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Simple or Not

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A case study on evidently
Uncomplicated problems

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Abstract

Today, there are many different organizations. As these organizations develop, so do the difficulties they are faced with. The character of the difficulties can take form in many different ways. In order to come to a rest with this dilemma, there is not one, but several parallel mutual and complementary perspectives needed to understand organizational difficulties. Each of the perspectives is fruitful as they give different aspect of the problems within an organization.

Organizations often do not realize how hard it can be to solve superficially simple problems. Many times the small problems are not prioritized because they are thought to be unimportant. Nevertheless, if one is to solve these difficulties, there is a need for understanding and holistic view on how they have come about.

Based on a certain background, this paper is an attempt to investigate why it is so difficult for two small business units within a big organization to solve uncomplicated problems. The result shows that there is a need for common understanding and holistic view within the entire organization.

Key words:

Knowledge, understanding, communication, networks, hierarchy, goals

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The past months have involved hard work, but also many hours of sweat and tears and, last not least, a lot of fun. In retrospect the main impression is that our understanding and knowledge of how an organization works and what type of problems they face have increased.

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1. Introduction

In first chapter the reader will be introduced to the topic selected. We feel that it is important to get an understanding of why we have picked our field of investigation.

1.1 Background

In today's society there are millions of organizations. One needs to realize that not one, but several parallel mutual and complementary perspectives are needed to see the different problems an organization is faced with. Each of the perspectives is fruitful as they give different aspect of the problems within an organization. An organization does not specifically have to be a company. A group of people coming together for a common goal and purpose can also be defined as an organization. According to Abrahamsson and Andersen (1998) an organization can be defined as a systematic established amalgamation of individuals, who have the purpose to achieve certain goals.

Even if you find yourself in a group of people or in a company, problems are destined to surface. As these problems come about there are also people at various departments that are faced with them. Some problems are relatively small, as others are complicated and hard to solve. Managers and executives at different levels of an organization sometimes do not realize the potential of the problems. There are of course many reasons for why some problems are given higher priority than others. Some problems have their origin in how the organization is structured, while others are caused by the goals. In a large and complex organization it is often hard to coordinate and manage various problems. As problems take place it might also be hard to communicate them to others. Under-communication can consequently lead to that organizations frequently often do not realize how hard it can be to solve the uncomplicated problems. As organizations increases in size, so do their problems. So large problems often become prioritized over small. It seems that organizations frequently focus too much on the bigger problems rather than the smaller ones.

2 Problem area

2.1 Introduction

The field of organization theory is a wide-ranging collection of approaches to systematic study of the nature of the administrative organization. It is, to use Dwight Waldo's classic phraseology, a problem of "elephantine" proportions. Organization theory encompasses everything from Max Weber's formulation of the nature of an organization to literature on the scientific study of organizations.

If work activities are divided and departmentalized, it is necessary for managers to bring these activities together to attain organizational goals. Managers have to communicate the organizational goals to each unit, translated into appropriate unit objectives. Doing so, each unit must be informed about the activities of other units so that the wide range of parts of an organization can work together smoothly (Stoner and Wankel 1986). This is just one of the many "problems" that organizations are faced with daily. The multitudes of problems that shape an organization are extensive as well as sometimes seemingly unimportant. Managers' ability to solve them is sometimes dependent on the number of subordinates reporting to them and to other managers in the organization. This phenomenon is often called the "span of management" which refers to the vital ability of an organization to choose the right managerial structure. This is very much what organizational design is all about, deciding upon the best type of organizational structure for a given situation. No organization can say that they have the best structure before trying it in reality. There are as many theories as well as models for achieving the best organizational structure. Yet organizations are complex, so it would be fair to say that there is no right or wrong in picking a model for organizational structure.

2.1.1 Coordination for achieving structure in an organization

Coordination is often characterized and described as the process of integrating the objectives and activities of the separate units of an organization to achieve the overall organizational goals. If there was no type of coordination, individuals and departments would not understand their roles within the organization (Kotter, Schlesinger and Sathe, 1986). There are different approaches to coordination, and even at this point practitioners and theorists do not agree on the means of coordination. Despite this fact, the behavioral and structural approaches seem to capture the essence of coordination. The behavioral approach is based on the liberal tradition, a nonelitist view of society. The liberal tradition is expressed through the social contract theory and the parallel concept of an organization as collective of small work units. As Chester Bernard (1938) adequately puts it “an individual working alone cannot achieve very much”. Bernard (1938) continues to say that the executive group in an organization is just one more unit. There is nothing special about the executive group. They have a duty to perform, just as the other units have theirs. Bernard (1938) did not believe that authority existed in the abstract. He said that the executive does not have authority he just issues orders. The orders are then followed only so far as the person that receives them, also understands them and carries them out (Lynch, 1983). In conclusion to this it would seem that organizations are dependent on how orders are structured, how problems and goals are communicated, understood and structured. The structural approach on the other hand focuses on organizational structure, bureaucracy and objective setting. It can be described as the ability to focus on getting the job done and defining responsibilities.

2.1.2 Problems for effective coordination

Lawrence and Lorsch (1967) have identified the term integration as the degree to which different members of departments work together in a combined manner. According to them departments would benefit from working together when necessary, but also integrating in tasks when needed. Stoner and Wankel (1986) give a good example of this. ”It may be useful for the sales department

to give advice on advertisement to the graphic artists who will prepare them; however, if the salespersons view themselves as adjuncts of the advertising department, than the function of both sales and advertising will be impaired” (p. 265).

2.2 Problem Statement

The predicament in many organizations today is that they are faced with a multitude of different problems. Interestingly enough, some of their problems seem rather simple. We want to investigate why it is so difficult for two smaller business units within a big organization to solve superficially uncomplicated problems. Our main interest lies within how organizational theories can elucidate these problems.

2.3 Purpose of the study

The purpose with this thesis is to map and discuss, but also enhance the understanding and knowledge of those organizational theories, which are most suitable to enlighten the organizational problems of two observed small business units, integrated in a big organization.

We also wish to increase our understanding and knowledge of not only the theories in our minds but also of the comprehensive situations and the broad range of invisible hindrances in these types of organization.

2.4 Delimitations

The basic premise of our research is to focus only on the organizational problems in two business units of one specific company. We intend to look only at those problems that on the surface should be simple to solve. Important to note is that our intention is not to find “the right solution” as we are aware that there are no right or wrong solutions.

We would like to point out that our objective is not to redesign organizational routines. Nor do we want to disparage the business units on how they are functioning today.

Our purpose is neither to investigate why the organization does not change since such an investigation would lead into the field of Change Management which is not the base of our study.

2.5 Company presentation

The intention with this presentation is to give the reader an insight into the organization that we are doing the case study on. The organization is a car manufacturer. The two business units that we are looking into are named Special Sales respectively Worldwide Customer Service. They are located under the same business division. Nonetheless there is no direct connection between the two departments as they are situated on different places and levels in the business division. Special Sales' business activity is to sell cars to special groups of customers. The cars are mainly sold in an international setting. It can be noted that some parts of Special Sales are not located at the corporate headquarter, but abroad. World Wide Customer's responsibilities are to take care of customer contacts and complaints in a global context.

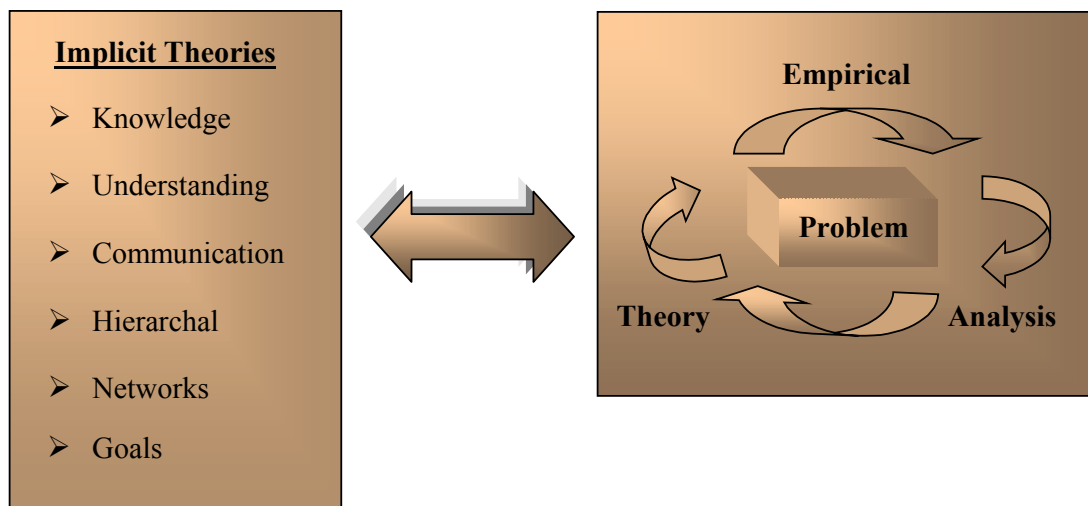
2.6 Disposition of the Thesis

The problem given in our thesis is viewed upon from both a theoretical and empirical perspective. In combining the two views together, we want to give the reader a better understanding of the problem area.

The first chapter of the thesis aims to give the reader an understanding of the problem with help of our empirical findings. The empirical findings will be presented as a narrative approach. Important to note is that we have chosen to present the thesis in a different way than most readers are used to. There is no theoretical framework before the empirical part. The theories that we have used are implicit in our minds. They are however in combination with the information collected set as a ground for our empirical narrative. In the analysis, which is the second part of the thesis, the theories will become explicit as they are mapped and discussed in context to the empirical findings. As a background to this we want the empirical data and the analysis to be seen

as one. The last and final chapter of our work is wrapped together into a conclusion, which aims to give the reader a better understanding of how the theories are interlinked with each other, but also how important it is to get a holistic view.

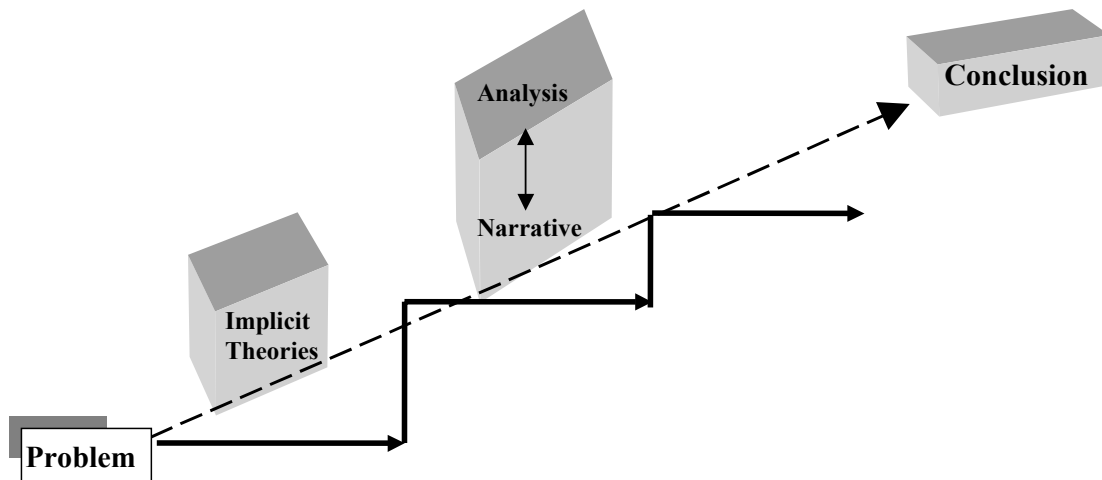
Appendix 1 aims to give the reader a close look at the methodology we have used and how it is applicable in our case study.



