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# **Corporate Social Media**

## Facilitating Better and Faster Change Management

Kandidatuppsats

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# Abstract

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Today's world is moving at an ever increasing pace. New technologies, opportunities, threats all force companies to have the ability to be able to change rapidly in order to stay competitive and survive in increasingly harder business climates. In this thesis we look at how new generations working with new types of media can play a vital role in how a company goes about its change management decisions. The focus is centered on the use of social media in a business environment. We have carried out a minor field study at the Volvo Group where we have looked at how they currently work with change management, how they want to work with change management and also how the current information channels work and how they are being used by people at the Volvo Group. In this thesis we have come to the conclusion that an implementation of social media will yield faster and better communications within a company and also make the company more transparent where every employee's opinions can be read, documented and saved for future use. This information can later be utilized when carrying out and managing change in a business environment.

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# 1 Introduction

This manuscript has been written for a number of reasons. The least of which not being that it is important to understand what is happening within, using the term loosely, technological advances and users of new technology. Advances in technology are, relative to a time before the digital revolution, passing at blinding speed and even those who have made it their life's work to keep up to date on developments are having trouble staying ahead of the curve. As technology is evolving the ways in which we coexist and work with these technologies also evolves. This was true when electricity was invented, the telegraph, the telephone, the fax machine, e-mail, and will continue to be true of all other forms of advancement as well. The difference is that change is moving faster and change is far more radical today than it was just a decade ago.

In the chapters to follow we will be introducing several aspects to be considered when dealing with change in this new era of technological development. A fascinating aspect is concerns people who lack analog experience, the young generation who grew up in this era of technological development. To grasp some of the issues coupled with change it is important to grasp a basic understanding of the relationship the new generation has to technology, but also to everything else such as work, law, culture, socialization and authority, affected by this.

As the title of this paper suggests we will primarily be covering the emergence of new forms of media when discussing technological advances. There are an abundance of new technologies being released every single day and updates can be counted in seconds between new releases. For all intents and purposes of this paper we have focused on collaborative forms of media known as social media. This is, however, a vast landscape of applications, problems, issues, opportunities and new developments. As such we have only hoped to scrape the surface and introduce these topics to the uninitiated reader.

The scope of this paper being somewhat limited, by constraints such as time and scope, we will, in addition to focusing primarily on social media, also limit the span of their effects in corporations to the area of change management. The delimitation was selected because of its current applicability and the fact that a change management process very strongly exemplifies a lot of what can be gained through social media within corporations.

## 1.1 Background

There are several reasons why this topic is interesting. One reason is the phenomena of social media itself. Another reason is the new generation of people entering the workplace. This generation is referred to as 'digital natives'. We are in a state of economic downturn and change. Some may even claim we find ourselves in a recession. During times of economic downturn new, more effective and cost efficient tools are needed.

We will cover three main topics in this background. The first topic is the rise of social media and how it is different from industrial media. Understanding social media begins with an understanding of how it is inherently and essentially different from other forms of media or communication in society. How social media could grow and spread as it has is an important part of why it is relevant.

Change and how change is important to corporations is central to this study. Therefore we included a short segment on the background to change management in this introductory background. We felt it necessary to show how and why change, and also change management, is of growing importance to organizations.

The third topic we feel we should introduce early on is that of the 'digital natives'. 'Digital natives', or those born after circa 1980, have grown up with computers. There are fundamental differences between those who grew up with computers and those who did not. Those who did grow up with computers are now entering the labor force bringing with them vast skills and knowledge. They also bring with them new values, habits and social norms. To grasp the importance of new media tools and their relevance for the future it is fundamental to understand the world of 'digital natives'

### 1.1.1 Industrial v. Social Media

Human freedom and development are contingent on information, knowledge and culture. In what ways information is produced and how knowledge is exchanged in society has great effect on the way the world is viewed. These values control interactions among individuals as well as nations and ultimately decide the outcome of how societies choose to act. For the better part of the last two centuries modern democracies have depended on an industrial information economy.<sup>1</sup>

During only the last, not even, twenty years there has been a radical change in information production. Thanks to modern technology and the advances in the technological field there are the beginnings of cultural, economic and above all social adaptations occurring. These adaptations are changing the way information is not only created, but also consumed. The environment has created new opportunities to how we make and exchange information, knowledge and culture.<sup>2</sup>

The networked, computer-mediated communications environment has changed some of the basic principles of how information is created, owned, shared and distributed. The means for media creation and information production an odd twenty years ago was in no way near open to all those who may have wished to do so. Today the material requirements for basic information production are owned by a far greater number of people, in fact, anyone with a personal computer. This has lifted the constraints on what individuals can do as opposed to in the industrialized information economy of the twentieth century.<sup>3</sup>

The very particular combination of technological advancements as well as economic changes is creating a new media basis. The current state of development has lead to new ways in which we create and exchange knowledge, information and culture. This is happening in a way that will redefine basic principles initially in the most advanced economies, but eventually around the globe.<sup>4</sup>

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<sup>1</sup> Benkler, p. 1

<sup>2</sup> Benkler, p. 1, 2

<sup>3</sup> Benkler, p. 4, p. 133

<sup>4</sup> Benkler, p. 31

### 1.1.2 A Changing World

The world around us is constantly changing. Back in the 1960's the rule in the corporate world was "If it ain't broke, don't fix it".<sup>5</sup> The need for change was not as important for a company then as it is today.

The world is changing much faster today than it did for the better part of the twentieth century. We are only now starting to see the effects of globalization issues, such as the current global financial crisis with its origins in the subprime mortgage crisis. In the wake of technological leaps, international economic integration, maturation of markets in the developing world, economic and social forces, change has a whole new meaning.

Organizations are no longer able to view change as an option for greater returns or as a means of competition. In the reality that is the 21<sup>st</sup> century companies are going to have to adapt to the choices being made for them and the changes happening around them as the world evolves at an ever greater pace. We believe that the new generation of new workers reaching adulthood and entering into the workplace will have a vital part to play in change.

### 1.1.3 Digital Natives

An intricate part of understanding the importance of new technologies and why the technological evolution within companies is important is to understand the digital natives. First off there are two different definitions that need to be made clear. We have digital natives and we have digital immigrants. The digital natives are those born after 1980 at a time when online tools such as Usenet and bulletin boards came online. They all have access to social networked digital technologies, and apart from that access, they also possess the skills necessary to utilize them. Digital immigrants are everyone else with access to networked digital technologies, but were not born to them. Digital immigrants have not had the luxury of being born to knowledge, but have had to learn these same skills. Some have done so successfully and others still ask their eight-year-old to set up an email account.<sup>6</sup>

There is a significant difference between digital immigrants and digital natives. Whereas a digital immigrant will have set boundaries where online activity begins and offline life ends the digital native makes no distinctions. To a digital native online activity is no less real or substantial than offline social interaction, also making it no less significant to relationships or identity. Instead of proposing to have several online identities, as a digital immigrant would, the digital native has one single identity in several places, including offline.<sup>7</sup>

Digital natives viewing the multiple representations of their identities not as different but as a connected single entity do not distinguish between the online and offline versions of themselves. Hence, their actions, what they say, write and do, online are directly linked with their lives offline.<sup>8</sup>

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<sup>5</sup> Kotter, p 18

<sup>6</sup> Palfrey & Gasser, p. 1

<sup>7</sup> Palfrey & Gasser, p. 4

<sup>8</sup> Palfrey & Gasser, p. 20



Social life for a great many people has a crucial virtual component. The online social interaction is a complement to the offline social sphere and can be viewed as an extension of this.<sup>9</sup>

Digital natives are not only using new technology, they have come to rely on it. The connected virtual space which the digital natives are occupying has become the source for virtually all the information they need to live their lives. This issue of information accessibility is a topic we will be returning to and discuss more in depth. Digital immigrants remember a time where research meant a library. Today research means a visit to Google and, for a large number of digital natives, Wikipedia. Digital natives also do not buy newspapers. That is not to say they do not read news, they just do it somewhere else.<sup>10</sup>

## 1.2 Disposition

The structure we have chosen to follow deviates slightly from what would be expected of this type of manuscript. The reason for this is the nature of our study. Where normally a theory or theories would be analyzed and compared we have aimed to project the effects of social media on a business environment. We have chosen this disposition for a number of reasons, but started by viewing the different chapters and the parts thereof as building blocks of understanding. We introduce the necessary knowledge one step at a time expanding on each set of information and data.

Included in the introduction chapter we offered a short background. In the background we presented the reasons for why the topics are of interest. This is to show the subject's relevance and for the reader to better understand issues to be taken up in coming chapters. Before going into detail on theory and case study elements we have included a methodology chapter. This includes outlines to how we approached topics and what issues we faced when doing so.

The third chapter is devoted to the main theoretical and practical approaches of social media. We found it important that the reader gain a basic understanding of the available tools, how they are used, who uses them, and what applications there are to businesses. Having a basic knowledge of social media tools and how these are used is of importance when getting to the later chapters. To fully grasp the potentials and possibilities the reader should view change management, bearing in mind the uses and tools of social media.

The fourth chapter is dedicated to change management, offering the reader an insight into what change management is and what theories and approaches there are. Here we briefly discuss the issue of change with a basis in the short background in the introductory chapter. We then attempt to convey the message from available literature on what constitutes good change management. What literature and approaches we have decided to the change management chapter on is covered in our methodology.

The fifth chapter covers the Volvo Group. We begin by introducing the very large and complex organization. We felt it important that a reader understand the elaborate structure so that the consequences of smaller issues could be viewed in light of that fact. As any large industrial group the Volvo Group has visions and ambitions of how they wish to work. This is outlined in a document

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<sup>9</sup> Palfrey & Gasser, p. 25

<sup>10</sup> Palfrey & Gasser, p. 6

known as the Volvo Way. There is also a current situation of how the Volvo Group operates. These two subjects are then covered through the perspective of change management and communication.

The last chapters are our analysis and conclusions. As there has been little research into the specific areas of social media we have applied this study to, a comparison and evaluation of existing theories was not possible. In our analysis we break down the visions and goals of the Volvo Group and compare these to current operations. We then attempt, using relevant information available on effects of social media, to bridge the gap between the current situation and the vision for the Volvo Group.

## 2 Methodology

This thesis is a study of how social media tools can be used to facilitate change, both with regard to undertaken change processes and the planning of future changes. To evaluate the possibilities and challenges of social media in organizations we have taken several different sources, both primary and secondary, on each individual topic and combined these. We have chosen to go about this through a qualitative method. The two main theoretical parts of this study are social media and change management. We have also evaluated empirical data on use of new forms of media and technologies. A third part of this study has been to assess the Volvo Group as an organization with a primary focus on change management and a secondary focus on communication, specifically communication in conjunction with change management efforts. In our analysis we then combine the different parts of our study to evaluate what contributions social media tools can make to the change management process and also what challenges arise as a result of an implementation of social media.

In this chapter we cover how we went about each stage of the information collection, -evaluation and -analysis process.

### 2.1 Literature

#### 2.1.1 Social Media Literature

Social media is a, at least in the field of academia, young phenomena. There has not been an extensive research in the subject, especially not with regard to uses in organizations. For this reason we have chosen to make use of many sources from as diverse fields as possible. We focused on finding at least two, of each other independent sources, wherever possible to verify statements. We also relied on our own experience from working with social media and the knowledge gained through the course of consuming literature on the subject to assess sources. Apart from the sources we have listed in our reference section we have also taken part of much more material to further our own basic knowledge and understanding of social media.

The fields where literature on social media is most available are marketing and sociology. That being said, much of that literature has a broad applicability as the literature assumes that the intended recipient has a low knowledge level within the area and as such takes a very expansive approach to the topic. This is also something we have incorporated in this study, introducing the subject thoroughly before going deeper into issues.

We have also, as a result of limited academic material being readily available, made use of acclaimed experts in the field. Sources have included journalists focusing on new technology developments, industry analysts, as well as several other sources of similar standing in the field.

#### 2.1.2 Change Management Literature

Our choice of change management literature has had two main deciding factors. The first factor was our desire to keep a general perspective. The field of change management being extensively researched presented a very different challenge from that of our choices with regard to social media literature. Where we for social media needed to find as much and diverse material as possible, our search for change management literature consisted of finding sources, which would allow for us to

present a general overview without having to simplify complex issues. The second factor we took into account when choosing our literature was that the literature be applicable to the Volvo Group. For this we looked at the literature that has been used at the Volvo Group to develop change management strategies.

The literature on change management is strongly rooted in academia. For this reason we have made use of the literature in a more direct fashion as opposed to the literature on social media. We have, of course, maintained a critical stance when comparing theories albeit without the same necessity for diligence with which we approached the literature on social media.

### **2.1.3 The Volvo Group**

The information we have presented on the Volvo Group has been taken from two main sources. Firstly we have used information from the Volvo Group website, publications and financial reports, to present the organization. This information is simply an “as is” representation of the Volvo Group. We assessed the sources to be credible and see no reason to question the value of the material. The primary reason for this being that we only aimed to present the outline of the organization, as it is important to have an overview of the structure in order to understand the complexities of the communication structure. The second source of literature we made use of from the Volvo Group was a document known as the Volvo Way. Again, we have taken this source at face value since it is used as an internal document and describes visions and goals.

## **2.2 Empirical Information**

We have two different sets of empirical information. The first set of information we have included is based on surveys and reports for usage and results of using networked digital media and social media applications. The second set of information we have is the current operations within the fields of change management and communication at the Volvo Group and is based on interviews with key individuals.

### **2.2.1 Social Media Data**

The information we present on use and users of social media, networked digital communication and collaborative applications are gathered from a number of sources. The information is based on the findings of different reports conducted by internet research institutes, statistical bureaus and consultancy firms.

### **2.2.2 Interview Material**

We have conducted interviews with, mainly, two key individuals at the Volvo Group. Kennie Kjellström, Strategic Internal Communications and Rickard Strömberg, Online Communications. They are key individuals since Kennie Kjellström is responsible for the Volvo Group’s change management and Richard Strömberg is the Intranet Program Manager. We have also, during the course of this thesis had the opportunity of having short informal interviews with a number of other individuals within the organization. These interviews are our basis for presenting the current situation and operations at the Volvo Group.

One of the main issues we identified prior to conducting our interviews was credibility of our sources. Literature on interview techniques takes up the problem of gathering accurate information from respondents. One problem is that respondents, even though they wish to give an accurate

description, may involuntarily give a “better” or what is felt to be the “correct” answer to a question. We feel we have managed to mitigate this issue. We have had the opportunity of having several meetings with our respondents and built a relationship. This has helped us to better interpret their responses to our line of questioning. Also we have discussed the issues of change management and communication with a focus on problems and issues on more than one occasion. One additional factor is that we have, during the course of our discussions, been given privileged information. That is to say we have been able to take part of information which we have not been able to use in this study, but which has given us a much better outlook on issues as a part of a bigger picture.

### **2.3 Analysis**

As mentioned in the introduction to this chapter our analysis is an evaluation of how social media tools could facilitate the change management process. We, in the following chapters, go into detail on three main subjects; social media, change management and the Volvo Group. For our analysis we focus on identified issues within the Volvo Group from a change management viewpoint. We then take what information and data we present in the chapter on social media and apply those theories to the identified issues.

