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*“The interpretation and translation of business strategies to
different levels of the organisation”*

- featuring Volvo Buses

Bachelor Thesis- FEG 316

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Abstract

This is a paper aimed partly at investigating how business strategies are formed, but mostly how they are used in the every-day context in an organisation. The main focus is the perception of strategies, and how it can vary throughout the organisation and depending on the leaders that are passing it on. Looking at previous research there is a lot written about strategy implementation, often either about the practical aspects; efficiency, time management, agendas, or about the more sociological aspects; leadership, communication, and cooperation. We conducted a study at Volvo Buses in Borås where we interviewed employees from top management, middle management, and operative levels. What we found was that there was great discrepancy between how the strategies were perceived different hierarchical levels of the organisation. There were also different views on to what extent different strategies affected the daily work. We also found that there is great pressure on middle managers both in delivering on budget and time targets, and on handling leadership issues toward their staff. Our conclusions are that there are issues related to translating strategies throughout the organisation and that a lot of them are related to human nature and human relationships. We also note that the outcome of a strategy implementation process to a large extent has to do with the efforts of the middle managers. Lastly, we give a few recommendations to Volvo Buses and propose subjects for further research.

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1. Introduction

1.1. The subject

We are interested in the way companies organise their operations- not in form of what formal structure they have or what the exact division of labour looks like, but in how it is possible for people, contributing in such different ways and to different extent, to produce something that is mainly in line with the strategy created on top management level. What are the ideas (or lack of them) behind this great operation, how can the great machinery that is a business manage to co-ordinate their activities to somehow, miraculously, end up with good output that generates money? It is not really the practical matter of co-ordination that fascinates us, but the fact that behind the formal structure of an organisation, the hierarchy and the different levels of management, there are real and actual people. And people are difficult. By difficult, we mean that people all have different motives for going to work in the morning. They may be more or less aware of why they are doing what they are doing, and they probably have their own ideas of how it is supposed to be done. It is especially difficult to make these different employees work toward a common mission, a mission that is not always known or even desired. So what really fascinates us is a good organisation's ability to organise their operations in a way that uses the abilities that lie within the members of the organisation and make their efforts strive toward a common goal- the strategy of the company. To put it plainly- we are interested in the processes involved in keeping all of an organisation moving in the same direction.

We have noticed ourselves that there sometimes are major discrepancies between objectives and targets aimed for at the outskirts of the organisation versus the main strategies decided at the firm management level. But in spite of all these people in different parts of the organisation and all their personal differences- they still have something in common. Working for the same company they will have certain things in common, expressing the same values, and in some notion, working toward a shared mission.

We want to research the factors involved in these processes, mainly the ability of managers on different levels of the organisation to convey the strategies to their staff, but also make sure that the practical things they are doing on the "bottom" of the organisation are in line with the general strategies. What are their roles in communicating between different levels of the organisation, and how do they do it? Are there factors that affect how they do it? Does the way they do it affect the perception and

implementation of new directives in their respective business departments? We are interested in what characterises processes where consistency throughout the organisation works well, and what factors are relevant when it does not work.

1.2. Statement of the problem

We realised that we needed to narrow down what it is we want to study. In this complex environment of strategies and companies, how can we pinpoint a problem in the area just in between formal procedures and social interaction? We are certain that most companies have formal ways in which things are supposed to be done, channels where communication is supposed to happen, and fixed ways of approaching a problem. However, we also know that people are not machines and cannot be forced to do things exactly according to a pre-existing model. They will, unintentionally or intentionally, perceive, interpret, and execute things in different ways.

We discussed different angles we could research within this topic; the role of middle managers, the communication paths, the effect of different implementation methods on company performance. We decided finally to focus on the *perception of the business strategy on different levels of the organisation*. Our assumption is that strategies are produced on a top management level. Are they in some way “distorted” on the way “out”/”down” in the organisation? And *how does middle managers’ role in conveying strategies across departments affect these perceptions?* Are they passing on the “blue-print” strategy, as formulated by top management? Is that possible? Are they perhaps adapting it to their departmental environment? Or possibly ignoring it?

To be able to answer our questions on the subject, we needed an organisation that we could look into. Through a contact from a few years back we were invited to Volvo Buses, the Borås plant, and were able to conduct interviews with employees there. Being a part of Volvo Group, Volvo Buses, this international yet supposedly very Swedish business, seemed extremely interesting to investigate from an organisational point of view. It was also necessary for us to look at a company not too small, since our main purpose is based on looking at different hierarchical levels of an organisation. Volvo Buses Borås is also interesting because the headquarters of Volvo Buses is situated in Gothenburg, while this plant is in Borås.

1.3. Aim of the study

We believe that people shape organisations and organisational processes. The aim of our study is therefore to investigate on one hand what people on different levels of the organisation know about the goals of the company, and on the other what goals they are working towards in their daily routines. Is there discrepancy between how different people perceive the goals? Is there discrepancy between what different people are working towards? We believe that this reflects the level of unity in the company and how well strategies have been implemented. Narrowing it down to a few general questions, our study would aim at;

- What is the perception of the strategy on business unit, department, and operational level? How is this interpretation visible in the daily work?

- What is the middle managers' perception of the strategy and what are their translations of it to their departments?

2. Literature review

2.1. Introduction

There is a lot written about strategies, their implementation, and different factors that affect their outcome. It was a bit harder to find literature that pinpointed what we wanted to research- how people affect organisational processes. A lot of texts focus on the financial outcomes of different methods of implementation. Even when searching specifically for journal articles about organisational and social processes in strategy implementation, there are a lot of different angles from which you can analyse these phenomena, and it covers different theoretical areas- sociology, psychology, communication, and management. We tried to choose texts that were relevant for our study in the way that they covered the human aspects of management, regardless of what academic discipline the writer belonged to.

Beginning to research our field, we found some articles with straight forward “guides” to strategy implementation, with hands-on tips on how to facilitate a good strategy implementation and what to avoid. It ranges from decision-making processes, time allocation, and budget control to information paths and leadership practices. Other articles focused more on the social, emotional, and psychological factors of strategy implementation and change- i.e. how to make people work the way management wants, preferably out of free will as well as enthusiastically. In essence, how to make managers and employees buy into new ideas, working in line with them, and contributing to improving them.

Since the last part is more complex, there will be a separate part about emotional and psychological factors in the end of this chapter. The other aspect that came up while doing our research and that is vital since we want to investigate the middle managers’ role is what happens on different levels of the organisation. There is one process of defining and formulating a strategy, and another one to implement it. The implementation itself is not a one-transaction process- information is to be spread through a multitude of organisational layers, and co-ordination between departments and business areas is supposed to work. All organisations have different hierarchical structures and functional divisions, but in the literature, the distinction is often made between top management, middle management, and regular employees. Therefore, we want to present the different theories in a top-down perspective, beginning with the creation of strategies, through the passing on of them downwards, to the application of them on the personal level. Thus, we will start with what defines a good (and bad) strategy

formulation, continue with the implementation of it down the hierarchy of the organisation, and finally, look at the more psychological and emotional issues.

2.2. Formulating good strategies

One of the most read articles by number of citations that featured a "guide" to strategy implementation was one by Michael Allio (2005). Even though the article is supposed to provide practical tips, they are more designed for the creators of the strategy as a way of controlling the process as opposed to giving tips to middle managers. Allio (2005) focuses in this article on strategies and their practical implementation, as well as about how much energy they invest on the perfect strategies, but a surprisingly light effort for the implementation. It seems easier to come up with the perfect strategy, but why is the process of implementation so difficult? Who is responsible and where should they start? The answer would be the team managers, Allio (2005) argues, and a good implementation starts with good strategic input- i.e. guidelines, agendas, resources required and projected outcomes.

The question is how the managers can translate the strategy into action? The author speaks about ten practical guidelines for best implementation, where the key is to establish a common language, establish a time frame for every activity, making sure every activity has an owner and as well as way of being assessed. Being in control of the process is the most important thing, Allio (2005) argues, and the worst traps lie in being too vague, not having clear goals that can be measured, not having a set time frame, not having a clear division of tasks, and not monitoring the process and its progress properly.

Another area that seems to have had a lot of research is that of the role of middle managers when it comes to formulating strategy. Middle managers obviously play a key role in organisations when it comes to passing on knowledge and information from upper management to the floor level. It does not always have to be top-down though. An article from 1990 (Woolridge and Floyd), investigates for instance the role of middle managers when it comes to *formulating* a strategy for the organisation. Does the level of involvement of the middle managers in the strategy formulation process affect the performance level in the organisation? There were two issues investigated;

1. If middle management involvement in the strategy formation process improves the quality of strategies and therefore increases the strategy success rate.

