



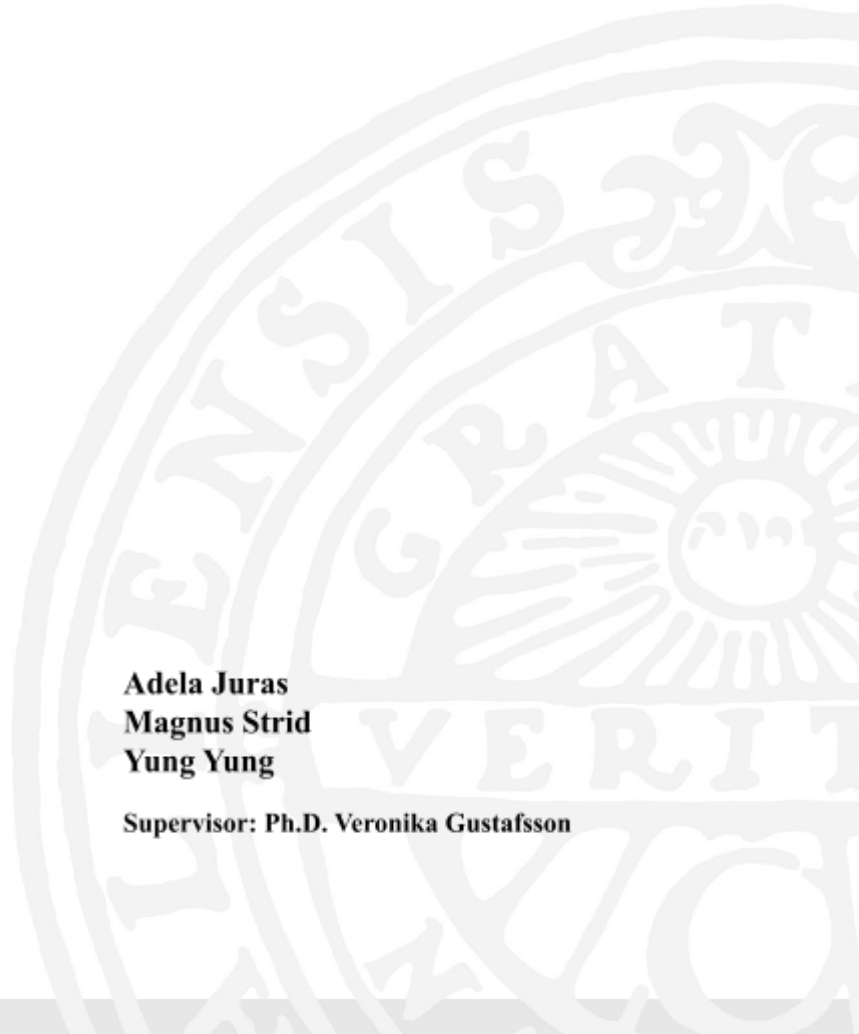
UPPSALA  
UNIVERSITET

# **Managing Radical Change in Young Companies**

**Insights for Successful Transformation and Growth**

Master's Thesis 15 credits  
Department of Business Studies  
Uppsala University  
Spring Semester of 2023

Date of Submission: 2023-07-29



**Adela Juras  
Magnus Strid  
Yung Yung**

**Supervisor: Ph.D. Veronika Gustafsson**

# Abstract

Managing radical change is a critical undertaking for young companies aiming to achieve growth and adapt to evolving market dynamics. This research explores the strategies, models and challenges involved in navigating and implementing significant organizational changes. The research examines the root causes of radical change failures and investigates the impact this might have on employees and organizations. The identified key factors for failure in radical change management are among others: lack of communication and information, lack of training and support, lack of proper documentation, and lack of skilled leadership and proper performance management. The research also found that poorly managed change implicates employees' well-being and grows issues of personal matter, such as performance, competence and trust-related problems. Identified implications for organizations are among others; lack of controls, damaged public relations, inefficient processes and decreased performance. Finally, the research identified the potential need for creating a new management theory that would support young companies in managing radical change specifically.

*Keywords: Radical Change Management, Change Management, Communication, Corporate Entrepreneurship, Entrepreneurship, Innovation, Leadership, Management, Organisation, Performance, Quality, Quality Management, Radical Change Management, Startup, Young Company*

# Acknowledgments

We would like to express our deepest gratitude to our thesis advisor Veronika Gustafsson for her invaluable guidance, support, and expertise throughout the entire research process. Her insightful feedback, and constructive criticism, but also empathy in difficult moments have significantly contributed to the quality of this study.

We would also like to extend our appreciation to the participants of the focus groups, whose willingness to share their experiences and insights has been a fundament of this research. Their perspectives have provided valuable context and enriched the findings. Additionally, we would like to acknowledge the support and understanding of our family and friends who have been a constant source of encouragement and motivation.

I, Adela Juras, would like to thank my former team: Ao Zeng and Emilia Straszkiwicz who have been the source of inspiration for this research. We were driving the radical change even before learning the theory - wish that we had known some things earlier! I also want to express my gratitude to Ph.D. Dominika Radziun who has been a great support throughout these challenging months. If I am correct, during the 10 years of our friendship we studied 6 majors together - that is more than enough to become a study support expert!

I, Magnus Strid, would like to thank all the challenges so far in my 25 years of work in more or less an environment of change, when many situations probably arose with the purpose to teach me more every day. Also, the support I got from home when going far away for studies, especially from my daughter Melanie, is invaluable for me to make it possible.

Finally, we would like to express our gratitude to the academic staff for providing a great learning environment and sharing their knowledge. This research would not have been possible without their support and collaboration. We are sincerely thankful for their contributions, and we acknowledge their role in the successful completion of this research.

May 30th, 2023, Stockholm and Strömsund

*Adela Juras, Magnus Strid and Yung Yung*

# Table of contents

<b>1. Introduction.....</b>	<b>1</b>
1.1. Background.....	1
1.2. Problem discussion.....	3
1.3. Purpose of research.....	3
1.4. Framings.....	4
<b>2. Theoretical framework.....</b>	<b>4</b>
2.1. The entrepreneurial growth process.....	4
2.2. Change management.....	5
2.3. Incremental vs radical change.....	7
2.4. Radical change management.....	8
2.4.1. DASIAS.....	9
2.4.2. Lewins’s three-step model.....	10
2.4.3. ADKAR.....	11
2.4.4. Kotter's eight-step model.....	13
2.4.5. Agile Manifesto.....	14
2.5. Communication and leadership.....	15
2.5.1. Entrepreneurship vs professional leadership.....	16
2.5.2. Radical change leadership.....	18
<b>3. Methodology.....</b>	<b>19</b>
3.1. Research method.....	19
3.2. Research design.....	20
3.3. Data coding and analysis.....	21
3.4. Trustworthiness and transparency.....	21
3.5. Ethical positioning.....	22
3.6. Research work.....	22
<b>4. Results.....</b>	<b>23</b>
<b>5. Discussion.....</b>	<b>28</b>

5.1. Management models.....	28
5.2. Findings.....	30
5.3. Conclusion and implications.....	32
5.4. Further research.....	33
5.5. Limitations.....	34
5.6. Statement of independent work.....	35
<b>References.....</b>	<b>36</b>
<b>Appendices.....</b>	<b>40</b>
Appendix 1 - Focus groups, study questions.....	40
Appendix 2 - Focus group 1, answers.....	41
Appendix 3 - Focus group 2, answers.....	43
Appendix 4 - Focus group 3, answers.....	45
Appendix 5 - Focus group 4, answers.....	47

# Tables

Table 1: Type of radical change .....	23
Table 2: Type of challenges encountered by the employees .....	24
Table 3: Impact on employees .....	25
Table 4: Impact on organization .....	26
Table 5: Recommendations based on self-assessment of focus-group participants	27

# 1. Introduction

*This introduction provides an overview of the research topic and places it within the broader academic and practical context. The research objectives, research questions, and the reasoning behind the study, are outlined and setting the stage for the subsequent sections.*

## 1.1. Background

Well-developed management and leadership processes are two different but important ingredients when running a functional business in an established organization (Jacobsen and Thorsvik, 2018). When the organization is aiming to grow from an entrepreneurial point of view, this becomes even more important and often determines the success or even survival of the company. Growth can be achieved organically due to increased production over time, or gradually by the power of small with planned incremental nudge steps (Thaler and Sunstein, 2008) towards set goals, but also on the other hand by innovation and radical change (Raisch and Birkinshaw, 2008) for a faster development pace. In contrast to how gradual changes improve a preexisting system, radical change can move past a current practice and create a new one entirely to better suit any obstacles presented. Depending on the urgency of a problem, radical change can promote instantaneous change. But, there are pitfalls to consider either way it's done, and whatever strategy is used there are differences to be aware of and to consider.

There are different ways of executing and managing the business and change, and there are different skills and knowledge needed for different phases of growth, but also for the many different interpersonal situations that will occur during change. Important to mention when discussing interpersonal actions and reactions, is that it is possible to be named manager through a structural position, but being a leader comes when there are followers to a naturally earned position (Hallin, Olsson and Widström, 2019). This is a great difference in the possible acceptance within the organization and among the employees when it comes to decision-making and change. In fact, there are many corporations and managers that are not prepared

enough or don't have the right conditions set with enough dedicated resources to grow, and certainly then not to grow rapidly by radical change.