Our analysis is divided into three parts. The main focus of our analysis is how social media could be used to benefit change management and communication in the Volvo Group. Also covered in the first, and main, part of the analysis are other synergies and positive effects of social media implementation. In the second part of the analysis we tackle some of the challenges which new media tools present for the organization. We have noted the need to evaluate not only the challenges social media tools bring with them, but also other issues related to digital networked communication. In the third part of our analysis we consider the effects of not implementing a social media strategy. In the background of our introductory chapter we took up issues of a changing environment and technological developments. This was the main reason for first undertaking this study and returning to this viewpoint in the analysis, we felt, was important to understand the big picture.

## 3 Social Media

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### 3.1 What is Social Media

In the introductory chapter we introduced the concept of a new media, which stands in contrast to the form media has had during the twentieth century. The industrialized media and the industrial information economy have been the basis for all information and communication. A strong characteristic of the industrial media is its one-to-many form and capital intensive nature.

What signifies this new emerging media is social interaction, collaboration, sharing, building communities, discussions and relationships. Social media is in fact any form of media where individuals or organizations share and discuss information, a process which has come to be referred to as “conversation”. The communication, or conversation, can take many different forms; from audio to text to images to video and anything beyond or in between. The largest arena of social media is the writeable web, even if mobile communication devices, text-messaging services and the like are part of the scene.

Television is a non-interactive one-to-many medium. One of television’s more notable qualities is that it has the very strong ability to turn anyone within a close enough range into a coach potato. Participation and interaction with television is strictly limited. Apart from the ability to change the channel or adjust volume there are painfully few instances where the viewer is involved. At the greatest extent involvement in television can be attributed to documentary soaps where the audience is expected to vote on an outcome.<sup>11</sup>

Many popular Internet applications and social media networks require a significantly higher user interaction. Interaction occurs on several levels not only between different users, but also between users and content or different applications. Most of what social media is based on is the collaboration of users and the individual’s creation, or participation in creation, of new digital content. This is known as user-generated content (UGC) or also as user-created content (UCC). User-generated content is in part the defining essence of the social web.<sup>12</sup>

The point being made is that the social web is a window to a greater distribution and diversity of media when compared to traditional media. Digital media has presented the opportunity not only to interact with other individuals, but also with the content. Texts, images and video files are not only being shared, but they are also being manipulated.<sup>13</sup>

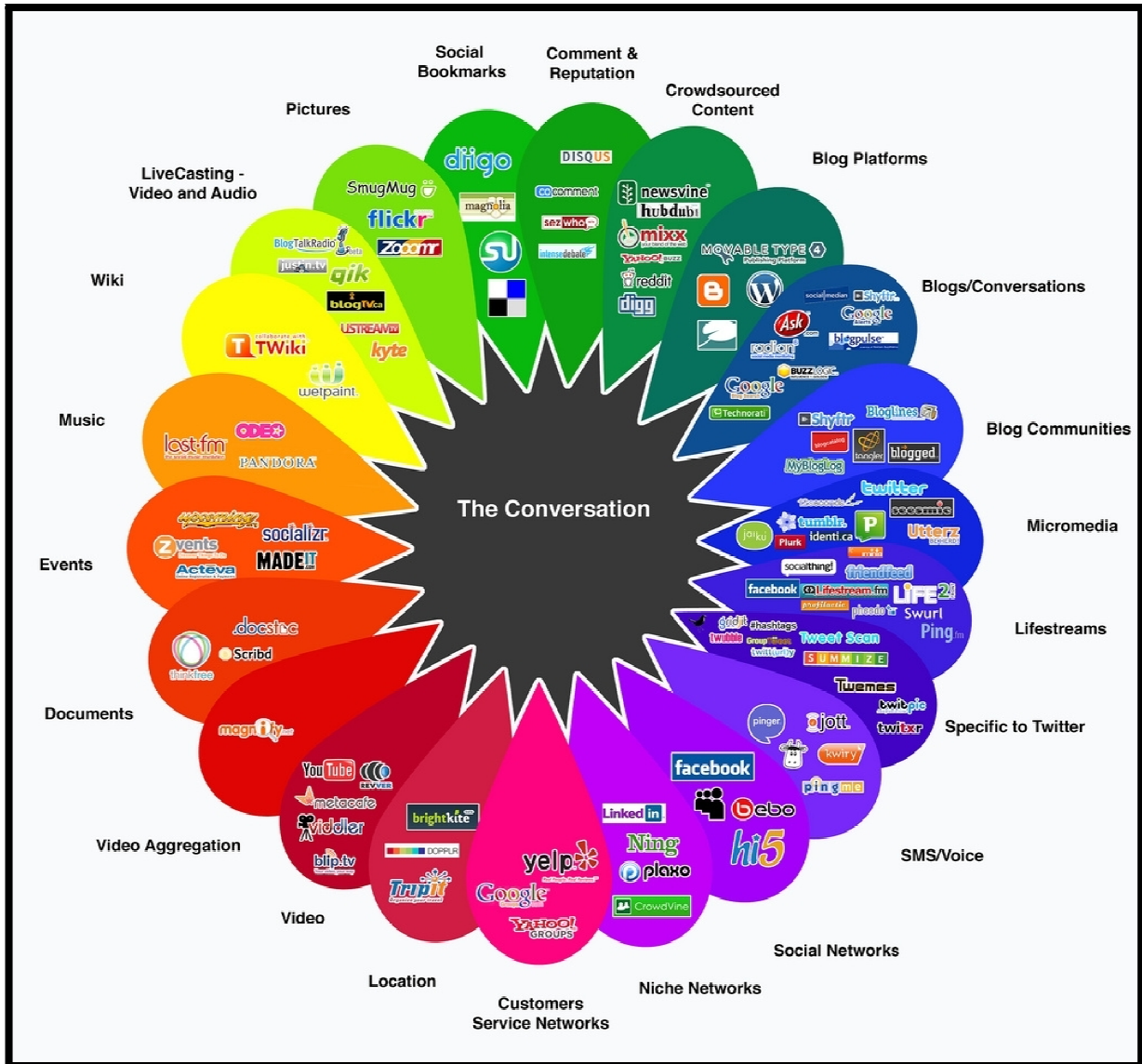
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<sup>11</sup> Palfrey & Gasser, p. 114

<sup>12</sup> Palfrey & Gasser, p. 114

<sup>13</sup> Palfrey & Gasser, p. 116

## 3.2 Overview of the Social Web



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This image puts the social web into perspective. It gives a hint to just how many tools there are available, bearing in mind that not all, by far, are represented. The following pages cover the most popular or most descriptive of each service category. All information here, where not explicitly noted, is either readily available on the services web pages, assumed to be common knowledge or otherwise openly accessible.

### 3.2.1 Web Logs

Weblogs, more commonly referred to as blogs, are what may be the most commonly known and accepted social media. Some bloggers have been known to frequent the mainstream media, and mainstream media journalists have joined the blogging community. Blogs are hosted either through a private domain or through one of the many blog platform providers. The largest and most commonly used are BlogSpot, Blogger, Typepad and Wordpress, among many more.

<sup>14</sup> B. Solis, *The Conversation Prism*

The sheer volume of information created on blogs, and the number of blogs there are has created a market for blog search tools and blog conversation networks. The market leader in blog search and conversation is Technorati. Technorati holds an index on virtually all weblogs, rates them according to popularity and authority, and enables comment and conversation aggregation.

### 3.2.2 Social Networks

Social networks are the largest portion of the social web, measured in users. Social networks are actually nothing new, but have been around for very many years as have basic forums. However, these tools have been used by certain small groups. Social networks of today have a huge spread. Three in four Internet users access social tools to connect with each other.<sup>15</sup>

Social network services include sites such as MySpace, Facebook, StudiVZ, hi5 and many, many more. MySpace is the largest of these categories, closely followed by Facebook. What is characteristic of social network pages is that they include certain broad features. The ability to communicate, congregate in groups, support causes, comment on actions, let friends know what is going on, create events and so on are all examples of available features.

Some social networks have niches and aim themselves at a certain group of users. LinkedIn is a social networked aimed at business professionals with an outspoken aim to act as a contact networking resource. SportsMates, MyAFL and Skate Network are examples of sports related social communities.

### 3.2.3 Micromedia and Microsharing

Micromedia is an online derivative of short text messaging services (SMS) for cellular phones. A user sets up an account and can then send messages to the open community. Messages are limited to 140 characters and are automatically aggregated to the general stream of messages. A user can choose to “follow” other users, either friends or people with similar interests, and those messages will then be aggregated separately. This gives rise to communities where several individuals share a conversation, which is open, accessible and searchable.

The main service provider and market leader is a service called Twitter. Most other services are based upon the model provided by Twitter, although there are certain exceptions. Seismic is one such example because they incorporate video into the microsharing experience. Plurk is another example which has a very different setup and therefore serves a very different, albeit much smaller, user base.

When Twitter started it was adopted by the very elite social media users, also known as early adopters. However, the service suddenly reached a tipping point and attained widespread acceptance. Suddenly hundreds of Twitter-related applications began appearing offering services like finding new friends, such as a service called twubble, or sharing pictures, through for example twitpic.

Yammer is a microsharing service catering exclusively to work- and business networks. Access to the public is not granted in the same way as other social media. To join the network a valid company email is required and that will only grant access to that specific company sub-network known as a

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<sup>15</sup> R. MacManus, *Report: Social Web Usage Tipped in 2008*



domain. When the service launched the 9<sup>th</sup> of September 2008 an excess of 2000 companies and 10,000 users signed up for the service, the first day. Yammer has been growing ever since.

### 3.2.4 Picture Sharing

Although social networks offer the service of sharing pictures there are niche applications and social web pages dedicated to picture sharing where the social site and interaction is centered on images. The largest is Flickr. Users are given the opportunity to upload and share anything from vacation pictures to more artistic creations with other users or the general web. Others simply store pictures on the web to access them from anywhere. Other providers include Picasa, Zoomr, SmugMug, and more.

### 3.2.5 Video Sharing

Social networks, with certain exceptions, do not focus on video sharing even if most offer the service. YouTube is the single largest source of online video content and hosting. YouTube is a simple service where videos can be uploaded and shared. Some videos are nothing more than vacation reels to be shared with friends. Other users have online debates and conversations through their videos. Video sharing gained great mainstream acceptance through the United States' presidential campaign of 2008 where most notably Barack Obama utilized YouTube as a campaign tool. He has also said he will be using the service during the course of his term in office as a way of communicating with the younger generation.

### 3.2.6 Social Bookmarks

Again, this is a service which is provided by social networks or microsharing tools. However, social bookmark applications focus on the one service and specialize in that field. The most widely adopted are del.icio.us and StumbleUpon. URLs are bookmarked and shared between different users, as well as commented. Very many websites, blogs and mainstream media include widgets which enable a user to share content directly through these services without having to leave the website.

### 3.2.7 Crowdsourced content

This is type of service not entirely different from social bookmarking. Here however the individual user's opinion counts less than that of a pool of users. The largest provider is Digg. A user will submit a website or an article to Digg. If this has not been previously added, it is. If it has the user's submission is counted as a vote. Information and news is then read, rated and spread by the collected crowd.

### 3.2.8 Lifestreams and Aggregators

Most users are not partial to one service, but rather have two or more accounts because applications have different user bases and purposes. Lifestreams act as aggregators of social media activity. There are two general types. Some like Ping.fm will update information over several networks. The other general type includes those such as Power or Friendfeed, services that accesses several social networks and aggregates information on activity from them.

## 3.3 Interactive Content

What distinguishes the social web is that it is writeable, editable and searchable. The content is interactive and participatory. Participatory culture is a very strong contrast to older forms of a passive media spectatorship. The roles of media producers versus the roles of media consumers

were clear and strongly outlined. Today, rather than saying that we have consumers and producers occupying different roles they may be defined as participants who interact with each other.<sup>16</sup>

In response to any query on an Internet search engine there is delivered an “information good”. This is a basic depiction of the currently available information from the point of access. This information is the result of both the coordinated and uncoordinated actions of a diverse range of individuals and organizations. The motives behind the creation of the content are as diverse as the individuals or organizations; ranging from market, nonmarket, governmental or nongovernmental.<sup>17</sup>

User-created content is helped by a number of factors. Computer processors, storage devices and communication capacity are steadily growing in speed and efficiency as they are, at the same time, becoming cheaper and more available to the average user. As well as being cheap, advances have been made that also make this process a lot easier. These are some enablers of large-scale information production, knowledge spread and cultural interaction on the Internet.<sup>18</sup>

The networked information environment offers distinctly different approaches to information production. These are, culturally, exceedingly more attractive for two distinct reasons. The first is that information production in the networked environment makes the culture much more transparent. The second reason is that it makes culture very much more malleable where ideas and thoughts spread faster.<sup>19</sup>

### 3.4 Why Users Contribute and Participate

The writeable web and social media platforms grant individuals a new way of viewing information. They are no longer the mere consumers of content where information from a source is presented to the masses. Individuals are empowered to view their practical and social lives through the eyes of someone who could voice an opinion or inject a thought anywhere. Whether it is a criticism or a concern, writeable platforms offer anyone with access the possibility to engage in the public debate.<sup>20</sup>

Whether an individual participates in content creation or collaboration does not generally depend on if a superior has ordered them to, although this does hold true in many cases. Neither is project participation based on expected returns, although some do focus on money for the long-term of activities. The critical mass of participation in many online or social projects cannot be explained by the presence of price or any other forms of future monetary return. This form of work is often free of micro-level management such as who will work with whom, on what project and so forth.<sup>21</sup> Greater individual freedoms, for instance the freedom to act and be unconstrained by the need to ask permission, is key for nonmonetary motivation as a driver of production. It is the freedom to seek information and to write about it, to be able to join or leave various projects and associations with

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<sup>16</sup> Jenkins, p. 3

<sup>17</sup> Benkler, p. 5

<sup>18</sup> Palfrey & Gasser, p. 123

<sup>19</sup> Benkler, p. 15

<sup>20</sup> Benkler, p. 11

<sup>21</sup> Benkler, p. 60

others that underlies the new efficiency of networked social efforts. These factors are emerging because people are being granted more freedom to act effectively and of themselves.<sup>22</sup>

As the potential for interaction with the networked public sphere increases individuals become less passive, and thus more engaged. The effort required to partake in an open conversation being lowered individuals become more engaged participants in the debates about their observations. This allows anyone to speak, to inquire, to investigate and none the least to be heard without needing the outlet of resources available only to major media organizations.<sup>23</sup>

There are also many social factors playing a significant role. The readily available and easy to use online tools as well as cheap and fast access to the same are an important part. This, when coupled with the willingness to share content and also to contribute to communities, has changed media-consumption habits of Internet users. All factors taken together are central forces that drive user-created content and will continue to do so in the future.<sup>24</sup>

### 3.5 Why Corporations Participate

There are no noncommercial production facilities and there are no volunteer energy plants. Companies could never exist on having their primary source of income rely on voluntary contributions. This being said most of basic scientific research is nonprofit, educational or funded by government grants.<sup>25</sup>

As well as individuals participating in collaborative projects and social media content production companies and corporations do so also. A large portion of that which today is available through the Internet was made possible by the voluntary contributions of collaborative social networks.<sup>26</sup> Even if there are no, in the short-term, visible financial gains from participating in collaborative efforts or free content creation, failing to do so could have a large impact on future operations. The results are that we are seeing the emergence of a new decentralized and very effective means of collaboration. These collaborative efforts do not involve a price system nor do they rely on managerial structure for coordination. This complements the uncoordinated nonmarket behavior which is accredited to social network spheres. Information produced in this way has seen a dramatic increase in importance.<sup>27</sup>

### 3.6 About Users and Participation

There are many different types of users in regard to how active they are in online communities; to which degree they participate and what reasons they have for utilizing the social web are examples.