2. If middle management involvement in the strategy formation process makes for greater organisational consensus and smoothens the implementation process, thereby increasing the strategy success rate.

The results showed moderate support for the hypothesis that middle management involvement improves the quality of the strategy. The factor that seemed to be most relevant was that middle managers were “generating options” to the strategic work, i.e. coming up with ideas that would normally not have arisen. There was also moderate support for the thesis that middle management involvement facilitates an easier implementation. The key factor there was that middle managers help create an “understanding” for the strategy. Another interesting finding was that consensus of middle management with the strategy did not affect performance, but middle management involvement did (Woolridge and Floyd, 1990).

From their findings (with additional qualitative measures) the authors (1990) conclude that middle managers’ involvement in the strategy formulation process is expected in organisations and increases performance. Top management should formulate a clear strategy, but expect middle management to question it. It is also important not to overdo the “involvement”, bringing in middle management too often or too early in the strategy process.

At the same time, there are numerous articles about what NOT to do in a strategy implementation process. In this article by Michael Beer and Russel A. Eisenstat (2000), they speak out about their experiences from helping businesses implement strategies and facilitate change. In a decade-long study they have investigated 12 firms, working with them through the changing of strategy and its implementation. From their extensive research they have identified several typical problems organisations face when embracing a new strategy- which they named “the six silent killers”. The main problems involved poor upper management and an ineffective upper management team, unclear strategy and priorities, a lack of both vertical and horizontal coordination, and inadequate middle management competence.

In translation, this means a senior management group that either only gives orders from the top or do not give any directions at all, and that are afraid to address the critical issues in the organisation because of their sensitive nature. The lack of coordination is characterised by the existence of different perceptions around the organisation of what needs to be done and what should have priority, along

with no or little possibilities to raise issues above your own department or communicate with different departments of the organisation, different business areas or other business units of the company. Along with this, bad or inexistent opportunities for lower level managers to execute good leadership or to influence the decision-making process does not create a good environment for a strategy change (Beer and Eisenstat, 2000).

One by one, but specifically one or more together, the authors (2000) argue, these “traps” are lethal to the development of the organisation, affecting it on three levels, its *direction*, its *learning* and its *implementation* of a new strategy. The remedy, they found, is six principles within the organisations to counteract the killers. These principles include a flexible leadership style that recognises that knowledge in the organisation can come from the top as well as the bottom, a top management that has a broad view of the organisation and a “general-management orientation”, having competent middle managers and consulting them in the development of strategies, together with a good vertical communication and a good horizontal coordination.

So, what we learn about the best way of creating strategies is that there should be a clear definition of what the strategy is, what it is supposed to achieve, and how. Every activity should have a time-frame and a person responsible for it. It is good to involve middle management in the strategy formation process, but not too extensively. Middle managers can also help create an understanding for the strategy further down the hierarchy. The dangers in a strategy formulation and implementation process have to do with incompetent managers and poor coordination of activities. This can, however, be counteracted by having skilled middle managers who are allowed to be part of the process, top managers that have a broad view of the organisation and recognises that knowledge can be transferred both top-to-bottom and the other way around, and good cooperation between different parts of the organisation.

2.3. Getting it down to business unit level

Looking at the middle management level and middle managers’ involvement in the strategy is vital for us, since one of our aims of this study is to understand their role in translating strategies. When looking at this you can either look at the link in the chain, the department manager, or you can look at the group/department as a whole. In the previous chapter we did discuss middle managers, although there

with the angle of how they influence the strategy formation process, whereas the following will be concerned with how the strategies are transferred vertically and horizontally in the organisation.

Vijay Govindarajan (1988) has the idea that teams, or at least business units, play a key role in strategy implementation. In his article from 1988 he aims to explain how large companies handle strategy implementation where multiple business units are affected. From earlier research he identifies three administrative functions that are important when implementing strategies; *organisational structure*, *control systems*, and *managers*. To apply this on a business unit level, the mechanisms *decentralisation*, *budget evaluative style* and *locus of control* are used. These factors are examined as well as the overall strategic goal of the business unit. The definition of strategic goal used is based on Porter's model of competitive advantage- that businesses either employ a low-cost or a differentiation strategy. So, the link between the three administrative mechanisms and the overall business unit strategy are examined both individually and all three together.

Govindarajan's (1988) findings give strong support to a number of his hypotheses, namely that;

- For business units pursuing a low-cost strategy, strong focus on budget control is beneficial.
- For business units pursuing a low-cost strategy, large external control is beneficial.
- Combining all the three mechanism that he evaluated, which also included centralisation (when pursuing a low-cost strategy), will increase effectiveness of a business unit if they all are aligned with the strategy pursued.

Govindarajan's (1988) research tells us that firms pursuing a low-cost strategy are likely to be positively affected by a high degree of budgetary control, a small internal locus of control, and together with these two factors centralisation also seems beneficial to the business unit. Volvo Buses must in this context be considered out of these two as pursuing a low-cost strategy. That means we should look at how strict the budget control is at the department level, how much influence the group has over their work, and how autonomous they are.

Another discussion is about the difference between strategy formulation and strategy implementation- i.e., when the plans go into action. This is often the job of the middle manager(s). A big company with many hierarchical levels might have to do many translations down the road. The question is whether the managers do affect these implementations or not? Andreas Raps (2005) says that strategy

implementation is an enigma in many companies. He claims the problem is illustrated by the unsatisfying low success rate (only 10-30 percent) of intended strategies. He explains this with the fact that primary objectives are somehow dissipated as the strategy moves into implementation and the initial momentum is lost before the expected benefits are realised. So where is the momentum lost? The article discusses how a successful implementation is a challenge that demands patience, stamina and energy from the involved managers. The key to success is an integrative view of the implementation process. With the help of a checklist ten critical success factors of an implementation process are figured out, Raps (2005) argues. To demonstrate how strategy implementation can be done in practice a case study is constructed. The article is built biaxially: on the one side the critical success factors within the strategy implementation process are explained, on the other hand the concrete example of making good use of these points in the form of an underscored case study is provided.

The ten critical points Raps (2005) is talking about as critical points in an implementation process take into account social aspects of a change process- top management must be involved in order to make people believe in the process, middle managers should be involved in the implementation process, ideas and questions should be considered, not just from the top-down but also from the bottom and up. The main point here is clearly communication, but Raps (2005) also recognises that cultural and social aspects should be taken into account, there should be extra time and resources planned to handle unexpected conflicts, and team work should be encouraged. Only one of his ten points is of more practical character, and we recognise it from Allio's (2005) points in the beginning of the chapter- a clear definition of tasks and responsibilities.

Guth and MacMillan (1986), in a much cited article, discuss in their article the impact middle managers might have on the implementation of a strategy decided by general management. Their approach, though, is not of the administrative type, but of the personal and psychological aspects of leadership. They believe that middle managers do not have the same motives as general management, either because they have a different view on the situation, or because they are trying to maximise the benefit for their own department, or their own personal gain. They use a model of expectancy theory to try to explain the motivation of middle managers in implementing a new strategy. They want to know to what degree middle managers think their own actions are capable of achieving the desired outcome, to what degree they think the strategy is the right way of achieving the desired outcome, and to what degree the strategy is attractive to them personally.

One study of middle managers with this model, although not completely reliable since the only source was their own accounts, showed that middle managers are not hesitant to intervene in strategy implementation. It does not matter if it will have an impact on the organisation outside of their own department, and they are as likely to do this before the strategy has been decided on as they are obstructing it when the implementation has already started. The authors suggest that it is crucial for general management in these situations to recognise the complex political environment middle managers are stuck in, to trust and use the competence of middle managers when it comes to formulating a strategy, and to use “political tools” in order to smoothen the process. In the case of middle managers not believing they can perform within the new strategy or not believing it is the right way to go, there are practical methods of raising confidence, providing support, and increasing participation in the decision-making process. When it comes to middle managers personal motivation, the author suggests that ways of altering their incentives are necessary. It may have to be by making the current alternative more attractive, or making the options of going against the strategy less attractive or even punished (Guth and MacMillan, 1986).

This is highly interesting to our study since it challenges the common view that managers always act for the best of the company. They are discussing organisations and management teams not as an administrative function, but more as a political arena. What do I want for myself, who do I want to be allied with, how do I want the process to go down? It makes a good complement to the other studies that have other foci. Raps’ (2005) research suggests focusing on social and psychological issues, and Govindarajan (1988) points out important administrative factors to consider in a strategy implementation process. Common for all three studies is that middle management plays a vital role in strategy implementation, since that is where the strategy is “distributed” throughout the organisation and put into practical use.

