and attitudes concerning changes are crucial in order to make well-founded changes and appropriate implementation processes. Another suitable approach to gain further understandings before implementing changes could be the usage of T-groups, suggested by Mullins (2005). They are unstructured smaller constellations of people that enable flexible and effective discussions that could provide for good feed back and understandings.

5.2 Line-Managers’ Relation to the Organization

A common characteristic in large organizations with a well defined structure is that standardization increases, which has also been the case here. There is a certain amount of freedom, however there are set boundaries for line-managers to keep within. One aspect in this re-organization is the previously stated observation that line-managers did not have an impact on the way the change was implemented or the final result. On the other hand, looking at the normal day to day business managers are empowered and can choose, again within boundaries, how their day is going to look. So the freedom of choice is there on a normal basis but absent when it comes to influence of bigger changes. The degree of freedom is perceived as similar to the one before the re-organization.

If one looks upon the ‘organization’ as a deciding body and sees to the way the division of individual knowledge was conducted, it has been put forward that whereas some line-managers are content with the decisions regarding competence allocation, some are not. The fact that some are dissatisfied stresses the issue of not realizing specific line-manager’s needs when it comes to in-group knowledge. The distribution of knowledge and competence into each and every group should be balanced, i.e. the result should not be that some line-managers are dissatisfied and some are satisfied. Optimally, all line-managers should be content with their group’s knowledge-base. Even though it may be difficult to achieve, it should be the goal to strive for. The issue of unbalanced knowledge however is connected to the internal communication since it may result in the inability to receive and understand line-managerial needs. One may ask if there are proper routines in place to make ‘the organization’ pick up on crucial information. However, it should be stressed that most are in fact satisfied showing that allocation of competences have been done according to shown needs. All present line-managers have proven their knowledge to the organization by being re-appointed.
The communication within the organization has moved from being more personal to being standardized through computerized tools. This is a necessary move looking at the need to always increase cost- and time-efficiency in the organization due to environmental forces. By using standardized communication it is obvious that line-managers’ tasks have shifted towards being more centered around the tools of communicating rather than on the personal communication. Many of the line-managers have expressed that they have lost some of the managerial tasks and personal handling of people which is perceived negatively since that is often why they have wanted the manager position from the beginning. However, it is expressed that they understand that it is a necessary move but that it is a shame that much of the administration falls on them. The new communication usage provides for equal access.

5.3 Line-managers’ Relation to their Groups

If one considers the freedom of choices from the line-managers perspective, and its relation to the groups it is quite clear that they have very little influence when it comes to group formation. Old members have left and new have entered without including the line-managers’ point of view. This led to some frustration and a few interviewees expressed that they would have liked to have a stronger say in the matter and choose their own group composition. In the daily work however, the groups are rather autonomous and the organization has empowered them with a high level of freedom. There has been no major change in standardization compared to earlier.

It was mentioned that ‘the organization’ decided the allocation of competences into groups and that the responsible line-manager for each group was not involved in the decision. The line-manager however, can affect the group members’ competences he have been assigned and by doing this he has the possibility to fix the initial faults in competence-allocation made by the organization. The line-manager can make personal development possible since he or she is empowered to educate and guide group members’ progress. By making this personal development possible, line-managers can deal with inconsistent competences and balance it out. The line-manager is the one possessing information of the actual competence mix and hence he or she is the one able to bring the parts together to a whole. In addition, the line-manager should be a role-model in the sense that he or she has great knowledge. The fact that line-managers are certain to be knowledgeable has been established when they had to re-apply for a line-manager position. This was a screening action removing inappropriate persons as well as it communicated to the groups that the ones remaining are knowledgeable and suitable line-managers.

As discussed above, the administration has in many aspects been pushed onto the line-managers. Many of the line-managers have expressed frustration about the fact that basically none of their previous tasks have been taken away, rather more have been added. Those tasks are merely the administrative ones that previously were performed by assistants. As they cannot increase their actual time spent on work since it is already pushed to the maximum limit, some of their work is automatically neglected. This does almost explicitly fall down on the relations between line-managers and their group members. Due to the fact that most of the line-managers have expressed that they would like more time working with managerial tasks rather than administrative tasks, this might be perceived as a problem that in some way needs to be tackled.