3 The Narrative

In the empirical findings of our case study we have chosen to present the interviews as a story, this is called “narrative approach”.

Quality research using narrative methods enables researchers to place themselves at the interface between persons, stories and organizations, and to place the person in emotional and organizational context (Czarniawska-Joerges 1998). The story will be told with a fictional problem, but the interviews are set as a ground for our interpretations. We will first introduce the reader with the help of two basic scenes. The presentation of our empirical findings will be combined with the analysis, as we feel that the two should be integrated in order to get a better understanding of the difficulties within Eurocar.



3.1 The problem

The problem will move through different departments of the organization. In doing so we will use the persons interviewed in order to understand how they would think and act when faced with this problem. It is not the fictional problem that is important, but how it is perceived and moved through the different parts of the organization. We want to tell the reader in which way and

why it is so difficult to solve evidently uncomplicated problems by using the facts gathered from our interviews. In order to give the reader a good picture of the current situation in the organization, two different scenes have been constructed.

The two scenes will give the reader two different views of the problem. Important to note is that the interviews were conducted before we came up with the problem; accordingly the persons have no connection to the problem. The organization we are writing for will be referred to as Eurocar, and the customer with the problem in the scenes will be named Mr. Holland.

3.2 Scene I

3.2.1 Introduction

Mr. Holland had been thinking of purchasing a new car for quite a long time when he by chance heard of a program called Special Sales Alpha. The Alpha program is for buyers - mainly from the USA - who take delivery of their cars while abroad, use it for vacation or a shorter period and then ship them home to their local dealer. "This sounds like a perfect opportunity for me to both see Europe and at the same time order a new car", Mr. Holland thought to himself.

3.2.2 Mr. Holland at the Factory Delivery Center

A few months after Mr. Holland has ordered his Eurocar car at a substantially reduced price, he arrives at the airport close to the Factory Delivery Center. He is thrilled about picking up his new car. At the airport, a sales representative from Eurocar meets him. The trip to the Factory Delivery Center is both exiting, but also worrying. Mr. Holland has actually never seen the car and wonders if the color and the interior will meet his expectations. When he ordered the car in the US, they only had a brochure of the car as well as color and leather samples.

Finally they arrive at the factory delivery center. Well in the building the car is presented to Mr. Holland. He thinks: “That it is a very nice car, the paint is just what I had imagined and the leather is smooth and fits to the color of the car”. The sales representative says: “Why don’t you take it for a spin?” Mr. Holland drives the car for a little while before he comes back. It is now time for him to go for the vacation that he has also planned in connection with the purchase of the car. Mr. Holland drives around Europe, and the car really runs smoothly on the German Autobahn. Well into the middle of Belgium he gets a flat tire. He changes the tire to the spare that is provided in the car. He now realizes that the tire is not suitable to drive on, because it is neither a long distance nor a high-speed tire. With the help of the dealer directory in the car, he drives to the nearest Eurocar workshop. This issue needs to be fixed rather quickly, since he has two more weeks left of his vacation in Europe.

3.2.3 The Belgium dealer and Mr. Holland

After some investigation by the dealer, which turned out to be rather difficult as Mr. Holland’s car is of course built according to American and not Belgium market specifications “*causing some confusion in the dealership since they were not trained or aware of how to solve this kind of trouble*”, the workshop manager discovers that the special type of tire used by American model versions is not available in Europe. First of all, difficulties occur in identifying the car in the dealer’s national computer system. This can be fixed after some more intensive attempts by more trained personal having “international” experience. Having identified the car, the dealer recognizes that the tire needed in this case cannot be ordered via his national order system and the national market headquarter cannot assist either. Realizing that this is one of the “mysterious” oversea-delivery-cars he hardly had heard of, he finally decides to contact the respective business unit at the company headquarter. While searching for the correct phone number the thought “*what is in it for me*”, strikes his mind. “*Who is going to pay and why should I get involved in this complicated business at all, it is not my customer*”.

The issue becomes even more complicated, since all conversations with the headquarter as well as with the customer (who by the way, does not really have

a relaxed attitude, but expects a special kind of VIP-treatment) need to be held in English.

Finally, having contacted the business unit who represents overseas delivery at the headquarter, one tire is sent to the Belgium dealer. This was the only possibility of getting the special American tire for Mr. Holland to Belgium. Unfortunately, Mr. Holland had to wait a couple of days and was faced with additional costs for accommodation.

Fortunately, in this case the Belgium dealer did not have the worry about the payment, since Mr. Holland did not claim the tire on warranty as it was his driving on a nail, and therefore he had to pay himself.

Having finished his vacation in Europe, Mr. Holland hands in his car at one of the drop-off points. Here, everything went fine, he was just wondering about the odd circumstances he dropped off of his \$ 40.000 car. It was not an official Eurocar dealership but a small backyard of a transport company where he was only asked to hand in his car keys. Mr. Holland did not feel comfortable in giving away his car keys to someone that obviously did not have any connection to the Eurocar organization. This felt strange, as he had been in contact with someone from the Eurocar Corporation from the beginning till the end of his trip.

However, despite this special experience at the drop-off point, an American Eurocar dealer contacts Mr. Holland a few days after his return to the States, telling him to pick up his car. At the dealership, Mr. Holland was met by an almost unfriendly, at least un-interested attitude by the dealer, just handing out his car. The dealer could hardly hide that he was not at all too happy about being the one washing, checking and documenting Mr. Holland's car. This was rather difficult to understand for Mr. Holland as he felt he was picking up his new Eurocar and expected the dealer to be a little more excited.

3.2.4 Worldwide Customer Service and Mr. Holland

As Mr. Holland did not all feel happy about the incidents experienced so far, he decided to contact the American dealer again in order to clarify the circumstances. The dealer was not all too pleased to see Mr. Holland and pointed out that he could not be of assistance, especially not about the situation in Belgium or at the drop-off point in Europe. As Mr. Holland felt that his complaint at the local dealer would not lead anywhere, he phoned the “Worldwide Customer Service” (WCS) at Eurocar’s headquarter in Austria, explaining the experiences and his dissatisfaction.

Mr. Holland’s problem can nevertheless not be solved at WCS as they lack an in depth knowledge of the specialties of such an Alpha vehicle. In order to facilitate this issue, WCS sends the case to the Special Sales headquarter, which is the sales company responsible for these kinds of customer groups.

3.2.5 Who is responsible? WCS or Special Sales

As the sales manager at Special Sales receives the mail some thoughts race through his mind:

“This issue is not at all my business, since I am responsible for a different customer group and I should develop sales programs. Besides, I do not have the time or the possibility to handle this case. After all, we are just a sales company without any after-sales facilities.”

In order to facilitate this case in the best manner possible, the sales manager forwards it to the responsible group within Special Sales in the US.

3.2.6 Special Sales in the United States

The group that receives the case is a small group of seven people, and can be seen as a small sales company within the sales company (Special Sales). They are responsible for administrating the purchase order and for organizing the customer's trip to the factory delivery center, as well as for the second delivery in the United States.

Reading the e-mail about Mr. Holland's experiences the sales manager just finds confirmation for what he suspected in a long time. He could not understand why there should be so many drop-off points in Europe. At the same time, he thinks that his business unit would be better integrated in the local market than belonging to the corporate headquarters. As he sees it:

"My group has nothing to do with the other sales activities within Special Sales but would fit much better into the national market they actually operate in. Customers could slip trouble; sales activities could be concentrated on the core business. A holistic Eurocar view, orientated on customer needs is missing. Besides, top management lost trust since they do not show enough understanding for local market conditions but they set up goals and decide on strategies, which are inappropriate in my opinion. Too much is being tried at the same time. The organization is too complex, structure and routines of how to handle business tasks are missing".

Besides, communication with headquarters is rather difficult due to a seven-hour time difference.

In this case, the sales manager thinks Mr. Holland is entitled to receive some sort of compensation, as he had to pay unnecessary hotel expenses as well as other costs together with his unplanned stay in Belgium. However, how this is sorted out in detail is totally up to WCS. Therefore, the sales manager approves the compensation payment in an email back to WCS and asks them to get in

touch with Mr. Holland in order to pay out the reimbursement. The manager files the Holland case due to legal requirements in his own system.

At WCS, a letter of excuse including the voucher worth the compensation decided upon is prepared and sent out to Mr. Holland. The documentation of the case is now filed in WCS's own and local database.

3.3 Scene II

3.3.1 Introduction

In our second case we would like to introduce the reader to a basically similar situation. However, some details are changed and some pre-requisites are different. Nevertheless, the two cases should be seen as authentic. The issue will move through different sectors in the organization. Doing so, the reader will see the same situation from another angle. Again, the actual problem is not the most important point in this story. Instead, we want to guide the reader through how this particular issue is dealt with.

Mr. Holland is a typical buyer for the so-called customer group Beta, fulfilling the (legal) requirements to be allowed to purchase a Eurocar via the Beta program. He has for a long time thought of buying a Eurocar. He has heard that it is a financial advantage to order his car via a special program called Special Sales Beta.

The reasons for Mr. Holland buying his car this way and not via a usual German Eurocar dealer are first of all tax-advantages. Additionally, he will get a car in accordance with his local (home) market specifications. This will make it possible for him to take his Eurocar with him when he returns back to his home country after his time abroad. A positive side effect is that he will then import his Eurocar as a used car, which again is a profitable deal.

3.3.2 The Dealer and Mr. Holland

After giving it some thoughts, Mr. Holland decides to order his car via a local dealer close to his home, specialized for those sales programs. A few months later, Mr. Holland receives his new car from the dealer. The car is build according to Mr. Holland's home country standards and meets all his expectations. Mr. Holland is thrilled about the car and looks forward to drive it during his time in Germany before taking it home.

3.3.3 Mr. Holland in Belgium

After a couple of months Mr. Holland decided to go on a vacation, it has been a dream to see Europe by car. Once again he is thrilled about how smooth the car performs on the German autobahn. Well into the Belgium landscape something goes wrong as Mr. Holland gets a flat tire. Changing to the spare tire he realizes it is not a usual tire to drive on but a smaller emergency tire designed for short-term and low-speed use only. Mr. Holland contacts the closest Eurocar dealer, whose address he found in the car's board-book. At the workshop, the dealer cannot identify Mr. Holland's car in his computer system. After some investigation and research within the Eurocar network, the dealer succeeds to finally find Mr. Holland's car in an international, very seldom used version of his computer program. The dealer feels clearly uncomfortable with the situation and the language barrier does not make it easier. Mr. Holland gets the impression that he is not very welcome even though he drives an almost new Eurocar. He cannot at all understand the technical difficulties the workshop manager experiences and is disappointed by the unprofessional and unfriendly attitude.

The dealer himself on the other hand does not see a point in giving this customer an extra service.

As the dealer had expected, technical specialties occur also in this case. The tires Mr. Holland's car comes with comply with American standards and are not listed in his workshop, or any other order-systems. Accordingly, he cannot just order a tire but instead he has to try to get this tire via some other

“channels”. Having had a hard time calling around different departments at Eurocar’s headquarters, the dealer finally gets in touch with the head of the business-unit organizing this special sales program Mr. Holland used.