2.4. Individual understanding and responsibility

Strategy implementation goes all the way down to the personal level, since at the end of the day, people must be personally motivated to do something in a certain way or change a habit that they have had for a long time. Corboy and Corrbui (www.accaglobal.com 2007) have made a very straight-forward guide to what often goes wrong in a strategy implementation, consisting of a 7-point list they call the “seven sins”. They emphasise the need for effective business practices in today’s modern society, where we do not have the time or the money to fail. The worst mistakes, according to them, often have to do with

people not understanding the strategy, not only the employees but also the customers. If employees do not understand why a new way of doing things is better, how can they convince costumers that this is the case? Corboy and Corrbui (www.accaglobal.com 2007) argue that that the company needs to explain both to their staff and their costumers why the change is made and how it will make the company better. Another problem that comes along with not understanding the strategy is that employees do not always know what they are going to do to implement the new strategy. The authors blame this mostly on a faulty preparation process, where the urgency to start working is stronger than the need to get everybody to understand how it is going to happen. This risks ending up in unclear personal responsibilities and a lack of accountability throughout the organisation. This also goes for top managers- if they step out of the picture once the strategy is formed, people are going to see it as a signal that the actual implementation is really not very important.

The last point on the list is not letting every-day work be set aside in order to try all the new things. In fact, it should not be a matter of "daily work" versus "new strategy stuff". The new strategy should not interrupt the daily work; it should be integrated with it. There is no use in a strategy that is run alongside the regular work, and there is no use in coming up with a new strategy if it is not intended to guide the daily work. What this article tells us is that it is important to that every person in the organisation, the top managers and the floor workers, have an understanding of the changes that are going on and are devoted to them. In order to stand for something one needs to understand it, see it as an improvement and not just another thing that has to be done (www.accaglobal.com 2007).

Another author who shares his name with the author who wrote about strategy formulation, R.J. Allio (2005), has written about leadership and more specifically what traits characterise a good leader (Allio, 2005). He believes that the efficiency and survival of organisations depend on the selection of future leaders who can handle major organisational challenges. To be a good leader it is important to have some skills to use at all levels. Some speak about leaders as being at the heart of many problems, but they can also guide the organisation to long term prosperity. According to Allio (2005), the primary goal of a good leader is to reinforce values and purpose, develop vision and strategy, build continuity, and initiate appropriate organisational change. Allio (2005) adds that it is important that leadership developers first establish a metric for assessing leadership effectiveness, then design experiments that can establish a causal or statistically significant relationship between training initiatives and leadership competency.

In an article on the same topic, Mastrangelo, Eddy and Lorenzet (2004) speak about how an organisation's viability depends in part on effective leadership. Effective leaders engage in both professional leadership behaviours (setting a mission, creating a process for achieving goals) and personal leadership behaviours (building trust, caring for people, acting morally) and this is interesting because most of what we know about leaderships comes from the examination of how employees relate to their immediate supervisor. The article is exploring the relation between professional and personal leadership. The focus of the professional leadership is on the organisation: setting the mission and vision, creating a process for achieving organisational goals, and aligning processes and procedure, people and infrastructure (providing direction, process and coordination).

The focus of the personal leadership is on trust, caring, sharing and morals. To share authority and information is the basis for empowerment, a key component of participative leadership, to care is defined as empathy, listening and politeness with employees and trust is honesty, sincerity. Moral behaviour is defined as a moral code: treat others the way you want be treated. The members of an organisation must have trust in their leaders, must trust that the leaders are doing what is best for everyone. (Mastrangelo, Eddy and Lorenzet 2004).

This puts a huge amount of responsibility for the organisation's success on the personal leadership of middle managers. In the first article of the chapter, it is said that key to putting a strategy in to practice is the understanding of employees and customers. They need to understand new directives and why they should work according to them. It is said that top managers need to be present and actively encouraging the new ideas even after their task of planning it all is fulfilled. According to both Allio and Mastrangelo et al. (2005), middle managers have to work both with the practical aspects of the implementation, as well as managing inter-personal relationships and encouraging the right values in their group. Being the link between upper management and the work force, this clearly puts a heavy burden on the middle manager's shoulders.

2.5. The "soft" issues- a sociological approach

As mentioned in the introductory chapter, we have not only looked into research from the area of business studies, but also articles from journals of sociology and psychology. The reason is that management is a cross-functional discipline that intertwines with other academic disciplines. In order not to limit our research we did not want to dismiss information only simply because it did not have the

right label on it. The goal here is to get a few different perspectives on strategy implementation and organisational change in order to broaden our views and make for a better analysis further on.

Sociologist Quy Ngyuen Huy (2011) is discussing how middle managers might not only be driven by their own personal agendas, which we have discussed above, but also that of a group they identify strongly with. Huy has performed a three-year long study at a large Canadian IT firm going through significant strategic changes. There was a new CEO recruited, who decided the firm needed to change a lot of its ways in order to maintain market shares. Huy, through interviewing employees, mostly middle managers, wanted to investigate how socio-emotional factors affect strategy implementation in a time of major strategic changes. He points out that earlier research on middle-managers' role in strategy implementation has focused on their self-interests and how this may support or distract the implementation. Huy (2011) focuses on middle managers' *group-focus emotions*, which are unspoken feelings of identification with a group of people- often expressed through common behaviour. It can also be linked to more explicit social identities, such as native language, profession, or political ideology.

Narrowing his findings down, Huy (2011) found two factors that greatly impacted the feelings of the employees- language and tenure. The company in the article worked in a bilingual setting, with people who had either English or French as their first language. This created strong group-focus emotions and acted as a cognitive divider between the employees. The issue of representation of both languages in management and towards customers was also sensitive- especially since one language group was over-represented in upper management in general. The other factor he found was tenure- the new CEO wanted new blood to go along with the strategic changes, which made the veterans at the company feel unwanted, especially since the rhetoric was that everything that was new; new people, new ideas, new methods, was good, and everything that had been done before was bad.

What Huy (2011) discovered was that not only things that affect middle managers directly would change their behaviour, but also things that affected the inexplicit groups they felt they belonged to. This was overlooked by management as a non-issue, but had real effects on the implementation processes of change. These feelings made managers act according to how they felt instead of as they were told- directives that seemed threatening to their socio-emotional groups were delayed or ignored.

Huy (2011) argues that a strict task-focused behaviour from top management is not recommended and will slow change processes down, because it ignores important socio-emotional factors. It can though,

be addressed and dealt with in a successful way. At his company of research, there was going to be a change where the front end service would start using only one of the languages present in the firm. This initially sparked feelings of unease, especially from the native speakers of the language removed, who thought their language was going to be ignored. However, these issues were addressed through vast information about the current market and business situation, and participation of all employees in the implementation process. After a while, the consensus was that this change was made in order to improve customer service, which was accepted and appreciated by both language groups, and by both newcomers and veterans.

Huy (2011) believes that top level management needs to start recognising that feelings affect their businesses. They need to encourage the expression of feelings in order to deal with them. He also found that sharing the positive feelings that exist about a change can spread and influence the whole group positively. Lastly, he encourages business managers to improve their own ability to recognise and express emotions. We need to remove cognitive and emotional barriers in organisations in order to get better results. In our research at Volvo there is no divider as obvious as people speaking different languages, but the theory of group-focus emotions is not limited to that and should be an interesting factor to keep in mind.

Another theory from a different academic discipline, perhaps even more interesting since it contradicts with other theories presented, is an article by Eisenberg (1984). He discusses how ambiguity in communication is beneficial for strategy implementation in general. He claims it is a mistake to believe that clear communication is always desirable. Since we are social beings, we interpret information, and we do not always have personal goals that are logical in an organisational sense. Eisenberg (1984) argues that ambiguity makes the organisation flexible. One argument is the constructivist approach that things are what they are depending on the prevailing circumstances- there is no objective truth that is of any meaning regardless of the surrounding factors.