5.4 Line-managers’ Relation to Customers

When it comes to line-managers’ relations to customers, freedom is fairly low since the standardization of tasks is very high. One can find the lowest degree of managerial freedom when it comes to choices regarding customers. This can be either good or bad, however standardized
communication can be an advantage since it is easier to deal with when everyone is conducting the same procedure.

The fact that today’s work is based on technological platforms changes the knowledge-relationship to customer-projects. Knowledge and competences are as mentioned, structured differently in comparison to the old organization. A sought after result is a higher faith in in-house knowledge by the customer but even if this is achieved it needs to be conveyed through delivery of projects as well and this is where GSDC Sweden needs to increase its consistency. The fact that ‘primary contacts’ are used also changes the relation to customers for line-managers. Line-managers are structurally, as well as functionally, moved further away from customers and hence the showing of knowledge is not as critical for groups, rather this is put on ‘primary contacts’.

Since one of the main aims with the re-organization was to ease communication channels within the organization, it is evident that this is a re-appearing aspect of the change process. By re-structuring all the groups they aimed to get clearer communication channels to the customers that would enable a more efficient delivery process. As shown in the empirical findings, line-managers have viewed this change differently. Some of them truly believe that this is a structure that enables them to positively change how services are delivered and that it is a ‘logical’ way to be organized, whereas other line-managers do not understand the purpose and/or need of the re-organization. However, common for all is the frustration of the actual personnel tool, which is perceived to be complicated and time-consuming. There is a common wish to improve this tool in order to be able to optimize communication between the groups and the customers. The above discussion is summarized in figure 9.

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Freedom</th>
<th>Knowledge</th>
<th>Communication</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Relationship</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Line-manager</td>
<td>Autonomous within certain frames.</td>
<td>Proven knowledgeable line-managers.</td>
<td>Standardization providing for</td>
</tr>
<tr>
<td>&amp; Organization</td>
<td>Minor perceived change from before.</td>
<td>No ability to choose in-group competence.</td>
<td>Simpler and more equal</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>communication.</td>
</tr>
<tr>
<td>Line-manager</td>
<td>Autonomous within certain frames.</td>
<td>Ability to deliver complete solutions</td>
<td>Less personal</td>
</tr>
<tr>
<td>&amp; Groups</td>
<td>Minor perceived change from before.</td>
<td>Unbalanced knowledge distribution</td>
<td>communication due to time</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>constraints.</td>
</tr>
<tr>
<td>Line-manager</td>
<td>Moved further from each other.</td>
<td>Ability to deliver complete solutions</td>
<td>‘One-stop-shop’.</td>
</tr>
<tr>
<td>&amp; Customers</td>
<td>Major perceived change from before</td>
<td>Easy to see and trust knowledge</td>
<td>Standardization facilitates the</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>process.</td>
</tr>
</tbody>
</table>

Figure 9 - Summarizing Picture of Critical Issues in Today’s Organization

In the summarizing matrix above one can observe that the three dimensions have been affected to a varying extent. When investigating the ‘freedom’ or its opposing view, which is ‘standardization’, that has been experienced in the different relations one can see that only in one
relation has there been a perceived major change. This is the relation between line-managers and the customer, the external part, and the main reason for this that they have been moved further from each other. The other two relations have neither become more standardized nor free to line-managers within GSDC Sweden.

The second dimension is that of ‘knowledge’. Here the critical task of making all line-managers re-apply for positions within the organization have created a knowledge-based and consequently, trusting, vertical relationship. It is vertical in the sense that the trust in their ability reaches both upwards to the organization as such and top management in addition to downwards to the line-managers’ subordinates. The groups’ knowledge-base however, have sometimes been perceived as unbalanced by line-managers. The competence-based structure and ability to deliver complete solutions further ensures that the customer knows that a high level of knowledge is guaranteed.