The manager pointed out during the conversation with the Belgium dealer that *“no difference should be made, even if Mr. Holland was not a traditional, national customer but bought his car via the sales program”*. He succeeded in getting through the order system and arranged so that one specific tire was shipped to the dealer. Even though Mr. Holland was forced to stay two additional days in Belgium, he finally received his tire and could, slightly dissatisfied, continue his vacation.

3.3.4 Mr. Holland and his German dealer

Back in Germany after his somewhat frustrating vacation, Mr. Holland complained to the dealer where he ordered his car about the experiences in Belgium. His dealer understood the situation and thought to himself:

This is just another example for the insufficient adaptation of our sales program to the target customers and their expectations. As I have experienced it before, it seems that top management does not listen to their customers and does not care enough for their special needs. Our customers are ‘international’ wherever they are. Unfortunately, Eurocar is not.

In order to facilitate his customer’s complaint, the dealer contacts the Sales Manager responsible for the sales program since he, as a private dealer, does not have any authority to decide upon the Eurocar-Group’s behalf.

The dealer recognized the underlying problem and reflects upon it:

“If the customer was a local customer he would not face the same problem. As the dealers usually have a lot to do since they have their

own customers, they tend to prioritize them rather than getting involved in a stranger's car, especially if that car seems to be extra tricky due to its internationality".

3.3.5 The sales manager

The sales manager sees the current type of difficulties they are faced with but still regards them to be typical for this special type of business unit, embedded in a big organization: *"I do not know what the fuss is all about, I do not think Special Sales has any major problems. We have some typical concerns such as the lower priority within the organization or challenges due to the internationality but all those issues are possible to fix easily"*.

Although the sales manager does not see any major problems, he notes that they (the Eurocar organization) have an unsatisfied customer who needs to be taken care of. He therefore makes a telephone call to the business units headquarter, explaining how the issue should be dealt with and why it is important to act quickly.

Having made that phone call, the sales manager thinks to himself:

"I maintain my contact net within Eurocar; I am in contact with managers, colleagues as well as sales agents and local dealers on a regular basis. These connections are a vital part of my business. I like to know 'who' is responsible for 'what', even across the boundaries of the special customer segment I am responsible for. It helps me in my daily work to know 'how' the others are working and what they are concerned about. I am absolutely sure that I have full control over my area – I get my things done"

According to the discussion between the sales manager and Special Sales, a letter of excuse together with a voucher as compensation is prepared for Mr. Holland. As none of the parties is "officially" involved, nobody sees any need to file the action performed.

4 Analysis discussion

In this chapter, an analysis will be done with the help of the theories in mind as well as with the help of the data and impressions collected. Important to note is that our interpretations are based on our understanding and actual facts gathered from interviews.

4.1 Lack of knowledge: A possible barrier

As has been found in the interviews the situation at Eurocar is quite diverse, depending on ones point of view. When doing the actual interviews we noticed that there were some differences in what kind of knowledge managers possessed. Some of them thought that Special Sales did not have any problems, while others thought that they did. We started our quest for solving our problem statement at the WCS department within Eurocar.

If we were to put Mr. Holland's problem into context, the manager at WCS could not solve the actual problem with the car as he stated that he did not have a deeper knowledge of the specialties of such an Alpha vehicle Mr. Holland owned. The manager stated that:

"I have not seen the Special Sales guys for almost two years now, and I actually do not know how they do business, and who is responsible for this or any other issue. Their whole business unit is rather confusing."

We can interpret this to what Polanyi (1966) characterizes as tacit knowledge. As the manager has no real contact with Special Sales it is hard for him to identify himself with them. Polanyi (1966) states that a human knows particular entities without an exact indication on all the particulars when knowing that entity. Nevertheless people seem to have memorized these details and use them. In contrast one can make use of what he knows, in doing so he also

makes use of the knowing at a level that he not aware of. This consequently leads to the manager having his own tacit knowledge. As he has no real contact with Special Sales, he concentrates on something that he knows. The absence of real contact leads him to not making use of the knowing that he is not aware of. This can be clarified by looking at Targama and Dietrich (2000), as they say that we put emphasis to an explanation forwarded to us. This is at the same time built upon knowing the meaning of the explanation. The manager at WCS cannot make use of the knowledge concerning the problem with Mr. Holland's car, as he had no access to the tacit knowledge of Special Sales, as he does not meet the other managers at Special Sales on a regular basis. If we where to look closely at the situation one can see that the tacit knowledge is not being transferred as socialization does not take place between the two departments. Nonaka and Takeuchi (1995) explain this in a good way as their model of knowledge conversation shows how tacit knowledge is transferred.

		Tacit Knowledge	Explicit Knowledge
		To	
Tacit Knowledge		Socialisation	Externalization
	From		
Explicit Knowledge		Internationalization	Combination

Source: Nonaka and Takeuchi (1995)

The tacit knowledge the manager at Special Sales possesses is according to our interpretations not forwarded, nor is it forwarded from WCS, as the parties do not socialize. There is no process of sharing experiences or to learn from each other through practice either. In the interview with the manager from WCS we became aware that the manager had extensive knowledge about regular Eurocar cars. He could however not apply that knowledge in this case, since there were no established routines/processes or coordination within this part of the Eurocar organization. This consequently led to his feeling:

“The only thing I can do to assist Mr. Holland is to send the issue down to Special Sales and let them sort it out. I guess they will get back to us shortly and ask us to deal with the customer according to their expert opinion and suggestions”

Accordingly, our investigation lead us to the insight that it is was hard for the manager at WCS to recognize the customer’s complaints from Special Sales, but also to the extent that he did not know what they had complained about. Knowledge about what they do and what the two departments expect of each other simply does not exist. Each of the two departments has specific knowledge, it is however not possible to get hold of it. It has been stated that it is knowledge that holds an organization together (Grant 1996). Not having the knowledge about each other had led us to think that WCS and Special Sales has created a climate were the parties do not trust each other and cannot imagine that the other part can solve the task. The citation above shows us that they have knowledge; it is however not clear, which of them should use their knowledge to solve the problem. Brown and Duguid (1998) claim that organizations are often full of knowledge. It is however difficult to make the knowledge coherent. It seems that the managers representing the two departments have certain knowledge, but they do not have the “know how” to put it into practice. By not working together a barrier has been created between the two departments limiting the possibility to share knowledge and to reach a common understanding.

4.2 A different view on problems

Interestingly enough when interviewing the sales manager in the other scene called Special Sales Beta Program, we discovered that there was another view of Mr. Holland’s problem. Spiegelberg (1982) has the view that humans live and act within our lived experience of our world. He puts us in a sizzling situation as he claims that we are a part of the very world we create. This fits together well with the sales manager. Notably as it may seem he has created a world were he sees no actual problems as he stated to us: *“Special Sales has no*

actual problems and if they have some difficulties they (the issues) are the same as anyone else's in this position". In constructing this so-called reality it seemed he had not interpreted it objectively, but through other persons. It soon became obvious to us that the managers of WCS and Special Sales Beta Program operated in the same network; there were however some interesting differences between the two. It seemed that manager of Special Sales Beta Program had a different view on how one should keep contact with people within his network. As he explained to us *"I like to meet the people who I work with, it creates an enjoyable climate. I believe in putting a face on people, but also giving them one"*.

Here we found out that the manager put emphasis on having regular meetings with respective responsible managers. Doing so we realized that we have to agree with Nonaka (1994) stating that tacit knowledge becomes explicit through certain processes. The process of externalization is possible in this case as the sales manager at Special Sales Beta Program has a different view of the problem (Mr. Holland's car), than that of the manager at WCS. Here we could note a possible different pattern in the type of knowledge both managers had. The sales manager at Special Sales Beta Program seemed to have some sort of process where the tacit knowledge he achieved was articulated into explicit concepts. The reason for this appears to be that he has through the socialization process with other managers acquired tacit knowledge in line with them. In this process the mere transfer of information between the managers has led to tacit knowledge through experience. Importantly enough the manager for Special Sales Beta Program interacted in a knowledge creation process, where he put the tacit knowledge into explicit (also called externalization) by shaping a metaphor over Mr. Holland's problem, (see figure above).

The managers at WCS have a different type of knowledge. Their tacit knowledge seemed to be different according to our investigation, as there is no transfer of tacit to tacit knowledge, due to the fact that there are no socialization processes taking place.

However, digging deeper into what we thought to be a possible solution to the problem at hand, we realized that the manager at Special Sales Beta Program claimed that Special Sales had no real problems. We were surprised with the

results we had found. Everything we had looked for pointed to the fact that he would not see it in this way as he had both explicit and tacit knowledge, which he gained through socialization. If he had the knowledge he would see that Special Sales have problems. Then it came to us that the manager at Special Sales Beta Program was caught in single loop learning (Argyris, 1990). He had however, moved a step further than the manager at WSC as he had acquired tacit knowledge through the process of socialization. As we see it, knowledge existed. However, it was not in all cases transferred between the departments.

4.3 Mutual understanding

As we heard from the first information interviews, “understanding” can be one topic that makes it difficult for the people at the business unit to co-operate smoothly. This impression was actually confirmed in the deeper interviews with the different managers. Investigating the gap of understanding between WCS and the business unit, we found out that they had actually not met for almost two years. None of them had a clear picture of what the real tasks or what the settings and possibilities of the other department actually were. *“But why should I ‘do the first step’ and contact them, I am just a ... Manager”* was a reply we often heard in the interviews. It did not only seem to be the “fear” of an additional task to their already huge workload, we got more the feeling that at least one loop in their mental model was not fully developed. It seemed they were never questioning their job description but taking it for granted although all of them were in a position of having the power to change and adapt their working tasks (at least in a certain range). It seemed that both of them were rather tied to their settings but they were not going back in their own frame of reference, examining it and making the necessary changes. Therefore, they did not have a chance to see the situation in a different light and then act differently.

Since both regard the result of their action as undesired, it would be rather logical to ‘re-design’ the way they act and to question why they act the way they do, finding out about their motives and the ‘master model’ governing their action. The goal needs first to analyze why people act defensively and unproductively (and refuse to question their own frame of reference). Then, a

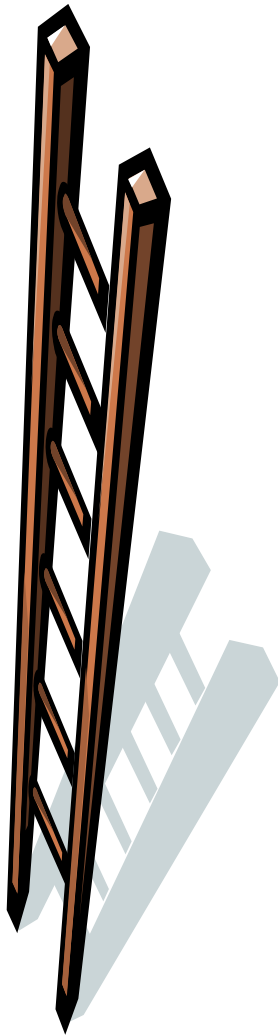
new mutual understanding can be developed where differences are no longer seen as errors but rather as opportunities to learn from each other. This results in a wish to discuss them instead of covering them up. The ultimate goal will then be to achieve mutual understanding and not to force the other party to see that “I am right and sensible”. In our interviews we did actually not see all phases of Kuhn’s (1962) ‘change of understanding’. However, we suspect the persons interviewed are between the first and the second segment and seemed to have reached a middle stage there as they tend to “deny facts, ideas or signs fighting against their understanding” (Kuhn, 1962) although they recognize the “abnormalities”. In this context we observed that the people interviewed hold on their job description and have a wide range of explanations as to why just they cannot get involved in the task and why their whole organization could hardly take care of those issue either. The fact, that both parties actually were involved and that this kind of issue has to be taken care of was often tried to hide and it seemed people actually would like to avoid thinking about it. Interesting to observe was that even if they discover what Kuhn (1962) calls “abnormalities”, they do not take a further step to investigate them and do therefore not get into Argyris’ (1977) second loop. The managers we interviewed felt that something was not as 100% as it should be, but still the thoughts were not really brought to an end and it seemed they were just “collecting” impressions but not taking action

4.4 Understanding and the ladder of inference

There are actually many explanations why these people have such a hard time overcoming the first loop. We would like to use Argyris (1990) “ladder of inference” to explain as an explanation why our interviewees do not fly all the loops of understanding and learning but circle in the first one.