A not insignificant aspect is that not all participants are created equal. Corporations, for example, still wield a significantly larger amount of influence than that of the individual. This holds true even for an aggregated number of consumers. Following this line there is a very strong distinction between different types of consumers and participants. While some contribute very little, or nothing at all and

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<sup>22</sup> Benkler, p. 139-140

<sup>23</sup> Benkler, p. 11

<sup>24</sup> Palfrey & Gasser, p. 123

<sup>25</sup> Benkler, p. 35

<sup>26</sup> Benkler, p. 35

<sup>27</sup> Benkler, p. 63

occupy the role of true consumers, certain individuals contribute very large amounts of information and wield a greater influence.<sup>28</sup>

The social web and online communities are commonly viewed as applications and tools that allow groups of people to share ideas and information. They also allow companies to communicate directly with customers or for professionals to start collaborative projects. This is factually true, but taken at face value it is also rather misleading. The majority of online conversation is driven by a small number of highly active users. The rest of community users are more or less passive observers and will occasionally add a comment to an ongoing discussion.<sup>29</sup>

The greater majority, 90% of users, are not active participants in the discussion or information-creation process. Around 9% of users will contribute from time to time with, but they do not continuously contribute, or contribute regularly. The last 1% of users is the elite. They post, share, discuss and comment spending copious amounts of time doing so, always making the latest addition to the discussion directly after an event occurs. This is known as participation inequality.<sup>30</sup>

Web users participate differently online, and produce different amounts of content. The top 10% of users are responsible for the creation of 80% of content. Additional content is contributed by another 65% of users. This leaves four of ten users who either never contribute to or ever visit any part of the writeable web.<sup>31</sup>

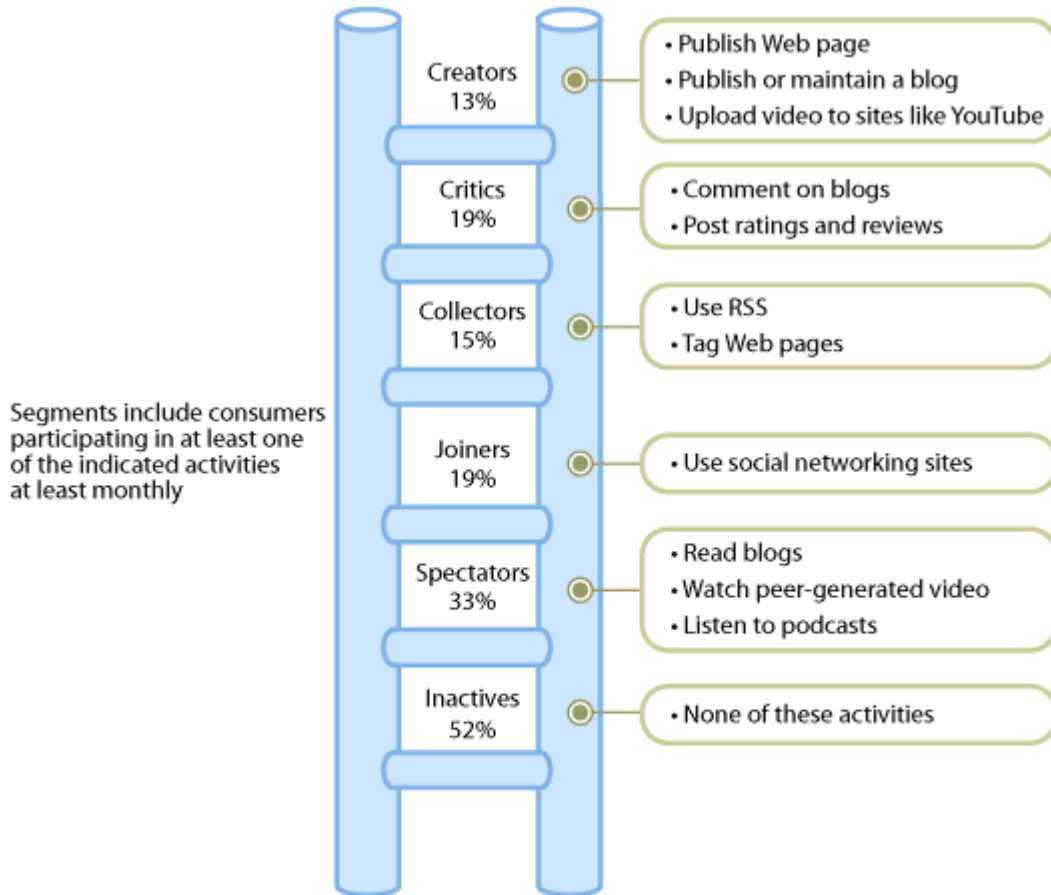
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<sup>28</sup> Jenkins, p. 3-4

<sup>29</sup> Rubicon, p. 7

<sup>30</sup> Rubicon, p. 7

<sup>31</sup> Rubicon, p. 8



Base: US adult online consumers

Source: Forrester's NACTAS Q4 2006 Devices & Access Online Survey

42057

Source: Forrester Research, Inc.

Forrester Research Inc. has produced what they refer to as The Social Technographics Ladder. The diagram shows the different categories of social media usage they have chosen to implement. Forrester has shown that the top tier groups; Creators and Critics are still growing, as are Collectors and Joiners. The largest group, representing seven of ten online adults, is Spectators, that is to say the group who consume social media without directly contributing. What is particularly interesting is that statistics indicate that social media is becoming mainstream.<sup>32</sup>

### 3.7 Collective and Collaborative Knowledge

A clear strength of social media is the aspect of communication and collaboration. Connecting people of similar interests or common goals and combining their knowledge. New tools allow different parties to interact without established relationships or prior interaction.

No one person knows everything, but everybody knows something. The sum of two parts in many cases may yield something greater than the whole. This line of argument is referred to as collective intelligence. In the case of networked digital media it refers to the ability of a virtual community to

<sup>32</sup> R. MacManus, *Report: Social Web Usage Tipped in 2008*

leverage its combined expertise. Collaborative efforts within the group have a higher efficiency and greater return on investment than the combined individual efforts would have had.<sup>33</sup>

Individuals can do a great deal more for themselves if they do so acting independently. Not acting independently fosters codependence making an individual restricted by the cooperation and permission of others. The networked digital media allows individuals to create their own expressions and seek out information they need with very little dependence on commercial media forms, such as those which have dominated the twentieth century.<sup>34</sup> The limitations of cooperation of an industrial information economy are not present in the same manner in social media. A group of individuals can do far more in loose affiliation with one another rather than if they were forced to build long-term stable relations.<sup>35</sup>

What one person could do or for that matter what one person could know has previously had, and also set, certain limitations. With the emergence of the social media and collaborative media culture axioms such as this no longer always hold true. What we previously were not able to do on our own, we may very well be able to do collectively.<sup>36</sup> Collaborative projects in social media offer a medium where personal autonomy and cooperation co-exist and one need not necessarily exclude the other. The fluidity with which cooperation can be entered increases the diversity and distance between individuals entering into collaborative relationships.<sup>37</sup>

In the case of collective intelligence, or collaborative information control, only a limited amount of information is known to all individuals. This is the information, which the collective as a whole requires to function, maintain its existence and reach its goals. Everything else is known by individuals who make the information they possess available for the collective use. A side note is that any new information to be accepted into collective knowledge will be measured against what the group believes to be core knowledge.<sup>38</sup>

The binding factor, or in other words, that which holds a collective intelligence together is not the possession of knowledge. Possession of knowledge is a static factor which may grow in volume, but not necessarily in importance thus quickly becoming a simple shared commodity. The process of acquiring knowledge is far more important to maintaining a collective intelligence. Information acquisition is dynamic and participatory. This process continually tests and reaffirms a collective's social ties, binding the group and therefore also the collective intelligence closer together.<sup>39</sup>

### 3.8 Social Media in Businesses

The latest available study has shown that, of online adults, three in four use social tools or technologies. This is an increase from 56% in 2007 showing the growing importance of social online media. Social media is becoming a mainstream tool adopted by the majority of online adults.<sup>40</sup>

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<sup>33</sup> Jenkins, p. 26-27

<sup>34</sup> Benkler, p. 9, p. 130

<sup>35</sup> Benkler, p. 9

<sup>36</sup> Jenkins, p. 27

<sup>37</sup> Benkler, p. 9

<sup>38</sup> Jenkins, p. 28

<sup>39</sup> Jenkins, p. 54

<sup>40</sup> R. MacManus, *Report: Social Web Usage Tipped in 2008*

A survey conducted in the United States of America has recently found over 37.6% of respondents considered the Internet their most reliable source of information. This is testament to the growing importance of new media, both as a source of information and a channel of communication.<sup>41</sup>

Networked workers, workers who are connected through the Internet and email at work, are not only connected while at work. These workers are also more likely to have access to a wide range of technologies outside of the workplace. They are, for example, more likely to own cellular phones, laptops, and Sidekicks. When compared to average workers networked workers owned a cellular phone in 15% more of cases, 20% more owned a desktop and 32% more owned laptops.<sup>42</sup>

An increasing amount of employees are working from home, and the workload in the home is also increasing. Nearly half of workers do some of their work from home. Over a third conduct work activities from home at least a few times per month and one in four workers regularly do some work at home, that is daily. Networked workers have visibly higher rates of doing work from home. Overall networked workers have a 10% higher rate of working from home.<sup>43</sup>

Nearly all people who are employed make use of new information and communication technologies, even if they are not part of the networked workforce. More than nine in ten workers are in some way making use of new communications technologies. These workers are referred to as wired and ready workers as they have gained an affinity with the Internet and new communications technologies.<sup>44</sup>

Seven in ten workers use all three basic communication technologies, these being cell phone, email and internet communications. These technologies have, according to workers, had both positive and negative effects. Whilst workers are better connected and more able to perform their jobs, workers report that the higher connectivity granted by information and communication technologies has added to stress and demands of their positions. Eight in ten say that new technologies have improved their ability to do their job and seven in ten that their abilities to share ideas with coworkers has improved. This is contrasted by roughly 50% claiming that the level of stress and the demands of their work have increased.<sup>45</sup>

Blogging among the workforce is equally spread as in the general population. This being said there is only a very small portion of workers who actually do blog from work. Working men and women are equally as likely to blog; however the younger population, that is to say the under 29-year-olds, are twice as likely to have their own blog. The younger part of the workforce does not however have a greater tendency to blog from work, but is consistent with the general population.<sup>46</sup>

Social network sites are increasing in importance and popularity. One third of adults with Internet access report using social network sites. Employed internet users are even more likely to use social network sites, four in ten do so, and one in ten does so from work. There is a difference between

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<sup>41</sup> M. Kirkpatrick, *Poll: Internet Now Considered More Reliable Than TV*

<sup>42</sup> Pew, p. i, p. 3

<sup>43</sup> Pew, p. i

<sup>44</sup> Pew, p. iii

<sup>45</sup> Pew, p. iii

<sup>46</sup> Pew, p. vi, p. 32

younger and older adults among the general population, but younger users are only 4% more likely to access social network sites from the workplace compared to their older counterparts. While at work social network site users are equally as likely to communicate with coworkers as with family and friends.<sup>47</sup> An interesting note is that of the companies surveyed, who choose to block access to certain services on the Internet, half of them did so with regard to social networking sites. This is to be put into perspective that 60% of the same companies did so with regard to online gaming.<sup>48</sup>

Social media and networking sites are something which firms can benefit from. Employees' gossip, conversations, and sharing of photos on life streams such as MySpace or Facebook potentially benefit firms. It's part of professional networking.<sup>49</sup> These services help colleagues stay in touch and helps retain relationships with customers and business partners. Allowing workers a greater flexibility and freedom creates a business more capable of maintaining stability.<sup>50</sup>

Employees see the collaboration, networking, problem-solving and increased productivity possibilities of Web2.0 applications and wish to apply these in the workplace. These tools directly contribute to spread of knowledge and provide management with vital tools as workforces are scaled back. These tools also boost motivation and morale, especially among the digital natives.<sup>51</sup>

Social media tools for organizational communication and collaboration have the potential to connect people in a very different way from what is done today. Web2.0 tools fundamentally change the way in which employees interact with each other. These tools also enable them to grow their professional capacity since the communication form promotes mutual support, rapid networking, inspiration and idea exchange.<sup>52</sup>

Social media applications become even more powerful tools when they are integrated or incorporated with other core business applications. The applications have the potential to fundamentally improve aspects such as operating efficiency, employee retention, company culture and professional development. This is due to a capillary-like framework which quickly spreads information within the organization, speeding core business processes.<sup>53</sup>

Companies already reporting widespread implementation of social media and Web2.0 applications within their organization include IBM, SAP, Oracle, Best Buy, and Siemens. Another 10,000 companies are using social media applications supplied by third parties inside to expand their core businesses and facilitate communication and collaborative needs.<sup>54</sup>

Information in the form of breaking news spreads at very great speed on the Internet. Through the social web and microsharing services, such as twitter, news reaches thousands upon thousands within seconds. November 26 and the terrorist attacks in Mumbai was the latest illustration of this fact. Twitter users all over the world got word of the situation in Mumbai before the mainstream

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<sup>47</sup> Pew, p. 32-33

<sup>48</sup> Pew, p. 29

<sup>49</sup> E. Pfauth, *Harm your business, block Facebook*

<sup>50</sup> Reuters (2008-10-29)

<sup>51</sup> Pistachio, p. 3, p. 6

<sup>52</sup> Pistachio, p. 3

<sup>53</sup> Pistachio, p. 3, p. 5

<sup>54</sup> Pistachio, p. 6



media even knew something had happened.<sup>55</sup> Speed is one of the real strengths of social web applications. However, it is not only how fast it works to spread the word. Microsharing services function to spread information at a constant rate as a situation unfolds. Near instantaneous updates follow very direct streams to anyone following a particular event.<sup>56</sup>

As the economy toughens, through the spread of financial crisis and large scale economic downturn there is a great need for increased efficiency. Workers find a need to communicate faster and more efficiently as labor forces are downscaled and each individual takes on a greater role or a heavier workload. Tools facilitating better and faster collaboration move from the nice-to-have to core and crucial.<sup>57</sup>

During times of economic hardship and downturn there is a visible effect on all business. In order to adapt to a changing business environment with different opportunities companies need to use a new toolset. To survive systems need to be fast, effective, flexible and adaptive. Taking years to develop closed and very expensive software will not be possible in the future.<sup>58</sup> It is not often that the cheapest path is the best path. Often the trade-offs outweigh the low price. In the case of social web applications however, the tools available are very cheap to implement and can be acquired at a low cost, and in some cases no cost at all.<sup>59</sup>

Businesses are being pulled into social media. Some are taking measures to incorporate new tools into their daily activities and others are searching for a restrictive approach to limit their exposure. Whichever direction is chosen workers still find new technologies to be useful aids in their work. Those who have access to new tools and technologies work from home to a greater extent and are more available to do their jobs. Social media is spreading throughout the business world and through the workforce. With this spread come gains and challenges, creating a situation where businesses will need social media strategies.

