Change Management

-A research at Ikea Of Sweden (IoS)-

Power & Resistance

- Definition
- Effects
- Solution

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Abstract

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Title: CHANGE MANAGEMENT
   - A research at IKEA of Sweden (IoS)-
   Power & Resistance: Definition, Effect & Solutions

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Method: This research is actualized by using the deductive approach. Our research method is quantitative and qualitative where a survey and six interviews were done to collect the empirical data as well as personal research through secondary sources. Thus, the types of data used are primary and secondary. Our data sources are documentations, archival records and interviews.

Empirical data: Our empirical data was gathered in IKEA of Sweden (IoS) which is one of the companies under the IKEA conglomerate. This office is located in Älmhult Sweden.

Analysis and Conclusion: Organizations of today do operate in a dynamic era where strategies should be flexible to the changing times, so with their implementers! If IoS should continue to be a part of the successful actors in this arena, good leadership qualities should be secured. Exertion of position-power should be meticulously applied with good communication of the change visions as one of the primary focus in order to abate if not eliminate possible blockages such as resistance, thus, making use of power to their advantages instead of the opposite! For other change agents, a careful consideration of the surrounding aspects of change management within their contexts should be done in order to arrive at effective strategies that are not only planned but also actualized.
Preface

Every project, small as big, brings obstacles of varying kind and amount. Overcoming these obstacles means learning but most important developing as a person and coming out as winner in the other end. This project has been a long journey with its ups and downs but in the end we had this finished product not only in our hands but also in our minds…

We would like to thank all the employees at the departments who supported us and were engaged in this work! Even if you all were busy from the beginning, you still took time to give us a piece of you into this thesis!

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Special thanks to our course coordinator and examiner who guided us through the journey.

Finally, we would like to thank our families for supporting us during this process even through the hardest time!

Thank you!
Summary

The constantly increasing globalization also means harder competition and changing customer needs. This results into a higher demand on different organizations to adapt and constantly strive to improve and become better. Ikea of Sweden (IoS), one of the companies within IKEA, is not an exception in any way. Due to the fact that IKEA is present around the world, it is even more important for IoS to manage change efficiently. The yearly survey among the co-workers at IoS showed clearly that departments with high leadership result also had low resistance towards change. These departments also worked actively with development. The opposite was shown for the departments with low leadership result. The departments with highest, respectively lowest score were department Blue and Red. Our study aimed to identify why change is opposed in some departments while other departments have a climate that encourages change. We also aimed to find out as to what way does use of power from the management affect the climate and how could it be used to overcome the resistance towards change. We used a deductive approach and the data is collected through quantitative (surveys) and qualitative (interviews) methods.

Kotter’s theory about change management constitutes the foundation in our theoretical baseline along with theories about strategy formation wherein leading & manoeuvring were taken into high consideration among others. We used IoS’ leadership profiles to identify the manager’s characteristics within the two departments (Red & Blue). A survey, based on Kotter's 8 steps towards successful change, was made to identify how change was managed. Finally interviews were conducted to put the profiles and the survey within a context. Our conclusions showed the necessity of exerting a well defined position-power by managers at Department Red where a clear communication of the change vision is required. This is in order to make use of their position-power to their advantage instead of the opposite!
# TABLE OF CONTENTS

## 1. INTRODUCTION

1.1. BACKGROUND 7  
1.2. PROBLEM DISCUSSION 8  
1.3. PROBLEM FORMULATION 9  
1.4. PURPOSE 9  
1.5. GOAL 10  
1.6. FUTURE GOAL 10  
1.7. DELIMITATION 10  
1.8. LIMITATIONS 10  

## 2. METHOD

2.1. SCIENTIFIC APPROACH 12  
2.1.1. DEDUCTIVE METHOD 12  
2.2. RESEARCH METHOD 13  
2.2.1. QUALITATIVE & QUANTITATIVE METHOD 13  
2.3. DATA COLLECTION METHOD 14  
2.3.1. SURVEY 15  
2.3.2. INTERVIEW 15  
2.3.2.1. Interview Guide 16  
2.4. TYPES OF DATA 16  
2.4.1. PRIMARY & SECONDARY DATA 16  
2.5. SOURCES OF DATA 17  
2.6. DEGREE OF TRUTHFULNESS 18  
2.7. REFERENCE CRITIQUE 18  
2.8. CHOICE OF METHOD 19  
2.9. MOTIVATIONS BEHIND THE CHOICE OF METHOD 20  

## 3. THEORETICAL BASELINE

3.1. STRATEGIC CHANGE MANAGEMENT 23  
3.1.1. STRATEGY FORMATION 25  
3.2. RECONCILIATION OF THE DIFFERENT ASPECTS OF ORGANIZATIONAL CHANGE 25  
3.2.1. THE DIFFERENT ROLES OF MANAGERS IN AN ORGANIZATION 25  
3.2.2. ROLES OF MANAGERS IN AN ORGANIZATIONAL CHANGE 26  
3.2.2.1. The concept of Power within this context 27  
3.2.2.2. The concept of resistance within this context 28  
3.2.3. THE COMPACT BETWEEN EMPLOYEES AND THE ORGANIZATION 30  
3.3. MANAGEMENT FAILURES IN THE CONTEXT OF ORGANIZATIONAL CHANGE 33  
3.3.1. EIGHT MOST COMMON ERRORS 33  
3.3.2. SUGGESTED FRAMEWORK AS PRACTICAL HAND-ON STRATEGIES 40  
3.4. CHANGE MANAGEMENT MODELS 56  
3.4.1. DISTINCTION AMONG THE DIFFERENT ROLES OF MANAGERS IN AN ORGANIZATION 56  
3.4.1.1 Managing 56  
3.4.1.2. Leading 57  
3.4.2. PAIRING EXPECTATIONS OF ORGANIZATIONS’ WITH THAT OF EMPLOYEE’S 57  
3.4.3. SUGGESTED SOLUTIONS TO THE IDENTIFIED MOST COMMON ERRORS 58
4. CASE  

4.1. COMPANY PRESENTATION  59
4.1.1. ORGANIZATION  59
4.1.2. HISTORY  60

4.2. FINDINGS  61
4.2.1. LEADERSHIP PROFILES  61
4.2.1.1. Department Red  63
4.2.1.2. Department Blue  64
4.2.2. SURVEY RESULTS  65
4.2.2.1. Department Red  66
4.2.2.2. Department Blue  67
4.2.3. INTERVIEWS  68
4.2.3.1 Department Red  68
4.2.3.2 Department Blue  71