However, the managers obviously succeeded in overcoming the first barrier in Kuhn’s (1962) chain of understanding, which we see as a prerequisite to reach the first step of the “ladder of inference”. We think the managers we have been talking to were climbing their “ladders of inference” which we can draw as follows:

(To be read from the bottom step upward)



“Well, we have to fix it somehow. I will forward the issue down to them but in the long run, an organizational change needs to be performed.”

“Everybody here at my department agrees. They have the same problems with that business unit”

“It is definitely a superiors duty to sort that out, I do not have the power”

“I guess their problem lies in their special placement in the organization”

“The point is that they do not do their job properly – but that is none of my business”

“There are so many Special Sales customers complaining”

“Again, another complaint from a Special Sales customer”

(Adopted from Argyris and Schön’s (1990) “The ladder of inference”)

Of course, there is nothing wrong with the ladder of inference if they knew that they are climbing it and if they would not climb it too fast. In our opinion, Argyris & Schön and others want our interview partners to slow down and reflect upon what they are doing. We think they have a good point there. However, great openness would be required although being frank is never easy. Additionally, it is not that easy to discover the closed loop between action and reaction or to see how one step on the ladder lifts you one step higher.

But even if our respondents understood their loopy world and the possible counter-productive dynamics of a complex system it is quite another thing to actually have the power to change the system. Can it be changed at all and if so, how? Is there a learning culture that must exist before they can use their knowledge of systems and mental models to productive advantage?

Chris Argyris (1990) also names “skilled incompetence” where practice’s tendency to create stability as established patterns of behavior block all attempts of change. We regard this argument to be coherent with our argumentation for peoples’ resistance or unwillingness to re-think their mental models, which we will develop in this chapter.

Edgar Schein (1994) offers two reasons why the people we interviewed behave as they do. One is that people adhere to the cynical model of human nature because organizations have been able to function while following it. As all of our interview partners confirmed, the business is running, it could just be running better and more smoothly and effectively.

The other answer Schein (1994) provides us with is that negative assumptions about human nature mental models have been shaped over a long period of time and are very difficult to change. People have been emotionally conditioned to cling to their outmoded assumptions and behavioral rituals regardless of the costs:

As we can see with our interviewees, they have been conditioned to one way of thinking about human nature in their organization; and when they have experimented with any different set of assumptions they (would) have been punished. Consequently, as they want to avoid tough and (as their superiors basically think in the same human nature mental model) fruitless situations or discussions at all costs, they limit themselves to quite narrow, safe ranges of behavior. Of course, they become paralyzed for fear of making mistakes, stick with the tried-and-true and avoid any change in understanding or learning. But we cannot blame them for that. Human beings need, as Schein said, a psychologically safe haven where learning can occur. Then and only then, will people not only begin to learn but also to learn to learn.

Highlighting the holistic view, which we would like to apply on our thesis, we wonder if the “obstacles” to set up goals also can be credible reasons for hindering mutual understanding.

We think the discussed unwillingness to give up a “settled” understanding basically lies in our “lethargy” to give up established patterns, to face the unknown. The first manager can (at least in the short run) only worsen his situation. Going back one step (loop) in his thinking and allowing other influences to affect his point of view practically means a broader range of tasks to do as well. Since his superiors obviously do not see the point in enlarging his responsibility, the manager in question would be out “on thin ice” and might jeopardize his career. Nobody expects him to take over these parts of the business either (and nobody would award him for that either), so the motivation to make this move is respectively low. Additionally, the mentioned lack of organizational knowledge hinders establishing a shared understanding as well. As the two people in question have actually not met for almost two years, they have a rather limited knowledge of their colleagues’ business unit and their way of working. So even if they would like to get deeper into the other’s world, they would not know how the others are working, whom to contact and where to enter the underlying world of understanding.

We would like to take this example, which we regard to be authentic according to the interviews we conducted in the organization, as a proof of Argyris and Schön’s (1990) model on loop learning. As mentioned before, they provide a broad background for understanding organization development and enhancing organizational learning based on the individual. We think the coordination issue we are investigating here has its base in changing the individual’s understanding on his own way to view things.

4.5 Why do people solve the same problem in different ways?

As enrichment for Argyris (1990) theory, we would like to use Kirton's (1994) theory of cognitive style as a different view on why people have different approaches to solving the same problem. In an interview with two managers we

used Mr. Holland and an example to see if there was a difference. Interestingly enough, they gave us two different views on how to deal with the issue. Kirton (1994) suggest that the reason for this is that individuals perceive and solve problems in their own way, reaching from innovation (doing things differently- “adaptation”) to (doing things better- “innovation”). We could see that one manager thought that he had a better way of solving the difficulties relying on already established routines while the other was more reluctant to use case-to-case solutions and additionally, his own network. Kirton’s (1994) theory is based on the conviction that individuals have an inherent tendency and relatively stable preference for approaching and solving problems in one way or another. Some people have a natural preference for adaptation (single-loop) while others have a tendency for innovation (double-loop). If it is not within their frame of preferences, people do not question their own behavior (double Loop). However, this does not imply that people always behave according to their preference. There are other factors, such as social skills, knowledge and motivation, the particular activity, and the organizational context in which the activity takes place will determine one’s decision.

Additionally, coping behavior can occur, which can lead to behavior outside the frame of preferences of the individual. We found evidence for this in an interview. A manager told us that one of his employees, who preferred to solve things “his own way” could actually act according to designed flow-charts. However, the employee in question felt less active and stated that he was “only doing a job without any commitment”. He did not feel well, just performing a task without the possibility to create own solutions, depending on the actual situation. However, he would do as requested but pointed out that this “is not my style”.

As we see it, the people at Eurocar cannot really solve the small issues as their various settings and ways of approaching them often result in different solutions, too. Everybody seems to deal just with what he considers to be the essential part of the problem. People apply their values and point of views to the situation and act according to Kirton’s cognitive style. This explains that some people often do not see the problems as actual problems. As one employee puts it: *“Why should I bother my boss with this tiny issue? It will be*

so time consuming to involve him and all his routines just slow down the issue. I will just do it. Then I know it will be done correctly.” Even if they have the same perception of the issue, the outcome will still be different due to their own approaches to deal with the matter, based on basic assumptions and mental prerequisites.

4.6 Common understanding on different levels

As we could from see from several organization charts as well as from the interviews, a greater degree of individual freedom and responsibility appears at Eurocar. Leaders seem to have lost more of their direct power and control as the organizations became more decentralized. According to Sandberg and Targama (1998) these are some of the reasons why understanding became a key success factor in today’s organizations.

Especially those managers who have been with Eurocar for a many years pointed out that they “nowadays have to take care of issues themselves, which had been solved for them before”. They experience much more room for decisions nowadays. This led at the same time to misunderstandings since other fellow managers also had room for their decisions, which sometimes stood in contrast to each other.

As the two subunits observed are mainly run by visions and ideas and less by detailed steering, at least according to corporate material and our impressions, a lot more space is given to people to make up their own mind and to create their own “sub”-vision and conception of how things are meant and how they can and should be done. Sandberg and Targama (1998) state that people are not driven by rules directly but by how they interpret them. Therefore, influencing the employees’ understanding of corporate strategy can influence the whole business. Even if “understanding” seems rather easy to catch, we must also see the implications resulting from different understandings throughout the organization. Such an implication, caused by different understandings can for example be that people at Eurocar focus too much on their narrow business. We can see a clear pattern at the sales unit and the customer care department. Both have, their own visions and goals, more or less structured by their bosses, and

of course they try to reach them as efficiently as possible. Therefore, they often do not have (or do not think to have) the time and resources to get involved with each other's work, neglecting Eurocar's customers and the organization's overall goals.

Of course, we must not over-interpret our findings. Missing "individual" overall understanding caused by, beside other reasons, decentralization (Targama and Sandberg, 1998) is of course one reason for the shortcomings being faced with basically uncomplicated issues.

On the other hand, we heard from the interviews that missing understanding on a higher level could also have a greater impact. One manager explained it like this:

"Take one of our core values, quality, for example. The guy in the purchase-department gets an award when he succeeds in buying parts cheaper. Great! Unfortunately, the parts are not only cheaper; they are of poorer quality, too. What the purchase department never gets to know (even if they do, it is not their core business) is that many customers will be unsatisfied. Some will never return to Eurocar, others will cause higher costs in terms of warranty or customer service. These are the costs I will face. I will have to exceed my budget; my bosses will be dissatisfied with me and at least, I will definitely not get any award. The "funny" thing is that my bad result was caused by my colleague's good result"

In this case which we regard to be a typical one for Eurocar as well as for probably many other large organizations as well understanding has (not) reached another dimension.

Here, the single individual (the two managers at their departments) cannot do anything about the situation. The one in the purchase department has a shared understanding with his boss; they want to purchase parts cheaper and succeed perfectly.

The other manager at WCS also strives for his business goals, perfectly in line with his boss and co-workers' understanding.

No missing understanding so far. We think the missing understanding, or rather, the missing holistic view, is on another level. Since the two managers in questions do not have any possibility to influence their business units' goals as they can only try to achieve them, an overall understanding across the (two) business units was necessary.

Someone needs to see the connection and impacts between the "success" at the purchase department and the "failure" at the WCS department. Another manager interviewed expressed it this way: "Somebody needs to put on 'the big Eurocar hat'".

What we mean is that there is not only need for common understanding at a local level but there is also a need for common understanding on a greater (organizational) level. We see that the two departments are locked in their (common understanding-) circles but there is no bigger sphere around the two local circles.

The awareness, that every one of us has his own understanding is a prerequisite for us to be able to "climb down" from our understanding and to be able to see, for example, work or situations in a qualitative different way - common understanding, the base for shared knowledge and its development (Sandberg and Targama, 1998). We think the two managers do not need to climb down from their understanding. They are doing perfectly all right. Instead, someone on a higher level has to get a holistic understanding and to "understand" the flow of action and reaction of organizational goals.

Reflection, socialization, all this can be covered under the title "Communication". This describes the action or the process where our understanding becomes clear to ourselves and to others. Doing so, we create possibilities to generate not only specific but also collective competencies. Here, the common understanding as the base for common knowledge can be

cultivated, refined, maintained in terms of the opinion and the meaning of our work.

Sandberg and Targama (1998) discuss in their model that the central aspects of competence first become common by the communication and sharing of the same “language”. Together with others, people understand the underlying rules and norms. Still we think that socialization only between the purchase department and WCS would not help. They cannot improve the overall situation since they cannot influence “the roots”. The purchase manager could of course NOT save money by continuing purchasing expensive, high quality parts. This could keep customer service costs rather stable but none of the managers would be all too happy about the situation.

Instead we think there is a need for “organizational” communication on a higher level where responsible persons can understand the impacts of local understanding.