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<sup>55</sup> Arrington, *I Can't Believe Some People Are Still Saying Twitter Isn't a News Source*

<sup>56</sup> Arrington, *I Can't Believe Some People Are Still Saying Twitter Isn't a News Source*

<sup>57</sup> Pistachio, p. 3

<sup>58</sup> J. Rothbart, *IT Must Learn to Bend or Business Will Break*

<sup>59</sup> A. Noff, *Why You Should Turn to Social Media During This Economic Crisis*

## 4 Change Management

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### 4.1 Introduction

When it comes to change a number of questions arise: Why do things have to change? What is change management and what, do we believe, constitutes good change management?

We begin by first looking at factors that promote change in different ways and then go on explaining different ways of handling the changes that need to occur in order for companies to survive in a changing world. There are, generally, two different aspects to change and change management. The first is where change happens outside of an organizations sphere of control and the second aspect is where a set of circumstances generate a change. The former is reactive although it can be approached in a proactive manner whereas the latter is cultivated and driven by aspirations or needs.

In this thesis we have chosen to focus on the strategic and the cultural change processes, because it is in these areas we feel that the implementation of social media tools have the most impact and have a lot to do with how well the companies will fare in periods of change.

### 4.2 Factors That Drive Change

#### Technological change

- Faster and better communications
- Faster and better transportations
- More information networks connecting people globally

#### International economic integration

- Fewer tariffs (GATT)
- Currencies linked via floating exchange rates
- More global capital flows

#### Maturation of markets in developed countries

- Slower domestic growth
- More aggressive exporters
- More deregulation

#### More new market economies

- More countries linked to the capitalist system
- More privatization

These things all lead to an increase in globalization of markets and competition which in turn leads to more hazards such as more competition and increased speed of change. Opportunities also appear in the form of bigger markets and fewer barriers.

To avoid hazards and or capitalize on opportunities, firms must become stronger competitors by undertaking more large scale changes in their organizations.<sup>60</sup>

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<sup>60</sup>J. Kotter, *Leading Change*, p. 19

**Typical transformation methods include:**

- Reengineering work
- Restructuring
- Quality programs
- Mergers and acquisitions
- Strategic change
- Cultural change

Organizations face an ever changing world with new obstacles and opportunities. To meet and exploit these in the best interest of the organization change is an absolute prerequisite. It seems that most organizations have taken notice of Tom Peter dictum; that “it is vital to change or die”. In a world that promotes change there are different ways that are constantly discussed to how and in which direction the process of change will take. In one corner we have the economists who are, in general, for changes that will improve shareholder value and in the other corner we have the academics who speak out for a more high-commitment culture with high employee involvement.

In popular literature on the subject of change management we identify these arguments as two types of approaches to organizational change, namely Theory E and Theory O respectively.

**4.3 Theory E and Theory O: Guidelines for Change**

According to Beer and Nohria authors of *Breaking the Code of Change* there are two very different approaches to “change” in the field of change management. These are theories that are endorsed by CEOs, consultants and academics alike. They have chosen to call these theories Theory E and Theory O.

We are mimicking the structure in the book to explain what is essential in these theories.

<b>Table I-1 Theories E and O of Change</b>		
<b><i>Purpose and Means</i></b>	<b><i>Theory E</i></b>	<b><i>Theory O</i></b>
Leadership	Top-down	Participative
Focus	Structure and systems	Culture
Planning	Programmatic	Emergent
Motivation	Incentives lead	Incentives lag
Consultants	Large/ knowledge-driven	Small/ process-driven

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**4.3.1 Theory E**

Theory E is a theory which focuses heavily on creating value, primarily in the form of shareholder value, and uses formal structures and systems to achieve this.

<sup>61</sup> *Breaking the Code of Change*, p. 4

Milton Friedman argued that “the sole ethical justifiable contribution of corporations to society is to produce profit and economic value”. And as Al Dunlap, CEO of Scott paper put it, “Shareholders are the number one constituency. Show me an annual report that lists six or seven constituencies and I’ll show you a mismanaged company.”<sup>62</sup> It is argued that a single purpose is the best way of focus the minds of employees and management.

#### **4.3.1.1 Leadership: Top-down**

Change in Theory E goes about managing the change process with a top-down approach. Managers who act according to the ideas in Theory E see themselves, at least to some degree, as almighty and believe that they, like a wartime general, have the best view of the battlefield and therefore are the best suited to make strategic decisions without the help or involvement of others. Speed is also a factor here. It seems more rational and faster for one person to make the decisions and for people of lower pay grade to implement changes, rather than being part of the planning process of change.

#### **4.3.1.2 Focus: Structures and system**

Changing strategies, structures and systems, also called an organization’s “hardware”<sup>63</sup> is the first and foremost point of interests to managers. Changes that are made in these areas yield quick financial results. Actions like selling assets and businesses and moving headquarters are examples of the predominant courses of action.

#### **4.3.1.3 Planning: Programmatic and Planned**

The actions taken to achieve change tend to be driven by the expatiations of what is going to happen in the marketplace. This focus forces a short and rapid schedule for change.

The core thought in the planning phase is just what the header suggests, i.e. planning in the form of a strategic plan that is devised at the top of the organization and then implemented down the ranks. The reason for doing this is to give lower-level managers the tools they previously did not posses.

#### **4.3.1.4 Motivation**

The single biggest motivational force in Theory E is financial incentive programs. It’s claimed that incentives that align the interests of both management and shareholders are crucial to make change happen. The monetary incentives are essential to make the managers focus on “the right things” and also make them less prone to get distracted from things of less importance and make them more goal oriented. Goals which can be broken down into a simple mission; make money.

It’s also important for a CEO to feel that the rewards of a job as demanding as the task of implementing change are representative of expectations. This is not only with regard to implementing changes and actions, but actually making change happen.

#### **4.3.1.5 The Use of Consultants in the Change Process**

To achieve the rapid successes sought after in Theory E companies are turning to big consultant firms and paying them huge sums of money to bring in, what the COEs of the employing companies believe, are the right tools and know-how to make the their ideas a reality.

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<sup>62</sup> *Breaking the Code of Change* p. 6

<sup>63</sup> *Breaking the Code of Change* p. 7

One other reason for turning to big consulting firms is that the CEO might find that workers and lower management are unenthusiastic or even opposed change. A CEO will then turn to consultants since they are viewed as, what Berra and Noheria describe to be, “allies” in large organizations.

### 4.3.2 Theory O

In this Theory the goal is to change a company’s ways from the ground up so to speak. It focuses on changing management’s, workers’ and unions’ culture and behavior. It’s believed that the change process in a company is not a one man job, but requires the involvement of all the employees and a desire of openness and truthfulness within the company.

The goal of firms using Theory O is to create a system which makes employees emotionally committed to increasing their performance. You want the employees to become involved in the process of “identifying and solving work-related problems.”<sup>64</sup>

Managers that practice Theory O ideas think that having only one goal, as covered in Theory E, is a mistake. That said creating value is absolutely one of the things that should be on the “to do list” in a company. They think that when a top manager is setting simplistic goals it’s easy to miss the factors that contribute to the overall economic health of the company. Proponents of Theory O believe that the best way to make shareholders happy (happy in the sense of economic value) is to shape the organization into a healthy “learning organization”<sup>65</sup> and in doing this it is important to look at the effectiveness and efficiency at every level of production. This is what managers believe is the best way to create economic value in the long run.

#### 4.3.2.1 Leadership

It’s believed, due to the fact that top managers are the ones that are farthest away from the consumers and operations, that it is vital for management decisions to be taken with the involvement and collaboration of the employees in order to achieve long term performance enhancements. This is done because it is felt that when communication in a firm goes strictly from top to bottom, obstacles, which present themselves when trying to follow top managements orders, aren’t communicated back in a satisfactory way, and therefore hinder the change process.

#### 4.3.2.2 Focus: Culture

A hallmark of all Theory O change strategies is the focus on value and behavior inside companies. Management sets up a set of values and principles that will guide the employees and inform them of the corporate culture that they want to institute. The goal with this is to create an emotional attachment which is thought to have great impact on commitment of employees to the companies.

To change culture one cannot simply change system and structure to make it happen. You have to change the values and beliefs that have given the prior systems and structure their legitimacy. As Larry Hirschhorn puts it “cultural change requires management to engage people emotionally in examining why the existing structure and systems are not meeting the new challenges confronting the organization”.<sup>66</sup>

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<sup>64</sup> *Breaking the Code of Change* p. 13

<sup>65</sup> *Breaking the Code of Change*, p.12

<sup>66</sup> *Breaking the Code of Change*, p. 15

Hirschhorn calls this examination process “creating a counter structure” which provides opportunities to build new psychological contracts between management and employees and also to be able to safely attack the current order.

#### 4.3.2.3 *Planning: Emergent*

Karl Weick<sup>67</sup> believes that organizations change because of and due to local continuous experimentation and not by the hand of one single CEO implementation of radical system changes. He argues that managers should encourage local experimentation and move managers from areas, which have shown to be successful into areas or departments that have proven to work in an unsatisfactory way. By doing this you get an emergent, from the ground up, process of change that is seen to be more likely to have long-lasting effects than a more centrally developed plan for change.

He also writes, “[...] change is ongoing, continuous and cumulative” and, “emergent, continuous change, when contrasted with planned change, can be defined as the realization of a new pattern of organization in the absence of explicit a priori intention.”<sup>68</sup> What he means here is that when things are repeated, shared, amplified and sustained they give life to organizational change.

#### 4.3.2.4 *Motivation: Financial Incentives or Not*

In Theory O the financial incentives are present but not as the sole motivation for change. It's believed that the way in which management involves the rest of the workforce in the change process is enough to make them motivated. In a sense they feel that their input makes a difference and are therefore motivated to make things happen. By no means is this to say that financial incentives do not exist. They do, but more as a supplementary mechanism. The thing about money being used as a motivator is that it is viewed as a means by which people are complying with a cause, but not committing to the same and therefore it doesn't go well in hand with the Theory O philosophy.

#### 4.3.2.5 *The Use of Consultants in the Change Process*

When consultants are brought into the change process of a Theory O-company their involvement is quite different to that which it would have been in a company with a Theory E change process. In Theory O the consultant's role is much more a facilitating one.

As it's put in *Breaking the Code of Change* “the consultants' role was to facilitate the process and be a resource. [...] they did not recommend a corporation-wide program by which top management should implement their ideas. They relied on managing a process of discovery and learning”. This could be said to be the core use of consultants. People who come from the outside and help employees go through a process of analysis, redesign and change.

## 4.4 **Combining the Two Theories of Change**

Is it possible to combine these two ways of change management? Beer and Nohria say that both theories are, “[...] two different but equally legitimate perspectives”<sup>69</sup> and they go on arguing that choosing one of them would be the most natural and the easiest way to go, but that these do not on their own manage to achieve all the objectives that management has set out reach.

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<sup>67</sup> *Breaking the Code of Change*, chapter 11

<sup>68</sup> *Breaking the Code of Change*, p. 226

<sup>69</sup> *Breaking the Code of Change*, p. 19

Berra and Nohria point out that if you set out to have an organization which is quick to adapt, survive and prosper in the long run you will have to combine a Theory E change management with a Theory O change management. They argue for what they call an “and/also” where you get rapid improvements in economic value and also build sustainable advantages by mixing the two. This, they claim, is the hardest approach and requires great “will, skill and wisdom”<sup>70</sup> to achieve good results.

There are two ways of mixing the two approaches together: You can either sequence Theory E and Theory O or simultaneously incorporate them into one single approach.

#### 4.4.1 The Two Ways of Combining Theory E and Theory O

##### 4.4.1.1 Sequencing

Here you also find two ways of executing the change process. The most effective, regarding the ways in the sequencing method, is to lead with Theory E and follow with Theory O. This could look as follows; using Theory E methods to downsize and streamline bureaucracy and production and follow up with Theory O where the employees have more influence in the change process. This way has the most probability of success according to Beer and Nohria.<sup>71</sup>

The problem of using the theories in the reverse order is that the trust and commitment established during the Theory O phase will be torn down when people are being laid off and management is acting against promises it previously made. This will lead to disarray and distrust amongst the employees and the change process will most certainly fail. It's therefore strongly recommended, if one chooses to go with a sequencing strategy, to start with Theory O and follow with Theory E rather than the other way around.

##### 4.4.1.2 Simultaneously Use

A simultaneous use of Theory E and Theory O is considered to be the most effective approach to organizational change according to Beer and Nohria.<sup>72</sup> They claim it's crucial that one doesn't get emotionally conflicted about demanding both of them. When starting the change process it is important to both have the goal of creating economic value in mind and at the same time creating an effective human organization.

Leadership should be driven from the top-down but also give space to information travelling in the opposite direction. Focus should lie on changing organization design and culture, the process should both be planned which includes such tasks as putting “the right man in the right place” and have them experimenting, redesigning, and also make the workforce commit to the changes proposed on an emotional level and thereby make them give 110 percent.

Motivation in the form of money should only be used to attract and keep good employees but not as the driving force of change under a synthesis of Theory E and Theory O. Compensation is something which lags behind and that's given as a reward or as recognition after good performances motivated by involvement and commitment rather than just the prospect of cash-in-hand down the line.

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<sup>70</sup> *Breaking the Code of Change*, p.20

<sup>71</sup> *Breaking the Code of Change*, p. 21

<sup>72</sup> *Breaking the Code of Change*, p. 23

The use of consultants in a combined Theory E and Theory O change strategy is important. External parties may have a different view of what needs to be done and they can bring in expertise, knowledge and technical skills that people inside the company may lack. However, it is important that the consultants only act as supporting players in the change processes and assist management and employees in their efforts rather than to try and push their own prepackage acronym bearing solutions.



## 5 The Volvo Group

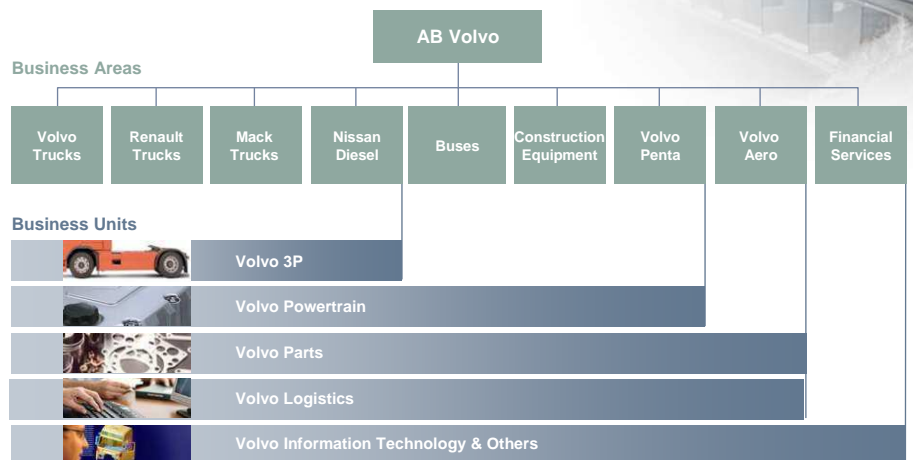
### 5.1 Volvo Group: the Organization

The following is an introduction to the Volvo Group and the structure of the organization. All information is as presented by the Group through their website, open publications and financial reports.