Radical change refers to the change that occurs relatively fast and modifies social structures or organizational practices (Raisch and Birkinshaw, 2008). Specifically, this type of change hardly affects the existing resources, norms, teams and individuals in different ways. This means, there could be well-rounded managers that are put into positions in which they are supposed to manage an organization undergoing or about to undergo a radical change, for example, which is about to start growing a production or service offering at a higher speed, but may not be prepared with the necessary skills or tools needed, to be able to adapt the required management style to fit different radical change phases. In a worst-case scenario, this could point straight to a failure all the way from the start, a failure where employees will be suffering from management incompetence, impacted negatively by the radical change results.

The ability to drive radical change effectively can be very important today, particularly in Sweden, being home to some of Europe's fastest-growing start-ups and has the world's most unicorns per capita after Silicon Valley (Björner and Zetterberg, 2019). Such ability can contribute to the success or failure of many companies at the very early stage of an entrepreneurial journey. Young companies which are to take the next step and growth by transitioning from a small to a big organization, are indeed depending on managers and leaders with the right competence and toolbox, but also the skills and knowledge to best utilize it.

Entrepreneurial management for growth and design thinking, as part of the overall management roles, are proven to need special skills that are necessarily not in the leadership toolbox, as for many other kinds of so-called professional management roles (Blindenbach-Driessen and van den Ende, 2014). There is, however, a significant lack of literature measuring how radical change management is used to transform young companies through rough growth phases and how it impacts the organizations. One of the things that are often included but not much talked about is all the emotions that come to the surface when change is done, especially radical change (Brundin, 2002). Besides the tech sector and foremost in the data-software development sector, where the pace and speed of development have always been



high, and where some knowledge about radical change has been developed during the past 30 years, not much research is done in this specific area of management style.

So, overall there is a gap in the existing literature. This is problematic, because with the rapidly changing social, legal, and economic environment, the ability to drive radical change and to adapt to it, could be one of the key success factors for the positive performance of young organizations and the extended ability to build new unicorns, without harming employees in a negative way.

## 1.2. Problem discussion

The management of radical change is a significant challenge faced by young organizations during periods of radical transformation that often are in need of effective change management strategies. These challenges have tangible consequences for both employees and the organization. Employees experience stress, confusion, burnout, and a high attrition rate, leading to an overall decline in well-being and performance. The organization, in turn, faces a loss of control, increased risk, the need to hire additional personnel, and potential delays in achieving desired outcomes.

By recognizing and addressing these problems, young companies can overcome the challenges associated with radical change and facilitate smoother transitions. There are no tailor-made strategies for managing radical change - however, implementing such could lead to improved employee well-being and enhanced organizational performance.

## 1.3. Purpose of research

The research aims to:

1. Identify common challenges and opportunities faced by young companies when managing radical change
2. Provide insights for successful radical change management.

These aims are based on the gaps identified in the literature review. The research aims are designed to guide the study and to provide a framework for the analysis of the data collected during the focus group sessions.

## 1.4. Framings

This research study is framed within the context of managing radical change in young companies. The focus is on understanding the challenges faced by employees and organizations during periods of radical transformation and identifying strategies to mitigate these challenges. By exploring various models and frameworks, this research aims to provide recommendations for effective change management practices in young companies. The study acknowledges the unique dynamics and constraints that young companies face, including limited resources, lack of formalized processes, and the need for agile approaches. By examining the experiences, perspectives, and recommendations of participants, this research seeks to contribute to the knowledge base in change management and provide practical insights for young companies navigating radical change in their entrepreneurial phase.

## 2. Theoretical framework

*The theoretical framework section lays the foundation for the study by presenting the theoretical perspectives and concepts that underpin the research. Drawing upon relevant theories and conceptual frameworks, this section provides a framework for understanding and analyzing the research topic. The key theories and concepts that inform the research, outlining their relevance and applicability, and demonstrates the support of research design.*

### 2.1. The entrepreneurial growth process

During the entrepreneurial journey in a young company, the entrepreneurial management needs to guide the organization through different organizational phases of growth to reach the next level of business during an organizational life cycle, before growth starts to decline. As soon as growth is expected, changes are needed, or vice versa, changes come as a result of the growth. Barringer and Ireland (2012) mean that it is a rare circumstance that well-managed growth would end with

sustained growth. Research done in 1982 shows that about 19 000 unique companies have made the *Inc. 500* or *Inc. 5 000* lists. Just about 120 businesses have made the list six or more times, from which 35 made it seven or more times. Only 14 have made it eight or nine times, which shows how hard it is to manage sustained growth over time.

The organizational life cycle of an entrepreneurial startup process encompasses four primary stages: Birth, Growth, Maturity, and Decline. The first transformational phase appears after the company is established at the Birth stage (Barringer and Ireland, 2012). Startups frequently undergo significant transformations during the growth stage, as well as in the stages of maturity and decline. As the startup expands and encounters growth in its customer base, revenue, and market presence, changes become necessary to bridge the divide between the startup's vision and the practicalities of the business environment. These transformational phases include radical change, which can make employees feel insecure and afraid of an unknown future.

## 2.2. Change management

The word change is often used in organizations for how you talk about the organizations' wish to transform from A to B (Burnes, 2009). Change management is a way to control change and includes methods, tools, models, and concepts from change processes. When implementing change, the choice of tools and methods must be carefully considered (Basu, 2009). Regardless of how great the tools are, it is of no value, if you don't know how to use them.

The most common reasons for the failure of change projects, regarding Antony et al. (2019), are the organization's resistance to change in general, and top management's lack of participation and engagement, but also incompetent change teams, but often change is about attitude and behaviors. Central for a planned change to be successful, is the circumstances and ability to adapt to change (Hallin, Olsson and Widström, 2019). This requires a forgiving attitude both regarding culture and strategy, but also new behaviors. Change management is a method to support behavior change where employees are given what they need to reach set goals. Change can be both good, but also bad for the organization (Hallin, Olsson and

Widström, 2019), and with that knowledge one important factor is the timing for change, and therefore for the top management to plan correctly.

Changes are often done in a way that requires much effort and energy from the organization, which then becomes not that productive for some time (Carlson and Nilsson, 2012). Not always are the expected results met. So, Carlson and Nilsson (2012) suggest further that change management should be used, which can include:

- Think through before - the change manager needs to understand, accept and believe in the purpose of change, and believe that change is possible to reach with the given resources.
- Plan - set goals and form a strategy, do a consequence analysis to see where and what other processes in the organization are affected, and set a plan of resourcing and a realistic time plan and stakeholder analysis together with employees.
- Set a communication plan and risk analysis but also a project plan if that's the way to perform the change.
- Show why - all must understand why changes are to be done and show what alternative which was not used. Even if all do not agree, they must anyway accept that the change manager has decided this way to perform the change.
- Present and discuss - communicate straight forward about the situation right now, the problem, the solution and the situation after the change is done, and by that make solidarity for the change and finalize with the next step in the process.
- Make involvement - reactions often are a result of the level of inclusion allowed, level of influencing allowed and level of initiatives allowed. Involve as many as possible as early as possible, by encouraging ideas and by experimenting with solutions. Show results as soon as possible and keep focusing on the big goals.
- Finish strong - say goodbye to the old with respectful endings. Mark and leave to say yes to the new, strengthened by the strong ending.
- Stay steady - a change manager shall be able to handle both own emotions and also the emotions of employees in parallel with daily operations, which often need to balance on a very thin line. It is common with conflicts during change and that's when the change manager and leader needed to step

forward and pave the way forward and toward a solution. The change manager needs to trust his inner guts and if needed get external support.

### 2.3. Incremental vs radical change

Unlike incremental change, which involves small, gradual adjustments to existing systems and processes, radical change requires a more substantial and often disruptive approach to organizational transformation. Radical change can be difficult to manage and may create uncertainty, stress, and resistance among employees, as it involves significant departures from familiar routines and ways of doing things (Argyris, 1990).

Radical change refers to a type of organizational transformation that involves significant and fundamental shifts in the underlying structures, processes, and goals of an organization (Meyerson, 2001). Radical change can arise from a variety of factors, including changes in market conditions, technological disruption, shifting consumer preferences, or internal factors such as leadership changes or mergers and acquisitions. Examples of radical change in entrepreneurship might include pivoting to a new business model, expanding into new markets or product lines, restructuring the organization to improve efficiency, or implementing new technologies to enhance productivity or customer experience.

Managing radical change in entrepreneurship is a complex process that requires a deep understanding of the underlying drivers of change, the ability to anticipate and respond to emerging trends, and the capacity to develop and implement effective strategies for adapting to new circumstances. Successful management of radical change in entrepreneurship involves a range of factors, including leadership, innovation, creativity, risk management, and organizational agility, among others (Reardon et al., 1998). To navigate the challenges of radical change, entrepreneurs must be equipped with the necessary knowledge.

Radical change in entrepreneurship can have a significant impact on employees, it often involves fundamental shifts in organizational structure, processes, and goals. As mentioned, employees may experience uncertainty, stress, and anxiety as a result of these changes, particularly if they feel that they are not adequately prepared or supported. At the same time, radical change can also create new opportunities for

employees to learn and grow, as well as to contribute to the success of the organization in new and innovative ways. Effective management of radical change therefore requires a careful balance between addressing the concerns of employees and leveraging their skills and talents to drive organizational transformation. Employers should provide clear communication, training and development programs, and ongoing support to help employees adapt to new roles and responsibilities in the face of radical change (Stoddard and Jarvenpaa, 2015).