Eisenberg's (1984) idea, in reality, is that top management should never be too precise in their communication. This enables different parts of the organisation to interpret and implement the information as suits them best. At the same time, the organisation maintains the idea that they are working toward a common goal. It is also important in the way that communicating ambiguously gives people more room to be themselves, and interpersonal conflicts, which can be very damaging to an organisation, can this way be avoided. Eisenberg (1984) calls this *unified diversity*. Of course the intent is

not to let everyone do as they want, there should be clearly expressed goals, but they should be open for interpretation. A good way of accomplishing this, according to Eisenberg (1984), is communicating through symbols:

“...the ambiguous statement of core values allows them to maintain individual interpretations while at the same time believing that they are in agreement.” (Eisenberg, 1984, p.p. 6)

There are two other aspects to strategic ambiguity. The second is that it *facilitates organisational change*, which seems quite obvious when everyone does not have to do everything the same way. The third and very interesting aspect is that it helps *preserve privileged positions* in the organisation. Eisenberg (1984) argues that ambiguity gives top management a chance to be seen as trustworthy even if they should be wrong, because ambiguity can always be denied. This can of course easily be abused, but used ethically; it is a way to preserve confidence in the organisation and its managers, to maintain the view that the organisation is righteous and legitimate. Eisenberg (1984) concludes his article by saying that as long as ambiguity is seen as wrong, there can be no real learning about the processes of organisations, since they will always build on the relationship and interaction between people.

Most of our other literature pinpoints clarity, responsibility, and accountability when implementing a strategy. This article promotes ambiguity as a success factor in strategy implementation, and the one before that promotes socio-emotional factors. These alternative views should be considered alongside with more business-related theories. To sum up, these theories suggest that people cannot be seen as logical beings and that information is not translated statically between people. This research emphasises the understanding of human behaviour in order to manage organisations and find the best resources in every employee. How important does this seem to be to the people we are interviewing at Volvo?

2.6. Literature summary

In an attempt to organise the literature around our strategy implementation, we categorised it into four categories, represented by four headlines. “Formulating good strategies” is about how to *come up with a good strategy*, “Getting it down to business unit level” about how to *distribute the strategy* out through the layers of the organisation, “Individual understanding and responsibility” is about the *role of the individual* in a change process, and ““The soft issues”- a sociological approach” about what role *social and psychological factors* could play in the process.

In summary, the literature tells us that what characterises a good strategy formulation seems to be on one hand: clarity. Setting clear goals that are specified by task and time-frame, and that has an owner who is responsible for reporting back on his results (Allio 2005). It also seems a consequent upper management is necessary, with top managers having the whole of the organisation at mind and appreciating ideas from lower level staff (Beer and Eisenstat 2000). The middle managers are very important and should be included in the strategy formulation process, since they may generate more ideas and help formulate a strategy that will be easier to distribute (Woolridge and Floyd 1990). On the other hand, we have good coordination between different departments as a key (Beer and Eisenstat 2000), which goes hand in hand with having a common understanding of things that are happening.

When it comes to the distribution of a strategy to business unit level, it seems that when pursuing a low-cost strategy (as in Volvo's case) the business unit should not have very much internal control and should not be very autonomous (Govindarajan 1988). Strong external control and a focus on budgetary result should generate the best outcome. In addition to that, the role of the middle managers is crucial for the distribution part of the strategy implementation process. There is evidence that not only should middle managers focus on task-oriented things like dividing the work and making sure everything is done on time, they should also be very aware of their communication and taking into consideration different cultural and social aspects in the group (Raps 2005). However, this is not always what middle managers do. They do not always act with the best of their department in mind, or not even the company. Studies show that middle managers can use their power to intentionally disobey orders or make decisions that only benefit them personally (Guth & McMillan 1986).

In order to create actual change, there has to be a change in every little thing each person does. This, we learn, is impossible without everyone gaining an understanding about why these changes should be made (www.accaglobal.com 2007). Again, the role of the middle manager is emphasised. He or she carries a great responsibility when it comes to promoting good values, such as cooperation and kindness, in the group (Mastrangelo 2001). The leadership skills are as important as management skills. Looking at it this way puts a lot of responsibility on the middle manager for the behaviour of the people in the team (Allio 2005).

Finally, there are two "soft issues" considered. The first one is about *group-focus emotions* (Huy 2011), a theory that people in an organisation identify with different groups they feel like they belong to within the organisation. The groups are rarely explicit and the identification with one might be unintentional.

However, this affects the actions of people in an organisation, and therefore needs to be recognised and dealt with. The other theory (Eisenberg 1984) promotes ambiguity in communication, which seems to contradict a lot of what has been said earlier. The idea is that people are not only rational, they are also emotional, and in order to make sense of people's emotional selves and avoid unnecessary conflicts, ambiguity is the key. This way you can get people to work toward the same goals while doing it with different convictions as to why it is important.

3. Method

3.1 Research purpose

We have chosen to focus on the perception of strategies on different levels of the organisation and the role of middle managers in implementing these. In researching this we needed to collect empirical data from an organisation that was relevant to our study. Since our research purpose depends on the way strategies are distributed both horizontally and vertically in an organisation, we needed a company of reasonable size that would comprise different departments and a number of management levels. Furthermore, we needed an organisation where we could gain access to information on these matters, where we were able to interview people from different departments and where people were willing to talk to us. What grew from that was the notion that we, if we could, wanted to conduct our study on one of the oldest and most well-known companies in Sweden- Volvo Trucks. Through an acquaintance, a former tutor to one of us, we were allowed access to a plant of one of Volvo Trucks' divisions- the Volvo Buses plant in Borås.

What we had to do was figure out how to put our ambitions with the project and the knowledge we had gathered into actual research. In doing so, we met up with our contact at Volvo Buses to discuss how this could be done. We described our case, how we wanted to research strategies, their formulation and implementation. We explained that we would need to talk to different people in the organisation to be able to compare and contrast the experiences of employees on this matter. We were aware that our project was based on being able to get a broad view on a comprehensive topic within a limited time frame, and that our contact Peter Janus would not be entirely in control of the process. However, being a deeply committed leader with an interest in organisational issues, he decided to give us the benefit of the doubt and provide us with as much help as possible, including helping us find people to interview.

The idea was to interview people without them knowing too much beforehand about the outline of the interview. All in all the concept worked, although one of the managers wanted some additional information before the interview, which we then provided. The interviews were booked through Peter Janus with between a few hours up to a few weeks in advance. Our aim was to create the atmosphere of a general conversation about these topics, rather than basing it on questions and answers. Simply put, we wanted to collect as much information as possible about their perception of the issues to later analyse it through the eyes of the facts we had gathered on the subject- the literature.

3.2. Research methods

From the beginning, it was fairly clear to us that we wanted to conduct our study through interviews. Our research purpose is based on the perceptions of strategies across the organisation, which required us to use a qualitative method. Hearing someone describe a phenomenon face to face cannot be replaced with reading answers to standardised questions that people have provided in person or online, where we may not even be able to see the person in question. We did think about collecting data through observation, but since we wanted input from as many people as possible, and from different departments, this would be too time-consuming compared to doing interviews. Therefore, it was not as much a choice of method but rather an insight of what method best fitted our research purpose.

But why personal interviews? With our aim of being broad, it seems that perhaps focus-groups would have been a good choice. With focus-groups though, we would have lost the individual's perspective, which to us was essential. The only way we could have done it would be to have focus-groups from each department/level of the organisation, which would require much more resources both from us and Volvo in terms of time.

Having decided on using personal interviews, we needed to decide how we wanted the interviews to go down. One way of categorising interviews are the labels structured, semi-structured, and unstructured interviews (Saunders, Lewis, and Thornhill 2009 p. 246-247). Structured interviews would be conducted through a fixed set of questions, where they are asked in the same way to all the participants of the study. The answers should also be categorised and easy to compare. Semi-structured interviews are structured in the way that you have prepared questions, but these may vary a bit according to whom in the organisation you are talking to. The questions may also change slightly during the course of the interview, depending on the answers from the respondent and the general flow of the interview. In unstructured interviews, there are no exact questions prepared, just topics you want to address. The course of the interview is decided by the answers of the respondent. This is also called an in-depth interview, where you where you can use probing to get to the bottom of someone's opinions and attitudes (Saunders, Lewis, and Thornhill 2009).

At first, we were torn between semi-structured and unstructured interviews. We figured though, since our subject is very broad and a bit vague, that it would be for the best to have some kind of structure to the interviews. This would act as a reminder to both us and the interviewees what issues we wanted to find out more about, and stop us from getting caught up in semi-relevant discussions. Therefore, we put

together a number of questions, with additional ones for the interviews with the managers. Everyone got questions about the current strategy, where they get information about strategic changes and how these changes affected their daily work. The middle managers also got questions about how they are transferring information and implementing orders given to them from their managers, and the top manager got more questions about the strategy formation (see appendix). The questions were not used extensively though, they worked as a reminder about the purpose of the study and were used to help move the conversation forward when needed.