4.7 Communication –A necessity!

As we are all probably aware of, communication can move in many different directions. Research has put us in different business situations, where there is a natural need for people to adjust their work with each other and to upcoming situations, making communication necessary. Looking at the two different departments of our case study we have found several factors pointing to the fact that there is a lack of communication within the Eurocar organization. It would be wrong to say that we are only dealing with a communication issue. Accordingly evidence has pointed us in the direction that we need to look at the Eurocar organization in a holistic manner.

4.7.1 Impressions on communication

We soon got the impression that communication had different priorities and is reflected differently in the business units observed. One manager complained that nowadays you have to collect the information yourself, as it is no longer

delivered. He perceived the procedure as more frustrating and time consuming since he does not know exactly where the information he was looking for is located. As all the business units within the Eurocar organization have their own intranet websites he actively has to search for the items he needs. There is no such thing as a general information database where for example organization charts (if available) or other business documents are available. One manager said to us *“There is no organization chart on the intranet; this was done because some people did not like hierarchy”*.

The manager pointed out that the organization had changed into a “data society” where the question was no longer to ‘obtain’ the information but to ‘search’ for the information. This process of searching was time consuming (and therefore expensive) as well as complicated. In addition, the whole action and its repeated failures were rather tiresome and ended in a de-motivation circle as expectations decreased with every failed search process. As we could perceive, the manager felt disappointed by the fact that no assistance was available to support him from a technical perspective, but also ‘how’ to use the devices available as well as the “strategic” perspective ‘where to find what’.

Quite surprising to us was the reaction of another sales manager responsible for a different customer group but working in the same business unit. He did not understand (the relevance) us even stating the question, since it was crystal clear to him that he could and had access to all information he might need. For him it was only to ‘obtain’ the information from where it was located without spending hours of searching or wondering where it might be stored. He seemed to have no trouble at all in finding what he was looking for. The whole process of coordinating the search was not at all an issue for him. Still we were staggered by how and why the two managers would look at this issue in completely different ways. Digging deeper into the issue we got the notion that it actually does not matter that much whether the information was delivered right to the desk, or if people had to obtain or search for it.

The overall result that the people interviewed showed, represented basically the same. The first manager felt troubled, as he did not get the right information, at least not in the right amount of time. Furthermore he did not show much

understanding for the situation while his colleague managed to get the information he was looking for. This manager on the other hand lacked understanding for those who did not manage to get what they were looking for.

The way of spreading information or the total amount of information provided by the organization did not seem to be the most critical issue.

4.7.2 Downward communication - lack of information

When looking into another aspects of communication, we found out that parts of Katz and Kahn's (1966) elements of downward communication fitted with the managers interviewed. Throughout the interviews we noted that there were underlying issues concerning communication, limiting the possibility of solving Mr. Holland's problem. As Special Sales can be seen as an island situated outside of the Eurocar organization, some of the dealers interviewed had a hard time in accepting the special type of cars sold via Special Sales. At the same time as Special Sales is only a sales organization, without any after sale facilities; some parts within the Eurocar organization see them as having after sale responsibilities. A reoccurring fact that we noticed was that many of the dealers selling Eurocar cars lacked real information on how to deal with Special Sales customers.

One dealer noted to us:

What is in it for me; it is not my customer. The maximum I can imagine is to sell one new tire of a species I never heard of and I am unsure about if I will ever be able to get full refund from Eurocar. If I am really unlucky, the customer will claim it on the warranty, this will release an avalanche of internal problems such as how to register the case and claim the money from the headquarter etc.

As illustrated here the descriptions on how to deal with Special Sales customers are missing. We could note insecurity among several of the dealers on what responsibilities they had towards Special Sales customers. The recurring pattern

of not giving those dealers enough information might, according to our investigation, lead to them not grasping how the work they do for Special Sales and Eurocar is related to the holistic view of the organization. But also as stated by Katz and Kahn (1966), it can lead to alienation from work and the organization. It nevertheless seems as Special Sales lack routines and procedures that make communication easy. Looking into the issue we found interestingly enough evidence on that some of the dealers felt that there was some type of internal competition taking place between Special Sales and the dealers. Many of them felt that Special Sales were taking their customers. Here we could see that Special Sales had paid less attention to inform the dealers of the greater goals of the organization. One could of course argue that it is not Special Sales that should communicate the goals of the Eurocar organization. This is true in a sense, we however believe that in informing the dealers about the goals of Special Sales related to Eurocar, would result in a better understanding between the two. In not having the proper communication and dialogue Special Sales seem to have created a barrier between the two. When we looked further into the matter, we found out that the dealers did not feel comfortable in contacting Special Sales as they felt that it would lead to more work. One dealer told us *“I have enough with my own customers, I do not have the time to call around and try to get a hold of the responsible person at Special Sales”*. It would however be wrong of us to say that there is no communication taking place between Special Sales and the dealers. Some of the managers and dealers interviewed have understood that there is no internal competition-taking place. Take for example Scene Two. The manager has personally met and talked with the dealers. Doing so he has helped them to grasp the holistic view of Eurocar, but also created a climate were they do not feel alienated, but a part of the organization. Communicating with the dealers a common understanding and knowledge of Special Sales has according to our findings been achieved.

4.7.3 Upward communication – A possible barrier

Investigating the upward communication one can easily see from the interviews that there is a certain “hazard” in communicating to superiors.

In our analysis we would like to discuss three different ‘issues’ we observed with upwards communication at Eurocar:

- ✓ Knowledge barriers
- ✓ Reduction
- ✓ Relevance

4.7.3.1 Knowledge barriers

One manager was worried about the fact that all his superiors came from a different educational and work-experience background than he and his division did. Therefore he experienced difficulties in getting his concerns approved. However, he did not really feel neglected since the superiors let him more or less do what he thought to be appropriate as long as it was not too expensive or too “wild” in their opinion. The point was that he did not have any (superior) partner to bandy ideas with. He felt that he has nobody on a higher level who could receive his feedback since the people he is surrounded with have totally different backgrounds, and therefore an absolutely different understanding.

It feels as we (my group) live in a totally different world. I have my range where I can create and run things the way I want to but that range is also limited. There is nobody I could discuss the ‘range’ with. I do not understand what they are talking about and vice versa. At least we note and respect the differences although there is no possibility to overcome them. It’s just the way it is and we have to adapt to the situation and try to make the best out of it. Basically, that is ‘the range thing’. They do their business and I do mine. How I do that, is –within the range- totally up to me.

4.7.3.2 Reduction

Another manager told us that he got the impression that only parts of the information he sent or passed up to his superiors really reach them. We got the picture that all he said, wrote, passed on and indented to take up with his

superiors went through a funnel with the result that the message received at the top was probably insufficient, incomplete or totally different from what he had sent. One manager said he has been observing this phenomenon for a long time. It was not an issue related to just his present superior but happened in general. Information he was sending upward did not reach the receiver or was at least perceived in another context than he had thought it should/would be.

Here, we see the need for a middle management (which does not exist in the present situation) translating the messages from the account managers to the management of the respective business units (Nonaka and Takeuchi, 1995). One reason for the present unsatisfying situation, to address Nonaka and Takeuchi, is that superiors, living in a 'strategic world' often have difficulties in 'grasping' their subordinates' 'operative' messages. "Director XY can not get involved in this issue" was how many managers quoted their bosses in our interviews. Often, as they pointed out, the reason was not only a shortage of time but also that the superiors received a different message to that which the subordinate actually meant. It seemed their memos were cut down, lost in volume, decreased on their way up so that the message received to their superiors was only a small part of the information sent by the manager.

Let's take up the discussion about middle-management's role after having explained the third reason (relevance) for distortion in upward communication.

4.7.3.3 Relevance

The third phenomenon we observed was that some managers considered the conversation with their superiors to be more or less meaningless since the superiors were in a kind of 'drive-thru' situation and actually heading for a new, already assigned position. Our managers therefore saw no or only little point in 'bothering' their bosses with issue whose range exceeded the time horizon of their superiors. They understood the situation of their superiors as well: Since it was well known they were leaving, they themselves had only little power and resources to put big projects on the line and they could not really get involved in long-term issues demanding detailed knowledge and a

close follow-up. An effect of this was that, some people were not taking up issues with the management since they regarded it to be meaningless anyway.

In all the three cases we find a missing link between the managers in question and their superiors. However, it basically does not matter which of the three patterns observed caused the unsuccessful communication; the fact that ideas and possibilities might get lost due to a lack of communication was rather scaring and we were wondering what the deeper underlying causes were.

Maybe the fact that the managers are directly communicating with the directors of the business unit replaces some of the communication that was supposed to take place horizontally. There is a risk that, due to the flat shape of the organization, less horizontal communication takes place. Managers might be all too often involved with issues they cannot/should not be addressed with since they are basically the wrong receivers of those messages.

As already mentioned earlier we regard the way in which Nonaka and Takeuchi (1995) take up this issue in an interesting way. Suggesting the installation of what they call middle-up-down management as a facility to mediate between the often operative and daily business proposals of the managers in our interviews and their superiors, the gaps can be overcome. Maybe the superiors then ‘get the full message’ and no information will get lost on its way up. Those middle-up-down managers can enrich the message with the items necessary for the superior to understand its real content is, while the middle-up-down managers at the same downsize the message ‘correctly’ in a sense that no vital information is taken away but the message is still ‘converted’ into superior’s language.

While middle managers are often considered to be the fifth wheel on the car without filling an important function, as the new slim organizations often want to save in those “superfluous” positions, Nonaka and Takeuchi (1995) emphasize their importance as the key to permanent innovation with the help of their converting role. These middle-up-down managers are to serve as a strategic knot binding the superiors to their managers (“information engineers”).

As the managers in our interviews admitted, they are deluged with highly specific information and they themselves find it extremely difficult to bring it down to a statement suitable for their superiors. Maybe, our managers became caught up in their narrow world identifying the vague and ambiguous signals from the markets. Their superiors could probably not encode their messages as they interpret it differently according to their situations and perspectives.

According to Nonaka and Takeuchi, the middle-up-down managers can orient in this chaotic situation towards purposeful information transfer.

4.7.4 Communication - Fast or Slow

As a special situation in the flat Eurocar hierarchy, more unfiltered information comes up. One manager said:

“I would say we have only a few management levels. It is easy to get in contact with your superior, in a positive or negative manner. Still, issues are not solved as easy as one might expect. I have no idea why, but that is my experience”.

Research shows that information might be transported faster in flat hierarchies but still, conflict resolution and coordination are slower (Carzo and Yanouzas, 1969). The authors name the larger amount of subordinates the superior has to deal with together with his ability to understand what they are doing, as a reason for slowing down the whole process.

We believe that this is the case at Eurocar. Superiors have a rather close contact to their subordinates and the overall relationship seems to be good. Still, people were mentioning that issues are not solved quickly, despite direct contact with their bosses. As we see it, a flat hierarchy is a crucial point here. The superiors have more subordinates than managers in a formal organization. This makes it more difficult for them to communicate to all of their subordinates and at the same time to reach a common understanding.