Radical change management is an inherent part of the entrepreneurship journey. Young companies are known for their ability to disrupt established markets and introduce new innovations, but they also face unique challenges related to managing rapid growth, adapting to changing market conditions and attracting and retaining top talent. The ability to manage radical change effectively is essential for the success of young companies and understanding the impact of such changes on its employees is critical to developing effective strategies for managing growth and achieving long-term sustainability.

## 2.4. Radical change management

Radical change can bring both challenges and opportunities for young companies (Bordia et al., 2004). On the one hand, these companies are often founded on innovative ideas and disruptive technologies that require significant changes in the way business is done. Radical change may be necessary to bring these ideas to fruition and to establish a competitive advantage in the marketplace. On the other hand, young companies are often characterized by a lack of established structures and processes, limited resources, and a high degree of uncertainty. Radical change can exacerbate these challenges by creating additional uncertainty, disrupting existing workflows, and straining limited resources. Moreover, the rapid pace of change in young companies means that the window of opportunity for capitalizing on new innovations is often narrow, and young companies may need to move quickly to adapt to changing market conditions.

This radical change in young companies can have a significant impact on employees. Such changes can create uncertainty and ambiguity, leading to anxiety and stress among employees. Furthermore, radical change can disrupt established

work routines and practices, creating confusion and frustration. The need to rapidly adapt to changing circumstances can also lead to increased workloads and demands, potentially leading to burnout and turnover. However, radical change can also present opportunities for employees to develop new skills, take on new roles and responsibilities, and contribute to the growth and success of the organization. Thus, effective management of radical change is critical for promoting employee well-being and organizational success in young companies.

#### 2.4.1. DASIAS

DASIAS is an acronym and is short for a generic project model for process-based change management (Isaksson, 2015). The model encompasses six distinct phases: Diagnosing (D), Analyzing (A), Solving (S), Improving (I), Anchoring (A), and Studying (S).

At the Diagnosing (D) phase, management conducts a thorough stakeholder analysis and evaluates the potential and scope for improvement by contrasting the expected result against the present performance. A comprehensive understanding of the underlying factors contributing to the existing potential is essential at the Analyzing (A) phase. In the Solving (S) phase, effective strategies are formulated to tackle the identified issues which are discovered during the first two phases. The three first phases - DAS, are named the *study of possibilities*. After the DAS, management decides whether it's possible to make a reasonable change or not (Isaksson, 2016).

The Improving (I) phase entails managing the change project to implement the proposed solutions and achieve tangible process improvements. It involves unfreezing the existing state and making progress towards the desired state. Anchoring (A) phase delegates new obligations, and potentially initiating transformative cultural changes to ensure the sustainability of the achieved improvements. Last but not least, the Studying (S) phase marks the culmination of the improvement cycle. Valuable insights and feedback are gained to inform future improvement endeavors.

In essence, this model provides a structured and systematic approach to understanding, diagnosing, analyzing, solving, improving, anchoring, and studying processes, enabling the pursuit of continuous improvement.

#### 2.4.2. Lewins' s three-step model

The attitude to change can be completely crucial for the result of the change itself. The three-step model was developed in the 40s by Kurt Lewin and described in Hallin, Olsson and Widström (2019). Lewin means that organizational change is a state which engages the employees in the organization also in a mental and emotional way. This is why it is important to understand, take into account and adjust the change. Central to change management is that it is done in an ethically correct way and makes the culture the most important to change. The three-step model is a model which can contribute to running an ethical change with the purpose to change the organizational culture and by that also behavior and actions.

The model has, as the name states, three steps - *Unfreeze*, *Change* and *Freeze* (Jacobsen and Thorsvik, 2018). The first step is to really understand that change is needed and to make understanding about why it's needed, among all involved in or affected by the change. In the second step new attitudes and behaviors through for example education, communication, or a changed structure and job descriptions. Finally, in the third step, consolidate, stabilize and routinize the new process after the change. The result shall now be evaluated both from a cultural and structural point of view.

This is a classic framework that describes the process of organizational change, and could be used in a contemporary manner. While it has been widely used and respected, it is sometimes necessary to adapt and update existing models to better align with evolving practices and perspectives.

The first step can create a sense of urgency and disruption within the organization. This involves challenging the status quo, identifying the need for change, and communicating it effectively to all stakeholders. Leaders should articulate the reasons behind the change, the potential risks of inaction, and the benefits that can be achieved through transformation. Disrupting the existing mindset and establishing a compelling case for change will lay the foundation for the transformation process.



In step two, the focus shifts to the actual transformation process. It involves developing a clear vision and strategy for change, along with an actionable plan to achieve the desired outcomes. It is essential to involve key stakeholders, including employees at all levels, to foster ownership and commitment to the transformation. Effective communication, collaboration, and empowerment are crucial during this phase to ensure that everyone understands their role and actively participates in driving the change.

Change is not a one-time event but an ongoing process. In step three, the emphasis is on sustaining and embedding the changes within the organization's culture and operations. It requires continuous learning, adaptation, and refinement of the transformed processes and systems. Leaders need to provide ongoing support, resources, and training to enable employees to embrace the new ways of working and address any challenges that arise. Regular feedback loops, measurement of progress, and celebration of milestones play a vital role in reinforcing the change and encouraging further evolution.

### 2.4.3. ADKAR

ADKAR is an acronym and is short for the five outcomes that an individual needs for successful change - Awareness (A), Desire (D), Knowledge (K), Ability (A), and Reinforcement (R). The model was developed by the change management consultancy Prosci somewhere at the end of the last millennium, a widely used framework for individual change management (Hiatt, 2006). While it has proven valuable, contemporary practices can broaden its scope.

The first step is to awaken the need for change in individuals and create awareness of the reasons behind it. This involves effectively communicating the context, challenges, and opportunities that necessitate the change. It is crucial to inspire a sense of urgency and a shared understanding of the benefits and consequences of embracing the change. Leaders should engage in open dialogue, actively listen to concerns, and address any resistance or skepticism that individuals may have.

The second step focuses on defining the desired future state and the goals of the change effort. It involves establishing a clear vision, objectives, and a roadmap for achieving the intended outcomes. Leaders should involve key stakeholders in the

process and ensure that everyone understands the purpose and expected benefits of the change. Defining success criteria and setting measurable milestones will enable individuals to track progress and stay aligned throughout the journey.

Change happens through people, so step three engaging individuals and fostering their commitment and involvement is crucial. This step emphasizes Knowledge from effective communication, collaboration, and participation. Leaders should provide opportunities for individuals to contribute their ideas, concerns, and perspectives. Building a sense of ownership and creating a supportive environment that encourages experimentation and learning are essential for engaging individuals throughout the change process.

Empowerment plays a central role in enabling individuals ability to embrace and sustain change. In step four, leaders should provide the necessary resources, training, and support to develop the skills and capabilities required for the new ways of working. Empowering individuals involves delegating decision-making authority, fostering autonomy, and cultivating a culture of trust and psychological safety. Empowered individuals are more likely to embrace change, adapt to new challenges, and drive continuous improvement.

The final step focuses on realizing the benefits of the change and ensuring its long-term sustainability. It involves reinforcement by monitoring progress, measuring outcomes, and celebrating achievements. Leaders should establish feedback loops, gather data, and assess the impact of the change on individuals, teams, and the overall organization. Recognizing and rewarding individuals for their efforts and achievements will reinforce the change and motivate further growth and innovation.

Adaptations should be tailored to the specific organizational context, culture, and change initiatives at hand. Change management is a dynamic field, and staying open to evolving practices and approaches is essential for success.

The first three steps of the five-step change model are used to secure involvement, understanding, and willingness for change, during the change process. By that, this model shows the importance of manifesting the change before it will be done. Crucial and common for ADKAR change management model users is the understanding that

change can only be successful on an organizational level if the change is successful on an individual's level.

#### 2.4.4. Kotter's eight-step model

This eight-step model highlights what's critical to be successful with organizational change (Hallin, Olsson, Widström, 2019). The Kotter model, developed by change management expert John Kotter, provides a framework consisting of eight steps to effectively manage organizational change. According to the model, the first step is to create a sense of urgency by highlighting the need for change and the consequences of inaction. Next, a guiding coalition should be formed, comprising influential individuals who can support and champion the change effort. The third step involves formulating a strategic vision and initiatives that outline the desired outcomes and guide the change process.

Communication plays a crucial role in the fourth step, as the vision needs to be effectively conveyed throughout the organization. Clear, consistent messaging should be tailored to different stakeholders, addressing concerns and promoting dialogue. Empowering action is the fifth step, involving the removal of obstacles and the provision of necessary resources and support to enable employees at all levels to take action.

To build momentum, the sixth step focuses on generating short-term wins. Celebrating these wins reinforces progress, boosts employee confidence, and maintains motivation. The seventh step entails consolidating gains and producing more change, leveraging the credibility gained from the initial successes. Continuous improvement and adaptability are encouraged, with a focus on learning and embracing ongoing change.

The final step is to anchor the changes in corporate culture. By connecting the new behaviors and values with overall success, the changes become ingrained in the organization's DNA. Kotter's eight-step model emphasizes the importance of a culture that supports and embraces change as a constant part of the organization's functioning.

### 2.4.5. Agile Manifesto

The Agile Manifesto Values is the outcome of a meeting between 17 change managers in programming, which together agreed on the most important values to compete with the rigid waterfall management structure of programming management.