AB Volvo is made up of product related business areas and supporting business units. The company has circa 100,000 employees with production facilities in 19 countries and retail in 180. The organization creates the prerequisites to be able to utilize the organizations common recourses and also enables the company to work closely with customers to create value.

The business units are globally organized and have been created to gather know-how within vital areas. Their tasks include product planning, purchase and the responsibility to deliver and develop services, support and components to all the different business units in the organization. The way in which the organization is constructed gives large-scale advantages in areas such as production, product development, logistics, supply and support of spare parts and also within administration and support functions.

### Organisation



#### 5.1.1 The Companies and Business Units

*Volvo Trucks* which is a manufacturer of heavy and semi-heavy trucks for the global market. Trucks are sold and serviced by 650 retailers and 1,450 workshops in more than 130 countries and they are assembled in 9 Volvo owned assembly factories and in 8 other which are owned by local partners.

*Mack Trucks* is one of the leading manufacturers of heavy trucks in North America. The company's products are sold and serviced in more than 45 countries through a network of more than 670 sales, parts and service centers.

*Renault Trucks* manufactures trucks that ranges from light to heavy and is regarded as one of the leading manufactures on the European market. In 2007 Renault trucks sold 79,857 units that include both light commercial vehicles as well as trucks. A majority of 50,4 % was sold on the international market and 13.2% in Europe and 36,4% in France.

*Nissan Diesel* was inducted in the Volvo Group in 2007 and is seen as way to enhance Volvo Group's presences in Asia. The company produces trucks that range from heavy to light and also busses, bus chassis, engines and other vehicle components and special vehicles. Nissan Diesel's retail network in Japan consists of ten self owned retailers and six independent. In total this yields 180 retail points. Globally, Nissan Diesel has an international sales network with 55 distributors and 7 part-owned sales companies.

*Volvo Buses* is one of the leading manufacturers of buses and bus chassis. Products include city buses, intercity buses, tourist buses and services in areas as vehicle service, finance, vehicle diagnostics and traffic information. Volvo Buses employ 7,900 worldwide and has production facilities in Europe, Africa, North-South America and Asia. The aftermarket network includes 1,500 workshops in an excess of 80 countries.

*Volvo Construction Equipment* is a manufacturer of heavy-duty construction vehicles. Its products and services are available in over 125 countries via independent as well as self owned retailers. Manufacturing sites are located in Sweden, France, Germany, USA, Canada, Poland, Brazil, India, Korea and China.

*Volvo Penta* is the world leading supplier of drive trains and engines for use in marine and industrial applications. Production is located to Vara and Skövde in Sweden, Lexington Tennessee in USA and a co owned assembly plant in Wuxi China together with Wuxi Diesel Engine Works. Volvo Penta has self owned retailers all over the world and independent retailers almost reach the five thousand mark.

*Volvo Aero* manufactures and develops engine components for airplanes and spacecraft. The company is present in Norway, Sweden and the US.

*Volvo Financial Services (VFS)* works with all of the Volvo Group's companies to help customers finance their purchases of Volvo products. Its HQ is located in Montvale, New Jersey and the company employs circa 1,200 people in the 60 areas where VFS is present.

*Volvo 3P*: The three Ps stand for Product planning, Product development and Purchasing, areas that are not always visible to shareholders, customers or other stakeholders, but are very important for achieving good results within the Volvo Group. Volvo 3P employs 4,500 people including consultants and is present in the United States, South America, Sweden, India, France, Japan, China and Australia.

*Volvo Power Train (VPT)* develops and manufactures engines, gearboxes and drive shafts. VPT is the biggest manufacturer of heavy diesel engines in the classes 9 to 18 liters and has manufacturing plants in Sweden and the United States.

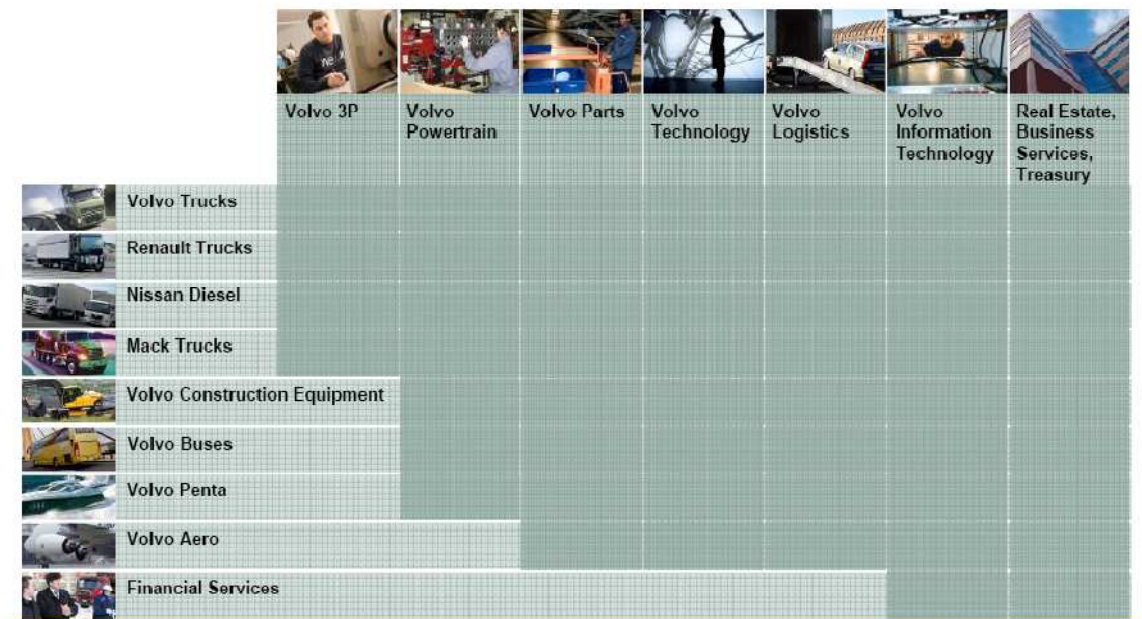
*Volvo Parts* is involved in supplying the aftermarket with spare parts and services. The most important areas are Spare Part Logistics, Product Support Development and Volvo Action Service.

Volvo parts support six of Volvo's business units; Volvo Trucks, Mack Trucks, Renault Trucks, Volvo Buses, Volvo Construction Equipment and Volvo Penta.

*Volvo logistics* is represented in North and South America, Europe and Asia. The company's main objective is to "Design, Handel and Develop comprehensive business logistics systems for the automotive industry the world over."

Other businesses are *Volvo Technology* which develops new techniques and concepts for the transport and vehicle industry, *Volvo IT* which supplies not only companies within the Volvo Group with industrial information solutions but also other companies and organizations. *Volvo Technology Transfer* is a corporate venture company which has the task of creating value by supporting companies that are relevant to the Volvo Group. The main tasks are; to invest in projects and businesses that are of commercial and technical interest, actively support businesses that are based on Volvo technology and that have business potential outside the Volvo Group and to support the development of entrepreneurship and innovations within Volvo Group. Volvo Business Services (VBS) supplies the Volvo Group with high quality services in economic and personnel administration. VBS I located in Sweden, Poland, the United States, Brazil and France. *Volvo Treasury* is Volvo's internal bank which has the responsibility of handling all interest-bearing assets, debt management and currency trade. The company's HQ is located in Gothenburg Sweden and it has affiliates in Greensboro, USA and Singapore. The last of Volvo's business units is *Volvo Group Non-Automotive Purchasing* (NAP). This company is responsible for purchases of goods and services that are indirectly useful to the Volvo Group. The goal is to increase the overall cash-flow within the Volvo Group by negotiating favorable terms of payment towards suppliers. The company has circa 40 offices spread over 15 countries.

INTERACTION WITHIN THE VOLVO GROUP



## 5.2 The Volvo Way

### 5.2.1 What is the Volvo Way

The Volvo way is a document composed by AB Volvo in which they explain what they aim to do, how they aim to do it and why. Volvo states that they use this document to link people and companies at the Volvo Group together and that it should be used “ [...] in such activities as recruitment and employee introduction programs, personal development and training, and appointment and development of leaders.”<sup>73</sup>

### 5.2.2 Mission, Vision and Wanted Position

According to the Volvo way, the mission of the Volvo Group is to create shareholder value through the process of creating value to its customers. This is done by offering customers what Volvo calls hard and soft products. The hard products constitute vehicles, machinery, components and spare parts and the soft products are made up of services and IT related products. Volvo believes that this helps their customers to improve on their own operations, which creates value for them and in turn for the shareholders in Volvo.

The corporate values in the Volvo Group are Quality, Safety and Environmental Care which is the common ground for all of Volvo’s operations.<sup>74</sup> This is, according to the document, because the products that are produced are used by individuals who service society and therefore corporate social responsibility should be a high priority.

Volvo’s vision and its long term objective are derived from the fact that the majority of the company’s costumers are commercial companies, which Volvo believes will seek more and more solutions that will help them improve their own business operations.<sup>75</sup> The Volvo Group has formulated their vision as follows: “To be valued as the world’s leading provider of commercial transport solutions.”<sup>76</sup>

The vision and the mission converge in the wanted position. In the long-term perspective Volvo aims to be “number one in image and customer satisfaction”, have “sustainable profitability above average”, and be the “number one or two in size and or superior growth rate.”<sup>77</sup> To achieve this it is stated in the Volvo Way that it is important that “each business area must aim for a leading position within their selected segments.”<sup>78</sup>

### 5.2.3 Culture and Operations

According to the Volvo Way, profitability is the key to success when building a competitive global business culture, which Volvo aims to do.<sup>79</sup> A profitable company makes it easier to invest in new products, new markets, in personnel development and future technologies. All these things contribute to a competitive culture and the culture in turn contributes to even more profitability as one thing yields another.

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<sup>73</sup> *The Volvo Way*, p. 34

<sup>74</sup> *The Volvo Way*, p. 10

<sup>75</sup> *The Volvo Way*, p. 13

<sup>76</sup> *The Volvo Way*, p. 13

<sup>77</sup> *The Volvo Way*, p. 14

<sup>78</sup> *The Volvo Way*, p. 14

<sup>79</sup> *The Volvo Way*, p. 17

In the document it is stated that “customer focus is the starting point for all of our activities. Company spirit means acting in the company’s best interests. Through an open dialogue all of us can contribute to improvements. Our belief is that every individual wants to and is able to develop and improve performance, both in teamwork and in terms of leadership.”<sup>80</sup>

The customer focus includes things such as striving to be the customer’s best business partner, meeting present and future customer needs, improve cost effectiveness to be able to have competitive prices and have dialogues with customers as well as suppliers to improve operational excellence. It’s also stated that communication plays a vital part. Communication between the parties involved should be straight forward and as rapid as possible and one should effectively utilize developments in information technology.

Communication should also be used in the form of an open dialog where all people in the company can contribute to improvements and change. Feedback and follow-up has to occur between leaders and employees to help clarify objectives and find out if there is a need for individual competence development. These things said, the main focus should lie on how well the Volvo Group meets customer demands according to the document.

When it comes to company spirit, Volvo states that “our belief is that every individual wants to and is able to change and improve performance. This is true regardless of their work assignment or position.”<sup>81</sup> It’s claimed that active employee commitment helps to develop people, both as professional and individuals.

Teamwork is also important in the Volvo Group. Working openly and effectively in teams with others is seen to offer a superior way of developing new methods and finding new solutions. The teamwork applies to all the functions in the company, management, production and other functions all belong to a team.<sup>82</sup> “Team work also provides the basis for networks and cross-functional teams established in order to enhance competitiveness.”<sup>83</sup>

Leaders in the company must earn the respect of their teams by showing respect for individuals and a commitment both to the company and teams. They are responsible for developing goals and the strategies used to achieve them, establishing business oriented guidelines for work and also, when possible, involving employees in the decision making process. “Leadership requires active communication. That means listening, motivating and explaining decisions, and asking for feedback.”

#### 5.2.4 Words to Action

“By working toward an open decision-making process, we strive to attain personal commitment to our objectives. To be involved and empowered in setting the direction also means taking individual responsibility and ownership for decisions.”<sup>84</sup> After one has reached a decision, implementation must be rapid otherwise someone else will take the lead.

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<sup>80</sup> *The Volvo Way*, p. 19

<sup>81</sup> *The Volvo Way*, p. 23

<sup>82</sup> *The Volvo Way*, p. 26

<sup>83</sup> *The Volvo Way*, p.26

<sup>84</sup> *The Volvo Way*, p. 23

Abilities required for moving from word to action in the Volvo Way are the abilities to; quantify, measure and deliver. The reason to have these abilities is explained as; “*quantify* means determining if actions that we take, or plan to take, are appropriate and effective. When deciding on an action, we need sufficient methods to *measure* expected results. Measurable results provide goals for our *deliveries*.”

Here, it is once more pointed out that the emphasis is on creating profitability, and customer satisfaction should be the main goal of operations, or as it is written in the Volvo Way: “Guiding beacons of our operations.”<sup>85</sup> How well the visions and goals put forth in the Volvo way are implemented is tested through surveys among customers and employees. The results in these surveys are to be used by management and teams to help relations and with performance inside the company.