Communication is the final dimension summarized above. For each relation, communication has been standardized and computerized to a larger extent than before. For line-managers and their relation to the organization, the new communication channels provide a more equal starting point. In the relationship between line-managers and their subordinates the lessened personal communication is mostly due to time-constraints. Finally, the communication to external parties is viewed as simpler now since there is only one part to communicate with in order to get the entire purchased assignment. This can be put into comparison to the old system when external parts had to contact many internal ones.
6 CONCLUSIONS, REFLECTIONS AND IMPLICATIONS DERIVED FROM THIS STUDY

In the final chapter of this thesis, the conclusions, reflections and implications of the study is presented. These will consequently answer the research questions and reach the purpose.

6.1 Conclusions

The purpose of this study was to do an analysis of how the implementation of the re-organization at Ericsson was conducted and how it affected the line-managers. Foremost, this was done by conducting 19 in-depth interviews with line-managers as well as additional interviews with other relevant and affected respondents. The structural changes within GSDC Sweden were examined and the aim was to study how the line-managers viewed this change and how they were affected by it.

The first research question in this study seeks to understand the structural changes that the re-organization caused. The structural changes within GSDC Sweden and its affects can be summarized as follows;

- A competence-based structure resulting in technological platforms
- Sought to gain more efficient service delivery processes
- Less geographically dependent which lead to decreased site-loyalty
- Difficult to be competence-based without sufficient competences due to shortage of personnel

Overall, GSDC Sweden kept their matrix structure but shifted the focus of it. They moved from being organized in accordance to products to being organized in line with their underlying competences. Instead of being ‘locked’ into only supplying services related to one specific product, the new structure have created a technological platform where one competence can be used for several products. By conducting these changes, GSDC Sweden has aimed to maximize efficiency in terms of both costs and delivery processes. Looking into the specific groups in the line, the shift in focus has implied that alteration in the groups have been more or less significant. It has in this study been proven that the different geographical sites have been affected differently due to the re-organization. This is mostly due to the fact that one of the aims with the re-organization was to eliminate geographical discrepancies and create a unified way to work. Since the different sites had different ways to go about service delivery processes, the re-organization lead to differing amounts of changes to the sites. However, the changes in group compositions have had implications on the geographical belongingness that previously could be found. Thus, this has reduced site-loyalty and opened up for more communication and learning from each other, resulting in a stronger perception of a united company-front. However, travels for internal work, have in general increased and with it, its costs. Interesting however, is the fact that most line-managers realize that some changes were essential in order to keep up with competition. In addition to these structural changes, the new organization also made room for over one hundred more employees, most of which are not yet employed. An important
conclusion here is that it could be considered difficult to re-organize and thus evaluate such changes when it still, approximately one year later, is a lack of substantial amounts of people. Hence, being competence based has proven to be a tough choice when a lot of competence is missing.

The above discussed structural changes have inevitably had affects on the line-managers’ role and their relation to their group-members, which is the issue tackled in the second research question. The following bullet points stress the changes in the role of the line-manager and its relation to group-members;

• Relation between operative and administrative work
• Group composition
• Communication issues and involvement
• Dimensions of loyalty

The line-managers’ work have partly shifted from dealing with operative work and assigning the group-members with tasks and missions in order to reach the clear set up operative goals for each group, to instead deal more with administrative tasks. The increased administrative burden placed on line-managers, is however not a direct consequence of the re-organization rather it is a result of past decisions of decreasing non-operative personnel. The heavier emphasis on administration for line-managers was an intentional move by the organization. However, one needs to keep in mind that the line-managers in question mostly have technical backgrounds as engineers or similar. By adding administrative tasks they were moved further from the group and its operative work, which is the kind of work they enjoy doing. Since line-managers are now, to a large extent, working with things they like less than before they are also not as satisfied and this may, consciously or unconsciously, spread a bad feeling. For future re-organizations, one should consider individual managerial preferences more thoroughly since they have the power to affect their group-members. Further, spending more time with administrative work has lead to less actual time with their group-members, something that is expressed as highly negative for both the line-manager and the subordinate.