An agile organization rather works smart, over works hard. The manifesto values show among other things that there are winnings in direct communication and cooperation. This way of thinking makes leaders' decision-making processes fastened up and organizations more efficient.

The Agile Manifesto has four core Agile Manifesto Values (Beck and Beedle, 2001). The first value emphasizes the significance of individuals and interactions within the development team and with stakeholders, prioritizing effective communication and collaboration over rigid processes and tools. The second value emphasizes the delivery of working software that meets customer needs, valuing it over comprehensive documentation. The third value emphasizes customer collaboration throughout the development process, actively involving them and seeking their feedback to ensure the final product aligns with their expectations. Lastly, the fourth value highlights the importance of being responsive to change, favoring adaptability over strictly following a predetermined plan. These values promote collaboration, flexibility, customer-centricity, and adaptability in software development.

The Agile Manifesto was later on also filled up with twelve guiding and supporting Agile Manifesto Principles, which explain and guide the user during the change to reach the values (Beck and Beedle, 2001). These principles advocate customer satisfaction through continuous delivery of valuable software and active engagement with customer feedback. They promote adaptability by embracing changes in requirements, even at later stages of development. The focus is on delivering working software frequently, favoring shorter timescales and fostering daily face-to-face interactions within the team.

Motivated individuals are valued, and a collaborative environment is cultivated to facilitate effective communication and understanding of project goals. Progress is measured by working software that meets customer needs, while sustainable

development is emphasized, avoiding overwork and ensuring technical excellence. Simplicity in design is encouraged to minimize complexity, and self-organizing teams are empowered to make decisions and adapt quickly.

Regular reflection is encouraged to identify areas for improvement and foster a culture of continuous learning and adjustment. Use of and fulfillment of the Agile Manifesto can lead to agile organizations when you know:

- How you organize your value creation
- What roles and competencies will be required to meet current and future needs
- To build capacity for continuous development and enable learning within the organization
- The methods and approaches you will use to adapt to your cycles and planning
- How you create a clear direction and vision, how you manage the company and how it affects the leadership to transfer tasks to self-organized groups
- Identify the needs for working in an integrated way across IT and the business.

## 2.5. Communication and leadership

Communication is a process of transferring information and is a basic organizational function (Jacobsen and Thorsvik, 2018). Through communication, any information is spread, both for practical situations and also for sharing new ideas, attitudes and emotions. How the message is delivered and the information sharing are made within an organization, will both affect and be affected by the organizational culture.

All different individuals communicate in different ways and use their own personal filters, both when sending and receiving information, but also when and how they react in different situations (Jacobsen and Thorsvik, 2018). Carlson and Nilsson (2012) mean that in all communication there is a sender and a receiver and that it is always the receiver's version of understanding what has been said. Communication is a very complex and powerful tool for leaders and must therefore be used carefully and well thought through. A skilled communicator has a better chance to be successful in telling the message and has the power to influence others.

Communication is very important to be successful in change management. Hallin, Olsson and Widtröm (2019) say that change communication can be described as a process to tell information about a vision, goals, and plans for the change.

Communicating by thinking through timing, the right message, actively listening and giving ongoing feedback, are central parts of minimizing resistance to change.

Leadership is in general discussed as a process of an unequal relationship where the leader uses leadership to manage the subordinates or employees (Alvesson, 2011). So, to understand leadership, also the social context where the leadership is used must be considered. Leadership is a complex, social process where relations, acting and rendering are crucial. Leadership is closely engaged in culture. The signature of great leadership is hard to define, but leadership development is essential for the results of all organizations. To gain trustworthiness as a leader sometimes attitudes and valuations, but also symbolic actions as a role model are needed. A leader who doesn't act as a role model is making the work of change harder for all to complete (Ljungberg and Larsson, 2012).

### 2.5.1. Entrepreneurship vs professional leadership

Entrepreneurship and professional leadership are two distinct styles of management, which differ in their major characteristics. Entrepreneurship holds a visionary and innovative approach, including the entrepreneurs' willingness to put a high amount of resources and risk at stake to be successful. Entrepreneurs have a high tolerance for failures. On the other hand, professional leadership holds a more structured and systematic approach, with extensive knowledge and expertise in their field, optimizing processes and improving efficiency by established practices and procedures (Watson, 1995).

From the 1980s till today, numerous professional leadership theories have been interpreted and examined in multiple pieces of research. Also, the assigned values are evolving depending on the changes in social behaviors, including Authentic Leadership, Transformational Leadership, Charismatic Leadership and Entrepreneurial Leadership (Zbierowski, 2016).

It may seem obvious that Entrepreneurial Leadership is the most suitable leadership style to guide entrepreneurs shifting from Entrepreneurship to professional

leadership, but several studies reviewed the limitation of Entrepreneurial Leadership. Even though Entrepreneurial Leadership has been developed over a decade, the definition and position have not been clarified enough for small businesses and entrepreneurs to adapt to management in the business world (Leitch and Volery, 2017). While studies of professional leadership are well documented, it is also well acknowledged that the concept of Entrepreneurial Leadership is intertwined with and borrows from other leadership styles (Harrison et al., 2015; Leitch et al., 2013) and the definitions are largely overlapping with transformational leadership style (Ravet-Brown et al., 2023).

Developed by Burn (2003), the concept of transformational leadership was initially coined back in the 1970s and is one of the most influential and prominent theoretical approaches in the field of leadership. Applying the means of influence, inspiring and encouraging self-visualization to enhance the levels of maturity and ideals of the followers. Transformational leadership relies on a leader's individual charisma, and high emotional intelligence to foster collective consciousness and capability to become a role model in the team. According to transformational leadership, followers will obtain inspiration, challenges, empowerment and consideration for the leaders to strengthen their motive for better performance.

Four components are essential in the transformational leadership practice and are referred to as the four I's. Following is Bass and Riggio's (2006) description for each component and its relativity in transformational leadership practice for the leaders:

- Idealized Influence - The leaders act as role models and set high ethical standards to get trust and respect from the followers
- Inspirational Motivation - The leaders elaborate the goals with comprehensible values and accessible vision, in order to stimulate followers' motivation to achieve the goal
- Individualized Consideration - Prior to providing coaching and mentoring, the leaders are eager to understand followers' struggles in the workplace and even in their personal life. This act displays their support and consideration for the team members

- Intellectual Stimulation - The leaders continuously support the followers by applying creativity and solving problems with new approaches in the workplace to unleash their full potential.

### 2.5.2. Radical change leadership

Blindenbach-Driessen and van den Ende (2014) and Hallin, Olsson and Widström (2019) state the importance of specific management skills to be successful with change projects where there are people involved in the process. It is important that the people's side of the change process is considered.

The research concludes that the key to driving radical change successfully is to adapt the style of management to different radical change phases (Reardon et al., 1998) which shows to be as important as any other management skill. One of the things we can learn from this is; firstly, identify and share the need for radical change. Secondly, identify and make the case for the radical change strategy. Thirdly, create a vision of what the future will look like once the radical change strategy is successfully implemented (Battilana et al., 2010).

Brundin (2002) has pointed out the importance of knowledge about, and being trained, to take care of employees' and leaders' emotions in motions during phases of change and certainly also radical change. Among other things, Brundin highlights that emotions are all-embracing within such a process. The findings of Brundin show that strategic leaders are very emotionally committed to the strategy of a company and feel a personal responsibility for its progress. The interpersonal roles with an attached set of emotions, play an important role for managers to make good decisions for strategy execution. Based on practical experience, besides Brundin, also Todd (1999) discusses the emotions and politics surrounding change. This points out the importance of not forgetting the emotions in motion when change and radical change.

Since the 1980s, these conventional characteristics have gradually been replaced by optimistic, inspiring and encouraging leadership styles with more positive and reassured fears collectively referred to as upbeat leadership as another term for radical change management. Alvesson (2020) illustrates the upbeat leadership theory, which has become a trend in leadership during recent decades, which also



typically includes a very positive message about charisma, authenticity, transformation, servant-ship, sharing, or something else, making the reader optimistic and disinclined to consider a more realistic picture of organizations, work, and management (and thus leadership). Alvesson further elaborates on the theory by summarizing typical success recipes from the dominant theory (Fischer, 2018) and proposes guidelines for a more effective leadership practice based on the upbeat leadership theory.

### 3. Methodology

*The methodology section outlines the research design, data collection methods, and data analysis procedures. Here is a comprehensive overview of the chosen methodology, justifying its suitability for addressing the research objectives and research questions. Additionally, the steps taken to ensure the quality and trustworthiness of the research process, including ethical considerations, participant selection criteria, and data verification procedures are described.*

#### 3.1. Research method

The research was conducted using the Eisenhardt Method (“the Method”). The Method is often used to address research questions with limited empirical evidence (Bingham and Eisenhardt, 2011) and applied to cases with unique settings that require addressing the particular processes, which, in this research, is the occurrence of radical change in startups. It also made it possible to select cases in which the process was likely to occur and enabled the researchers to choose cases with common antecedents and compare their similar features and subsequent processes.

Focus groups were a valuable tool to understand complex radical change phenomena (Bell, Bryman and Harley, 2022) which provided a rich source of data that could be analyzed in various ways. Using focus groups enabled to:

- Gather in-depth insights: Focus groups allowed researchers to obtain detailed and in-depth insights from participants. By gathering a group of individuals who share a common experience or perspective, researchers could elicit a

rich discussion on the topic at hand. This was particularly useful when trying to understand the process of radical change occurrence.