## 5.3 Change Management in the Volvo Group

### 5.3.1 Leaders' Role in Change Management

The primary role of a leader in terms of a change management process is the role of an informer. A leader acts as a conduit and channel of communication to those employees who are affected by a change. Leaders are expected and also required to have qualifications and traits to handle communication of change. It is also important that the individual as a leader has an interest and a will to engage themselves in issues relating to change communication.<sup>86</sup>

Leaders are expected to have an open way of communicating with employees and coworkers. The Volvo Way is the foundation on which principles for open communication within the Volvo Group are derived. The Volvo Way conveys three main values: Passion, Energy and Respect for the Individual. The core value for leaders to consider, in the change management process, is respect for the individual. It is important that leaders convey information in a way so that employees know, but more importantly understand why a certain change is necessary.<sup>87</sup>

Leaders are also expected not only to convey information, but also to absorb impressions from their own *weltanschauung*. This is true of not only the state of the world outside of the Volvo Group, but also within the Group and within the own company. A leader needs to be able to convey information in a way that incorporates these impressions so that the employees in the team can grasp and understand a change. A leader needs to put information about change into perspective.<sup>88</sup>

### 5.3.2 Structure of the Change Management Process

Each company within the Volvo Group has its own organizational structure. As a result of this each company runs its own internal management. A company handling a layoff situation will, entirely on its own, handle the change management process, based on policies and guidelines like the Volvo Way.<sup>89</sup>

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<sup>85</sup> *The Volvo Way*, p. 33

<sup>86</sup> Kjellström, q. 1

<sup>87</sup> Kjellström, q. 1

<sup>88</sup> Kjellström, q. 1

<sup>89</sup> Kjellström, q. 2

AB Volvo will be involved in change management work if there is a change which will affect more than one of the companies in the Group.<sup>90</sup> The change management at AB Volvo acts to support and facilitate the change efforts at the various companies and divisions. Their primary objective is to analyze the current situation and prepare suggestions for coming activities.<sup>91</sup>

### 5.3.3 Communication of Change

As mentioned leaders play a vital role in communication of change. Change is communicated with a basis on three main pillars; what, how and most importantly why. The first pillar, what, means to communicate what a change is. What will the change involve, what areas are affected, who is part of the change and so on. The second pillar, how, means to produce and communicate an image of in what way the change will be conducted. Lastly, the most important pillar is communicating why a change is being implemented. This is vital for successful execution of change. Change is communicated based on a model, or directive, which includes a number of communication channels. These channels consist of several different tools with different purposes and target groups.<sup>92</sup>

The Violin Intranet is the primary channel for delivering information and having it reach employees. Another main channel is staff magazines and publications, as each Volvo Group company produces these. Email is an oft used channel for communication. Some would claim it is too excessively used leading to important information not reaching recipients due to cluttered inboxes and overload. Leaders are the most important channel. This is because the contact between manager and employee is two-way and facilitates a discussion and direct feedback. Attitude studies have shown that the most effective channel is face-to-face communication. Leaders, or the closest supervisor, are the Most Preferred Channel by employees. This is regardless of importance, scale or relevance of an issue. The second Most Preferred Channel is the Violin Intranet.<sup>93</sup>

Another way change is communicated is through internal information or relation campaigns. This can include meetings within the group or department, cross-departmental meetings on topics of processes, functions or projects or town hall meetings where large groups within a company congregate.<sup>94</sup>

### 5.3.4 The Cascading Process

Change is communicated, the same as most information is communicated within the Volvo Group, through a cascading process. This is a process where information is spread in ever widening steps as it passes through different levels in the organization. Information starts at the top level of a pyramid, hierarchy structure. With the launch of an event top management will communicate with the next level. Their objective is then to restructure the information and package it so that the next level gets strategic goals as well as more specified directives.<sup>95</sup>

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<sup>90</sup> Kjellström, q. 2

<sup>91</sup> Kjellström, q. 4

<sup>92</sup> Kjellström, q. 10

<sup>93</sup> Kjellström, q. 10

<sup>94</sup> Kjellström, q. 10

<sup>95</sup> Kjellström, q. 14

**Cascading messages**  
Effectiveness drops



**Cascading messages**  
Values and behaviors impact



The challenge lies in conveying strategic goals for the entire company whilst focusing on function- or unit-specific tasks. The goal is that each individual should be informed about strategic goals, absorb them and fully understand them. The individual should also be able to put personal tasks into strategic context and understand what part that task is to play on a strategic level. Information spread and level of understanding is measurably degrading from the upper levels until a communication has reached all the way out to the bottom of the pyramid. This is both pertaining to understanding of individual roles and tasks as well as the strategic goals.<sup>96</sup>

Looking at how information travels back through the same cascading process, the problems are enhanced. Given that information flows degraded top-down, and information did not reach the intended number of recipients, the starting point for bottom-up communication is weakened. Applying the same degrading information flow to bottom-up communication leaves the process, as a whole, wanting.<sup>97</sup>

### 5.3.5 Speed of Communication

The time it takes for the cascading process to fully run its course can in certain cases be as high as six to nine months. Sometimes information needs to be delivered within much shorter timeframes, but even for strategic communicative purposes six months is too slow by far. There are exceptions, such as Volvo IT where information travels much faster due to all employees being networked.<sup>98</sup>

Certain types of communication need to be delivered very fast. An example of that type of information is information on layoffs or downsizing. Employees need to be informed as soon as legally possible, that is to say, the first to find out after stock markets and other regulatory bodies. Sometimes employees are informed about downsizing or other sensitive information via friends and family or through third party websites. Other times management may want the entire workforce informed on an issue by a certain deadline. Regardless of the reason, or need, for information to be distributed quickly information should generally be communicated as soon as is possible or immediately after a decision is reached.<sup>99</sup>

<sup>96</sup> Kjellström, q. 14

<sup>97</sup> Kjellström, q. 14

<sup>98</sup> Kjellström, q. 16

<sup>99</sup> Kjellström, q. 16



### 5.3.6 Employee Participation in Change

There are varying degrees of employee participation in change processes. A development or project has a responsibility in and of its own for communication and change processes. However there are guidelines and models for how change and communication are intended to be handled. An important part of a projects process is to identify any parties who will be affected by a change. The change and implications of a project are then communicated to these parties as a step in the process. As an example of this one of the companies implemented a change in the logistics structure. Key parties identified where in that case all managers. It then fell on them to communicate change to the employees.<sup>100</sup>

### 5.3.7 Feedback

Again leaders and supervisors have key positions when it comes to communication. This is due to their close relationships with employees and that they are in a position to engage in open dialog on issues. The Violin Intranet, for example, is a one-way communication tool not allowing for direct feedback.<sup>101</sup>

Even if leaders are, albeit not the only direct feedback channels available to employees, they are the most accessible and also preferred channel. Higher tier change management relies on indirect feedback channels such as attitude surveys. In the annual Volvo Group Attitude Survey, which all employees respond to, includes an Employee Satisfaction Index (ESI). A high ESI indicates a good performance. A part of the ESI is dedicated to questions and issues on communication. The annual survey also produces a Communicative Leadership Index. This is a measure of how well managers communicate. Together these indexes and general responses to surveys generate an understanding of how employees view communication.<sup>102</sup>

Another form of indirect feedback, which is coupled more directly to specific issues is web-based surveys or inquires. This is to measure the penetration of an information release and measure responses in attitudes within selected target groups. There is also a rudimentary closed-question open-answer email service which aggregates and answers queries and concerns.<sup>103</sup>

There are certain problem areas within the topic of employee, or communication, feedback. A weak point is the information flow between upper tier management and lower level employees. More specifically there is a desire to be able to engage in dialog.<sup>104</sup>

### 5.3.8 Factors that Drive Change

The external factors that drive change are in short ongoing developments outside the Group's direct sphere of influence. These factors are represented by the general changes in society as a whole, be these political, economic, sociological or environmental. The most significant example at this juncture is the widespread global economic downturn, which has direct consequences on operations.

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<sup>100</sup> Kjellström, q. 3

<sup>101</sup> Kjellström, q. 11

<sup>102</sup> Kjellström, q. 11

<sup>103</sup> Kjellström, q. 12

<sup>104</sup> Kjellström, q. 11

It affects not only the Group as a whole, but also each individual company to a lesser or greater extent.<sup>105</sup>

There are other external factors which have a significant impact on change and drive change in the Volvo Group. The political perspective holds strong sway as a driver of change, more notably through current hot topics such as environmental issues, i.e. pollution, CO<sub>2</sub> emissions and resource exploitation. New laws, regulations and rules or other types of control measures are factors which greatly affect the Group. They set new challenges for production and require production to be changed so that for example engines produce fewer emissions or materials chosen have less environmental impact.<sup>106</sup>

Internal factors that drive change are primarily the continuous planning processes where the Volvo Group at the highest level formulates a business plan. This business plan sets the Group's strategic goals within three main areas: Operational Excellence, Profitable Growth and Business Cycle Management. These strategic areas are the common denominator for all companies within the group. From the top level strategic plan each company develops an individual business plan and sets its own strategic goals. What this process has to do with change is that the plans and goals are used to set activity plans. Here decisions are made as to how many, and which types of, activities are to be performed within a set timeframe. Activities can range from production of a certain number of units to starting up new projects. These activities become starting points for changes. This is because activities inherently bring change through new IT systems or tweaks to organizational structure.<sup>107</sup>

Implementing a new process can and does not end in supplying parts of an organization with a new toolset. New tools or processes affect the day to day work of many individuals in the organization. For a new tool or process to be implemented successfully employees need to adapt and change the way in which they work. There is a continuous process of improvement being conducted.<sup>108</sup>

Another example of internal factors which drive change is where the Group's guidelines or policies on human resource issues are altered or amended. This has an effect on how employees are expected to act, what they are to do and not to do respectively. Generally most decisions within a company at any managerial level will produce some form of change. These can range from individuals taking on new responsibilities and tasks to larger and more encompassing issues.<sup>109</sup>

### 5.3.9 Long-term Goals of Change

The long-term goals of change in the Volvo Group and why change is important is to facilitate the goals and strategies set by the Group as a whole. This is true of the entire organization, that is to say each company's change process is there to facilitate the goals of that company. The connection between change and the long-term goals is meant to produce long-term sustainable profitability. This goal oriented change can be broken down as far as the individual level. An example of this is the Individual Contribution Plan where individuals set personal goals with regard to those of the department and also the division. A different perspective is the desire to have involved employees

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<sup>105</sup> Kjellström, q. 5

<sup>106</sup> Kjellström, q. 5

<sup>107</sup> Kjellström, q. 6

<sup>108</sup> Kjellström, q. 6

<sup>109</sup> Kjellström, q. 6

and a high level of commitment within the workforce. A goal is also that employees not only contribute and are involved, but also have a high grade of satisfaction and well-being.<sup>110</sup>

### 5.3.10 Change in Economic Downturn

A tough difference between managing change in a state of economic growth and favorable climate as opposed to economic downturn and adverse conditions is time. Economic downturn forces management's hand in many ways and circumstances require quick and decisive action. For example developing a plan to manage structural changes and downscaling of the workforce will have much greater time constraints than other change processes. This means shooting a lot straighter and focusing on quickly carry out a number of activities. During economic downturn the atmosphere and situation in general changes within the organization. In turn this leads to that a different set of issues gain focus, such as downturn management and dealing with adverse economic conditions.<sup>111</sup>

The issue of time constraints and also that of dealing with new problems means taking action in areas which are unfamiliar. This leads to being forced to make decisions where a full or complete understanding initially is lacking. Developing plans then means to the best of one's knowledge and learning by doing as opposed to having well thought out strategies for implementing change where constraining factors are not present.<sup>112</sup>

### 5.3.11 Barriers to Change

Within the Volvo Group there are a number of barriers to change, or obstacles which need to be overcome. An example of this, and one of the main challenges, is the Volvo Group's matrix structure with set interface points. When a decision is made at a top tier level and affecting the entire Group there is a mirror effect in each of the Group's individual companies. This has an effect on the reach and success of full implementation of a change strategy.<sup>113</sup>

At the individual company level each regional or divisional unit has its own managerial team. These units in turn, as is natural, have their own separate agendas. These units handle their own business plans and strategic goals leading to them having a different set of priorities. This can cause or lead to tensions when a project or change is pushed through the whole Volvo Group. The change process can be viewed as the object of a relay race where each lower tier is given responsibility to push change, communicate goals and implement strategies further on to the next tier. Depending then on the current situation, and running agenda, each company within the group has, and different departments within companies have, different priorities and therefore allocate resources to a change directive accordingly.<sup>114</sup>

There is also the aspect of the individual level which in certain instances can be a hinder to change. As discussed, leaders are key players in facilitating and communicating change. Their ability to utilize information about their surroundings, or developments within the company, becomes a crucial element in implementing change. It is the role of the leader to convey an understanding to subordinates of why change is necessary and how change is to be accomplished. If the leader is

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<sup>110</sup> Kjellström, q. 7

<sup>111</sup> Kjellström, q. 8

<sup>112</sup> Kjellström, q. 8

<sup>113</sup> Kjellström, q. 9

<sup>114</sup> Kjellström, q. 9

lacking in this regard, for whatever reason; be it lack of ability or motivation, it constitutes a barrier preventing change.<sup>115</sup>

A considerable barrier to change is the acceptable underachievement<sup>116</sup>, or differently expressed disinterest in bettering processes and methods.<sup>117</sup> A corporate development program within the Volvo Group produced a report which illustrates the issue of acceptable underachievement and why it is a significant barrier to change. The study showed that very few individuals saw little if any reason to why development or change was necessary. The general opinion was that the company was good at what it did and therefore had no reason to evolve its processes.<sup>118</sup>

The company was the industry benchmark within its specified task, leading to the attitude that improvement was not necessary. Suddenly external factors changed. The company was still the industry benchmark, profitable and doing well. However, the fact that the playing field had changed meant new threats and opportunities. The threat to the company was very real even if it was not impending. The problem was conveying the message and having it fall on deaf ears. The project held meetings with managers and employees in an effort to gain support and implement changes in order to, if not eliminate, then reduce the threat. The conclusion drawn was that the general attitude would not support a change because of lacking understanding.<sup>119</sup>

“Why do we need to change, when we are so good at doing what we do?”

## 5.4 Violin Intranet Program and Intranet Communication

### 5.4.1 Purpose of the Violin Intranet

The Violin Intranet initiative was launched for a number of reasons. Before Violin the intranet presence was very diluted and spread out. There were a large number of intranet sites, but unfortunately no bridges between these islands of information. In many cases information could be completely isolated. The intranet lacked one entry point granting access to the entire network and information was found because individuals either knew where to look or were given direct links. Another issue was that information was not presented in a consistent way. The Violin Intranet strived to build upon what information is available, what information is lacking and how to make all information open and accessible to everyone.<sup>120</sup>

The main purpose of Violin is to support and facilitate daily operations. Violin is part of making daily operations run as effectively and smoothly as possible. Currently the support Violin offers consists of making information and news as available as possible to employees. There is a greater focus on content and information than there is on functions or advanced applications. Violin has up until now not had as a goal to implement an advanced interface function, but rather present information in a clean and concise way as well as offering a quick and easy access to other applications.<sup>121</sup>

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<sup>115</sup> Kjellström, q. 9

<sup>116</sup> P. Achleitner

<sup>117</sup> Kjellström, q. 13

<sup>118</sup> Interview Material

<sup>119</sup> Interview Material

<sup>120</sup> Strömberg, q. 1

<sup>121</sup> Strömberg, q. 1

### 5.4.2 Violin users

The target group for the Violin Intranet when it was designed, and also in what way it is used, was and is the white-collar segment of the workforce. There was also a wish to expand information exposure of the blue-collar segment through intranet. This exposure was to be limited in volume in the sense of conveying an abstract of the most recent important information for a company or unit. This is known as a five-minute-only section where employees who only have a limited amount of time during breaks still have the opportunity to take part of information on the intranet.<sup>122</sup>

There is an issue, which is not currently being handled, on access to and accessibility of the intranet and information contained therein. There are a number of individuals who during the course of their workday have little or limited access to computers. This is not only true of the blue-collar segment of the workforce, but also of white-collar workers who spend large amounts of time traveling. One of the possibilities which have been discussed is opening access to certain parts of the intranet from outside the workplace.<sup>123</sup>

### 5.4.3 Intranet structure

The intranet structure mirrors the hierarchical structure of the Volvo Group. In the same way the Group has AB Volvo at the top of its structure the intranet has an AB Volvo top website. This website acts as an umbrella site on top of all other websites on the intranet. Information on the top level site is aimed at all parties and individuals within the group. At the company level on the corporate sites' information and content is aimed at the employees of that specific company. The level below is then the regional level and so on. With each step down through the organization information becomes more specific to the target group.<sup>124</sup>

The structure of the intranet is also intended to support the cascading principle and how information spreads through the organization. For all intents and purposes the Violin Intranet is a virtual representation of the physical Volvo Group. In the same way some information is cascaded through matrix structure of organization and workforce, most information online travels a similar route. However, some information needs to reach all levels quickly or needs to be communicated to all levels. This type of information is pushed from the top onto all lower level websites.<sup>125</sup>

### 5.4.4 Utilization of the Violin Intranet

The Violin Intranet's utilization is best viewed in terms of moving from paper to digital. The intranet is heavy in information. Some information is stored and distributed exclusively on the intranet, and where not; the possibility is being explored. Examples range from financial or quarterly reports which are made available through the intranet, down to some companies choosing to make staff magazines digital. Self-services are another example digitalization facilitated through the intranet. The first step was making request forms available online and then being able to fill them out before printing. Planned steps include making the entire self-service process available in digital form, without having to print out and send orders physically.<sup>126</sup>

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<sup>122</sup> Strömberg, q. 2

<sup>123</sup> Strömberg, q. 2

<sup>124</sup> Strömberg, q. 3

<sup>125</sup> Strömberg, q. 3

<sup>126</sup> Strömberg, q. 4

#### 5.4.5 Goals and Future Plans

The Violin Intranet can in the future no longer simply be an area where information is being provided. The intranet needs to become so much more that the question has been raised if it should even be referred to as an intranet in the classic sense. The intranet, or whatever one chooses to call it, needs to become a personal portal. A window to where, not only, information is provided but where tools used for everyday work can be easily accessed. This vision of the intranet has information, tools, applications, chat and email as integrated parts. The long-term vision of the intranet is a medium where people can exchange knowledge and best practices. This would mean using the intranet to find other people within the organization and bypassing the organizational structure to focus more on common projects, functions or interests.<sup>127</sup>

#### 5.4.6 Issues

An issue with the intranet is quality control. It is very important that the information found and accessed on the intranet is up to date and correct. Information provided without an author or known source, no last update information, or simply not updated for a long time loses its credibility. In that case a user would need to find a second source to affirm the value of the information found in the first instance. If information is not valid or not perceived as valid even when it is, the point of making it accessible is defeated.<sup>128</sup>

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<sup>127</sup> Strömberg, q. 5

<sup>128</sup> Strömberg, q. 5

## 5.5 Summary of Problems Facing the Volvo Group

The problem of information getting lost and diluted as it travels down from the top of the hierarchic pyramid to the levels below is an important issue and needs to be addressed. The time factor is of vital importance and the time it takes for information to travel between related parties needs to be shortened. Direct feedback from subordinates is not possible at present and poses a great problem for the Volvo Group. The problems and issues arise since the Volvo Group wants all of its employees to be part of change processes, but this is difficult when direct two way communication isn't possible within a short timeframe.