4.7.5 Horizontal Communication – Whom should I talk to?

As been found in the interviews, a lot more horizontal than vertical communication took place in the Eurocar organization. This seems to be in-line with the research investigated. There are simply more people in the horizontal part of the organization chart than in the vertical (Simpson, 1969). According to our investigation, the Eurocar organization is quite decentralized leaving greater room and need for co-ordination on a lower hierarchical level. Moreover, people on the same level often “speak a common language” and it is therefore easier to communicate with each other. They seem to have the same understanding; they share common characteristics and thereby make communication even more likely (Simpson, 1969). Our interviewees confirmed this as we often got the reply:

“It is easier to talk to my colleagues rather than to my boss. My co-workers usually understand what I mean and it is a lot easier to get their opinion on an issue than my boss’s. It is not only that it’s more difficult to get an appointment with my boss due to his tight schedule; conversations with him seem more formal. For example, I cannot remember when he was in the coffee room last time; instead I meet my colleagues there every day”.

We also found partial evidence for Katz and Kahn’s theory on socio-emotional communication. Many of our interviewees told us that “communicating along the hierarchy” was almost impossible at Eurocar. For one reason, there are only a few organizational charts (left) and it was therefore rather hard to get in touch with another unit “hierarchically”. We experienced that our interviewees were communicating on a more “private” base, having built up their own “network” with each other. These networks often did not have any relation to the formal hierarchy. They were however developed spontaneously over the years and contained different people throughout the whole organization. We got the impression that the managers interviewed were communicating more informally with “friends at work” than with “colleagues” exchanging more personal favors than business-orders or business inquiries. An “arranging

mentality”¹ was one superior’s slightly irritated comment to this scene. We were surprised how many managers and sub-ordinates in the Eurocar organization did not use the work flow charts (if those were provided by the department at all). Further investigating of this manner showed that many of the managers and subordinates we have interviewed had been working in the organization for many years. These people often had quite a huge contact net and were able to obtain information which not even their bosses were aware of or had a possibility to get. Often, some subordinates did not see a point in discussing some issue with their bosses because they (the subordinates) could solve the issue faster “their own way”. This consequently led to a situation where superiors were kind of “left out” and did not have a picture of who their subordinates actually were in contact with and in which way they were working.

Partly, we see the advantages of socio-emotional communication explained by Katz and Kuhn (1966) as they propose to let some parts of the task-orientated communication to the group-level. This will allow them to create a combination of work and socio-emotional communication leading to a better solution for business life. Many solutions would not have been possible by just task-orientated and/or vertical communication. Nevertheless in the case of the Eurocar organization, we can see that socio-emotional communication is maybe going a step too far.

One superior actually complained that he, especially when new at Eurocar’s, had a hard time “getting into” the organization, as his contact net was of course rather limited. He even had difficulties in understanding what his employees were working with and how they were working. It can be hard for managers to execute some kind of “control” when they cannot follow their subordinates’ way of doing business. As communication mostly takes place between managers in different departments and not between the managers and their superiors, these superiors can easily be “left out”.

Therefore, we see a risk that the organization, at least in the parts we have been investigating, becomes flatter since communication and networks develop more

¹ A type of “fixa mentalitet”

horizontally than vertically, pushing the superiors more into an outsider position.

In connection with this we also see that knowledge transfer can be quite a difficult issue, if business is mainly run socio-emotionally. If one employee with a rather big contact net leaves the organization, his “routines” will disappear and his replacement will have to start from “zero”. Communicating in this manner, the situation for the fellow-workers can more difficult as well.

Besides, one manager explained another situation like this:

“In my department, I created work-flows and fundamental routines which are basically followed by most of my employees. If one subordinate does not follow the procedures, his fellow-workers do not know how their colleague does his business. Of course, the employee doing it his way tells his fellows how he was working; still it was not obvious for the others and they had to ask first. I would not go so far to say that this employee’s “special” knowledge was inaccessible for the others but it takes extra efforts for them to grasp how he was doing business”.

We see a need to at least “semi-structure” socio-emotional communication in order not to loose valuable knowledge. In our opinion, there is a danger that the organization gets “out of control” as its members develop their “sub-businesses”. Since superiors might be offside only can they hope that their subordinates follow the organization’s vision “correctly”.

Another point with those case-to-case network-solutions is that no routines are followed. Even if we in this chapter do not want to discuss the issue “procedures” we just want to throw some light on how horizontal communication can influence the creation and follow-up of routines and processes. For some parts of the business-units examined, no routines or fixed procedures were established.

However, even if workflow-charts existed, some employees developed “their own way” and probably exceeded Katz and Kuhn’s (1966) ideas of socio-emotional communications. It was especially those socio-emotional communications that, according to one manager’s statement “*jeopardized a standardized customer treatment*” since the service provided by the employees depended on their socio-emotional (communication) network. This particular manager saw a risk that coordination of corporate activities became more difficult.

4.8 Network – a way of setting up contacts

As mentioned before, we experienced some form of communication taking place in “private networks” at Eurocar. Obviously, our interviewees had over time built up their own ‘set of connections’.

This captured our interest and we wanted to find out what the underlying factors for establishing a network could be. In every organization there are formal and informal structures and networks. The informal structure of the organization often remains highly informal and to some extent unseen. It can take place in the form of socialization, friendship, or through relations that have emerged during common work tasks. This is just what we noticed in one manager; by sharing his input and experience he had created what Morgan (1986) calls an informal network as he had informal exchanges of information.

The manager stated to us: “*I get things done by contacting the people that I know in the organization*”.

All organizations have informal networks where the people interacting that meet various kinds of needs. People often solve their problems by relying on informal organization processes. Collaborating and helping each other through a fluid of structure of relationships, a pattern of exchange can be created (Morgan, 1986). In having this type of relationship pattern, the manager has created his own network, which is used in different situations and is a complement to the formal structure. People often use the term network, without knowing the actual meaning of it. We then asked ourselves, what is a network?

According to Nohria and Eccles (1992), a network is a structure of ties among actors in a social system. A network can represent different actors such as individuals or industries. The network is more than often formed due to the social context that encourages cooperation and solidarity.

We noticed that one sales manager interviewed shared common goals with those he was working with, which is one of the possibilities for networks to be created. The most common characteristics of a network, friendship or economical, is its social relation, binding them together. Nohria and Eccles (1992), state that it is possible to identify two types of networks. The organization based on face-to-face interaction and the electronic network characterized by advances in information and telecommunication technologies such as voice mail and e-mail. These networks offers an advantage concerning the speed of information exchange and the possibility to communicate anywhere in the world.

As observed earlier the manager at WCS and one sales manager only communicated through occasional e-mails and they had not met for two years. Even if the possibility to get in touch and communicate with persons anywhere in the world, using electronic devices will not replace the human factor and the face to face contact (Davenport and Prusak, 1998).

According to our investigation face-to-face interaction involves human interaction and brings up the importance of social relationship to the surface. We can say that by meeting the persons face to face, the manager has captured the entire band of human interaction, such as hearing, seeing and impressions of people. In seeing the impressions, we believe that the manager can sense how his ideas are perceived from the other person.

Nohria and Eccles (1992) claim that meetings will give a better condition to learn, because it is possible to see reactions and receive feedback directly. If the managers at WCS and the sales manager had realized this, they would not send issues back and forth between each other. It is of course not possible to meet everyday, but not meeting often will make it hard to get constructive feedback.

We are convinced that a person will not be likely to share information to the same extent given by another person through information technology (IT) without even have met the person. Nor is it possible to transfer tacit knowledge through documents. Here we can see IT as a supportive tool, but in order to achieve the benefits of the network that one manager has, more focus should be put on the social relationships.

Informal networks are characterized by non-hierarchical thinking and mutual understanding, but also by common goals. Efficient informal network can increase information sharing and the creation of new knowledge as we have shown in the case of one manager at Eurocar. In the creation of achieving new knowledge he has improved his problem solving skills, which reflects in the fact that he sees no real problem within Special Sales. According to Nonaka (1994) organizations would not survive without the informal networks, through which we solve problems along the formal structure.

In the investigation of the two business units we observed that some people had a tendency to “run” their own race within their networks. This can both be positive, as we have mentioned in the text above and negative as we see a difficulty to implement routines.

In our case, it seemed as “running their own race” firstly hindered others outside the network to participate in the knowledge creation/transfer process. Secondly, colleagues as well as superiors were left out since “too much” horizontal communication was taking place. Managers were not involved in their subordinates’ network and only had a little chance of getting informed how work was done in their own departments. This can consequently lead to that a common understanding of the difficulties they have cannot be established. It seems, the actual problem is taken out of its organizational context and solved internally within the networks. Therefore, the problem is never known “officially” in the organization and can therefore not be recognized as a problem

4.9 Hierarchy – How do we organize?

Looking at the Eurocar organization from a hierarchical perspective we can tell that the parts we have been investigating are rather flat. The managers responsible for a certain segment report directly to the director of the respective business unit.

Basically, we can identify Carlzon's (1985) levels of how to organize an organization:

On the top layer, the director of the business unit has the overall responsibility and is accountable for organizational development towards the goals.

One layer below, the managers translate the general goals into strategic action and below them, their subordinates put them into daily business.

It became obvious to us during the interviews that the first-level was clearly operating on a strategic level and definitely not “detail-steering” as Carlzon (1985) suspects. We rather felt that his proposal to work “horizontally” was very well implemented in the Eurocar organization. As we pointed out in our discussion of horizontal communication, Eurocar has maybe “over-developed” the horizontal thing and thereby the gap between daily action and strategic overview on directors' level became a greater than appropriate. Since we do not want to repeat ourselves we refer to the previous chapter where we raised a discussion, started with the impacts of horizontal communication. The fact that we again are confronted with “the horizontal theme” shows that this is a matter having its impacts on different organizational aspects and cannot be limited to for example communication only.

What we could make out from the interviews made it clear that the basic task distribution between the three levels was rather clear at Eurocar, even if the second level seems to work more closely together with the third level than with the first one. Again, we see this as confirmation for our thoughts on horizontal vs. vertical communication.

It became clear to us that coordination and information flow between the layers was one of the weak points at Eurocar. Again, we would like to compare what other researchers have to contribute to solve this issue.

Investigating if Nonaka and Takeuchi (1995) can contribute to overcome the limitations Eurocar is facing, they suggest their so-called hypertext organization. Before looking at the hypertext organization, we first have to look at how Eurocar have organized their business:

Listening to the interviews and getting the employees' views on the hierarchy we got the impression that some parts of Special Sales a greater resemblance to the structure of Nonaka and Takeuchi's (1995) task force. Asked where he saw the limitations of the "mentality of spontaneous solutions" in his business unit, the manager replied:

"It is sometimes difficult to participate in peoples' business lifes since they are very much working on their own. It is therefore not easy to combine all the different activities of the sub-teams and their members. I am not really sure that we are always heading the same direction, it seems rather difficult to bring everything together at the end of the day."

It seems to us that the infrastructure around the taskforce is not completely developed. In the first place, feedback systems are missing. We remember the statement of one manager worrying that he sort of lost contact with his subordinates since they were involved in some project-like work, which he as a manager, working on another (strategic) level, was not concerned with.

Secondly, one manager was missing a more stable environment to rely on "in peace times". For him, *"this business unit is like a never-ending project. It seems we once started improvising and adapting to the situation. Nobody ever made an attempt to establish us as a "real" organization. We were just continuing"*.

As we interpret it, the business unit observed lacks some sort of bureaucratic structure holding the whole picture together. We see that at least some managers would like to have the business unit more standardized in order to have a possibility to coordinate work processes in a better way. Bureaucratized procedures with clear job description and general instructions could help to decrease some of the unnecessary lively and hectic workday at the business unit. Actually, we do not see the need for the business unit to execute standardized duties in this form of a taskforce. As Nonaka and Takeuchi (1995) put it: “When composed of many different small-scaled task forces, the organization becomes incapable of setting and achieving its goals or vision at the corporate level”.