5. ANALYSIS AND RECOMMENDATIONS  73

5.1. THEORY AGAINST CASE  73
5.1.1. GENERAL  73
5.1.2. LEADERSHIP PROFILES  75
5.1.3. SURVEY  78
5.1.4. INTERVIEWS  83

5.2. RECOMMENDATIONS  87

6. CONCLUSION  89

REFERENCES  91

ATTACHMENTS  95

ATTACHMENT NR. 1: SURVEY SHEET  95
ATTACHMENT NR. 2: INTERVIEW SCHEDULE  96
ATTACHMENT NR. 3: INTERVIEW QUESTIONS  97
1. Introduction

1.1. Background

Leading and managing change is indeed such a taxing task for many organizational leaders today. There are many aspects of it that need to be studied and reconciled. One of them is just why transformation efforts fail. In this connection, power application from the management and causes of resistance from its subordinates are vital aspects that need to be studied. The clear distinction between management and leadership shares an equal importance because they stand on top of the hierarchy and plays a very vital role in any change process. Kotter (1996) asserts that an analysis of these aspects may, abate if not eliminate the blockages within the context of organizational change. With this as a starting point, he discusses some common errors found in many transformation efforts such as; high level of complacency amongst the main actors, failure to create a sufficiently powerful guiding coalition, underestimating and under communicating the power of vision, etc.

Our study will deal with these aspects and interventions connected with leadership qualities and exercise of power in one of the units in IKEA, namely, Ikea of Sweden (henceforth IoS). From this point of view, we will conduct a research on how Kotter’s (1996) theory manifests itself in the different change processes in this unit. Thereby, it is our ambition to analyze if Kotter’s (1996) suggested stages in major change processes can be actualized either as a suggested way to improve managerial and leadership capabilities or guidelines for the many organizations of today facing this dilemma. This is in order to minimize, if not eliminate most of the common errors committed in this subject.
1.2. Problem discussion

“The field of strategic management needs to be opened up, not closed down; it needs reconciliation among its many different tendencies, not the isolation of each”.

Mintzberg et al 1998: vii

Kotter (1996) asserts that the new era of higher global competition, brought about by the fast information technology and the availability of vast information among others, have highly influenced the necessity of a meticulous change management. Inevitably, IKEA and all the units within it have also been affected by this rapid change along with other organizations today. A meticulous change management however does not come without challenges. Demands on effective transformation are unavoidable. This is in order to not only stay competitive but also to maintain existence in the arena where different organizations are in operation. Analysis on how management is practiced where importance of defining leadership has to take its course (Bolman & Deal 1997). In this regard, application of power and resistance to change has proven to cause blockages that contribute to the complication of organizational change according to the different theories made on this subject (Hardy 1996 & Strebel 1996). Strategic change management, thus, becomes central. Mintzberg et al (1998) claims that a good consideration on strategy formation as well as regard on the reconciliation of the many different aspects of organizational change is crucial in order to reach ultimate success in this undertaking.

IKEA is trying to work a lot with changes and is striving for openness towards unconventional thinking. As part of the needed effort, all co-workers at IKEA take part of a yearly survey called “Voice”. This survey covers many fields, everything from personal development, conflict, leadership, motivation, innovative thinking etc. After a thorough analysis of each department’s result, a clear pattern was found; departments with good leadership result were also open towards change and were working with change. The opposite
was discovered for departments with low leadership results. The co-workers were more unwilling to change and were not opened for new ideas and ways of working. The biggest deviations were discovered on Department Red and Blue where Red had the lowest score in these fields while Blue had the highest score. There is a clear connection between power & resistance or leadership & change. These departments are two out of the total 10 within IoS.

The choice of studying IKEA was because of the company’s fast expansion rate. The organization practically doubles every five to eight years. In effect, the organization gets exposed to the need of transforming where success in the change processes gets vital. The departments within IKEA have the same structure and function and they all share common goals and apply similar strategies (IKEAs internal documents). These factors make them comparable and reduce the variances.

1.3. Problem formulation

- Why is change opposed in some departments (such as department red), while other departments (such as department blue), within the same company, have a climate that encourages change?

Resistance towards change is, according to many scientists, most often a response on the usage of power. Therefore a sub-question arises;

- In what way does use of power from the management affect the climate and how could it be used to overcome the resistance towards change?

1.4. Purpose

Our purpose is to investigate on the underlying reasons why one of the departments in IoS
shows lower leadership profiles and openness towards change compared to another department in the same company.

1.5. Goal

After identifying possible reasons to the inconsistency in leadership profiles and change attitude in the above mentioned departments, our goal is to suggest possible solutions to abate or eliminate the blockages in the change process and through that improve change management in this department.

1.6. Future Goal

Our future goal is to promote a direct-from-experience-learning, not only for the concerned parties in our case, but also to other change agents in today’s dynamic organizations.

1.7. Delimitation

Our study was delimited to interviewing the persons who are working on and are directly involved on the case that we have presented. This comprised some people on the top-managerial level in the company and a number of employees concerned. The survey and interviews that we conducted was concentrated among these persons.

1.8. Limitations

This research was predicted to have its limitation first when it comes to the population that will be involved in our interviews. Our target population group for interviews consists of 20 employees in IoS. Since this study involved high confidentiality from our respondents, Mirza Rasidovic who is the co-author in this thesis and who is also employed at IKEA when this study was materialized, has done the interviews by himself, thus, managed to interview only six people. We believe however that it represents the total population for the two departments
involved in our research looking from the need that arose after the survey. We have applied
the interview method which number of Interviewees was defined by the necessity based on
the discrepancies in the results of our survey. Another limitation was the degree of exposure
of the persons involved in the survey results. In order to protect them we were obliged to
present our findings along with the sub-chapters therein, with anonymous sources as well as
fictitious names to represent the respondents for our interview.
2. Method

Halvorsen (1992) states that method is a systematic way of studying realities in one’s chosen field of study. Methods applied are especially useful to improve and sharpen the researcher’s abilities to analyze their field of study. It enables them to see the reasons behind different occurrences, the motives behind different actions and so with the social and material structure’s importance for each individual’s opinions or views as well as their actions. Otherwise, Andersen (1998) defines methodology as the scientific ways which is used to collect, analyze and summarize information or data so that the results can be considered as a scientific knowledge. It consists of rules and regulations that is why it is considered normative. These rules and regulations enable a researcher to act accordingly in concrete situations according to him.