Information of a sensitive nature needs to be confined so that it reaches the intended recipients when management finds it appropriate for them to take part of the information. Information pertaining to layoffs, restructuring and reorganization work is the type of information that should reach people as firsthand information and not in a way which can be perceived as secondhand obtained from a third party.

The current digital channel within in the Volvo Group is its intranet, Violin, which has limitations in that it currently only supports one-way top-down communication. The people who are utilizing the intranet at present are mostly white-collar workers. The problem lies in getting more blue-collar workers "digital". Another issue with regard to the intranet is that of quality control. The content on the intranet has to be accurate, reliable and up to date. If the reliability of any content on the intranet is inaccurate then all information could be called into question.

Resistance to change is a problem which can be found throughout the Volvo Group. This resistance, and resulting acceptable underachievement, has its basis in not adequately understanding the reasons why changes are being undertaken. It is important that employees are made aware of why changes are necessary in order to stay competitive. Not that change in and of itself is necessary to stay competitive, but that circumstances necessitate proactive and reactive measures. The key point is communicating rationales underlying decisions in the change process.

## 6 Analysis

As we have shown in the preceding chapters, but not yet discussed in depth, there are differences between visions as presented in the Volvo Way and what is actually practiced within the organization. Important and central aspects of what is presented in the Volvo Way include informing employees swiftly and to as full an extent as possible. Employees should be involved in the decision making process and given ample opportunity to make suggestions and add their say to discussions. Communication should be an open dialog where everyone in the company can contribute.

The information cascading process acts as a barrier for open dialog within the Volvo Group. Information originating at top levels takes a great deal of time to reach lower tiers. For dialog and discussion to occur speed of communication needs to be significantly improved. The result of slow communication is that before information has been fully exchanged decisions will already have had to been made due to time constraints.

Speed is not the only barrier to open dialog. It has been pointed out that the only real channel of two-way communication open to non-managerial employees is their contact with their respective closest superior. For any feedback or general information, collected at a lower level, to reach decision makers, the information needs to be relayed back through possibly several instances before reaching its origin. This means that there is a real risk of packet loss, that is to say some parts, or in a worst case all, of the original information or feedback may be lost before reaching decision makers.

### 6.1 The gains of social media

Social media is a very powerful tool if applied and used appropriately. Depending on what goals want to be achieved, what resources are available, technical compatibility and other factors different combinations of tools can grant significant advantages. In the case of change management at the Volvo Group there are several areas which can be improved and facilitated through a range of different implementations of social media applications.

#### 6.1.1 Communication Speed

The speed at which information is communicated in the Volvo Group has been shown to be unsatisfactory. It is not necessarily the most critical information that does not reach recipients in time as this type of information can be forced through the organization. However, even information which is not categorized as critical to operations can still have a strong impact on short-term operations, not to mention long-term goals.

During periods of economic downturn change management takes on a slightly more aggressive role. Decisions need to be made at a much faster pace and the possibility for well planned communication is constrained. Informing employees of decisions pertaining to situations of economic instability, such as lay-offs, quickly moves from being an outspoken goal of communication to absolutely essential.

Certain social media tools could have strong impact on speed of communication. One of the fastest social media applications when it comes to spreading information and news are the microsharing tools. As it has been shown in the past at numerous occasions the first people to find out about latest developments are people connected through social microsharing applications. This was true of the earthquakes in China, forest fires in California and latest the terrorist attacks in Mumbai. Strength



lies in being kept constantly up to date on situations of interest through coworkers and subordinates, and not just superiors.

Aggregators also known as lifestreams or newsfeeds are another social media tool which contribute to the speed of information spread. Similarly to microsharing tools information is made accessible to a user or range of users depending on what filters the information through the streams. Where microsharing tools are based on the active posting and sharing of other users, aggregators are based on other users' activities or in other cases pushed information from central news and information sources. Aggregators are a useful tool, for example, within groups or teams working on collaborative projects where project related activities are made visible to all involved parties without any one party needing to seek out or push information.

Making use of weblogs as a tool for communication does not in and of itself contribute to the speed at which information spreads. However, a weblog as source for information acts as a facilitator for the content to become shareable in several ways. Weblogs are discussed online and commented, an aspect we will be returning to, but in regards to the speed with which information spreads this is not irrelevant. Users commenting and discussing means that the exposure of the information reaches more users faster. Commenting on the information or sharing the links through microsharing tools or having the comment show up in lifestreams makes taking part of the information a social activity rather than a work related necessity.

Another aspect of communication speed is not only how fast the information reaches the end recipient. There is also a time factor involved in distributing or taking part of information. For information to spread through the traditional cascading process time is consumed on both ends – distributor and recipient. Social media tools make news and information visible and accessible with, relatively, small inputs of time and effort.

### **6.1.2 Communication Penetration**

An important aspect of communicating change and communication in general within the Volvo Group is the penetration of information. The Volvo Groups own studies show that the further down the cascading process information travels the percentage of informed people drops significantly with each step. The reasons for this vary, but some key factors such as priorities, time constraints and levels of understanding play a role. Again we see different types of social media as possible, not solutions to these problems but, workarounds for the symptom of low knowledge penetration.

Weblogs, microsharing tools and aggregators turn one-way communication into social information. Active participation in discussions and comments on blog posts help spread the information through the organization. A writeable web platform, as discussed in earlier chapters and according to Benkler, grants individuals a new way of viewing information. As opposed to being consumers of content they have the ability to participate or voice an opinion. Due to this perspective, and a greater individual freedom, users become less passive. In becoming less passive users also become more engaged spurring discussions and involvement. All of these factors taken together help spread information as employees take an active interest in discussions and developments.

### 6.1.3 Knowledge Spread, Retention and Understanding

For the Volvo Group an important factor is that employees as well as leaders gain a high level of understanding. Certainly about their own roles and the world around them, but also about decisions and more specifically how and why these decisions are important. Also in change management and an implementation of Theory O, which is in line with the visions and goals in the Volvo Way, employee involvement is an important factor. To reach a high level of involvement understanding of visions and goals becomes even more important.

Spread of knowledge and retention become central factors to achieving not only change, but also any other operative or strategic goals. Social media facilitate a higher grade of knowledge spread. This is partly through, as discussed earlier, the possibility of participation in discussions leading to higher involvement. A higher rate of involvement spreads knowledge due to more people being exposed to the information. However, an equally important aspect is that discussions bring perspective. Perspective is important as individuals at different levels in the organization have diverse views on their surroundings as well as varying priorities. It may, as put forward in the section on the Volvo Group, very well be that decisions seen as crucial on a management level are viewed in a different light at lower levels. Social media offers tools where discussions grant insight and help broaden understanding.

### 6.1.4 Employee Participation

When implementing a Theory O approach in change management involvement of employees is a crucial success factor. Also, a high grade of participation is an outspoken goal of the Volvo Group's culture. A bottom-up method enables decision makers to gain insight into problems and issues instead of analyzing the same from a distance. Participation, according to Benkler, has less to do with managerial decrees or incentives and more to do with personal freedom and autonomy. Freedoms to seek and contribute information are strong non-monetary motivators of participation.

Social media tools grant the freedom to express thoughts, for example through weblogs, and discuss issues with like-minded coworkers through micromedia or community applications. Having the possibility to express opinions is one aspect. Employees today already have a possibility to offer suggestions and are encouraged to voice their opinions. What social media tools bring is a new forum for this type of expression to take place. As covered earlier, information may need to travel several tiers before reaching the appropriate recipient. It may well also be that an issue is of interest to several people, people divided laterally or geographically, where the matrix structure today has no direct way of making individuals available to each other.

### 6.1.5 Collective Knowledge

A bottom-up approach to change management is not only a way for decision makers to have access to employees' views on the issues being decided upon. It is also a way of identifying new issues or opportunities that could lead to change. Wikis or other collaborative tools are a forum where the collective intelligence of a group can be utilized strongly. As covered in the section on social media collaborative tools not only offer a way to access collective knowledge, but are a way for individuals to independently contribute. Independent contribution means that autonomy exists in parallel with cooperation limiting the need for managerial control.

### 6.1.6 Feedback Channels

Feedback has been lifted as an important issue within the Volvo Group for a number of reasons. In part due to the vision of a bottom-up approach, in part to measure success of internal communication campaigns as well as several other earlier mentioned reasons. The options available for feedback open to regular employees are today somewhat limited. Apart from contact with supervisors and managers there are few other means for employees to easily voice opinions. Feedback channels exist either in general survey form, which get standardized and limited, or as direct interviews with individuals, which are time consuming.

One of the strengths of social media applications is that they are digital, open and searchable. Discussions among employees through microsharing or comments on blogs offer decision makers and communicators valuable insight into the everyday opinions of the workforce. After the launch of an information campaign or announcement of an important management decision social media allows for communication channels to be monitored and different opinions to be aggregated. Trackbacks or tags on comments and discussions produce a crowd-sourced feedback channel. These can be important indicators of how information or a decision has been perceived. Making decisions and information available through weblogs, or other social media tools, where employees are given the opportunity to share information and ask questions provide a direct channel between different levels within the organization.

### 6.1.7 Cost Reduction

Social media tools have a very low cost in relation to the services they provide. Not only are these tools inexpensive to implement, but they can also produce cost reducing synergies. Looking at factors such as communication speed or feedback channels we see examples of how social media tools can help bring down costs for regular operations. Faster communication leads to decisions both being made and implemented faster. Since most change management decisions are linked to cost reducing or value increasing initiatives a higher throughput rate innately leads to greater cost efficiency. In the case of feedback channels we see a great potential for cost reduction. The most reliable channel and yielding best results is meeting employees for face-to-face interviews. These are very expensive since they not only take up two or more individuals' time simultaneously, but the results need to be worked over and analyzed.

### 6.1.8 Informal Structures and Connections

It has been discussed that in order to successfully implement a change it is important that the change gains support. For ideas and ideals to gain support it has been shown that early support of key influencers plays an important role.<sup>129</sup> Key influencers are often well connected, have a large following or in some cases have access to information or people others do not. Identifying these individuals through their positions in a hierarchical structure has been proven to be a less than optimal approach.

Identifying key individuals in informal communication and social structures within organizations is no new practice. Programs costing millions of dollars and ongoing for many years in large organizations, such as IBM, in order to chart informal network structures have yielded, at best, ambiguous

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<sup>129</sup> M. Gladwell, *The Tipping Point*

results.<sup>130</sup> This is due to the imperfect methods used to evaluate communication patterns. Social media is in and of itself a social tool and as such has the ability to make available highly detailed information about the nature of relationships. Through social media informal networks can be quickly and cost effectively mapped to grant valuable insight for decision makers.

Identifying key influencers is a helpful tool in the change management process to communicate efficiently. Mapping informal networks however, grant other insights which become valuable to change management during a period of economic downturn. Looking at needs for cost reduction layoffs and restructuring of the organization inevitably become a necessity. The organizational structure does not grant decision makers knowledge of different individuals' social roles. This type of information has been shown to be useful when making decisions on restructuring and who takes on what working role.<sup>131</sup>

## 6.2 Challenges

We have chosen to shed some light on challenges that could accompany the implementation of social media within a business environment. We do not believe that these things should discourage companies from utilizing new media tools but we think that one should, as with the introduction of any new technology, not turn a blind eye to challenges and unfavorable aspects present. It is important to recognize these issues and be prepared to handle them as they arise.

### 6.2.1 Undemocratic Representation

One problem with utilizing social media in company at present is the different types of users utilizing social media tools. As stated prior in this thesis the fact is that a small group of people are the main drivers in regard to the conversation and what content is created and contributed. With a majority of 90% of people not being highly active participants in creation or discussion processes and only about 9% that from time to time share their views or opinions leaves us with 1% of users who on a continuous basis spend a lot of time sharing and posting their experiences and opinions or points of views.

On the web, the top 10% of users contribute about 80% of content. The remaining 20% is contributed by an additional 65% of users. It's also shown that 7 of 10 adults using social media can be categorized as Spectators, i.e. people that consume social media but do not contribute to a large extent. This fact could be troublesome when trying to implement social media tools in an environment with adults who have little or no prior experiences with these types of information tools. However it could also be argued that even though only a small part of users contribute in pure social media tools, work related tools could have a different user frequency, though it is highly speculative.

What these two paragraphs show is that if one were to implement social media tools in a business environment where the employees act as the users, the content contributed and shared would be opinions and thoughts that have been conceived by a small number of people and would not mirror the general opinions shared by all employees. If one would only see to what's posted on, let say a weblog, and proceed with taking management decisions based on the information obtained there,

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<sup>130</sup> Tyler et al, *Email as Spectroscopy: Automated Discovery of Community Structure within Organizations*

<sup>131</sup> A. Susskind, V. Miller & D. Johnson, *Downsizing and Structural Holes*

then the decision wouldn't be built on a solid foundation of information due to fact that too few people have made their voices heard. This should be put into the context that social media tools are a complement to existing forms of communication and not an intended substitute.

## 6.2.2 Abuse

People have always done things that they weren't supposed to do, or engaged in questionable activities. With the introduction of the World Wide Web and social media these things have a new arena to manifest. Within the social media world there is always a possibility of abuse. People could be inclined to indulge in non-work related activities such as spamming and sending other forms of information that is irrelevant and only takes up the recipients focus and time. A significant example of this is overly cluttered e-mail inboxes.