We think that a bureaucratic base can take over the standardized administrative tasks the taskforce presently has to deal with. Then, the taskforce could concentrate on its real responsibilities, to act in an uncertain environment and to rapidly execute strategies. *“Why are we busy everyday with solving a similar task again”, asks one manager, “can we not transfer the solution we once found and install a regular routine out of it? This is so time- and money consuming!”*

Our interviewees experienced the dynamic of the task force to be more of a hinder to do formalized jobs. Here, we see the limitations of the task force. It is simply not designed for efficient solving of standardized tasks. We believe that the stabile and centralized bureaucracy could easily take over those duties, giving room for the task force to perform their actual mission, to react flexible and highly adaptable in changing market conditions.

However, it seems the business unit in question already has a kind of hypertext-organization. Some divisions of this business unit are already rather strict and organized and meant to support the groups dealing with the actual sales. One can say that they are supposed to be the “stable” layer of Nonaka and Takeuchi’s (1995) hypertext organization performing the regular, recurring business purposes.

Still, one of the items missing is the coordination issue at the actual sales groups. We got the impression, which the people interviewed confirmed, that

their way of working can be improved, at least to some extent. We believe, the already discussed information distribution and general work distribution at their level are crucial in order to solve the simple issues. The complaint of one manager that he was busy with searching after necessary information or dealing with customer complaints (which was not his initial task) shows that some duties could be taken out of his “project”-work and put into the permanent, established part of the organization.

Nonaka and Takeuchi (1995) explain that decisions such as “who does what”, whether actions should be performed by the stable, basic layer of the organization or the task force, are rather critical and can lead to some disturbance in early stages of the hypertext organization.

We can therefore say this business unit is in a transition stage on its way to a hypertext organization and faces common problems an organization can experience at that stage. We see the risk that those considerations partly overwhelmed the taskforce part and hinder them from performing their actual missions. The fact that they cannot concentrate on their “real tasks” but instead struggle with basically minor coordination issues is jeopardizing the business unit. The preferred outcome, an improvement in flexibility and efficiency, can easily turn out to be opposite and the overall effect will then be negative.

Besides, we got the impression that the incomplete implementation of the hypertext organization does not really make it easy for our interviewees to solve basically uncomplicated problems. On the example of the sales force we could see that their quite narrow focus inhibited them to fully recognize their environment. We think that they therefore could not see the range and the wide implications of their actions. It seemed they were living in their “taskforce world” and their “taskforce culture” made it sometimes difficult for them, and for others, to understand each other. The mentioned “mentality of spontaneous solutions”, typical for the taskforce, was not considered to be “the” problem-solver throughout the organization and we received some negative comments regarding the way Special Sales organized their work.

Despite their flexibility and preference for spontaneous solutions, our interviewees also witnessed the shortage of knowledge transfer when engaged in taskforce work:

“Everything is so specialized and we often work with unique solutions. Additionally, we have a lot to do and do not manage to meet and discuss more often. I would like to see the other sales groups more often and I would need to have a closer contact with the formal organization and other departments, but the market situation and my workload do not allow that.”

We believe we can see a parallel to our research problem. As the distribution between the bureaucracy and the taskforce is not optimal in normal business days, basically simple issues cannot be solved effectively either. The issues are addressed in a short term, spontaneous manner and solutions are supposed to quickly solve the actual issue by flexible action. The rest of the organization, which is not used to work this way, has a rather hard time. They expect and need long-lasting standard procedures with a general validity, which can be implemented into flow charts.

In this case, we would like to link the general understanding issue with another dimension, hierarchy. It seems that the underlying incongruent understanding of the business units is emphasized by the semi-hypertext organization at Eurocar. As the workload is not optimally distributed between the bureaucracy and the taskforce, the lack of understanding becomes accentuated. It seems, from this particular perspective, the inability to solve basically uncomplicated issues results from insufficient understanding, favored by a hierarchical deficiency and lack of comprehensive overall view.

4.9.1 Hierarchy - Should we tear or raise?

When we were looking into the different organizational charts of the Eurocar organization we thought that Carlzon’s theory on tearing down the pyramids should be applicable. It seemed, his three different levels could be a good

solution: On the top level, strategic issues are decided upon. On the second level, the visions are translated into action. The third level deals with everyday tasks, aiming to fulfill the goals of the second level.

This is very much how the Eurocar organization is organized. We got the impression that all of our interviewees on all the three levels are aware of this general task distribution. The directors of the business units were not involved in any basic questions as to how a certain matter should be handled. At the same time, some dealers for example were aware of the overall organizational goals and how to implement them since they received suggestions for e.g. sales and marketing strategies from certain sales managers (which we can see as Carlzon's second level).

We nonetheless found out in the interviews that managers often lacked the ability to coordinate their work. Take Mr. Holland's example. One of the managers dealing with his problem did not know whom to contact and how to solve the problem. Accordingly he lacked the knowledge, but also the ability to coordinate the manner.

We do not think that "violations" of Carlzon's suggestions were the reasons for this distortion. The dealer behaved basically according to what he as a "level three member" was supposed to do. Still, the task could not be solved. We were therefore wondering if Carlzon or any other proposal to structure an organization might help Eurocar to explain why they have difficulties in solving basically uncomplicated problems.

We believe that the three levels, discussed by Carlzon (1985), are applicable to the Eurocar organization. Nevertheless, Ohlsson and Rombach (1995) state that it is not a question of flat or pyramid structure, but more about coordination. Investigating Eurocar, we see parallels between the real scenes we experienced and the research of Ohlsson and Rombach (1995). Interesting to observe is that both business units observed have actually been moved around in the Eurocar organization, however both stated that the moving did neither impair nor enhance their situations dramatically. One business unit, today located outside the organization, says that they were not doing better or worse but only

different. The managers actually illustrated quite equal pictures of the advantages and disadvantages caused by the changes. Indeed, all managers interviewed pointed out that coordination is the main task, irrespective of the hierarchical position in the organization.

“I think we need both”, said one manager, “the flexibility of a unit outside the organization as well as the established official channels² and the more ‘natural’ contact with neighbor departments we had when we were “one of them”

“Funny to see”, added another manager, “that even if our position was changed in the organization, our problems are the same. Many of us do not seem to know what they are or should be doing”.

We can see patterns of what Ohlsson and Rombach (1995) bring up in their discussion: ‘How’ a business is finally organized is not the crucial question since no solution will ever be optimal. More important are the reasons ‘why’ changes are done and what ‘objectives’ are the driving forces behind the restructuring. In the Eurocar case, it seemed people had different ideas about what the change would mean for the business unit and how the departmental work distribution would/should look like after the moving. Talking in terms of hierarchy, the quarrel about ‘who does what’ was not a vertical but a managerial issue.

Despite the facts provided, we think that the hypertext organization, once carried out completely, can and will help Eurocar.

² “tjänstevägen”

4.10 The goals are good – They are however just goals

When we looked into the Eurocar organization, we wanted to see if the overall goals of the organization were matching with the goals the two business units, but also if they affected our problem statement. It was clear to us that the goals of course would be different since they are set for the whole organization, respectively for the sub departments within Eurocar.

Often, organizational goals are by definition created from individual goals. When we asked the managers about how well they knew the overall goals of the organization, they were able to repeat them in the same order as the other managers interviewed. It seemed as the overall goals were well communicated in the parts of the organization that we were looking into. Interesting enough as all managers new the overall goals, it seemed, as some of them did not have the understanding or knowledge on how to relate them to their own goals. One manager replied to us *“It feels as if my department does not fit into the organization, as we are left out, how is it then possible to have common goals?”* When doing some further investigation we noticed that this manager’s department is not even mentioned in the business plan in one of the business division connected to them. It seemed the critical point was that the manager working in the business division lacked certain knowledge. We could sense that the manager did not have the knowledge or the real understanding of how the sub-unit worked. We wondered if the manager had established goals that were not understood, nor supported. Senge (1993) explains that it can be a danger for management when setting up goals, as it can be possibility that they “run over” sub-units. Conversely, the manager of the sub unit might fear that his sub goals interfere with the main goals.

However, we felt that goals in this certain context will not be a great influence solving basically uncomplicated issues.

5 Concluding remarks

The conclusion is intended to wrap up or study and point out the connection between the theories and the relation of theories and empirical findings. It is also an attempt to bring our work to another level, taking understanding to system thinking.

If we were to summarize our findings and experiences throughout the thesis work we can say that none of the theories we had in mind could in themselves explain the phenomena observed.

Each theory by itself turned out to be “true” as they helped us to understand single underlying patterns. In order to grasp the whole picture and to explain why it is so difficult for the observed two small business units within the big organization to solve their basically uncomplicated problems, we needed a “helicopter view”.

We finally got to the point where we found out that some of the theories were, in our case, dependent on each other and leading into each other. We could see a logical connection between them, taking us closer to clarifications of the situation at Eurocar. We had to combine our thoughts and only the grouping of explanations to our findings could explain the situation and show us the “whole picture”.

It would nevertheless be wrong to say that the theories had equal importance in why it is so hard to solve the difficulties within Eurocar. As we noticed in our investigation, there seemed to be a main theory that runs like a red thread though out the investigation. There is an underlying assumption that there is a lack of common understanding within Eurocar. This is clearly shown throughout the analysis part. Nonetheless the other theories can and should be seen as supporting as they contribute to the holistic view. This can be explained by looking at these parts taken from the analysis.

In the communication part one manager had the understanding of how easy it is to obtain new information. Another manager found it hard and time consuming, but also difficult to get help. This consequently led to a different view of the difficulties within the sub-units.

When looking into the aspect of networks within Eurocar, one can see that people have a different understanding of how to solve problems, as they use their own network, leaving other managers outside without any possibility to even understand that they have problems.

Furthermore as Special Sales was seen as an island outside the main organization, there was not enough coordination or direct contact taking place with the dealers. Accordingly no constructive communication was taking place between Special Sales and the dealers. Therefore they had problems in recognizing the special types of cars sold via Special Sales, consequently leading to a lack of understanding of what their responsibilities were towards Special Sales customers. The lack of communication and understanding between them reflects upon why it is hard to solve evidently simple problems either.

5.1 A combination of the theories gives a holistic view

As we found out, the people at Eurocar had knowledge about their respective business area. Missing indeed was the understanding for each other (cross-departmentally). Even though they had a shared understanding, it was limited to the borders of their particular business units.

These limitations and the resulting inability to see the challenges for the other business units made it hard for them to communicate their own situations, expectations and issues as well as exchange and increase their knowledge across departmental boundaries. The consequences were “islands of expertise”, unlinked to each other.

The majority of the interviewees felt that there was no way or point in communicating with “residents of the other island”. Therefore, only a minimum

of “official” communication took place between the business units. As they still had to solve common issues they trusted their own networks, which can be seen as “associations of like-minded”. It seems people within their networks had archived a common level of trust and overcame their doubts for these special members of alien divisions.

However, the usage of private, officially unknown networks diminished not only formal communication but also a formal way of “officially” solving (basically uncomplicated) issues.

Another reason making it difficult to address the basically uncomplicated problems, results also from the networking observed:

People were actually doing work they were “not supposed” to do. They performed tasks outside their job descriptions. These jobs were very often favors our interviewees were exchanging in their networks. Since they were doing things outside their regular duties, only little or no time was left over to take care of, for example, the investigated uncomplicated problems the organization was facing.