3.2 Data collection

The interview framework (see appendix) was created based on our overall research questions. In performing the actual interviews, we used them as guidance in what to say and as a road map telling us when the conversation got out of hand. The interview settings provided a good environment for personal conversations- all but one was held in the office of Peter Janus (of course without his presence). They were private conversations where we tried to create a relaxed atmosphere. We started every interview with an introduction of ourselves and what we were doing there, followed by a question to the interviewee about his or her role at the company. From there we started getting into our interview questions, letting the interviewees speak freely but guiding them through questions when the conversation dried up or went in a completely different direction than intended.

The guideline was written in and the interviews carried out in the Swedish language, as all of the participants were Swedish. Consequently, it reduced the risk of misunderstandings and more information could be located as the respondents felt more comfortable when using their native language. A few of the respondents could probably have done the interviews in English, but to give everyone the same chance to express themselves we decided to do everything in Swedish and let ourselves interpret it into English. All in all, data was collected by 8 qualitative interviews:

1 top manager (logistics), 2 middle managers (manufacturing and technical support), 2 team leaders (manufacturing), 3 workers (manufacturing).

All interviews were conducted face to face, with either one or both of the researchers, and they were recorded using our iPhones and then transcribed. All participants gave their permission to be recorded. The interviews lasted between 20-90 minutes, mostly based on the interviewee's tendency to talk. Most

were around 40 minutes though and gave room for both addressing all the issues and making conversation (to create a good mood) in general.

During or after the interviews, we would, if it felt natural, ask the interviewees for extra material, such as written policy documents, guidelines or presentations. Maybe naturally, we got most response to this from the managers. The documents we got access to were mostly information about the current status of the company, new strategic goals and changes that had already been put into action. This secondary data was used in the description of the company and in part in the analysis, mostly to give a fuller perspective on the organisation and its processes.

3.3 Data analysis

After the data collection, the result and analysis part was the next step, and perhaps where our real work began. Whereas the interviews aimed at making people talk as freely as possible, in order to analyse the material we needed to somehow categorise it. To make the study coherent, we decided to analyse the answers using the four categories we used in the literature review. First, the interviews were transcribed onto paper for us to be able to analyse them. Together they comprised about 80 pages of written material. When analysing the material, we then tried to look across the interviews to find segments that corresponded to the same issues. This was done by sorting the material through colour marking different parts of the transcriptions that belonged to different topics. Thus, we did not look at the interviews separately, but rather tried to divide the different accounts to the categories used in the literature review.

Conducting in total eight interviews gave us a very rich material to work with. We believe that the number of interviews was appropriate for our study, a smaller number would have been impossible when using people from different levels. Still it resulted in a vast material that had to be scrutinized. We found that a lot of what had been said would not be relevant to our study. We also found bits that pinpointed our research questions exactly and that together gave us interesting insights to the organisation.

3.4 Research limitations

As for the limitation of the research area, we decided to exclude several factors in order to make the results more comprehensible and clear. We have not researched:

- any other aspects of leadership than that linked to strategy management, neither on top nor middle management level. The reason is simply that leadership is a broad issue that has the risk of being treated in a general and vague way. To avoid this we focused on the leadership aspect directly related to strategy implementation.

- how the strategy implementation affects company performance. Had we been students of business control this would have been a more relevant issue. Investigating company performance requires extensive work of studying performance indices and annual reports, enough for an own dissertation in another area of business studies.

- what communication means are used to convey strategies across the organisation. To do this seemed for us to require more knowledge in communications theory, which we do not have.

4. Results

4.1. About Volvo Buses globally

Looking at the global level, Volvo Buses is one of the world's leading manufacturers of buses and bus chassis. The product program comprises complete transport solutions, city buses, intercity buses and coaches, as well as services in financing, vehicle service, vehicle diagnostics and traffic information. Volvo Buses has sales in 85 countries and one of the industry's strongest service networks, with more than 1,500 dealerships and workshops worldwide. Production facilities are found in Europe, North America, South America and Asia (Volvo Buses 2012).

Volvo Buses is part of Volvo Group, which is a very large corporation, and hard for someone from the outside to untangle organisationally. As we spoke to the logistics manager at the Borås Plant, we received information about the organisation from him orally and from a business presentation he gave us access to (Volvo Buses 2013) Volvo Buses is organisationally a business area within Volvo Group Trucks, which itself is spread worldwide. The head office for Volvo Buses is situated in Gothenburg, where the executive team is, including the manager for Global Manufacturing. The Borås plant is a central hub for Chassis Europe, which is led by Tobias Holmkvist. Holmkvist also acts as plant manager for the Borås site, but is also responsible for the frame production in Uddevalla. We decided to only study the Borås plant, with the limit of the functions that actually are on-site. Hence, we have not taken in any information about the Gothenburg office, even if they in some cases are related. The business areas that are situated in Borås are Business Control/IT, Human Resources, Market Support, Quality, Technical, KD/Logistics and Production Chassis (Volvo Buses 2013).

Volvo Buses is the second largest bus producer in the worlds according to sales volumes. 55% of the production is city buses and 45% coaches. All in all, 31% of sales are in Europe and 47% in the Americas. The top markets in 2012 were BRIC countries Brazil and China (Volvo Buses 2013).

Volvo Buses has three core values, Safety, Quality, and Care for the Environment. This means safe vehicles, global quality standards as well as customer influence, and a passion for fuel efficiency and alternative fuels. What they are focusing on now is hybrid buses and fully electric buses as well as bus transit systems with over 30% lower emissions (Volvo Buses 2013).

Volvo Buses Borås has the same production system as Volvo Buses globally, with a modularised production and fixed takt-times on the assembly lines. Important features are the work with continuous

improvement, involving all levels of the organisation, and 5S (standardised methods for Sorting, Straightening, Shining, Standardize, Sustain) in the manufacturing departments (Volvo Buses 2013).

4.2. Interview outcomes

This is an overview of the answers most related to our research questions, divided into the same categories used throughout the whole project. There is also an aim of separating the answers between the hierarchical levels identified, i.e.: top manager, middle managers, team leaders, and workers.

4.2.1. Formulating good strategies

When talking about strategies, what they are and who is responsible for them, there is no unison view of the concept at the company. Some things come up several times during the interviews, like quality and efficiency, but the definitions are broad and the interpretations individual. Everybody though has some perception of what strategic reality they are working in, and everybody has some sort of explanation as to why.

There seems to be somewhat of a discrepancy between what people on different levels of the company think about the strategies. For one thing, talking to the top manager and the middle managers, a conversation about strategies is not difficult to have. They understand the purpose of our questions and they talk freely and relaxed about the topics. There is no hesitation as to what constitutes a strategy, even though the perceptions of it vary even at this level. On the “floor” level, the conversations were not as fluent and we had to make a lot of clarifications about what it was we wanted to know.

The top manager interviewed had an extremely clear picture of the strategic work at the plant and gave a detailed description of the processes. He said that they get a set of goal from a “challenge letter” every year that comes from Volvo Buses top management. The management group at the plant then work with coming up with strategies to meet those goals, and break them down to business unit levels. These are then forwarded on and broken down all the way to the floor. He points out that the management group at the plant which he belongs to also have a say – they do not have to accept all the challenges they get and they are free to contribute with their own ideas. Most challenges come in the form of a number- a cost that has to be cut, for example. It is then the job of the management group to find where there is room to make either cut-backs or improvements. Parameters mentioned as the most important to look at are assembly hours/chassis, capital tied up, delivery precision, and product audit scores.

He tells us that the amount of time spent on coming up with strategies is usually two days away from the plant where the management group get to work through the issues in the challenge letter together, and then a few more meetings when they get back. He says that if there is more time needed, they have to take it out of their regular weekly meetings.

The middle managers have a similar view of the strategy, that the goals are set at the Volvo Buses Head Quarters and are broken down on the way to them. They are not, though, as much in agreement with the strategy as the top manager. They express negative opinions about changes that have been made, for example;

"We have made a huge investment here on almost one million (SEK) to remodel, and we are not getting it back"

They also express strongly that they themselves are not able to influence the strategies;

"...my experience is that we to a very small extent can affect the strategies of Volvo Buses. I don't see it"

One of them says that it is possible that the plant manager is able to make objections to the plans, but it is not anything he has heard of. All in all, when asked about strategies, the middle managers express a lot of opinions about it, more so than the upper and lower levels that describe it more objectively.