- Observe group dynamics: Focus groups provided researchers with information about group dynamics and how the beliefs and attitudes were shaped. By observing how participants interact with one another, researchers could gain a deeper understanding of the group influences that shape individual perspectives.
- Improve participant engagement: Focus groups were more engaging and interactive than the interviews used before during the New Venture Catalyst course. Participants could actively discuss and debate topics, and this engagement led to a deeper understanding of the research topic.
- Collect rich data: Focus groups provided researchers with rich data that could be analyzed in various ways, such as identifying common themes, patterns, and trends in the participants' responses in regard to radical change. This helped the researchers to draw more nuanced and comprehensive conclusions from their research.

### 3.2. Research design

The purpose has been to fulfill the research purpose stated in the introduction. To achieve this purpose, a qualitative research design was employed utilizing focus groups as the method of data collection. The focus group methodology was chosen because it allows for the collection of rich and detailed data on participants' experiences, attitudes, and perceptions in a group setting, as explained in detail in section **3.1. Research method**.

The study was conducted with a sample of adults aged between 25-60 years, who had experience with working in young companies for at least six months. A purposive sampling technique was used to select participants who were diverse in terms of gender, income, and level of education. Four focus groups were conducted online, with groups consisting of four to five participants. Both the focus group members and the organization to which they belong to has been anonymized.

The research questions were developed based on a review of the literature and focused on exploring participants' experiences and perceptions of radical change.

The study questions can be seen in *Appendix 1*, and were designed to elicit detailed and open-ended responses that would allow for a comprehensive understanding of the participants' attitudes toward experiencing radical change.

The focus group sessions were conducted by the researcher, who acted as the moderator, and a note-taker. Two of the focus group sessions were made in Swedish by a bilingual-speaking researcher and later translated into English. The sessions were recorded and the data was transcribed and analyzed using thematic analysis. The thematic analysis involved coding the data and identifying common themes and patterns across participants' responses.

### 3.3. Data coding and analysis

The data were analyzed by using the content analysis method. The data were categorized and tagged into different groups, and given a grade from 1-3 (1 - occurred once in the focus groups discussion; 2 - occurred 2-3 times, and 3 - occurred in every focus group).

### 3.4. Trustworthiness and transparency

In qualitative research, ensuring trustworthiness is crucial to establishing the credibility and reliability of the findings. Trustworthiness refers to the extent to which the research methods, data collection, analysis, and interpretation are conducted in a rigorous and dependable manner. It involves demonstrating the researcher's commitment to transparency, consistency, and accuracy throughout the research process. In this section, we list several key strategies that enhanced trustworthiness in the research such as:

- Using multiple data sources and research methods for triangulation and data convergence.
- Seek member validation for interpretations
- Provide sufficient detail about the research context, participants, and methodology
- Include descriptive richness and thick descriptions
- Document research processes, including data collection, analysis, and interpretation

- Employ rigorous data analysis techniques (e.g., coding, thematic analysis)
- Seek peer review for validation.

### 3.5. Ethical positioning

Ethical positioning is a critical aspect of qualitative research, as it involves the researcher's conscious and deliberate consideration of ethical principles and practices throughout the research process. The ethical positioning was achieved by:

- Protecting participants' rights and well-being by explaining the research purpose and procedures
- Ensuring that participants have the freedom to withdraw from the study at any time without consequences
- Safeguarding participants' privacy, confidentiality, and anonymity by using pseudonyms and securely storing and handling data
- Providing detailed information about the research design, methodology, and ethical considerations in research documentation
- Ensuring that the research design, data collection, analysis, and dissemination align with ethical standards and guidelines.

### 3.6. Research work

During the research, the authors have been working remotely with online meetings, documents, and project management tools as standard. The research, analysis and discussion of the findings have been concluded and summarized before being put into writing. The team has been in pre-scheduled meetings together with its supervisor and professors during the process.

For parts in which the literature was published in languages other than English, a bilingual researcher was appointed. The same goes for the writing of sections based upon that specific publication, the one bilingual researcher was assigned. To secure the execution of the work as a project, the Trello project management platform has been used for planning, sharing, sorting and follow-up. A shared Google Docs document has been used for parallel real-time writing and to communicate suggestions for development and adjustments needed. The thesis-related work has been distributed fairly and the results were delivered equally.

## 4. Results

*The result section presents the findings obtained from the analysis of data collected in this research. The results offer insights into the impact of radical change on employees, the organization, and potential recommendations for successful change implementation.*

Data from focus group interviews were grouped in a way to provide insights in line with the research purpose. Therefore, the data was structured around 5 core topics:

- Types of radical change
- Types of challenges encountered by the employees
- Impact on the employees
- Impact on the organization
- Recommendations (based on self-assessment of focus group participants).

The data were then coded and graded as described in section 3.3. **Data coding and analysis.**

Based on the focus group participants' experience, all groups stated that radical change occurred more often in young companies than in mature companies, if they had experience of working in such. They recognized several occasions in which different types of radical change occurred, which are categorized in **Table 1**.

**Table 1:**

*Type of radical change - results of the study*

Type of radical change	Weight / Occurrence	Example
Technological	2	Implementation of a new system
Structural	2	Merger, new team
New markets and products	2	Entering new countries with the offer
Fast growth	1	Need for fast recruitment to keep up with the operations

This results points out that radical change occurs when there are significant and fundamental shifts in the underlying structures, processes, and goals of an organization. The four listed types of radical change listed in **Table 1** is from the context when an organization pivots to a new business model, expanding into new markets or product lines, restructuring the organization to improve efficiency, or implementing new technologies to enhance productivity or customer experience.

*“Now when we can see our radical change phases in perspective, it is always connected to organizational major steps forward.”* - Participant in focus group 2

Occurance of these radical changes led to several challenges experienced by the employees, as seen in **Table 2**.

**Table 2:**

*Types of challenges encountered by the employees - result of the study*

Challenge	Weight / Occurrence	Example
Lack of communication and information	3	No communication from the management of who does what, no information about the changes plan, deadlines, planned training etc.
Lack of training and support	3	No planned training, no SMEs in place, operational teams not involved in the decision making, different departments working separately, no cross-functional collaboration
Lack of proper documentation	2	No manuals and documentation handed over to the employees
Lack of skilled leadership	2	Managers without necessary skills to implement the change
Lack of understanding why the change needs to happen	1	No communication of “why”
No proper performance management/KPIs in place	1	No KPIs established, lack of clarity how do we measure the success

This shows that employees are identifying challenges mostly connected to soft values, such as knowledge and understanding, support and leadership, and primarily connected to communication.

*“During the radical change phases I’ve experienced, bad communication was always present and made it harder to succeed with the change. This might depend on a lack of management skills.”* - Participant in focus group 2

These challenges and circumstances led to several consequences, both for the employees and the organization, described by the focus group participants mostly in a negative manner. They are summarized in **Table 3** for employees, and **Table 4** for organization.

**Table 3:**  
*Impact on the employees - results of the study*

Challenge	Weight / Occurrence	Example
Personal	3	Stress, overload, burnout
Performance-related	3	No ability to perform the tasks due to lack of time and training
Competence-related	3	Lack of training and support, no documentation of manuals
Trust-related	2	Lack of “why”, no leadership to trust, no information why the change occurs

This result strengthened the data from **Table 1**, and proves that the soft values are making an impact on the employees. Here it is stated that personal work life balance and performance and quality are key factors of impact.

*“When we were into one of the radical change phases, I felt like I was not enough at work or at home.”* - Participant in focus group 3

**Table 4:**  
*Impact on the organization - results of the study*

Challenge	Weight / Occurrence	Example
Controls	3	Decreased quality of work resulting in lack of controls occurring due to lack of understanding how things should work in the “new order”, reactive controls
Performance	3	Delays, more people needed to perform the same job, financial loss
PR	2	Damaged relationship with the customer, bad PR in news and social media
Related processes	2	Difficulty to recruit, high attrition rate, risk of losing contracts due to bad performance etc.

The impact on the organization is connected to hard values such as production, performance and quality, but also to recruiting and staffing the processes. In the end for all business organizations, it all comes down to the financials which are affected by all of these impacts.

*“We made the decision to radically change the way we manage quality and environmental tasks and issues. We did this to improve the organizational results regarding the triple bottom line (People, Profit, Planet). During this process we had problems staffing fundamental functions and needed to test several solutions until we had set the organization to succeed.”* - Participant in focus group 3

Based on the reflection of what went wrong during the radical change implementation, the focus group participants were asked to describe what would be helpful to overcome the above-mentioned challenges. The outcome of this question is described in **Table 5**.



**Table 5:**

*Recommendations (based on self-assessment of focus-group participants) - results of the study*

Recommendation	Weight / Occurrence	Example
Training and support	3	Prepare training materials that are accessible for everyone involved, provide access to SME
Communication	3	Work closely with people, explain what is in it for the people impacted, prepare a proper project plan available for everyone so people know what is coming next, establish clear communication channels
Stakeholder selection	2	Work cross-functionally, have clear project governance, keep people informed
Leadership	2	Select manager who can act as SME, consider both tangible and intangible aspects of change management
Branding and Culture	1	Foster the open dialogue culture, make sure that the changes are communicated to the outside world

The insights and recommendations from the focus group participant, based on their self-assessments, shows they mostly want and need more educational instructions and materials for all to access, greater support to perform their work cross functional to other employees to perform better communication throughout the organization.