Besides, the hierarchy was not working 100% as it was thought either since it was kind of jeopardized by the network, keeping people “second hand”-busy. At the sales unit, a bureaucratic part was supposed to take care of the everyday routine issues while the sales force should have had their heads free to concentrate on their task, selling cars. However, we came to the conclusion that the task force was additionally doing unscheduled things, jeopardizing the whole strategy behind their kind of “hypertext-organization”. Of course, the hierarchy could not help but fail in solving uncomplicated problems.

From our first impressions we derive the thought that goals could have been an issue hindering the solution of uncomplicated problems. It turned out that the goals were sometimes conflicting (especially in the case where one business unit was not even mentioned in the business plan). This indeed led to inhomogeneous judgments on certain issues and to different priorities. As the managers did not have a common understanding of the goals (how they should

be interpreted –technically or soft- and how they should be reached), they did not have a common understanding on the small problems either. However, we could not see any connection between the way goals were handled and our research problem. It seems that the basic point here was once again understanding and not the actual goals.

5.1.1 How can we achieve a holistic view?

It became clear that the theories investigated stand in a relation to each other, some are even dependent and inter-connected.

‘Understanding’ turned out to be the keyword guiding us through our mental journey. Basically, every theory did not have a chance to work out in practice if basic and shared understanding were missing.

However, even though we realized that ‘common understanding’ was a pre-requisite, it turned out to be not enough. We illustrated this in the example of the purchase and the customer relations department. Here we saw that although both parties had a shared understanding, an ‘overall’ shared understanding would be necessary.

Therefore, we would like to put Peter Senge and his “Fifth Discipline” (1993) into the picture, introducing us into the world of system thinking and holistic view.

This seems to be what we are looking for, a way to grasp the whole picture, the missing link. As Peter Senge (1993) puts it: “Without systemic orientation, there is no motivation to look at how the disciplines interrelate”.

We believe this is exactly the conviction Eurocar needs to achieve. The business units are not separated from the overall organization but connected to it. Problems are neither caused by someone or something “out there”, instead, they have to grasp how their actions create the problems they experience.

We believe they do not “go the whole way” and we would like to draw similarities to patterns we observed with the ‘loop learning’ or the ‘ladder of

inference'. Even though we have been looking at those phenomena with a different perspective (learning and un-learning), we think the basic behavioral pattern is the same: Missing the whole picture:

In terms of system thinking, Eurocar only sees linear cause-effect chains but not interrelationships³. As the mentioned "arranging mentality"⁴ shows, snapshots are seen rather than processes.⁵ Applying short-term fixes to the symptoms of a problem may temporarily alleviate the symptoms, but the fix ultimately can exacerbate the underlying problem.

We can see that they go right into the trap of system thinking. "Lost connection to other people" is one of the reasons Senge (1993) names to jeopardize system thinking. As we see it, people at Eurocar do not have the time or the skill to stay interconnected with each other in order to synchronize their sub-goals, activities and business units' routines and strategies. Besides, we got the impression that more 'event' than 'system' thinking takes place there.

³ Recall the purchase department: They save money and get an award but miss to consider longer-lasting effects such as the increasing warranty costs, basically caused by cheaper car parts. They see the inner-departmental action-reaction but not the interrelation to other units within the organization.

⁴ "fixa-mentalitet"

⁵ Recall the sales manager performing customer relation tasks although this was not his job. Besides, there were no routines but he always 'fixed' the issue

5.2 Outlook for further research in this area

We believe that system thinking might be the theory that can help Eurocar to solve some of their basically uncomplicated problems.

However, just applying Peter Senge is not that easy either. There are limitations:

First of all, there are no right answers, just a variety of potential actions, being more or less suitable to solve the issues. The question will be to identify and pick the ones producing the desired outcome.

Eurocar is an integer system; they cannot just be broken into parts and be fixed individually. Starting at one point will cause reactions somewhere else in the organization and it will be a long and hard process to define which action caused what reaction.

Time will be an issue too. Some concerns but not all can be solved within the short term. Since changes, sometimes even paradigm shifts are required they can be time consuming.

Besides, recognizing and identifying the circle of action and reaction is one thing but the people at Eurocar also need the power to change the system and its underlying culture creating the circles.

System thinking can require common standards, visions, strategies and processes. This can hinder creativity, individuality and flexibility, especially in such a big organization as Eurocar.

Finally, the question will be 'how' to change? Since such a study is per definition outside of our framework of investigation, we have to leave those questions open. Still, they are of crucial importance and could be subject of further studies.

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7 Appendix 1

In this section we will explain how we have conducted our research. Yin (1994) will be used as he shows how to design and carry out case studies for research purpose in a good way.

7.1 The research process

When we in the spring of 2001 started the process of finding a suitable topic for our research, little did we know how much time and effort we would have to put down. We wanted to find a topic that was both interesting and relevant, but most important of all we wanted to find an area that would broaden our knowledge and understanding. In doing so we also wanted the reader to achieve his or her own interpretation and understanding of the topic selected. Our intention was to start a fruitful investigation and discussion on a relevant issue that could give a starting thought to a possible paradigm shift in the academic world as well as the company observed.

We have been in contact with different organizations, operating in various fields of business, in order to find an optimal example suiting our study best.

7.2 Research perspective

Yin (1994) reflects upon when it is recommended to use case study, as an appropriate research method there are five types of research strategies, experiment, survey, archival analysis, history and case study.

Yin states that “case studies are a preferred strategy when “how” and “why” questions are being posed, when the investigator has little control over the events and when the focus is on contemporary phenomenon within some real life context”. This adequately suits our research question: Why it is so hard for organizations to solve evidently uncomplicated questions?

In order to connect the different parts of our research is it utterly important to have a research design, of how to handle the empirical data collected from the interviews. According to Yin (1994), there are four types of different research designs, which are a mix of either single case or multiple case designs. The single case design means that only one company is being studied and the multiple case designs that the study includes several companies. We have chosen to do a single case study as we only look into two business units within one company.

We decided to look into one organization since we found out in a very first information interview that the organizational settings within Eurocar seem to be unique. This would make it almost impossible to draw reasonable conclusions in comparison to other organizations.

7.3 Theoretical framework

When we started the process of finding literature for our thesis, a methodical review of different authors as well as theories took place. We wanted to find theories that could help us to find an answer to our problem statement. In doing so we found many different angles on how the theories could be used to give us a mental picture. Well into the process of writing the thesis, we recognized that the theories we picked fitted well into the empirical part.

7.4 Data collection

According to Yin (1994) there are different ways to handle a case study. The most commonly used are documentation, archival records, interviews and direct observations. The ones most suitable for our research approach are thought to be archival records, documentation and interviews as they are the most important sources in our case study. Some observations were also conducted, but at on minor level.

7.5 Documentation and archival records

Besides the interviews, which will be explained next, we got first access to Eurocar's customer database during an internship. This database contained all customer contacts, complaints, request or comments on any issue concerning the Eurocar organization. Our experience from the internship as well as continued access to the database allowed us to gain a deeper insight in the experiences, expectations and feelings of Eurocar customer towards the organization and its products. In connection with this we were also able to see how those customer contacts were handled internally as well as externally.

At the same time we had insight into Eurocar's Special Sales database containing purchase orders from all the different customer groups and the course of events. Again, we got valuable information and insights what challenges the organization is faced with, how these issues are dealt with as well as how they are perceived inter-organizationally.

In addition to the databases we received comprehensive internal information material from Eurocar in form of organization charts, business plans as well as workflow charts and business procedures, job descriptions and work instructions.

Almost more valuable however seemed the possibility to actually have worked in the Eurocar organization as an employee, having close contact to the two business units who became the main part of our study. Working continuously under a longer period, using the databases as a daily business tool, gave us deep insight and a "natural" understanding of both, customers contacting Eurocar as well as the people (beside others: us) dealing with those customers and their concerns. Many of those department meetings, official ones scheduled as well as in-official ones in the coffee-rooms and many conversations with our co-workers broadened our horizon of organizational understanding. We gained an important insight since we could not only ask the employees about their perceptions but also "feel" with them and directly compare their comments with our comprehension of the situation.

7.6 Interviews

Interviews are significant and important sources of evidence in a case study. An interview can take form in many different ways. In an open-ended interview as we chose to do, the respondents are asked about facts of certain issues as well as about their own opinion, feelings and thoughts on the matter. The persons we decided to interview were hand picked in a discussion with our thesis advisors at Eurocar. The interviewees have various positions on different levels throughout the whole organization. They were specially picked in order to provide us with a broad and international picture of the organization. As the organization has asked to remain anonymous, the names and position of the respondents cannot be revealed. We conducted 12 interviews lasting about one hour each. Most interviews were conducted face to face while some of them were done by telephone. In order to get the most out of the interviews we choose to semi-structure them, meaning that the questions followed a certain pattern.

In the very beginning, we had several discussions and conversations with our main thesis partners at Eurocar. During these occasions, we got a first impression and understanding where we were starting from and what our expectations could be.

Having figured out what the thesis would deal with, we conducted two independent information interviews with our two partners to deepen our knowledge and to get a more detailed impression about the dimension of the problem area we were to investigate.

Before conducting the interviews, we made sure that we had a common understanding of the questions and our expectations. This common understanding was gained by intensive discussions and the imagination of different possible scenes.

In order to enable the implementation of experiences and knowledge, the first interview was conducted with one of our thesis partners whom we were more

familiar with than with the other interviewees. This was done in order to detect any flaws in our interview guide. During this first “real” interview, we actually learned a lot about what to expect and we became aware of possible distortions. This early insight helped us to improve the interview guide.

After each interview, we discussed our impressions and feelings about the interview we just did. Of course, we summarized the content to have it as a solid ground to rely upon during the analysis. In some cases, we did follow-up interviews to clear up certain issues, on what our interviewee really meant.

Before getting started with the actual interview we took the opportunity to get familiar with the respondents, leading to a more relaxed climate. All interviews were recorded digitally, in order to enhance the sound quality.

Prior to the actual interview we pointed out that the organization for whom we were writing would be confidential and that it would not be impossible to trace who has said what in the interviews. The reason for this was that the respondents would feel more comfortable.

7.7 The Empirical Part

In the empirical part of the thesis, we have chosen to do a narrative approach. When doing a quality research as we have done, using narrative methods enables us to place ourselves at the interface between persons, stories and organizations, and to place the person in emotional and organizational context.

Before constructing the narrative, we used the answers that we got from the open-ended interviews as an attempt to integrate the available evidence to converge on the facts of the matter. The documentation served as part of constructing a so clear picture as possible for the reader. Nevertheless the interviews and the documentation is a part of our database and can therefore be seen as component of the case study.

Yin (1994) states that that the process of having open-ended answers and combining them with documentation can be seen as an analytic one and is an integral part of the case study analysis. The purpose of having open-ended

answers has given us the possibility to document the connection between specific pieces of evidence and various issues in the case study, which will be shown as citations in the text.

7.8 Analytical framework

In Accordance with Yin (1994) we agree that the best preparation for conducting a case study analysis it to have a general analytic strategy. More often than not writers seem to neglect how the evidence collected should to be analyzed. The strength of the analysis can be improved by basing it on a theoretical proposition, or a basic descriptive framework. In either case the writer is likely to have some structure over the analysis, it is nevertheless up to the interpreter “writer” to provide the reader with sufficient presentation of evidence and careful consideration of alternative interpretations (Yin 1994). In our analysis we have chosen to present the analysis in combination with the empirical findings, following our implicit theoretical proposition.