They describe how they have to make plans to meet the goals that are assigned to their departments. The plans need to be fairly precise and show what changes they are going to make and how much money it is going to save.

"Yes, yes of course. I can't say "I'll take care of it", no, you need specific activities that you are going to do. That is how it is, and then I am followed up on them by my manager, so to speak."

Part of their pay raise is also based on how well they manage to improve certain parameters, for example quality.

The middle managers also express the feeling that there are discrepancies between different departments as to what they are working towards, what is most important now. There is some frustration about the fact that other departments are not working as hard or not with the same thing as they are.

On the lower levels, the awareness of strategies is not as high, but everyone can mention an overall goal the plant is working with. The words that came up most frequently were efficient, flexible, and quality. They all seemed to agree on that making good quality buses as efficiently as possible was the main goal- but that it could vary from year to year which was most important. Flexible seemed to come from what they had been told from management level that the new changes were about- changing the takt-time to be able to switch faster between assembly lines for example. On the other hand, most often they had to think hard to remember what these changes were about. The strategies and the changes they brought with them seemed to be a bit far-fetched for them. Someone explained this with the fact that the strategies are changing all the time, and someone said it is not as important for the work in the assembly lines. As one worker expressed it;

“For us on the floor, the strategic goal is not that relevant to us, we have the exact same thing we’ve always had, we are going to get the buses done on time, and we are going to have good quality, so it’s basically the same thing we have to do every year”

There also seems to be a notion among the workers that they are in some aspects able to influence the strategies, or at least they give examples of things in the daily work process that has changed on the initiative of them. If they have not come up with it themselves, they mostly think that it is a directive from the line manager (department) or the production manager (business unit). When asked about where the directives to change something come from, they all answer higher level managers, but they still feel a certain level of autonomy in their work. Someone gave his/her line manager credit for this, expressing that *“he understands us”*, as in he is shielding them from orders coming from a higher level.

4.2.2. Getting it down to business unit level

This is the area where we got the most information; people have a lot to say about the process of transferring strategies. It is also quite easy to ask questions about, concrete questions like how they get information and when the routines are changing.

The top manager told us that, in addition to the break-down of the goals to each level, there are regular information meetings with managers from all levels. That is, as a top manager, he does not only speak to his subordinate managers, but also to the logistics department as a whole. This goes for all upper managers, with a lower frequency the higher the manager. He describes how he has a once-a-year seminar with the whole business unit, and he also describes the difficulties of speaking to lower level

staff. When doing a presentation in a setting like that, he gets training and feedback from coaches about what to say and how to present it. When it comes to management level (including white collar employees without management positions) he sees no difficulty in communicating.

The seminar starts with a presentation from the plant manager, continues with his (and the other business area managers') speech, and then goes on with group exercises. He admits that there is not much of a dialogue between workers and managers during these days, and he sees it more as the workers being educated in the company's vision and strategic plans.

Regarding the practical break-down of the strategy, he describes how he has a similar meeting as the plant management team but with his line managers, where they talk about what can be done in different departments and how. They in turn have a meeting with their team leaders. He also has daily meetings with his subordinate managers where they follow the SQDCEP model: safety, quality, delivery, cost, environment, and people. The last categories are not discussed on a daily basis but rather weekly or monthly. He talks about how some areas can be worked on from the floor level and up, while others need to be managed on a higher level.

One thing that he considers to be the biggest change in priorities during the last year is the focus on safety. They now talk about it in every department on a daily basis, and every accident or near-miss is carefully reported. All departments also have the task to keep their eyes open for "unsafe conditions", which are supposed to be reported and dealt with as preventive work.

Talking to middle management a few things are highlighted. They say that they are being measured on the outcomes of their departments, which means they have to follow the guidelines set at higher management levels. The exact goals they get from their closest superior manager, and they then have to break them down to make them work in their department. They both describe how everything they do to meet the goals must be reported back to their managers. There is a bit of a negative tone also here, for example;

"Sometimes you think, how the hell can they think like this?...but that's nothing you can...go into conflict with, because then you are making it worse for yourself. It is best just to try and translate what they have said to me in a way that people on the floor can understand"

Listening to the middle managers it seems that most of the changes happen in manufacturing, the assembly lines. There seems to be a lot of processes going on at the same time. There are the regular daily/weekly/monthly goals, there is a process of improving Volvo Production System, and there is the work with continuous improvements going on with the staff. In addition to that there are organisational changes like the changing of teams or job tasks.

At the same time, when talking about how they communicate with their employees, they express thinking a lot about how and when they say things and how it will be received. They say that they often not only discuss changes with their employees before implementing them, they work them through with them. One thing that they emphasise is how they prepare their staff for changes a good while before they are realised. This is considered key in making people go along with changes and cooperate. When talking about how they spread information, it seems to be a mix between formal gatherings and informal talks.

In addition to the negative feelings about the plans they receive from their superiors, they express irritation about departments other than their own when it comes to the processes of change. There is a feeling that other departments do not cooperate as well or do not work in the same direction as them.

The team leaders talk about changes that have had a practical impact on the business units- like changing to a team oriented work process or starting a biweekly OD work (organisational development, as part of the work with continuous improvements). When it comes to getting information they, as the middle managers, describe several parallel processes; information from their line manager, from the production manager, and meetings with improvement groups of different kinds. They say that there are quite a lot of changes going on constantly, but they seem to disagree on how much this affects the practical work, or if it causes problems. Someone says he rarely sees the change processes coming to completion- there is some work done here and some there. He also thinks there have been a lot of practical changes with the latest organisational changes and new goals.

The workers have a similar view though their perspective is a bit more narrow, they get information from different levels (team leader, line manager, production manager), and they express receiving a lot of information on how to do things. There is also feedback on scores regarding the production outcome. The current change they seem to agree on is affecting them most is that they are increasing the pace on

the assembly line. They disagree on how much this affects them personally. Someone said the changes were quite difficult and someone said he/she barely reflected on them.

4.2.3. Individual understanding and responsibility

This headline is aimed at how people experience things personally and how they act according to that. At Volvo Buses Borås, there were several indications that the understanding does not always get through. Here, there was a pretty clear divide between workers and managers. The managers conveyed some more strongly than others, that it is hard to get the workers on board with new ideas and that this causes implementation problems. The top manager talked about how it can be hard to make the workers understand the things he want to say, for example when it comes to strategic reasoning that is usually kept at a higher management level. He also had an idea that it might be easier to get through with a sense of urgency when things are not going so well for the company, because then people start thinking that it might affect their jobs.

Talking to the middle managers, one of them said;

“When we are starting to present (our project) and are getting closer, we have an actual plan, and there is someone who knows that this is not going to work, but they don’t say anything, because they want things to go wrong”

It does not only seem to be the workers who need to get a better understanding, though. One of the middle managers expresses how his team has been trying out new ideas, ideas that have not been considered as solutions before. He thinks he will have a hard time convincing other managers that this might be the way to go, or at least make them try it. He also talks about how he is trying to use the understanding the workers have for the process by making them work on different issues, and hopefully the results can be used to solve problems regularly and in other departments too. One middle manager also mentioned how not all individuals will make it through changes in the job and working at a higher pace.

On the other hand, from the workers’ point of view, some of them believe that the white collar employees do not understand them. They are constantly pushing changes without consulting with those who know the work best (the workers themselves) and without considering the implications they might have on people’s daily work. One worker says that things now are more focused on numbers and results and less on people, than they used to be. The team leaders express an understanding for the changes

that affect their teams, but they see a lot of negative implications for the staff that they do not think the managers understand. For example, it might not be possible for a worker who already has a bad back to work in a certain position all day long. On the other hand, one of the workers thinks that people who oppose changes are just afraid and stuck in their old habits.

The degree to which these opposite sides understand each other seems to differ. Some interviewees expressed an understanding for the situation of people in other positions, while others did not. Most though, on all levels, expressed an understanding for why people sometimes act for their own personal good instead of the organisation's, but they still thought it was wrong to do so.

4.2.4. The “soft” issues- a sociological approach

As a continuation on the issue of understanding other people in the organisation, there also seems to be an issue with cooperation on the horizontal level. All levels and almost all interviewees expressed some sort of problem in the communication or cooperation with other departments. The top manager said that it was something he had been working on for the five years he had been there, and that the situation was better today. He also talked about the importance of good group dynamics at management level, and described how he is thinking a lot about diversity in teams and how that is the most important factor in getting as good results as possible.