Group compositions have changed in terms of individuals, competence and geographical dispersion. The effects of changed competence-base within groups pose new requirements on individual development as well as co-ordination of different individuals and groups, all of which falls back on the line-managers’ responsibilities. On top of this, the fact that all line-managers had to apply for the newly created position has resulted in mainly three positive outcomes. The upper management now knows they have the right person at the right position, secondly the subordinates know that their manager is suitable for the tasks and they had a fair trial, and thirdly, the line-manager had time for reflection before applying. Looking at the relation between the line-managers and their group-members this has created positive signals. However, several concerns about the choice of group formations have been expressed. One of them being the fact that the line-managers would have wanted more say in how competences were moved and also involving the actual group member in the process of mapping out where in the new organization the person wishes to continue and develop. Thus, it is not the fact that a few line-managers are disappointed about how the re-organization is structured. Rather, it is the fact that higher management might not have made an effort to try to involve the line-managers enough in the process of communicating and also making the adjustments and other factors related to the change. Further, the type of criticism that the line-managers came up with are probably extremely valuable information that higher management should regard as important input to the new changes. If all parties would have been included to some extent, a greater understanding for the
re-organization and a feeling of involvement would have been created. Meaning that excitement about change might have appeared instead of confusion frustration, as often was the case. However, despite of confusion there is a general acceptance of change at Ericsson, which is shown through a strong culture stressing the importance of change. It is not looked upon as a negative disruption, rather as a necessity. Further, loyalty is a common topic when dealing with organizational culture and in Ericsson’s case there is no need to worry in this aspect. They have successfully, regardless of the large size of the organization, built a strong loyalty with genuine intention from the employees to strengthen the organization and create value activities in the best possible way. One possible explanation to the strong loyalty is the message of caring that Ericsson delivers through, Dialog, this particular study and other internal measurements on employees’ satisfaction. Also, Ericsson offer their employees all extensive opportunity for development as well as advancement within the organization around the world.

Even though the organization and its members are experienced when it comes to re-organizations there are still areas of improvement regarding the implementation process. Suggestions on improvements for GSDC Sweden for future re-organizations as well as possible improvements to be made today are presented in the Managerial Implications below, answering the third research question of what lessons that can be learnt from this study.

### 6.2 Implications of this Study

Conducting a study of this sort led to many implications of different kinds. The process of using existing theory as a base in this case-study has led to theoretical implications, which are discussed below. Most of all it resulted in implications for the specific subject of research, GSDC Sweden within Ericsson. Conducting a specific case-study of this sort has led to a focus on critical issues and improvement areas of this particular change implementation. These implications are communicated in the managerial implications as advice for Ericsson. The methodological implications are important to discuss in order to understand the true essence of this study and what could be done in a different manner to facilitate the best possible research. These implications led to indications for further research within the same field of study.

#### 6.2.1 Theoretical Implications

There are endless theories dealing with management and related issues, however most of them seem to agree on the importance of managers when it comes to change. Looking at the relation between the theories of choice and the case-study of Ericsson, it is evident that the majority are applicable and valid. There is a clear connection between feelings and reactions for both employees and managers when it comes to the process of change. One of the strongest views suggested in theory when it comes to change is the implication of involving all individuals. The significance of feeling important is an underlying theme in change theories and the outcomes and affects of change is more likely to be viewed positively if it is communicated in a unified manner. When comparing these underlying issues from theory to this specific case-study, it becomes evident that these key issues are critical concerns also in reality and this specific case-study. However, there are a few areas where the study of Ericsson has shown discrepancies when it comes to the alignment to theory. Interesting is that theory suggests that large and international organizations tend to have a weaker culture, however in the case of Ericsson it has been proven in many ways that they indeed have a strong culture. Also, the fact that the employees have great loyalty towards their employer cannot be stressed enough. Despite the fact that Ericsson re-organizes every 2-3 years and that they are a large organization, they keep their employees for relatively very long periods of time. Also, this particular re-organization has for some people
created a lot of frustration due to lack of involvement and information but regardless of this, the employees are loyal and look brightly on the future for Ericsson.

6.2.2 Methodological Implications

It is easy to be critical when looking back at the methodology of a study and questions arise about the result if another road of method had been chosen. Concerning this study the time aspects were the most obvious obstacles in the choice of method. First, as discussed earlier the preferred way to study change is to conduct empirical data collection before, during and after the change was implemented. This would allow for a non-biased view of how people viewed the situation before the change. Further, if more time was available an even larger sample of in-depth interviews would have been conducted and perhaps a second follow up meeting with these would have been preferred. The very purpose of this study was to investigate the line-managers’ perception of a specific re-organization, and if more time was available an interesting focus would have been to conduct a quantitative survey with members of the groups in the line. This would be of interest since it could support the conclusions made about the line-managers’ perception of change or indicate what the line-manager perceive is of concern i.e. time with subordinates and such might in fact differ. Also, it would have been valuable not only looking at the re-organization from the subordinates perspective and also how upper management looked upon and perceived this particular change. Finally, looking at similar situations in different organizations in order to benchmark the implementation processes and effects would have been an interesting way to analyze the re-organization.