2.1. Scientific Approach

There are two principle ways to produce knowledge about the society, organizations or human behaviour as suggested by Andersen (1998). These are the “inductive” and the “deductive” ways. It cannot really be judged if one is superior over the other. It all depends on the situation and implementation. He believes that both ways do state approaches which researchers can draw conclusions from. He also claims that data used in a study can have different levels of abstraction with the extremities being “general” and “concrete”. The first refers to scientifically accepted theory while the latter refers to empirical data.

2.1.1. Deductive method

Björklund & Paulsson (2003) describes the “deductive” approach as a method where the scientist starts his or her study from existing theory (general) which is studied by the researchers in order to predict the empirical part of the study. Conclusions are made after an
analysis of the empirical data and new knowledge is created (concrete) through that (Björklund & Paulsson 2003). Holmberg (1987) further claims that conclusions are achieved by presenting evidence in order to present its new-found knowledge. Evidence comes in terms of existing theories which is then used to do the empirical study and thus draws conclusion based on general principles about it.

Since a deductive approach starts in generally accepted theory, that is after analysis applied on a case, it is rather unadventurous for the researchers. This statement is made by Lavesson & Sköldberg (2008) where they extend it to a conclusion that most researchers are afraid of controversial statements and therefore apply deduction so the result is a modification of existing theory. Induction, on the other hand, requires a risky statement being made by the researchers. Due to the fact that inductive approach begins with noticing patterns and relations in the empirics the conclusion tends to be a non-existing theory. However, these methods find its usefulness depending on the context of the researcher using it (Lavesson & Sköldberg 2008).

2.2. Research Method

There are two different methods on how a scientific research can be made according to Yin (2002). These are the “qualitative” and “quantitative” methods. Starrin et al (1994) argues that both these methods are necessary because they examine diverse aspects of the reality.

2.2.1. Qualitative & Quantitative Method

Jacobsen (2002) claims that the “qualitative” method of gathering data allows not only flexibility but also openness besides a more vivid picture of the reality which is involved in any research. The flexibility and the openness make it possible to gather details which are unique for every reality that a researcher wants to study. The data that one researcher gets
becomes more clear because of the nearness between the researcher and the reality that this method allows. There are two sides of the coin though as Jacobsen (2002) implies. The aforementioned were the good side; the other side is the disadvantages in using this method. One of them is that it requires resources such as the time or duration of the interview. Another is the long time it takes to summarize all the data gathered when using a qualitative interview. Thus, Jacobsen (2002) believes that the risk of not being able to interview as much as one wants to may be one of the problems in the latter part of the process. He emphasizes that a thorough planning and an effective control on the disposition of time may then be required in advance.

“Quantitative” method on the other hand requires a hypothesis to be made and afterwards tested against the observation. This observation needs to be done under controlled circumstances. Examples on different methods are experiments, correlation studies, etc. in order to examine the phenomena. The phenomena investigated are most often measurable or defined in a way that makes them measurable. When data is collected, it needs to be processed and analyzed in a statistical manner and through that acquire a qualitative form. The goal with quantitative research is to find knowledge that is explaining and can be generalized (Starrin et al 1994). Unlike the qualitative method, quantitative method is more formalized with every step in the process well defined and separated from the rest. The starting point is a representative choice from the population that is being studied. Further, this method maintains its objectivity because it excludes the researcher from the population being studied (NE 2008).

2.3. Data Collection Method

Yin (2002) argues that there is no general method of data collection that is acknowledged as
the right one or the most suitable. Instead, the method chosen should depend on each case’s specific conditions.

2.3.1. Survey

Survey is literally defined as a closer study of something in order to judge a situation (Merriam Webster dictionary, henceforth MW 2008). This can be used to collect quantitative information about items in a population. The questions can vary in number depending on how much information is required. The questions can be answered on a scale, as yes or no and also freely chosen by the participant. All this depend on what is most appropriate to do for the research (Björklund & Paulsson 2003). In our case we chose to let the answers be on a scale from 1-5 so we can standardize the answers and make them more comparable. The advantage with surveys is the little time resources needed to collect big amounts of primary data related to the research (Björklund & Paulsson 2003). However, there is no possibility to read the respondent’s body language; therefore, answers can easily be misinterpreted (Björklund & Paulsson 2003).

2.3.2. Interview

Lantz (1993) claims that the easiest way to get information on how a person understands a problem that a researcher wants to study is to ask questions which can be made possible for example through an interview. A critical examination of the collection of data is deemed necessary though in order to get the value required for it to be considered as a data gathering method (Lantz 1993). There are two participants in an interview, the Interviewer (henceforth IR) and the Interviewee (henceforth IE). The IR asks the interview questions and the IE answers the questions. An interview can be completely or directly open. The open form of interview means that the IR asks an open question that the IE can develop his or her thoughts around. The questions can be about where the phenomenon stands, how things are and the
importance of the subject itself. The IE defines and delimitates the phenomenon (emphatic determined context) and the IR advances from that point. A number of interviews, manoeuvred on the same subject, using different IEs, can result differently which is considered an advantage for the qualitative analysis. Lastly, Lantz (1993) believes that an interview can be designed in different ways. However this was designed, the starting point remains the same; there is a problem that needs to be solved or questions that need to be answered. The researcher must first formulate the purpose of his or her study, reflect on why the problem is interesting and thereafter decide which method is useful.

2.3.2.1. Interview Guide

Jacobsen (1993) explains that an interview guide is a collection of questions on subjects which will be studied in a chain involving a particular research. It is a guide which aims to make a smooth flow of data gathering which involves different IEs who are supposed to answer similar questions. Such questions should be answerable with facts according to him. An example in this case is an answer based on concrete life experience of the IEs involved in a research. The advantage of using an interview guide is that similar questions can be asked to different IEs. This enables a structured gathering of data which is of great help when summarizing the interview results at a later stage of the research according to Jacobsen (1993).

2.4. Types of Data

2.4.1. Primary & Secondary Data

Collected data can either be of “primary or secondary” in nature. Primary data is referred to as data that is gathered by the researcher himself for a certain purpose. This implies that the collected data is only complete for the particular area the researcher has aimed at. Secondary
data on the other hand, is collected by others for their specific purpose and therefore not complete towards the new, intended area. However, the researcher can find some parts of the secondary data valuable and needed in his or her research. The problems that occur are mostly related to the objectivity of the data. The reason is grounded on the suspicion that it could have been interpreted in a way that gained the collector’s study and therefore has been twisted or manipulated. This requires the researcher that uses it as secondary data, to analyze it carefully and try to connect it to the source (Rosengren & Arvidsson 2002).