*“Even when our team knew what to do, the others didn’t. It felt like there was no collaboration and alignment between different teams, but all of them were needed. It was not so hard to establish it, but no one really thought how helpful would it be”* - Participant in focus group 1

When the focus group participants share their recommendations, the need for improved leadership and management skills is not on top of the list, even if it has

been proven this was part of the challenges and had an impact on both the employees and the organizations.

## 5. Discussion

*In this discussion section, we delve into the key findings of the qualitative research study and provide a comprehensive analysis of the data. The discussion aims to interpret and contextualize the results in light of the research objectives and existing literature, highlighting the implications of the findings. Additionally, we examine the limitations of the study and suggest areas for future research to further deepen our understanding of the topic.*

### 5.1. Management models

The entrepreneurial process includes expanding through growth, and especially young companies, which literally are in growth mode from the start and up to the size of the functionality of the business model. In addition, we have also learned from Zander (2023) that no growth is the same as going back over time. In the transition phases between different growth phases, as mentioned in section **2.1. In the entrepreneurial process**, radical change management models are needed for successful change processes. Among many accepted existing management models which each has its own unique perspective and emphasis and which works very well for incremental change and helping leaders and management to succeed with such change, there seems to be details missing or not helping the change management process the best way possible, when they are applied to radical change processes. It's more or less adjustments needed to use the same models for incremental change as for radical change.

The DASIAS model, Lewin's 3-step model, ADKAR model, Kotter's 8-step model, and the Agile Manifesto are all prominent frameworks used in change management. While they share the common goal of facilitating successful change, each approach has its own unique perspective and emphasis.

DASIAS emphasizes a holistic approach to change management, first incorporating a possibility study to anticipate the outcome and chances for success. It recognizes the importance of aligning change initiatives with organizational goals, fostering

accountability, and ensuring long-term sustainability. This model is a great tool for process development and sustainable change as a result of a pre-investigation of the possibilities. The model may be perceived as a bit too complex for radical change in young companies with limited resources. To use DASIAS with success, it's important to complete all the steps included, and if necessary over and over again.

Lewin's 3-step model, on the other hand, offers a simpler framework consisting of unfreezing, changing, and refreezing stages. It highlights the need to create a psychological shift, implement the desired change, and reinforce it to solidify new behaviors. This model provides a clear structure and may oversimplify the complexities of managing radical change, particularly in dynamic and fast-paced environments. The refreezing stage, in particular, may be challenging to achieve in young companies where change is ongoing and continuous.

ADKAR emphasizes the importance of addressing individuals' readiness and capability to adapt to change. ADKAR provides a practical approach for managing individual transitions, and does not primarily focus on the broader organizational and cultural aspects of change management. In young companies, where collaboration and collective buy-in are crucial, ADKAR may need to be complemented with strategies that foster organizational-level change.

Kotter's 8-step model offers a structured approach to change, including steps such as creating a sense of urgency, building a guiding coalition, and anchoring change in the organizational culture. It recognizes the significance of leadership, communication, and stakeholder engagement in successful change initiatives. In the context of young companies, where decision-making may be decentralized and hierarchies less formal, the applicability of this model may need to be adapted to suit the specific organizational dynamics and cultural context.

The Agile Manifesto, originating from software development but applicable to broader change management, emphasizes flexibility, collaboration, and iterative processes. It promotes adaptive planning, self-organizing teams, and continuous learning and is particularly relevant in fast-paced and uncertain environments, where the ability to respond and adapt quickly is crucial. The Agile Manifesto may be fitting into radical change in young companies, but still it might require a shift in mindset and organizational culture, which can be challenging to achieve in traditional

hierarchical structures and established processes. The Agile values and principles do well cover key factors of radical change.

In conclusion, each of these models brings valuable perspectives and insights to change management in young companies. In this context, there are complex processes that require a deep understanding of the underlying drivers. What is important to understand, about all the different models, is the need for good communication throughout the change process. If it's not already included and stated clearly in a model, it should be added and described as one of the most important parts. The choice of model should depend on the specific organizational context, the nature of the change and the desired outcomes. Combining elements from different models or tailoring them to fit the unique needs could enhance the effectiveness of change initiatives and facilitate successful transformation.

## 5.2. Findings

The results of this research highlight several challenges and root causes that contribute to difficulties in implementing change within the organization fast. These challenges include a lack of information on why the change needs to be done, inadequate planning, and a failure to involve operational teams in the planning, testing, and implementation processes. Additionally, there is often insufficient time provided to understand and learn new tasks, processes, and requirements, along with a lack of documentation and manuals to support employees in navigating the changes.

One significant finding is that managers themselves often lack the knowledge and training necessary to effectively lead and guide their teams through the change process. This knowledge gap not only hampers the implementation but also leads to confusion and uncertainty among employees. As a result, employees experience high levels of stress, overload, and an inability to perform due to a lack of understanding of their tasks, processes, and the technology being utilized. The absence of clear role delineation further exacerbates this confusion, making it difficult for employees to comprehend who is responsible for what.

The impact of these challenges and shortcomings is not limited to the well-being of employees but also has serious implications for the organization as a whole. The

reactive nature of controls and the lack of control overall pose risks for the company, leading to delays, increased workload, and the need to hire additional personnel.

The research also reveals a high attrition rate, indicating that employees may seek opportunities elsewhere due to the adverse effects of poorly managed change. To address these issues, several recommendations have been put forward by the employees themselves. First and foremost, a focus on training and education is crucial to equip employees with the necessary knowledge and skills to navigate the changes successfully. Additionally, having a designated supporting person or subject matter expert (SME) available to answer questions and provide guidance can greatly alleviate confusion and uncertainty.

Collaboration across functions is also highlighted as an important factor in managing change effectively. By fostering cross-functional support, employees can benefit from diverse perspectives and expertise, leading to better problem-solving and smoother implementation. Clear segregation of duties is another essential aspect to ensure clarity and accountability.

Effective communication plays a pivotal role in managing change. Establishing a comprehensive communication plan that encompasses the entire organization helps disseminate information, address concerns, and provide updates on the progress of the change initiatives. Managers, in particular, are identified as key players in this process, as they are expected to serve as subject matter experts and possess a deep understanding of the processes involved. Overcommunication and adopting agile work practices are recommended to keep employees engaged and well-informed throughout the change journey.

Furthermore, it is vital to connect all tasks to the purpose of the change initiative. This alignment helps employees comprehend the significance of their roles and tasks, motivating them to contribute actively. Lastly, regular presentation and availability of clear success metrics for the team promote transparency and provide a tangible measure of progress.

By implementing these recommendations, organizations can enhance their change management strategies, mitigate the adverse impact on employees and the organization, and increase the likelihood of successful change implementation.

### 5.3. Conclusion and implications

In conclusion, the findings of this research shed light on the challenges and root causes that hinder effective change implementation within young organizations. The lack of information, inadequate planning, and the exclusion of operational teams from the process contributes to difficulties in navigating change. Insufficient time, lack of documentation, and managers' limited knowledge further compound these challenges.

The impact on employees is significant, with stress, overload, confusion, and burnout being prevalent. Employees struggle to perform their tasks due to a lack of understanding, resulting in decreased productivity and high attrition rates. The organization itself faces risks and delays, requiring additional resources to compensate for the shortcomings in change management.

To address these issues, the recommendations put forth by the employees provide valuable insights. Training and education play a crucial role in equipping employees with the necessary skills and knowledge to adapt to change. Providing a supporting person or SME who can address queries and provide guidance helps alleviate confusion and uncertainty. Collaboration and clear role delineation foster a cohesive environment, facilitating smoother implementation. Effective communication, particularly through a comprehensive communication plan, ensures that employees are well-informed, engaged, and aware of the progress of change initiatives. Managers, as SMEs, play a vital role in guiding their teams and over-communicating to foster transparency. Connecting tasks to the overarching purpose of change initiatives boost employee motivation and engagement. Finally, regular presentation and availability of clear success metrics enable employees to measure progress and contribute actively.

By implementing these recommendations, organizations can enhance their change management strategies and overcome the challenges identified. Employees will be better equipped to adapt to change, resulting in improved performance, reduced stress, and decreased attrition rates. The organization will gain greater control, mitigate risks, reduce delays, and optimize resource allocation.

It is essential for organizations to recognize the significance of effective change management and allocate resources to address the challenges identified in this research. By doing so, organizations can foster a positive environment that embraces change, enhances employee well-being, and ensures long-term success in a rapidly evolving business landscape.

## 5.4. Further research

While this study has shed light on the challenges and strategies associated with managing radical change in young companies, there are several areas for further research that can contribute to a deeper understanding of this topic. Future research can explore the long-term effects of successful change management in young companies - by examining how organizations sustain the changes implemented and continue to adapt to evolving market conditions, insights can be gained into the factors that contribute to long-term success and growth. While this research touched upon the importance of strong leadership in managing change, future studies can delve deeper into the specific leadership behaviors and strategies that facilitate successful change initiatives.

Exploring the role of leadership in inspiring and guiding employees through change can provide valuable insights for effective change management practices. Also understanding employee resistance to change and effective strategies to engage employees during the change process is crucial. Further research can delve into the psychological and sociological factors influencing resistance and engagement, and explore innovative approaches to address these challenges.