6.2.3 Managerial Implications

Firstly, informing employees about the re-organization should be done to the masses at the same time and in similar manner. It may also be favorable to inform employees in such ways that they can have spontaneous questions answered immediately, which in turn would require knowledgeable informers as well as providing sufficient time and a positive environment where everyone feels comfortable enough to ask ‘silly’ questions. By answering questions, much of the ‘gossip’ and the following negatively effects on productivity could be reduced. Change-initiators should keep in mind that new information needs time to sink into people’s consciousness. One option is to have an initial meeting to inform, which could be followed by some time to let people process what has been told and then have a second meeting, potentially a smaller one, to answer questions. The communication and initial information has had positive sides as well and it is essential that these aspects are secured and carried on to the next re-organization.

Further, employee-input was low during this re-organization. The general view of making people buy into a change is that one makes them a part of it. By listening and accepting employee-inputs one highlights the very essence of their importance and makes them feel involved. The investigated change was pushed through the organization from the top and no evident effort to include line-managers was made. One could have included line-managers in a variety of ways, for example by asking for inputs to change or opinions on proposed changes. This was however not done and instead the line-managers were to accept and follow a blueprint, a plan on how the new organization was going to look.

It is important to realize that the line-managers are engineers and they wish to be a part of the operative work. This re-organization somewhat removed them from this in the sense that they became more of an administrator than before, which has been viewed negatively and may have resulted in a lower motivational level as well as performance. In order to reduce the negative effects of this shift in work responsibilities one may delegate administrative responsibilities to a group members, suitable for the specific task.
Upon changing group-composition, it has been revealed that competences were moved and in some cases groups lost highly valuable competence whereas others gained it. This resulted in some satisfied and some dissatisfied groups and a more balanced arrangement of competences would be beneficial.

The process of letting the line-managers apply for a position was an especially good and well perceived action. Insecurity was felt, but one can outweigh this by three different outcomes; first of all, now the upper management knows they have the right person at the right position, secondly the subordinates know that their manager is suitable for the task and that they had a fair trial, and thirdly, the individual had time for reflection before applying.

Change is not looked upon as a negative disruption rather as a necessity. Also, Ericsson has successfully, despite the magnitude of the organization, built a strong loyalty with genuine intention from the employees to build the organization and create value activities in the best possible way. One possible explanation to the strong loyalty is the message of caring that Ericsson delivers through, Dialog, this particular study and other internal measurements on employees’ satisfaction.

The above discussion can be summarized in the following recommendations;

1. Inform everyone and do it at the same time
2. Allow people to add input
3. Let managers re-apply every second to third year
4. Let line-managers be more part of the operational work
5. Delegate the administrative work
6. Secure knowledge-transfer and competences

Looking at actions 1-3 one can observe that these are things that can be considered in up-coming re-organizations. Ericsson should keep in mind the importance of information and input since this would enable both the members involved and also the organization as a whole to better reach wanted outcomes. Also, the positive consequences from letting line-managers re-apply for their positions should be valued. The remaining three actions (4-6) should be considered at this point in time. Letting the managers take part of more operational work will demand delegation of administrative work, which would more than likely result in increased productivity in each group. Also, this would probably lead to more satisfied line-managers. Further, in the process of recruiting almost one hundred new employees it is extremely important to realize the need of efficient knowledge-transfer in order to keep sufficient competences within the organization. That is, the number of juniors needs to be balanced out with the amount of seniors to secure high competences and trust for the organization, both internally and externally. These are recommendations developed by the authors through a comparison between theory and a real case-study that is believed to enhance the process of implementing change.
7 REFERENCES


8.1 Appendix 1 – Interview Guide Swedish

1. Generella frågor
   1. Din titel?
   2. Hur många år har du jobbat inom Ericsson?
   3. Hur länge har du haft denna typ av tjänst?
   4. Vart ser du dig om 5 år?