### 6.2.2.1 Competitiveness

Competitiveness is also something which can occur between users of social media. By competitiveness we mean that if one person is highly active and posts several times a day and is the company's leading blogger, it could spark what one might consider to be the start of a "race". Within social media this is not an uncommon phenomenon, where users feel a desire or need to try and beat the leading blogger without having anything significant to contribute. This sort of behavior can escalate, if, let say the leading individual tries to maintain a perceived rightful king-of-the-hill position and starts blogging about irrelevant issues solely for the sake of being the one with the highest number of post, and so it continues. This leads to information clutter which makes it difficult to filter out what the poster finds important for others to take part of and what is posted only for the sake of posting.

### 6.2.2.2 Procrastination

Procrastination is another phenomenon which can surface when dealing with social media. People could be inclined to use social media to such extents that their every-day tasks suffer because they spend too much time blogging, posting notes etc and therefore can't keep up with their daily workload. It becomes a way of not having to do their job and they justify this by saying that they are supposed to blog and share their daily work with others, but they spend too much time on it. Harshly put, this is done for no other reason than to avoid doing that which they were hired to do in the first place.

### 6.2.2.3 Harassment

Within social media you will find people who harass each other in different ways. Again, this is nothing new, but is old bad behavior in a new arena.<sup>132</sup> It could be people trash-talking and attacking each other on their blogs, people writing derogatory remarks on, for instance, MySpace and Facebook pages and other similar communities. Behavior like this could find its way into corporate usage of social media. The phenomenon then transforms from being a nuisances in cyberspace to a problem which can escalate and create bad-blood between colleges, management and staff, corporations and suppliers. Problems like this could create major issues for companies trying to build strong bonds within their workforce if people start bad-mouthing each other on places where everybody else can see and read what is being posted.

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<sup>132</sup> D. Solove, *The Future of Reputation*, chapter 1

### 6.2.3 Accessibility and Connectivity

One can identify different types of workers with varying degrees of accessibility to computers, in the world as a whole and within the Volvo Group organization. We have so called networked workers who are connected to the internet while at work and are likely to own cell phones and different forms of Sidekicks i.e. Blackberries, Nokia N-series and such, which make them in the nearest always connected. The number of individuals working from the home is increasing. Studies, such as the study on Networked Workers by the Pew Research Center, show that workers who are connected through the internet and other communication tools work at home to a higher degree than individuals not connected.

It's also shown that 9 of 10 workers who currently have employment use new forms of information and communication technologies even if they can't be categorized as being part of the networked workforce, but are referred to as "wired and ready" workers. 8 of 10 say that new technologies have helped them in their abilities to do their jobs and 7 in 10 claim they found that new technology helped them to share ideas and thoughts with coworkers.

This fact shows a clear trend and attitude towards new technologies and the way in which they are being used. The facts stated in the first two paragraphs can provide a basis and reasons for looking at different ways of accessing internal networks from places outside the company in order to accommodate new ways of how people work and through channels which they prefer to use.

Being able to access social media tools is fundamental in order to reap the benefits of them. In the Volvo Way it is stated that "communication should also be used in the form of an open dialog where all people in the company can contribute to improvements and change." In order for all people to be able to contribute in a meaningful way they must have access to implemented communication tools. Presently the access to the current form of the intranet is limited. It can only be accessed within the company by people with active accounts.

If Volvo wishes that all employees in the Volvo Group should be able to contribute opinions, ideas and such, then they it has to be possible for people not working in front of computers to access channels of contribution. These are blue-collar employees like assembly line workers and or white-collar employees who travel a lot. These individuals would need to be granted an access from their homes or anywhere else their work takes them. Options such as having computer terminals on assembly floors around the world are not a feasible approach for increased involvement of blue-collar workers in digital communication tools. Installment of these types of access terminals would not allow for the intended use of new media tools. Workers can't leave the line during work to post blogs or voice their opinions.

## 6.3 Non-implementation

We have covered what social media could contribute to the Volvo Group and specifically to the change management process. Also we have shed light on some of the challenges social media applications could bring into organizations. Social media is, contrary to what many opponents to social media believe, not a fad but rather a permanent change in the information landscape.<sup>133</sup> For this reason there may well be consequences of choosing not to act in the field of social media. As

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<sup>133</sup> Accenture, *Accenture Survey Finds*

well as there being gains and challenges with social media if implemented, a non-implementation strategy brings different risks with no realizable gains.

### 6.3.1 Information Control

An important subject for the Volvo Group is information control. There are many different issues pertaining to information control. These issues include who has access to what information, who should be informed in what order, and who should be informing. Other issues fall under knowledge containment, security management or integrity. Some issues on information control are governed by law, such as that any information which could have repercussions on the stock market has to be reported there first. Other issues are completely internal and outlined in the Volvo Way as how the Volvo Group wishes to operate when informing employees about changes.

Social media brings new challenges to organizations. This is regardless of whether a company chooses to implement and utilize social media or not. The subject of information control is in no way spared from these challenges. People whether at home, at work or in school are all using internet based social communication applications and there is a steady growth rate. Social media is a tool for staying connected and whether or not a company implements these tools, those facts do not change. Digital natives are the prime examples of how new technologies are changing the landscape and workplace. Sidekicks allow access to social media from the workplace even if companies, against better advisement, choose to block network access to social networking sites.

One of the findings of the Pistachio report was that workers find a need to use tools to communicate faster and more efficiently, especially during cutbacks and downscaling of workforces. Digital natives bring new habits and new ways of working into organizations. These factors taken together with a non-implementation of social media tools it is a reasonable assumption that employees will use social media tools for their work even though the tools are not provided by an organization. This raises concerns with regard to information control. The issues are however, as with most problems related to social media, not new but simply old problems in a new arena. What is an added dimension to the information control problem through digital media is that digital media is open, documented and searchable.

It has long been a problem for organizations that information leaks unintentionally through casual conversation in public areas such as trains or airplanes. Social media is the same in that most networks, even though they are walled gardens, lie in the public domain. For information unintentionally leaked on, for example, an airplane there would need to be someone within earshot who was paying attention and also could make use the information for there to be any damage to the organization in question. With social media applications an online conversation is stored indefinitely. Parties with an interest could follow these conversations or monitor keywords and gather information. Having in-house social media tools where access can be more vigorously controlled could mitigate the risk of sensitive information being spread on the public web.

A precedent has already been set outlining this problem at the Volvo Group. An employee took some pictures while at work. His intention was simply to show his friends and family he had contact with through a social network site what his job was like. The employee uploaded a number of pictures of himself and some coworkers taken at the office. What the employee did not think to check was what was in the background of those uploaded images. In one of the images he was featured standing at

the side of a whiteboard, talking about the information there. The information made available on the internet for anyone with access to the social network site was of a highly sensitive nature to the company.<sup>134</sup> This shows that not only is there a need for social media as an outlet, but also working with social media tools within an organization generate policies and awareness of issues pertaining to personal social media use.

Information spreading faster outside the organization than it is spread internally is already a problem, and creates an integrity issue. A notable example is that some employees affected by downsizing were informed not by their supervisors or anyone from within the Volvo Group for that matter, but from websites, news sources or friends. The Volvo Way states that openness is an important factor for internal communication as well as that; decisions and management processes should be transparent. If information does not reach employees, about changes that affect them, from the correct sources this goal is not reached. This creates a situation where the Volvo Group's goals and the Group's way of operating are viewed as being in conflict.

### **6.3.2 Loss of Competitive Advantages**

If social media weren't to be introduced in Volvo the costs could be great. Not so much in the sense that Volvos day-to-day activities would suffer and worsen, but the fact that competitors are likely to introduce social media tools in their businesses. If competitors implement social media tools they would have comparative advantages towards Volvo and start eating up market shares due to faster information spread within their own companies. The same applies to cost related issues. If competitor can cut their costs and increase revenue then they would have more money to spend on product development, marketing and such which would result in them gaining competitive advantages towards Volvo.

#### **6.3.2.1 Future Technologies**

If Volvo doesn't recognize what's going on in the world with the evolution of social media and all its benefits then it could be hard to adopt technological developments that lie even further in the future. Consider if Volvo would have viewed the use of e-mail as a fad and stuck with using phones and faxes as the main channels of communication. Of course one could only speculate about what would happened and how the current situation at Volvo would look like, but in an ever faster changing world it's important to keep up in order to be competitive.

#### **6.3.2.2 In-house Policies and Understanding of Social Media**

If social media were not to be implemented and disregarded as a new communications tool new challenges emerge. How should one know what course of action to take with regard to issues relating to social media, and what should the guidelines for employee social media interaction be? How would people in charge know how and what is inappropriate for employees to discuss with friends and colleagues on the open social media platforms found on the Internet, if one doesn't have in-house policies which outline what is to be discussed on the company's own social media applications and what is okay to discuss on the public arena. As brought up in the part on information control, the disclosure of sensitive material could provide competitors with information that they could find useful and yield them strategic comparative advantages.

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<sup>134</sup> Interview material



## 6.4 Analysis Summary

Social media tools reduce the communication distance between individuals separated by levels in hierarchy, departments or geographical location. In this analysis we have discussed what we have identified as the relevant aspects of social media in a corporate environment. In this summary we would like to revisit three main points.

The strongest contribution of a well implemented social media strategy can be condensed to speed and penetration of communication. The data and views of experts are clear that certain tools, such as microsharing, significantly increase the speed with which information spreads and how far information penetrates. Other tools such as crowdsourced content platforms help the spread of knowledge and information within communities, enhancing the collective knowledge base.

Open writeable platforms as communication tools enable a non-intrusive two-way communication. The roles of publishers and consumers of information are still present, but consumers of information and the audience of a conversation have the capacity to participate. This not only increases employee participation, but also facilitates an open and accessible feedback channel.

New communication technologies and new forms of media are bringing new challenges. There are significant challenges associated with an introduction of new media tools in an organization. It is however important to note that many of these issues are not new issues, but simply have a new arena to manifest. It is important to acknowledge the issues, but not to credit them too significant a value. Other challenges with new media will be present and require an address regardless of if the organization chooses to implement social media or not.

## 7 Conclusions

### 7.1 Conclusions

Throughout this study we have discussed many different issues regarding what it means to be a company in a changing world and how, through using new tools and new approaches to communication, organizations can evolve and adapt to change. Many of the new media applications in use today have revolutionized the way we as a society view information; from creation to distribution and even ownership. We believe that, in the same way digital natives have taken to digital social networks as an extension of their social off-line lives and how industrial mainstream media have come to value the information source of the blogging community, companies and businesses will also find great value in social media.

There are challenges with social media, regardless of whether businesses choose to implement social media or not. With an implementation of social media come all the issues of adjusting to new tools and new ways of working. By not implementing those same tools companies run the risk of not understanding how social media acts with business and losing out on competitive advantages. By using social media companies may access huge potential, but at the price of risks. If companies choose not to acknowledge social media they avoid the hazards of implementing new tools. They do so and expose themselves to issues all companies will be facing, but will not be able to realize any of the gains.

It is easy to take new social media tools and implement them in an organization, expecting the same returns as have been gained in other areas. Experience tells us that, even though challenges can be met and obstacles overcome, it is a costly and taxing undertaking to implement new tools. For every successful social media application there are abundant examples of failure. Success has as much to do with ingenuity, competent leadership and perseverance with social media as it has in any other field. It also has to do with timing and a myriad of external factors as well as chance. New media tools are not a universal solution to problems, nor are optimal results guaranteed.

A successful implementation of social media will yield great benefits to organizations. There are two very telling examples of this. The first is faster communication and drastically reducing the distance between individuals. The second is better communication through new channels; allowing people who previously had no contact to interact. Better, and a broader, communication brings conceptual issues into an open and accessible sphere. Culture and corporate values become tangible in a medium where these can be discussed and shared. Social media is a way of communicating that brings greater transparency by making opinions visible. An increased availability of communicative tools giving individuals the possibility of not only consuming information, but reacting to it, inherently increases participation.

In short social media tools increase transparency, help develop culture and grant individuals a participatory capacity. There are challenges wherefore clear strategies as well as competent leaders with strong support from champions are a must. Early implementation of social media will build knowledge and experience, even if it comes at a cost of trial and error. The businesses who have successfully through the experience of failure implemented social media tools to their operations will in the future hold the competitive advantages necessary to flourish in a changing world.

## 7.2 Recommendations on further study

Social media is a vast landscape. There is any number of areas where studies most certainly should be conducted. We feel that there are two specific areas, or fields, in which further study is merited. The first area is microsharing. This form of communication is not only already being used by businesses; it is also one of the tools with the greatest potentials to improve information spread and the speed of communication. The second area is social networks. Social networks have great potential for businesses, but it is a vast undertaking to implement and therefore we feel that the area should be studied closely before decisions are made.

We have focused on the effects of social media on the area of change management. We have seen that social media has the potential to make communication and change management both better and faster. Social media applications have a great potential for all parts of business, wherefore study in the areas of project-, innovation- and knowledge management as well as many others is highly warranted. Granted that certain benefits of social media are perhaps universally applicable, other aspects which are highly beneficial to change management may be disruptive to other operations.

Many of the tools mentioned in this thesis have not been tested in a business environment. Where such testing has been conducted the results are not open or accessible. We believe that the next step would be to apply one or more social media applications to a controlled business environment in order to analyze the effects.

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## 9 Exhibits

### 9.1 Exhibit I: Interview Questions, Kennie Kjellström

- 1) What leadership style do you currently use for change management?
- 2) Is the change management uniform throughout the Volvo Group or do companies work individually with change management issues?
- 3) Is the change management and decision making process top-down or bottom-up oriented?
- 4) What is your role in the change management process?
- 5) What are the external factors which drive change in the Volvo Group
- 6) What internal factors are there, which drive change?
- 7) What are the long term goals of change management at Volvo?
- 8) Are there differences in how change management is approached in times economic downturn as opposed to times of economic growth?
- 9) Have you, in the Volvo Group, identified any barriers to change or issues which hinder change processes?
- 10) How does communication of change work? How are change related issues communicated to lower level employees?
- 11) What is the structure of communication with employees?
- 12) What are the available feedback channels, and how is feedback from communicated information gathered?
- 13) Point question on identified barriers to change: What are the issues related with resistance to change?
- 14) Point question on identified barriers to change: What are the barriers and issues associated with spread and retention of communicated information?
- 15) Point question on feedback: Do you evaluate the success of communication, and if communicated messages have been received and understood? If so, how?
- 16) Point question on communication: What is the timeframe for communication? How long does it take from the point where a decision to inform employees is made until the last intended recipient has taken part of the information?

## 9.2 Exhibit II: Interview Questions, Rickard Strömberg

- 1) What is the primary function of the Intranet?
- 2) Which are the primary users of the Intranet?
- 3) Are there differences to how the Intranet is used on a Group level compared to how it is used within the individual companies?
- 4) What, if anything, is done solely through the Intranet?
- 5) Are there examples of areas where the Intranet is not used, or avoided?
- 6) In what way and for what is the Intranet used by employees?
- 7) Does the Intranet provide a two-way communications medium, or is the Intranet a one-way communication tool?
- 8) Does the Intranet have unrealized or unutilized potential?
- 9) Is information distributed only vertically or are there instances where the Intranet allows for lateral communication channels?
- 10) Is the Intranet transparent in a sense that information can be exchanged between individuals in different departments or geographical locations without accessing those specific sub networks?
- 11) What is the role of the Intranet in the future?