The authors believe that with the rapid advancement of technology, it is essential to investigate the role of technology in facilitating or hindering change management efforts in young companies. Examining the impact of digital tools, automation, and artificial intelligence on change implementation and employee adaptation can provide valuable insights for future change initiatives. Conducting a comparative analysis of different change management approaches, such as agile methodologies, lean principles, or traditional change models, can offer insights into the effectiveness of various frameworks in the context of young companies. This research can provide

guidance on selecting the most suitable approach based on organizational characteristics and the nature of the change.

By pursuing these areas of further research, a more comprehensive understanding of managing radical change in young companies can be achieved. The insights gained from these studies can contribute to the development of evidence-based practices and strategies that can enhance change management processes and increase the likelihood of successful organizational transformation.

## 5.5. Limitations

While this research provides valuable insights into managing radical change in young companies, it is important to acknowledge certain limitations that may have impacted the study's findings and scope. These limitations present opportunities for further research and should be considered when interpreting the results:

The research relied on a limited number of focus groups and participants from specific industries and geographic locations. As a result, the findings may not be fully generalizable to all young companies or industries. Future studies with larger and more diverse samples could provide a broader understanding of change management challenges and strategies.

It is important to mention that the data collected in this research relied on self-reported experiences and perspectives of the focus group participants. While efforts were made to ensure honesty and accuracy, there is a possibility of response bias or subjective interpretations that may have influenced the findings.

This study primarily utilized focus group discussions as the main data collection method. While focus groups offer valuable insights and rich qualitative data, combining multiple research methods, such as surveys or interviews, could provide a more comprehensive understanding of the phenomenon.

Despite these limitations, this research contributes to the existing literature on managing radical change in young companies. It provides valuable insights into the challenges faced by organizations and offers practical recommendations for effective change management strategies. The limitations identified in this study highlight



areas for improvement and present opportunities for future research to expand and enhance our understanding of this complex and dynamic process.

## 5.6. Statement of independent work

We hereby confirm that this thesis was written independently by ourselves without the use of any sources beyond those cited, and all passages and ideas taken from other sources are cited accordingly.

## References

Alvesson, M., 2011. *Organizational culture and management*. Version 2:2. Malmö: Liber AB.

Alvesson, M., 2020. *Upbeat leadership: A recipe for – or against – ‘successful’ leadership studies*. *The Leadership Quarterly*, 31(6), pp. 101-439.

Avolio, B.J. and Gardner, W.L., 2005. *Authentic leadership development: Getting to the root of positive forms of leadership*. *The Leadership Quarterly*, 16(3), pp. 315–338.

Antony, J., Leticia Lizarelli, F., Machado Fernandes, M., Dempsey, M., Brennan, A. and McFarlane, J., 2019. *A study into the reasons for process improvement project failures: results from a pilot survey*. *International Journal of Quality & Reliability Management*, 36(10), ss. 1699-1720.

Argyris, C., 1990. *Overcoming organizational defenses*. Boston: Allyn and Bacon.

Barringer, B.R. and Ireland, R.D., 2012. *Entrepreneurship - Successfully launching new ventures*. 4th edition. Global edition. England: Pearson Education Ltd.

Bass, B.M. and Riggio, R.E., 2014. *Transformational leadership*. New York: Routledge.

Basu, R., 2009. *Implementing Six Sigma and Lean - A practical guide to tools and techniques*. Version 1:1. Abingdon. Routledge.

Battilana, J., Gilmartin, M., Sengul, M., Pache, A-C. and Alexander, J. A., 2010. *Leadership competencies for implementing planned organizational change*. *The Leadership Quarterly*, Volume 21, Issue 3, Pages 422-438. Online at <https://www.sciencedirect.com/science/article/pii/S104898431000055X>. [Viewed 2023-04-11].

Beck, K. and Beedle, M., 2001. *Manifesto for Agile Software Development*. [online] [Agilemanifesto.org](http://agilemanifesto.org). Available at: <http://agilemanifesto.org> [Viewed 2023-05-22].

- Bell, E., Bryman, A., and Harley, B., 2022. *Business research methods*. Oxford university press.
- Björner, E. and Zetterberg, O., 2019. *Stockholm: The Tale of the Unicorn Factory*. European Investment Bank Essays. Online at <https://www.eib.org/en/essays/stockholm> [Viewed 2023-04-11].
- Blindenbach-Driessen, F. and van den Ende, J., 2014. *The Locus of Innovation: The Effect of a Separate Innovation Unit on Exploration, Exploitation, and Ambidexterity in Manufacturing and Service Firms*. *Journal of Product Innovation Management* 31(5): 1089-1105. Online at <https://onlinelibrary.wiley.com/doi/abs/10.1111/jpim.12146>. [Viewed 2023-04-11].
- Brundin, E., 2002. *Emotions in Motion: The Strategic Leader in a Radical Change Process*. Internationella Handelshögskolan, Högskolan i Jönköping, IHH, EMM (Entreprenörskap, Marknadsföring, Management). Online at <http://hj.diva-portal.org/smash/record.jsf?pid=diva2:3892> . [Viewed 2023-04-03].
- Burnes, B., 2009. *Managing Change: a strategic approach to organizational dynamics*. Version 5:1. Essex: Pearson Education Ltd.
- Carlson, H. and Nilsson, A., 2012. *Clues to mature leadership*. Version 2:2. Lund: Studentlittertur AB.
- Hallin, A., Olsson, A. and Widström, M., 2019. *Change Management*. Version 1:2. Lund: Studentlitteratur AB.
- Harrison R.T., Leitch C.M., McAdam M., 2015. *Breaking glass: Towards a gendered analysis of entrepreneurial leadership*. *Journal of Small Business Management* 53(3): 693–713.
- Isaksson, R., 2015. *Making sense of opportunities in building material production*. *The TQM Journal*, 27(6), ss. 781-797. DOI 10.1108/TQM-06-2015-0073.
- Isaksson, R., 2016. *Processed base models for detecting opportunities and threats - the case of World Cement Production*. *International Journal of Quality and Service Science*, 8(3), ss.246-262. Online at <http://dx.doi.org/10.1108/IJQSS-05-2016-0043> . [Viewed 2023-04-06].

Jacobsen, D.I. and Thorsvik, J., 2018. *How modern organizations works*. Version 4:6. Lund: Studentlitteratur AB.

Jensen, T. and Sandström, J., 2016. *Case studies*. Version 1:2. Lund: Studentlitteratur AB.

Hiatt, J., 2006. *ADKAR: a model for change in business, government, and our community*. Prosci Learning Center Publications, Loveland, Colorado

Kim, H-D. and Cruz, A.B., 2022. *Transformational leadership and psychological well-being of service-oriented staff: Hybrid data synthesis technique*. International Journal of Environmental Research and Public Health, 19(13), p. 8189.

Leitch C.M., McMullan C. and Harrison R.T., 2013. *The development of entrepreneurial leadership: The role of human, social and institutional capital*. British Journal of Management 24(3): 347–366.

Leitch, C.M. and Volery, T., 2017. *Entrepreneurial leadership: Insights and directions*. International Small Business Journal, [online] 35(2), pp.147–156.  
doi:<https://doi.org/10.1177/0266242616681397>

Leroy, H., Anseel, F., Gardner, W.L. and Sels, L., 2015. *Authentic Leadership, Authentic Followership, Basic Need Satisfaction, and Work Role Performance*. Journal of Management, [online] 41(6), pp.1677–1697.

Ljungberg, A. and Larsson, E., 2012. *Process-based organizational development: why, what, how?* Version 2:1. Lund: Studentlitteratur AB.

Meyerson, D., 2001. *Radical Change, the Quiet Way*. Harvard Business Review, October 2001 (online) <https://hbr.org/2001/10/radical-change-the-quiet-way> [Viewed 2023-04-06].

Raisch, S. and Birkinshaw, J., 2008. *Organizational Ambidexterity: Antecedents, Outcomes, and Moderators*. Journal of Management, 34(3), 375–409. Online at <https://doi.org/10.1177/0149206308316058>. [Viewed 2023-04-11].

Ravet-Brown, T.É., Furtner, M. and Kallmuenzer, A., 2023. *Transformational and entrepreneurial leadership: A review of distinction and overlap*. Review of Managerial Science [Preprint].

Reardon, K., Reardon, K. and Rowe, A., 1998. *Leadership Styles for the Five Stages of Radical Change*. Acquisition Review Quarterly, Spring 1998, p. 129-143.

Stoddard, D. and Jarvenpaa, S., 2015. *Business Process Redesign: Tactics for Managing Radical Change*. Journal of Management Information Systems, Volume 12, 1997, pp. 81-107.

Thaler, R. and Sunstein, C., 2008. *Nudge: Improving decisions about health, wealth and happiness*. Amsterdam Law Forum; HeinOnline. Online at <https://heinonline.org/HOL/LandingPage?handle=hein.journals/amslawf1&div=49&id=&page=> . [Viewed 2023-04-11].

Todd, A., 1999. *Managing radical change*. Science Direct, Long Range Planning, Volume 32, Issue 2, April 1999, Pages 237-244. Online at <https://www.sciencedirect.com/science/article/abs/pii/S0024630199000229> . [Viewed 2023-03-30].

Walumbwa, F.O., Avolio, B.J., Gardner, W.L., Wernsing, T.S. and Peterson, S.J., 2008. *Authentic Leadership: Development and Validation of a Theory-Based Measure*. Journal of Management, 34(1), pp.89–126.