2. Angående organisationsförändringen
   1. Vad tror du var den bakomliggande orsaken till omorganisationen?
   2. Såg du ett behov av en omorganisation? Vad tyckte du var bra resp. dåligt med den gamla organisationen?
   3. Hur fick ni reda på att en omorganisation var att ta plats?
   4. Kom omorganisationen som en överraskning?

3. Angående implementeringsprocessen
   1. Hur upplevde du att arbetsgången påverkades?
   2. Kände du dig någon gång osäker på att få behålla en tjänst inom Ericsson, alt din dåvarande tjänst?
   3. Generellt sätt, upplever du att andra kan ha känt viss osäkerhet?

4. Angående förändring
   1. Vad var den största förändringen för dig gällande omorganisationen?
   2. Innebar omorganiseringen byte av chef, arbetskollegor eller arbetsplats plats (geografiskt sett)?
   3. Har antalet medarbetare som svarar till dig förändrats före och efter?
   4. Tänk på hur din tjänst var innan respektive efter, vad anser du är största skillnaden?
      - Mer eller mindre ”billable hours”?
      - Restid?
      - Administrativt arbete?
      - Rapportering?
      - Nya arbetsprocesser?
      - Användande av fler projektteam?
   5. Hur finner du att detta har påverkat dina kollegor (andra linjechofer) samt de anställda som svarar till dig?
   6. Hur har arbetet förändrats med tanke på att det är betydligt färre line-managers nu?
   7. Upplever du att line-managers har fått mer alternativt mindre tid med medarbetare?
8. Har lojaliteten ändrats gentemot Ericsson som helhet samt när det gäller geografisk tillhörighet, grupp och avdelning? Din egen respektive andras?

9. Anser du att omorganisationen påverkat kunderna? Om JA på vilket sätt?

10. Finns det klart uttryckta objektiv/mål att jobba efter? (På alla nivåer. Företag, BU, grupp samt individ)

11. Har den s.k. ”chain of command” förändrats? Mer komplicerad eller lättare? (Fler/färre led att gå genom etc.)

12. Har det blivit enklare eller svårare att veta vart man ska vända sig då det dyker upp ett problem?
8.2 Appendix 2 – Interview Guide English

1. General Questions
   1. What is your title?
   2. How many years have you been working within Ericsson?
   3. For how long have you had this/a similar position?
   4. Where do you see yourself in 5 years?

2. About the Re-organization
   1. What do you think was the reason of the re-organization?
   2. Did you see a need to re-organize? What did you think was good and bad, respectively, in the old organization?
   3. How did you find out that a re-organization was to take place?
   4. Did the re-organization come as a surprise?

3. About the Implementation-process
   1. Did you experience an effect on daily work?
   2. Did you ever feel unsure to keep a job within Ericsson? Your position at the time?
   3. Generally, do you experience others to feel a certain amount of insecurity?

4. About Change
   1. What was the biggest change for you personally when it comes to the re-organization?
   2. For you, did the re-organization mean a change of boss, colleagues or site-belongingness? (Geographical)
   3. Has the number of your immediate subordinates changed, compare before and after?
   4. If you think of how your job was before and after the re-organization, respectively, what was the biggest difference?
      - More or less ”billable hours”?
      - Travel-time?
      - Administrative workload?
      - Reporting?
      - New work-processes?
      - The use of more project teams?
   5. How do you think this have influenced your colleagues (other line-managers) and your group-members?
   6. How has work changed considering the fact that there are less line-managers now?
   7. Do you think line-managers have more or less time for co-workers now?
8. Has loyalty towards Ericsson changed? Has it changed when it comes to geographical belongingness, group and department? Yours and others?

9. Do you thin the re-organization ha affected customers? If so, in what way?

10. Are there clear objectives and goals to work for? (on all levels; company, BU, group and individual)

11. Has the so called chain of command changed? Is it more or less complicated? (More/less people to go through, etc)

12. Has it become easier or harder to know where to turn within the organization to sort out problems etc?