2.5. Sources of data

Yin (2002) expands the thought of primary and secondary data to a specific source in order to secure the quality of the gathered information. There are six different sources of information according to him; documents, archival records, interviews, direct observations, participating observations and physical artifacts. In order to achieve a trustworthy database the researcher should use as many as possible of these sources due to the difference in benefit and advantage.

Taking the following sources used in our empirical study into consideration, Yin (2002) argues that these sources have following strengths and weaknesses;

- **Documentations**- The strengths of this source are the stability and the fact that it can be reviewed repeatedly and are exact. However, it can be incomplete if a selection has been performed by the original collector or there are certain access constraints.
- **Archival Records**- This quantitative data source has the same strengths as documentation as well as the weaknesses.
- **Interviews**- The information retrieved from this source is targeted and directly connected to the case study and is therefore highly relevant. However, there is a high
risk that the quality of the information can be poor if the questions are wrongly constructed. Another risk is that the reliability of the information can vary depending on the interview person as partly mentioned earlier.

Even though there are obvious strengths and weaknesses Yin (2002) strongly points out that no source is superior to the other. Instead the sort of case and the observers’ characteristics decide what sources to use and thereby are most valuable.

2.6. Degree of truthfulness

According to Björklund & Paulsson (2003) the truthfulness of a study can be graded in three different ways:

- **Validity** - This defines as to what extent the researchers are measuring what they intend to measure. Validity can be increased by usage of different perspectives and approaches. Likewise, the questions being used in surveys and/or interviews can be constructed in a clear way that can easily be understood by the target person but avoiding directive questions that can affect the answer.

- **Reliability** - This defines how reliable the measurements are. The degree of reliability is determined by the extent of the same result being achieved if the research is repeated. An example of how to increase reliability is by having control questions on surveys or re-doing an interview with the same person but modifying the questions.

- **Objectivity** - It defines how values and opinions are affecting the research. It is recommended to explain the choices being made in order to increase the degree of objectivity. Doing this would facilitate the objectivity of the paper for the reader.

2.7. Reference Critique

Examining all references carefully to validate the reliability of the researcher’s sources is,
according to Rienecker & Stray (2002), quite important in scientific studies.

Our choice of literature in this thesis was carefully chosen based on the relevance of the writings in the field of management in general. Since we did a deductive research, we deemed the weight and content of our theoretical baseline quite central in our work. We have written what we considered important and relevant from different authors in a balanced combination. It is indeed difficult to draw the line as to which assertions and beliefs are most important in one’s context. Finding a balance is not always easy as one wish to write as much from the same sources. We have made our choice though and supported mostly an author who actually is the one who discussed and lived up to the title and main theme of our work- Change Management. Otherwise all the literature, except those in the method chapter, used in this research came from relevant writings about Management in Business Economics. The articles used are part of the suggested reading in this course, thus we judged them relevant to our issue. Electronic sources such as dictionaries are also considered valid, thus their usage in our paper.

### 2.8. Choice of Method

![Figure 2.1: Own model of adapted methods](image-url)

*Figure 2.1: Own model of adapted methods*
2.9. Motivations behind the Choice of Method

We have made use of the Deductive approach to study the phenomena involved in our thesis. This is because we have chosen to have our starting point with the theories concerning the main parts of our research namely; change management from an organization’s perspective, manager’s roles in it aside from power and resistance in this context. In so doing, our study’s degree of abstraction is then considered as “general” knowing that the extremities are bounded by generally accepted theories.

The research method that was applied is a combination of quantitative and qualitative. The quantitative method was manifested through the survey that we did in order to reach as much of our population as possible. The survey was performed on all managers (6) at the two selected departments and also on 8 co-workers in each of the departments. There are approx 45 co-workers at each of the departments. We chose the amount of co-workers based on the amount of managers, than added 1-2 extra in case of someone not filling in the survey on time. The co-workers participating were chosen based on amount of years at the department. We wanted to be sure that the co-workers have gone through one or more change processes at the department and therefore we picked the ones with the longest history. Lastly, this survey was conducted to identify patterns and relations which have decided the degree of interview moments needed to make a complete analysis of our theory against our empirical material.

The qualitative method was actualized by using the interview method. This is to complement the weakness of a survey method as discussed earlier. We have performed our interviews with some of the survey participants in order to put the answers in a context and give the respondents the possibility to explain their answers. Our interview approach was mostly open due to the fact that general questions were asked. However, there were a few questions that
were direct and closed where a direct and precise answer was asked for. The closed questions were mostly related to the findings made before the interviews. We have used an interview guide to structure our interviews. Since we were bounded by our pre-assessed limitation, we tried to have a careful and consequent planning of the time frame needed to conduct our interviews as well as in disseminating our survey sheets as we have to consider the summarization of both in due time to conclude this study.

The types of data that are presented in this thesis are a combination of primary and secondary. The primary data consists of our survey and interview results while the secondary data consists of the information about the company involved in our study among others. Our data sources are survey results and interviews as well as documentations and archival records. The leadership profiles were collected by an external company and are thereby secondary data. However, we are only using the result of the co-worker’s answers in our thesis and not the company’s analysis of the profiles. Thereby the secondary data can be treated objectively and are unaffected by other’s opinions and agendas.

The profiles, as well as some internal documentation were used but cannot be fully displayed. The leadership profile was not displayed on an individual level nor is the survey. Some internal documents were used but cannot be revealed in order not to expose the company for unnecessary risks. Nevertheless, these documents will not be of a vital essence to the research but only complementary in order to put things in context and thereby will not affect the result. The interview people’s real names will not be mentioned either in order to protect their integrity and allow them to share more information than if their identity was given-away.

It was our ambition living up to the degree of truthfulness covering all the different aspects,
validity, reliability and objectivity and we certainly hope these were achieved based on the presented findings herein. Some of the data came from internal documents that cannot be fully displayed. However, the data used is complete and untouched. Even though our survey was not applied on all employees, the purpose was still to see patterns.