The middle managers, again, expressed rather strong (or emotional) opinions on these matters. One told us that there is certain department he has been in conflict with for a long time and it does not look like it is going to be resolved, since he believes they are working against him as well as the overall goals of the company. Another thinks that some of the workers are really hard to deal with, he believes that they are sometimes intentionally withholding information in order to disrupt a change.

The middle managers also seemed to have elaborate thoughts on how to handle their employees, what psychological and emotional factors were important to consider, for example in their communication. One of the managers expressed how he always lets information out about a change in good time before it will be realised, because he knows that people need time to process news and accept what is going to happen. He also said he sees open communication as crucial to his authority as a manager:

“If you are communicating the wrong way you have lost your trust, or people will lose trust in you pretty quickly.”

He also says that people who are negative about something are always louder than the positive ones, and that it is important to give attention to those who are positive. Another thought that came up was a suspicion that the higher managers do not really care about things they emphasise as important, but that is not connected directly to results. An example was the current focus on work environment. He also thought that the most important thing as a manager is to be visible to your staff- walk around with them and talk to them. Otherwise they will feel that you are disconnected from them.

There was also a confession from one of the middle managers that they probably sometimes do things for their own good rather than the whole factory, if it is easier for them personally.

Over all, the sense of companionship and unity at the plant did not seem to be very strong. The workers let us know that they mostly feel connected to the people they work next to every day. One of the team leaders described how she believes the workers in other departments sometimes do not do as they are supposed to on purpose, as a sort of protest against not being listened to. That of course has implications for the overall feeling of working toward a common goal. The team leaders seems to think that it is good to involve the workers as much as possible in any changes affecting them, but that it also needs to be done in a (more) efficient way. About the weekly OD meeting:

"...then there are many who are just sitting down drinking coffee. And that is not good of course. Then it's an hour...of waste, so to speak. And we are all very different, some are really driven and...forward and want to make changes and are like "let's make this happen too" while others take their coffee and sit down."

However, all in all, when faced with the question, everyone on all levels said they thought everyone wanted to a good job, that everyone probably understands what is the right thing to do, and that conflicts come up because people feel they are not being listened to or because there are communication errors.

5. Analysis

5.1. Introduction to the analysis

Going back to our research purpose, what we wanted to analyse was;

- What is the perception of the strategy on business unit, department, and operational level? How is it visible in the daily work?

- What is middle managers' perception of the strategy and what is their translation of it to their departments?

The research questions varied slightly between if it was a manager we were interviewing or not. That is natural since they all were talking from their own point of view in the organisation. In order to be able to put together the results of the study we sorted our research questions under the headlines of the literature review. The same way, we have sorted our results under these headlines. To put together a result we then took the most significant and the most interesting comments and put it all together in an Excel file. Even though we tried to keep it short it turned out to be hard, which is why we decided to put it in the back of this paper (see appendix). Following here is an analysis divided into the reoccurring four categories, where we have analysed the interview answers category by category with the help of the literature.

5.2. Formulating good strategies

When looking at the answers about strategies it is clear that the picture is not unison across the different levels. Perhaps naturally, the people further down in the organisation are not as used to thinking about strategies at the ones at, literally, the strategic level. The blue collars seemed to have a bit of a hard time understanding the question, or pin-pointing what it is we wanted to know. Although most people we talked to mentioned different things, they all could mention a strategic element when pressured on it. The blue collars, though, did not seem to think it was important. They know about it at some level, but it is not something that affects their daily job. They also seemed to think the strategic focus changes a lot. The top manager gave us an exact account of the current strategy, and it seemed very clear to him. He had also been part in forming it. The middle managers seemed to have more opinions on the strategies, and they also seemed more emotionally affected by it. Whereas the strategy was apparent to the top manager and indifferent to the blue collars, the middle managers seemed upset

when talking about it and expressed a lot of blunt opinions about it. Both middle management interviewees said that they could not influence the strategies per se.

Looking at Allio's (2005) recipe for a good strategy, it does not really seem to add up with the picture at Volvo. He promotes clear goals, clear timeframes, and clear line of command- all of which Volvo have, according to the managers. The middle managers give detailed accounts of follow-up on their goals, which also is a success factor according to Allio. Whether the strategy actually is working is hard to say, but not perfectly since the company is losing money. What is harder to assess is whether they have a common language- everyone, even down on the floor, seems to have an idea of what they are working towards and why. However, middle management seems to not agree with top management about what is a good strategy.

Is it maybe because they have not been part of the strategy formulation process? One of them says that he has never felt they have any say about strategies; they have to follow what comes from the Gothenburg office. On the other hand, the top manager says they are only given directions, and that they themselves form the strategies from that. Woolridge and Floyd (1990) say that middle management involvement in the strategy process is effective for the organisation and its results. It can raise new ideas and create greater understanding on the blue collar level. In our case, middle managers are frustrated because they have no say, which also could impair the understanding for both themselves and their workers.

Taking a look at Beer and Eisenstat's "killers", the description of a disastrous strategy formulation is uncannily like Volvo. There is lack of coordination, the communication is almost exclusively top-down, and the middle managers feel they cannot always do their job completely, or at least not the way they want to. These issues should be addressed, and with a sense of urgency. If the strategy implementation fails already at the start, where the strategies are formulated, there is a high risk the rest of the process will be a failure as well.

5.3. Getting it down to business unit level

This seems to be the crucial part of the implementation process- both looking at previous research and our results. From the interviews, we can tell that there is great discrepancy about both what people think is actually happening when the strategies are broken down and whether they feel they can affect it themselves or not. On the blue collar level, some seem to think that things are not changing much at all-

it goes a bit back and forth, but in essence it is the same. Some on the other hand think there are a lot of changes, practical changes, especially restructuring of the work. It seems that for the individual these changes can be hard to keep up with, but seen from a broader point of view, in the long run, the changes do not affect the daily work very much. The biggest change seems to have been the team organisation that had been implemented a year earlier. All in all, as one of the team leaders put it, he/she has never seen a vision completely realised. On the management level, you can say that the higher up in the organisation you get, the more important the strategic changes seem. What does this say about the strategy implementation processes? The easiest explanation is perhaps that the managers working on a strategic level are not really getting their message through to the rest of the organisation. A harsh way to look at it is to say that since strategy issues only seems to make any difference at the management levels- perhaps there are no actual changes going on but the ones on paper.

There seems to be a well-organised stream of information, and most of our interviewees seem to think they get the information they need and want about their work. When it comes to influence on the work and processes, Govindarajan (1988) argues that a firm with a low-cost strategy, as Volvo Buses, should have a strict budget control, small locus of control, and possibly be centralised. There seems to be a strict budget control at Volvo, according to the managers. The middle managers do not experience that they have very much influence on the job- one of them says he has been talking about an idea for several weeks without being listened to. Interestingly enough, some of the blue collar workers feel they are relatively autonomous in their work, and can affect the working methods.

What could the reason for this be? Guth and McMillan (1986) have done research that shows middle managers control much of the implementation process, and that they are not hesitant to intervene in it if they feel they need to. They see the organisation more as a political arena where some win and some lose. This resonates well with the answer in our interviews. Guth and McMillan suggest that top management uses political tools to smoothen the implementation process- which seems not to have been done here, not enough anyway, since middle managers are very critical of some of the directives from upper management. On the other hand they seem very aware of their own communication- downwards, to their departments. They say they are informing, discussing, and letting the employees come up with ideas and solutions for problems. Perhaps this is why many of the workers feel that they have influence over their jobs. According to Raps (2005), communication is the key to successful strategy implementation. It is not so much about what you do, but how you do it. Letting people be part of the

change processes, listening to suggestion from all levels of the organisation. Recognising, and preparing for, that the hard part with change is not practicalities, but people. He is also pushing for the involvement of middle managers. A not too far-fetched conclusion would be that middle management is “shielding” their workers from too much influence from the top. This would then be explained by the fact that top management is not getting through to middle management- who feel they are not being listened to and react by creating their own rules for their departments.

At Volvo, there are some issues on the blue collar level, not everyone feels that they have enough to say about things, but the main problem seems to be between top management and middle management. The top manager describes how he is very aware of differences and very prepared when talking to the workers. Perhaps top management are aware of psychological and social issues when it comes to the bottom of the hierarchy, but not when it comes to middle management.

5.4. Individual understanding and responsibility

Understanding seems to be a key point in order to make an organisation work. The understanding of your own job, that is, but also for others'. Middle managers can help facilitate understanding, as we said before. Granted they themselves have it. Looking at the answers from our interview, it seems most people want to do their job as well as possible. They have, or think they have, an understanding of their own purpose and place in the organisation. What they do not always seem to have is an understanding for other people- other departments and functions. The interviewees state several examples of what they see as attempts to ruin or delay a process that affects someone else. A middle manager admits that he probably sometimes does things just to make his own job easier. Even the top manager admits that there is some “friction” between different departments.