Watson, T. J., 1995. *Entrepreneurship and Professional Management: A Fatal Distinction*. International Small Business Journal, 13(2), 34–46.  
<https://doi.org/10.1177/0266242695132003>

Zander, I., 2023. *Strategic corporate entrepreneurship - Growth*. Uppsala university.

Zbierowski, P., 2016. *Positive Leadership and Corporate Entrepreneurship: Theoretical Considerations and Research Propositions*. Entrepreneurial Business and Economics Review, 4(3), pp.73–84

# Appendices

## Appendix 1 - Focus groups, study questions

### ***Before the focus group discussion***

*Explain what is the difference between incremental and radical change by using definitions and examples*

### **General information**

Can you estimate how often radical change occurs in your organization in a perspective of 6 months?

What was the reason why the change needed to happen fast?

### **Employee perspective**

Did these changes affect your daily work routine?

Were there any particular concerns or challenges that occurred with the implementation of these changes?

How did you feel about the way the changes were communicated and planned to be managed?

Do you believe these changes had a positive or negative impact on the overall performance of the organization? Can you give us examples?

### **Managers' competence**

Do you have any suggestions or recommendations for the management team to ensure employee engagement and buy-in during this change?

How do you think the company can support employees better during the change transition period?

What changes or improvements would you suggest to make this change easier for employees?

## Appendix 2 - Focus group 1, answers

### **Organization profile:**

The company was founded in 2015 in Stockholm, Sweden and currently hires approximately 3000 employees. They operate within the automotive industry across different manufacturing sites.

### **Results in general:**

The focus group participants concluded that they experienced radical change more often when working in a young company than in their previous companies of a higher maturity level. The nature of the radical changes included changes in technology, management, team structure and processes.

### **Challenges and root cause:**

- Lack of information on why the change needs to be done
- Lack of proper planning
- Not involving the operational teams in planning, testing and implementing
- Not enough time to understand and learn the new tasks, processes and requirements
- Lack of documentation and manuals
- Managers do not know themselves what needs to be done and they do not have proper training
- Lack of agreed metrics that measure success for the entire organization in a holistic way

### **Results for the employees:**

- Stress
- Overload
- Inability to perform due to lack of understanding of tasks, processes and technology used
- Confusion related to lack of understanding who does what
- Uncertainty related to lack information about the plan
- Burnout

- High attrition rate

**Results for the organization:**

- Lack of control - reactive controls
- Risk for the company
- Need to hire more people
- Delays

**Recommendations suggested by employees:**

- Training & Education
- Supporting person/SME available to answer questions
- Collaboration with other - cross-functional support
- Clear segregation of duty
- Communication plan with the entire organization
- Role of manager: SME, knows the process best
- Overcommunication, working agile
- Connecting all tasks to the purpose
- Clear success metrics presented regularly/available for the team on regular basis



## Appendix 3 - Focus group 2, answers

### **Organization Profile:**

This company was set up to gather transportation companies in a part of Sweden where people are relatively few in a big geographical area, to execute coordinated activities. The companies together hire about 60 employees. For many years 0,5 employees administered this new umbrella organization, besides the chair of the board who was the strategic and operational coordinator. A **reorganization and change of the business model** was made about six years ago, when also a business developer was recruited internally, because of the win of a greater public procurement. Until 2022 everything was over everyone's head, and daily operations were more or less firefighting and problem-solving. But, then the chair became CEO, the administrator became Head of Administration, Human Resources and Customer Relations, and the business developer position was changed to HSEQ-manager when the first external member of the management team was recruited. Now major management decisions and operations for the collective started to be lifted up to this umbrella organization.

### **Results in general:**

During the initial work to upgrade the business model, both the employees and managers have been happy with the development of the organization and operations. No big changes were made from the start. But, on the other hand, later on and compared to when they all still had individual operations, it is now starting to be different and they are all more or less facing change and growth. They have among other things lately been forced to choose and use other resources than they might not have chosen before, and also forced to adapt to regulations for better environment and quality processes. They now have a management team, which they never had before. Changes are scary, and still, there is much to do.

### **Challenges and root cause:**

- From the start of the change process, lack of information on why the change needs to be done.
- Before the management team had grown, no planning ahead or involvement of stakeholders to make decisions. Only a few were involved in all decision-making.

- It has been hard, mostly for employees, to understand why everyone needs to spend time learning new processes and changing their way of doing work, and also why to cooperate under one umbrella. They never got the chance to understand how this could take them to be more successful in the end.
- During the last six years, a work in progress is up to implementing a management system for environmental and quality processes, but no one really understood it and used it properly until 2022 and the entrance of the new HSEQ manager.
- Managers and leaders have historically had no proper education or training.
- No measures at all, besides financial, have been done during all these years. This is key for any development and change process.

#### **Results for the employees:**

- Uncertainty, confusion, and insecurity. This grows bad performance and mistakes. No fun and a bad work environment. In the end, this makes bad experiences for the end customer, which is low quality of service.
- High grade of staff turnover.

#### **Results for the organization:**

- Bad performance and reputation.
- Losing employees and not attracting new employees.
- Risk of not winning the next public procurement.
- Risk of the company is no longer needed.

#### **Recommendations suggested by employees:**

- Employee education activities, individually, to be able to understand and perform as expected.
- More openness and regular general information of business activities. Involvement in decision-making.
- More employee team-building activities.
- Increased HR function to the management team.
- More public relations and branding activities.

## Appendix 4 - Focus group 3, answers

### **Organization Profile:**

This company is a **merger** of two industrial production companies in 2020. They were almost about the same sizes, were closely located, and had about the same end customers. The difference was, one company did mostly handcrafted fine detailed production work, while the other company did more automatic and line-based production and bigger production series. Together as one entity, there were profits to gain, in the efficiency of operations and reduction of overhead costs. Today they are hiring about 65 employees and are growing by atomization with the pace of its main customer, who is world-leading with its product line within the mechanical construction industry. The growth will probably become rapid growth, and it's not likely possible to keep the operations within one unit and one country.

### **Results in general:**

When two become one, some people get new and different roles. This makes them newbies at work again, and need time to settle and time for learning, which is now reduced to a minimum. This makes stress and mistakes come around. The lack of management and leadership for change processes is obvious.

Also within the actual growth phase, there is stress in production, not only by the growth but also to prove the efficiency of the merger.

The culture clash is obvious when two become one. Things may not be made the same way in the future, as it always has been in the past. This creates uncertainty and conflicts.

The management team doesn't know all the individuals as well as before.

### **Challenges and root cause:**

- The two different companies have two different cultures which do not collaborate.
- The two companies are not educated in the same processes, when one needs handcraft skills, and one needs programming and automatization skills. This means blue-collar workers do have not the same grade of education, but are in the same branch and now the same company. This also shows they are not on the same level of understanding for change and management

processes. One side says I am a pro, I do it best myself. The other side says, I don't really need to be good, I just oversee a programmed robot.

- Differentiated routines, documentation and instructions. No red thread within management systems.
- Hard to decide KPIs and perform relevant measuring, when differentiated work processes and measuring aims.

#### **Results for the employees:**

- We-/them-thinking. Risk of a bad work environment.
- The best employees become overloaded with tasks. High grade of employees days home sick. Risk of burnouts.
- To high goals from the new management. Can't be met without employee frustration.

#### **Results for the organization:**

- Bad production quality, not meeting production quality goals.
- Lack of performance control.
- Negative customer relations.
- Negative employee branding, and hard-to-perform ongoing recruiting.

#### **Recommendations suggested by employees:**

- Improved common cultural activities.
- Improved education and training for production.
- Cross-functional work tasks, when possible, for a better understanding of each other parts of the process.
- Keep the specialists as specialists in their areas.
- More clear management directives. Stronger top-bottom leadership.

## Appendix 5 - Focus group 4, answers

### **Organization profile:**

The company was founded in Sweden, providing end-to-end solutions for air cleaning systems. The company now expands to different countries and utilizes its products for various industries, including industrial and public utility applications.

### **Results in general:**

The focus group experienced radical changes at least once in a perspective of a quarter. The radical change was usually related to ways of working, entering new markets and launching new products.

### **Challenges and root cause:**

- Insufficient planning and preparation or lack of such
- Inadequate communication and stakeholder engagement
- Inadequate resources and support for implementation
- Poor leadership and management of the change process
- Inadequate training and development for employees impacted by the change
- Lack of accountability and ownership for the change
- Unrealistic or unclear expectations about the outcomes of the change
- Inability to adapt and course-correct during the change process
- Failure to learn from past change initiatives and apply lessons learned

### **Results for the employees:**

- Increased stress levels
- Overwhelm and feeling overloaded with work
- Inability to perform effectively due to confusion and uncertainty
- Decreased morale and motivation
- Loss of trust in leadership and the change process
- Burnout
- High employee turnover and attrition rates
- Reduced collaboration and teamwork

### **Results for the organization:**

- Decreased productivity and efficiency
- Delayed or disrupted operations and processes

- Missed business opportunities and growth potential
- Loss of key talent and difficulty in attracting new talent
- Decline in customer satisfaction and loyalty
- Loss of market share

**Recommendations suggested by employees:**

- Provide clear and consistent information about the change.
- Foster open dialogue
- Involve employees in the change process and decision-making
- Offer training programs to equip employees with the necessary skills
- Provide ongoing support
- Provide visible support and guidance throughout the change process.
- Provide sufficient resources to support change initiatives
- Ensure necessary tools are in place
- Analyze past failures, identify lessons learned, and apply insights to future changes.