To ensure that the survey results as well as the internal documents are close to the reality, interviews were performed in order to validate them. This is, again, to put the data into a context and give the respondents the possibility to explain their answers as discussed earlier.

To avoid misunderstandings during the interviews all answers from the interviewee were summarized afterwards and confirmed. With these facts on hand, we believe the research to be truthful and that it lives up to the criteria of a scientifically valid paper.
3. Theoretical baseline

This thesis deals with Change Management. Our theoretical baseline embodies theories about strategic management. Within this subject, we have chosen to go in-depth with strategy formation and the different roles that managers play in different organizations of today, specifically in strategic changes. In relation to this, we hereby present theories about the usage of power and resistance triggered by it, among others. This will be succeeded by the pairing of organization’s expectations with that of the employees’, seen through the perspective on personal compacts between them. The most common errors committed by non-successful change managers as well as the suggested framework of strategies guided by these errors and studied from successful change managers will round this chapter off. Lastly, we deem it imperative to go step by step on the analysis of the surrounding factors that affects the process in order to critically analyze as well as find answers and explanations to our posed problems and thereby arrive at some recommendations on how to actualize an effective change management. We would like to remind our reader though that the theory we will present may not be applicable to every point in the case we have studied. Since we are also addressing other change agents outside IKEA, we believe that not presenting the other parts will keep the holistic view of our topic from being lucid. Thus, we are presenting a comprehensive theory about change management with good consideration of the boundaries set for this writing.

3.1. Strategic Change Management

Kotter (1996) refers to organization’s manager’s quality leadership as the “engine” (in Kotter 1996: x) that drives change. In this connection, he discusses the failures committed by the managers through different managerial approaches despite of the quality people involved in the process. With relevance to this, Bolman & Deal (1997) emphasizes two different functions being played by the people in an organization’s managerial level that should be
considered. One is “managing” or “manoeuvring” and the other one is “leading”. They believe that both functions should coincide with each other for the main reason that if an organization is managed or manoeuvred abundantly but being led scarcely, then the organization will eventually lose its energy and purpose. They further claim that badly manoeuvred organizations with charismatic leaders can show short-term and strong rise but only to fall down eventually. Wrong treatment can be as catastrophic for a manager as it is for a medical doctor. The new challenges set for managers or organizational leaders demands both the management’s objectivity and the engagement that a good leadership entails. Lastly, Bolman & Deal (1997) reiterates that organizations need people in the management level who can inflict simplicity and order amidst an organization’s uncertainty and chaos.

Strategy and its formation is one vital element within change management as implied by Kotter (1996) and Mintzberg et al (1998) that should be taken with high consideration. It is considered to be a “high point of managerial activity in itself” (Mintzberg et al 1998:9). What is the real essence of strategy then and which activities are considered one? Strategy is defined in many different ways. Generally, it is defined as a method worked out in advance for achieving some objective (MW 2008). In Hardy’s (1996) eye view, strategies are those planned actions that are actually realized! In support to this, Pettigrew (1985) asserts that strategy is the actualized practice through consistency of the moves and decisions over time (in Hardy 1996). Mintzberg et al (1998) describe it as a plan, a direction, a guide or a course of action into the future. From Porter’s (1996:68) point of view, it is believed that strategy is “the creation of a unique and valuable position, involving different set of activities” (cited in Mintzberg et al 1998:13). Wright et al (1992:3) even referred to it as “the top management’s plans parallel to the organization’s missions and goals” (cited in Mintzberg 1998:9).
In short, we can say that strategy is a plan which aims at one direction, one that aims to converge with the organization’s missions and goals. It consists of a sequence of activities called strategy formation. This in the long-run should create a valuable positioning of the organization within its market or branch. Strategy can also be, as Hardy (1996) asserts, a plan that is materialized and being practiced with continuity as completed by Pettigrew (1985).

3.1.1. Strategy Formation

The analogy between the blind men and the elephant mentioned in Mintzberg et al (1998) is quite interesting in this context. The analogy is with reference to how strategies are to be formed. They compared the “blind men” to strategists and the “elephant” as their strategy formation. The strategists being blind cannot visualize the elephant directly. Instead, they tried picturing how the beast looks like by guessing which part of it they are holding. The elephant’s side for example was compared with something such as a wall because of its sturdiness and broadness. Mintzberg et al (1998) asserts that strategists formulates their strategies by grabbing hold of the different “parts”, e.g. organization’s different entities and their functions, organizational processes and factors affecting them, etc., regardless of the rest since no one can really see the entire “beast”. It is vital to understand the parts though because it undisputedly comprises the entirety of it according to them. Knowing how to use the “tool” (herein strategies) best can indeed maximize its usage and possibilities. As the “beast” is to the blind men in that analogy, so is strategy formation to its strategist, i.e. the managing leaders.

3.2. Reconciliation of the different aspects of organizational change

3.2.1. The different roles of Managers in an organization

The roles of employees in the managerial level are central in the process of strategic
organizational change. As mentioned earlier, the new challenges set for managers or organizational leaders demands both the management’s objectivity and the engagement that a good leadership entails (Bolman & Deal 1997). Kotter (1996) makes a differentiation of these two. He claims that management is all about running the system of people and technology smoothly. This involves “planning, budgeting, organizing, staffing, controlling and problem solving” (in Kotter 1996:25). Leadership on the other hand is all about adapting the organization to extensively shifting conditions. It deals with defining future visions and aligning the people in them along with encouraging these people despite of the hindrances on the way. He claims that successful transformations according to different studies are defined “70-90 % leadership and only 10-30% management” (in Kotter 1996:26). This makes the clear knowledge of the difference between these roles crucial in change management.

### 3.2.2. Roles of Managers in an organizational change

Running the system of people and technology smoothly by “systematically aiming at the objectives with the budgeting that it entails, creating plans to achieve those objectives, organizing for implementation, and then controlling the process to keep it on track” is the real essence of management as Kotter (1996:128) implies. Having said this, he believes that transformations needs both leadership and management to act hand-in-hand in order to achieve success in any change efforts especially major ones. It is often assumed that transformation is equal to good leadership due to the leader’s role seen as central in restructurings, turnarounds and cultural changes. His or her strong and capable leadership is a determining factor for these to happen. For example, financial expertise is often required in restructuring, technical knowledge for re-engineering, and strategic insights for acquisitions. All these processes need management as well to assure that the operation in no way gets out of control.
3.2.2.1. The concept of Power within this context

Mastering effective strategic change is not just all about finding sophisticated techniques to design better strategies according to Hardy (1996). It consists of understanding and reconciling the different elements involved in the process in order to realize or actualize these strategies. One of these elements is power and the usage of it. Hurst (1986) and Huston (1992) claim that the importance of power-exercise is measured on being able to make the organizational members think and act strategically instead of “the formation of strategic intent at the expense of its realization” (in Hardy 1996).