Corboy and Corrbui (2007) take a fact that we now know, that involvement and understanding makes organisations work smoother a little bit further, saying that each individual worker and even the customers need to know why they are doing things a certain way and believe in it. This does not seem to be the case at Volvo- people do not understand why changes happen, and it seems to be most clear on the floor level. There are, evidently, lots of small changes that not everyone understands the purpose with. The question is if the understanding for other departments is as bad on middle management level, which may explain why in this case they have not been able to smoothen things along in their own departments.

Allio (2005) highlights the importance of leaders having the right traits in order to be successful. They should reinforce values and build continuity. Mastrangelo (2004) also says that leaders need to be role models when it comes to morals and values. This puts high pressure on managers, but one of the middle managers said that they should probably sit down and talk more, the managers of different departments. Perhaps then they would get a real understanding for each other that would spill off on their workers.

5.5. The “soft” issues- a sociological approach

The “soft” issues seem to somehow penetrate most areas concerning management, so also in this work. We still tried to pick out the comments in our interviews that especially touched the nature of humans and the relationships between us. Sociological literature seems to have the human being as the main subject- how are different processes affecting her? Business and management literature somehow ends up in what is best for the company or the organisation in terms of getting as much output through as possible at the lowest cost. It would not harm though, we thought, to look at the human being as such for a little bit and see how she reacts to strategy implementation processes. It might well be that this has something to do with the success of businesses, after all.

Group dynamics, communication, cooperation, solidarity and respect were the concepts brought up by our interviewees. There were no straight-on questions about these things; it was more up to each and every one what they wanted to tell. The failure of these concepts though, was often given as a reason for problems in the work process. But what do these words mean? Huy (2011) talks about group-focus emotions and how they affect the actions of middle managers. It seems through the answers in the interviews that there is a split between blue collar and white collar workers at the company. The top manager expresses an almost foreign feeling when describing how he thinks when preparing a speech to his department. One middle manager says that straight out that there is a strong feeling of “us and them”. One worker says that office people are not important. If group-focus emotions affect middle managers, where would their sympathies lie? Can it differ? Their main job is to mediate between top management and their workers, but what and who do they think is right? Perhaps this differs between a middle manager for a white collar function and one for a blue collar one.

Huy (2011) goes as far as to encourage top managers to recognise that feelings affect their businesses. He urges them to explore their own feelings more. This seems like it might be relevant to our organisation, considering the previous conclusion that top managers do not consider feelings a much as

middle managers do. Our top manager is talking about the importance of group dynamics and picking the right people to work with. Perhaps this is the beginning of an understanding for emotional issues, but it needs to be considered throughout the organisation. After all, cooperation, solidarity, respect, and in some sense group dynamics and communication is all about how people feel in the organisation, in their day-to-day work.

So far, what we have talked about is the hard issues, what a strategy implementation process should look like, and some soft ones like how to get people on board with the work. The importance of clear communication has been stressed and seems to be working at Volvo. To end the discussion, let us bring in the research of Eisenberg (1984). He believes the solution is the opposite- that an ambiguous communication is the key to more understanding and cooperation in an organisation. Eisenberg (1984) has a constructivist approach, which means he believes things are what you see them as, there is no objective truth. The upside with ambiguity then would be that it gives room for people's own interpretations of a situation. More people can feel they are understanding and being understood, while at the same time believing they strive toward a common goal. Since unity is one thing missing at Volvo Buses, and they have today a very clear communication process, this might be something to consider in order bringing a greater sense of unity and connection in the organisation.

6. Conclusions and further recommendations

6.1. Conclusions

The aim of this project has been to understand the interpretation and translation of business strategies to different levels of the organisation. We think that there is coherence between the theoretical framework and the experiences of the interviewed employees. During the execution of the theoretical part and the additional empirical study the benefits and the implementation of strategies has become gradually clearer.

We had a few questions in the beginning of the research:

1) What is the perception of the strategy on business unit, department, and operational level? How is it visible in the daily work?

2) What is middle managers' perception of the strategy and what is their translation of it to their departments?

The results of the case study can be summarised as follows:

- While the top manager gave us an exact account of the current strategy, the employees think that things were not changing too much, in essence they seem to be the same.
- The middle managers seem to have more opinions about strategies and they do not agree with the top managers. Is it possible that they want being more involved in the strategies formulating or in the implementation process, and that this would be a positive thing for the organisation?
- We can tell that there is great discrepancy about both what people think is actually happening when the strategies are broken down and whether they feel they can affect it themselves or not.
- Both the middle managers and employees do the best in their job, they have an understanding of their own purpose and place in the organisation. The middle managers try to keep the workers informed, to be around them. The top manager describes how he is very aware of differences and very prepared when talking to the workers, perhaps he is aware of psychological

and social issues when it comes to the bottom of the hierarchy, but not when it comes to middle management.

In our opinion it is crucial to form a motivated team where all work towards the same goal and try to look for strategies that create positive feed-back. It is also very important to promote collaboration between departments and share important and relevant information. There is a need among the employees to feeling satisfied with their work and are feeling happy in the morning when they go to work.

6.2. Recommendations to Volvo Buses Borås

The results regarding strategies and the implementation process are indeed general, and to give exact recommendations based on the data material presented in this thesis would be neither possible nor justifiable. Nevertheless, we have compiled a list of suggestions of areas to look into at Volvo Buses Borås:

- **The involvement of middle managers in the strategy formulation process.** Both ours and previous research show that this is beneficial for making the organisation embrace change.
- **Additional attention to middle management's psychological and social needs from upper management.** Is the difficult position of the middle managers considered in, for example, communication of the break-down of goals?
- **The importance of an understanding throughout the organisation.** It is vital that all employees know why the changes that are happening are for the better. This probably calls for a dialogue on problems rather than one-way information.
- **A greater sense of unity between departments.** Perhaps hand-in-hand with a better understanding, there is a need for a greater feeling of community and "we are in this together" attitude.

6.3. Further research recommendations

We realise we have just been scratching the surface of our subject, and that there is already and will be a lot of further research done on how organisations implement strategies and what factors affect the

implementation process. However, being a complex mix of the tangible and the intangible, between business practices and sociology, it is also a subject where there is a lot to discover.

One thing that could be interesting to look into further would be the relationship between top and middle management in medium to large organisations. What are the processes there that make for good collaboration and give a foundation on which to stand when facing the rest of the organisation? Another thing that is interesting is to investigate the relationship between what an organisation says it does- core values, information channels, work procedures, and what it de facto does. Is there any discrepancy, how big is it, and does it make a difference in the end? Finally, we think that another area that needs to be explored further is the reverse power in an organisation. How do actual work practices arise and does the practical “floor level” work have any chance of being standardised, copied and implemented elsewhere in the organisation, thereby affecting the strategies from beneath? We touched the topic in our interviews but believe that there is much more to investigate in this area.

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8. Appendix

8.1. Interview guide

Questions to all interviewees:

1. There are overall goals for the factory, which might be established on a top management level- about how the work is going to be done, what direction the business is going to have. Do you know any goals of this kind that you are working with at the moment?
2. (Can you talk about the current strategy from top management that you are working towards now?)
3. Can you describe its purpose?
4. Who has formulated this strategy?
5. How have you received information about the strategy?
6. What has the manager you report to said about the strategy?
7. Have you changed working methods in order to fit a new set of goals (strategy)
8. How are you working now? Describe the practical work.
9. What do you and your colleagues think about the strategy? '
10. What do you think about the practical changes the strategy has initiated?
11. Do you believe that everyone in your department is working toward this strategy?
12. Do you believe that everyone in this company is working toward this strategy?

Addition to business unit/department managers:

13. How have you informed your employees about the strategy?

14. How has it been received?
15. What resources have been necessary/will be necessary in order to realise the strategy?
16. How have you been working practically (at the department) to implement the strategy?
17. Have you experienced any problems in the implementation process?

Addition to top manager:

18. What strategies are you working toward at the moment, in this plant
19. Who is responsible for formulating the strategies? How do you do this?
20. How much time is spent on coming up with strategies and how much time is spent implementing them?
21. How much economical resource do you spend on formulating and implementing strategies? Is money an important factor?
22. What would you say are the most important issues the whole plant has to work with during the year to come?
23. How do you evaluate that a strategy implementation has been successful?