This brings about a question on the definition and essence of power in the context of change management. Literally, power means the right or means to command or control others. Just like Bolman & Deal (1997) claims, it is one of the factors that are used by higher level management in an organization to control over the employees in the lower level. It is called position-power which is bestowed upon them when they are hired to steer the organization towards its goal. This power is used to control the organization by making decisions, handling conflicts and solving problems. It is also utilized to evaluate work contributions and results as well as distribute rewards and sanctions. According to Bolman & Deal (1997), every organization consists of a hierarchy of managers and controllers where everyone is in possession of a legitimate power to design and steer reactions of those who are in the lower level. Dornbusch & Scott (1975) asserts that the system is known to work best if the subordinates accepts their superior’s power and the managers legitimates it (in Bolman & Deal 1997:64). Another word for power is authority or command (MW 2008 & National Encyclopaedia, henceforth NE 2008) which is a simplification of Bolman & Deal’s (1997) claim.
Power is even defined as a “force that affects outcomes” (in Hardy 1996:53). This definition is a diversion from the negative connotations associated with it which is “having power over someone”. Out of the traditional management perspective, it is used as an approach or as a force being exercised in the face of conflicts according to Hardy (1996). Baum (1989) defined power as the ability of groups to attain something together which is not conceivable if done alone (in Hardy 1996). This definition regards power as a source of energy, the power of working as a team! It serves as a generator of forces needed to actualize strategies. Defining power from this angle, Hardy (1996) makes an association of its usage in different strategic processes. She believes that it can create momentum and give added energy that is vital in a strategic change. Out of this perspective, it is important to understand the usage of power to one’s advantage according to her.

Power has many dimensions according to Hardy (1996). One of them is resources; another is its embeddedness in processes and meanings. She believes that by accepting the existence of power and its multi-dimensionality, managers or change agents can develop a wide array of mechanism which is especially useful to ensure strategic action. The absence of it may lead to a strategic paralysis because the mechanism that is needed to make change happen is missing. Thus, Hardy (1996) stresses the importance of facing the issues of implementation process by studying the role of power in bringing about a broad-based action.

3.2.2.2. The concept of resistance within this context

Resistance is another word for defiance or opposition which means refusal to obey. Defined literally, it means the inclination to resist or disobedience (MW 2008 & NE 2008). That change creates resistance is a common phenomenon. There are different reasons why people resist these changes in organizations.
Yukl (2006) identifies nine different, basic reasons:

1. **Lack of trust** – If there is distrust against the people that propose the change, there will automatically be resistance. Even though there is no obvious threat or reason to resist, there will be a suspicion of hidden agendas that will be obvious later on.

2. **Belief that change is unnecessary** – If the way things were done was successful historically but there is no evidence that change will improve the present situation, then it is more likely that resistance will occur. Even if a problem is recognized the solution will be seen in “doing more of the same” rather than “doing new”.

3. **Belief that change is not feasible** – Change might be resisted even if a problem is recognized as long as the co-workers believe it is unlikely that the change will succeed. Radical changes, failure and earlier changes in the program are also factors that contribute to the resistance and cynicism.

4. **Economic threats** – If a change is believed to benefit the organization it can still be resisted if the organizational members will suffer loss of income, job security or other benefits. Moving the plant to a country with lower wages or automating the production is a typical example.

5. **Relative high cost** – Resistance will arise even if a change creates benefit for the organization when it is believed that the change will create higher costs than benefits.

6. **Fear of personal failure** – Changes often needs learning by the organizational members and doing things differently. People with lack of self-confidence can resist the change because of fear they that will not perform as good as required.

7. **Loss of status and power** – Changes can inflict shifts in power and status among people and departments. As a result, the co-workers affected by this negatively will resist the change.
8. **Threat to values and ideals** – If there is vast difference between the change, values and ideals in the organization (both in cultural and personal level), there will be a resistance.

9. **Resentment of interference** – The members of the organization can feel force, manipulation and/or control being used to push the change and therefore resist it just because they want to show that they will not accept those methods.

Yukl (2006) also argues that resistance is not purely ignorance or inflexibility but is also a reaction of defence by people who want to protect their interest. Resistance should not only be looked at as an obstacle, instead it should be viewed as energy that can be redirected and finally help and strengthen the change. Strong resistance is often a sign of firm values an emotional involvement and a converted opponent is an invaluable supporter.

### 3.2.3. The compact between employees and the organization

Many efforts for changes are applied and apparently the efforts are neither sufficient nor good enough due to the different issues that have its shares in failures under different situations as discussed above. Statistics presented in a global business magazine such as Fortune (the magazine is especially known for its annual features ranking companies by revenue) for example shows success rates of only 50% in 1000 companies and some only 20% in the context of corporate re-engineering. Tactics such as Total Quality Management aside from focuses on process improvements and others were deployed, apparently without a high percentage of success in its application. Along with it comes expectation for interest, acceptance and commitment coming from subordinates to their managers but there seems to be a scarcity of that, i.e. the people in the lower rank gives back less of those. Strebel (1996) claims that very few managers understand the ways in which individuals commit themselves in order to bring about the changes in the organization. Managers and subordinates know that
visions and leadership drives successful change but these two groups view changes differently. For example, managers believe that changes are necessary in order to strengthen the business and advance their careers while subordinates regard changes as distracting and interfering, thus, the latter neither seek nor welcome changes. This gap between them has to be eliminated in order for the managers to win total cooperation from their subordinates. Strebel (1996) suggest that managers for one should try and understand issues from the subordinate’s perspective and that they should examine the personal compacts between the organization and the company.

Strebel (1996) talks about “personal compacts” between organizations and their employees. He pertains to the give-and-take relationship between organizations and their employees which are both explicit and implicit. They do have reciprocal obligations and mutual commitments according to him. These agreements must be adapted to the corporate change initiatives as they tend to be altered depending on the planned changes.

**Strebel (1996) identified three common dimensions:**

1. **Formal** - This consists of tasks and performance requirements from the organization to their employees. They are usually specified in job descriptions, employment contracts, and performance agreements but can also be agreed upon orally. For employees to commit themselves, they need to understand their specific tasks, the resources available for them in order to do the said tasks, the way their performance will be evaluated and compensations in accordance to performance. From the employee’s point of view, commitment is given when the above points are clarified by the organization. These, from the organization’s point of view, are clarified by
means of policies and procedures that ensure that guidelines and reactions are given to managers and employees.

2. Psychological

This dimension is said to be the one that integrates the elements of mutual expectation and reciprocal commitment that arise from feelings like trust and dependence between employee and employer. It pertains mainly to the implicit part of the organization’s relationship to employees and vice versa. Although they are often unwritten, it underpins the employees’ personal commitment to individual and company objectives. The significance of commitment is seldom captured in the terms of a job description; employees’ behaviour though reflects their awareness of it. For employees to commit themselves, they need to know the extent of the contribution expected of them, the rewards or recognitions (and their worth) in exchange for their contributions. Evaluation is mostly exercised by examining the employees’ relationship to their boss. The definition of their loyalty and commitment is closely connected to their belief in their manager’s willingness to recognize a job well done, and not just with more money as Strebel (1996) emphasizes. From the organization’s point of view, managers routinely makes observations and assumptions about the kind of commitment their employees display because they expect loyalty and willingness to do whatever it takes to get the job done.

3. Social – Employees are examining what the company stands for regarding its values stated in its mission statements and from there gauge what the company actually practice and what the management’s attitudes are towards them. In short, the employees checks if the management do practice what they actually preaches! Employees are challenged with the following questions in this dimension; the similarity of their values with that of the rest in the organizations’, the rules that
determines who gets what in the company, etc. Strebel (1996) believes that “an alignment between a company’s statement and the management’s behaviour is the key to creating a context that evokes employee commitment along the social dimension” (in Strebel 1996:88).

Pairing of organization’s expectations with that of the employees should envelope two perspectives. The first one is the organization’s and the second one the employees’. Within this context, the above three dimensions are not to be neglected by managers in order to understand the reactions to change from the employees’ perspective. The manager’s sensitivity and awareness to the psychological dimension is crucial to gaining commitment to new goals and performance standards. The social dimension of their personal compacts on the other hand is one of the employees’ ways to measure the organization’s culture among others. Stopping at any dimension will result into a doomed failure for the organization’s change efforts. Thus, the interest for the underlying factors needs to be studied (Strebel 1996).

3.3. Management failures in the context of organizational change

3.3.1. Eight most common errors

Taking the experiences of companies who experienced failures on change efforts in their organizations into consideration, Kotter (1996) relates some guidelines that may avoid or decrease failure factors.

1. High level of complacency which undermines urgency

Complacency level is high when the transformation’s urgency is not established well enough between managers and subordinates according to Kotter (1996). The urgency underlines the time needed to effect changes. He implies that this necessity is often not well seen over before the particular idea gets actually old and obsolete. Thus, the urgency gets undermined. An explanation to this failure is the manager’s complacency
level or what is otherwise called the manager’s vaingloriousness or so-called egotism. Concretely, he means that a combination of overestimating their abilities to effect big changes in the organizations and the underestimating of efforts needed to lift the employees from their comfort zones are some of the reasons for the failure to meet the change’s objectives. This reflects the manager’s unawareness of the actual dangers related to his or her self-satisfaction that in effect prohibits the achievement of the transformation. The inevitable outcome is that the competitor’s moves offset the planned transformation before it is even materialized and thereby lose its conceived benefit. In a worst scenario, the managers relay a feeling of anxiety instead of urgency which encourages resistance to change instead of full cooperation. The anxiety is a result of their fear of failing which is also related to complacency.

2. **Lack of a powerful, guiding coalition**

Kotter (1996) asserts that another common error that results into failure on change efforts in many organizations is the absence of a powerful guiding coalition that supports the strategies, deploy them and thus effect changes. He believes that this coalition not only supports the strategies but also help make a smooth process of implementing the proposed change. He claims that the designer of the strategy as well as the implementer’s credibility makes the proposed change valid. The exercise of power being validated by the manager’s good profile besides their job titles (but this as well), their good reputations in the company, enough knowledge and expertise on the field must be taken into high consideration. He believes that no individual, no matter how competent and charismatic he or she is, possesses all these right elements that can possibly counteract tradition and inertia that can be found in different organizations! Thus an ideal combination of the different actors in the team is essential and which many organization leading change fails to create.
3. **Underestimating the power of vision**

Quoting Kotter (1996:9): “Whenever you cannot describe the vision driving a change initiative in five minutes or less and get a reaction that signifies both understanding and interest, you are in for trouble”. He believes that a sensible vision that clarifies the change’s purpose and goals is in fact the most important element found in successful transformations. It helps align, direct and motivate actions from a large group of people. Apparently, organizations who experienced failures in their transformation efforts have somehow failed to define and formulate the planned transformation’s visions. Vision provides a clear direction as to where the company is going or moving ahead to, especially after the transformations. It is a road map to the future. A luminous and laconic vision provides an understanding of what is being done, thus eliminates the feeling of insecurity, threat and vagueness that may eventually arise during transformation efforts. The absence of this can lead to failure; therefore a good consideration of this element should be given.

4. **Undercommunicating the vision of the change**

The willingness of most employees to help and be a part of the proposed structural change cannot be made possible unless they are convinced that the transformation is actually possible, not the least understanding its clear implications. Credible communication of the vision thus, according to Kotter (1996), is as important as defining and formulating it. As the citation mentioned earlier implies, the organization members must be able to show interest and understanding of the vision. This is only possible through communication. Communication is a process by which information is exchanged between individuals (MW 2008). Information is data that finds its meaning, usefulness and value within the context of specific end users. As Kroenke & Hatch (1994) claims, information does lessen uncertainties since it contains
explanations that are especially of importance to the receiver. A resource is nothing without its usefulness and as O’Brien (2004) relates, the value of providing information for different entities in an organization enables not only behaviour changes by employees but improve business performance as well. This exchange of information is not supposed to be manifested by words alone but also in action! Many companies apparently make use of personnel meetings or short memos. Others make use of their intranets to disseminate information within the company. Nevertheless, deeds or verbal communications are proven to be more effective in this case. Hence, being able to communicate the vision of the transformation efforts, with a good dose of written and verbal means is not to be neglected in order to eliminate misinterpretations and vagueness from the rest of the organization who are themselves involved in the strategic change.

5. **Permitting the obstacle to block the new vision**

“When smart and well-intentioned people avoid confronting obstacles, they disempower employees and undermine change” (in Kotter 1996:11).

Kotter (1996) affirms that another common error which lies behind failures in change efforts is that much too often, managers of change allows different obstacles to block the new vision. He referred to it as roadblocks which according to him should be overcome and seen as a challenge instead of as a problem. These blockages can be in forms of organization structures that implicate narrow job categories and which in return may prevent efforts to improve customer service or increase productivity. Another is compensation or performance appraisal systems which can spell out the employees’ choice between new visions and self-interest. One seemingly difficult blockage according to him is supervisors who, not only refuses cooperation, but even
make demands which are incoherent with the transformation. He is, what Kotter (1996) refers to as “well-placed blocker” (Kotter (1996:11). A clear example of this is one who acts irrationally and whose priority lies within his personal conviction and not what is good for the company in a broader scope. For fear of losing his other contributing talent for the company, the management choose not to confront the person which can be disastrous for the organization in the long run. Being confronted with all these blockages, the change managers must stay firm with their convictions that no barriers exists and that any obstacle in the process can be subdued.

6. Failing to create short-term wins

The threat of change efforts losing momentum exists also in the absence of short-term goals to meet and celebrate according to Kotter (1996). Many organizations seem to commit the error of neglecting the creation of short-term wins and fail to see the benefits that can be derived from it. Since real transformations normally take time, he believes that creating short-term wins is one way of maintaining the equilibrium. This is an active way of providing a continued motivation along the journey. A long process can be tedious and people who are involved may lose interest or faith before they reach the end of the process or reach the grand vision. Ordinary employees tends to get tired and unmotivated which can result in resistance instead of cooperation. It is therefore recommended that tangible success is made available along the way in order to not only induce further interest but if possible raise the encouragement to go further. Kotter (1996) asserts that this is in fact a way of reducing a high number of resistant employees and can decrease the high complacency level. Concretely, it strengthens the vision that the transformation is actually feasible. For successful change managers, it may entail setting up short-term goals and giving recognition,
rewards in form of money and possibly promotion to whoever it is due, i.e. the ones who achieved it according to Kotter (1996)!

7. **Declaring victory too soon**

Kotter (1996) assumes that it can actually take three to ten years for changes to sink down into the companies’ culture. The time-frame is way too long to cut off efforts pre-maturely at the first sight of major improvements. This is indeed one of the most common failures of re-engineering processes. Most companies who commit this error pay and thank their expensive consultants already when the first major project is completed. Only to realize that there is still a lot of work to be done. Pre-mature consideration of the mission being accomplished by major visible improvements is, for two among ten companies who have done change efforts, one fatal move that help wash-away reengineering efforts done in their organizations. Bearing this in mind, it is dangerous to declare victory way too soon. He reiterates though that it is not completely wrong to celebrate as long as the attitude remains that the job is not really done until the new approaches has been accepted by the employees.

8. **Neglecting to anchor changes in the corporate culture**

Intelligent people tend to miss the mark when they fail to see cultural issues as important aspects that need consideration within the context of organizational change. Social norms and values are often considered soft topics by economically-oriented people as well as analytically-oriented engineers. Ignoring culture is like jeopardizing the most important element of an organizational change according to Kotter (1996). What is enveloped in a corporate culture? Corporate culture as defined is the set of ideas, values and standards which characterizes a company or organization (NE 2008). It refers to the “*norms of behaviour and shared values among a group of people*” (Kotter 1996:148). Alvesson & Berg (1988) explains it as the informal idealistic side
of a company or the atmosphere that distinguishes one organization from the other. Corporate culture shows the ideals and ground rules, understanding and acting in the company which in return is reflected in decision making, communication, and its solidarity aside from affecting them. The concept was launched since it is believed to have a major influence on an organizations capacity to innovate and general effectivity. The concept of company culture can reflect both an organization’s specific pattern which is a result of a long company history and management’s effort to manoeuvre the company by providing its ideals and ground rules in their effort to convince the employees to act and think in accordance to them. Company culture can both strengthen a company and weaken the change efforts since both management and employees can find hard time abandoning the company culture that they have lived with (Alvesson & Berg 1988). According to Kotter (1996), there are two factors that are specifically essential in anchoring new approaches in the corporate culture. One of them is a conscious attempt to show people how specific behaviours and attitudes have helped improved performance. Another is the time-frame which is sufficient enough to ensure that the next generation of management do embody the new approach. These factors need absolute considerations to secure that the transformation lasts according to Kotter (1996).

The above common errors are, according to Kotter (1996), important aspects to consider in order to achieve a successful transformation or to minimize the complications of it. Underlining urgency and having a sensible vision means nothing if not credibly and sensibly communicated down to the lower hierarchy as Kotter (1996) reiterates. The blockages need to be surpassed. The ways of keeping the spirit alive by keeping the people motivated shares an equal importance. Not the least a continued exertion of further efforts instead of being
overwhelmed by major accomplishments and stop there. These, not to mention the powerful
guiding coalition as a determining factor for the success of the change efforts and the
anchorage of the planned changes to the corporate culture are neither to be neglected. End
results such as poor implementation of new strategies, acquisition do not achieve expected
synergies, the backside of re-engineering costs, etc. are some of the many complications or
negative consequences that may be prevented or at least greatly mitigated if observed
carefully.

Obviously, identifying failures or common errors in effect initiates learning which is
necessary in the context of organizational change. These learnings help sustain improvement
which many organization continuously strive for. Thus, after diagnosing where the
weaknesses lie, comes prescriptions in order to strengthen the weaknesses. Kotter (1996)
suggests methods to abate the eight mistakes discussed above. These will be further explained
in Kotter’s (1996) eight-stage process as follows.

3.3.2. Suggested framework as practical hand-on strategies

Kotter (1996) believes that managing change has become demanding today more than ever.
He claims that many managers continue their efforts on analyzing the list of mistakes
committed during their change efforts. This is in order to find answers to why they achieve
lesser than they expected and hoped for. This has had its share of great priority obviously
because organizational changes greatly affects any organization’s future status, not the least
its survival. Ergo, the managers need to play their roles effectively to live up to their job
descriptions. Kotter (1996) believes though that most public and private organizations can
significantly be improved to an acceptable cost only if they realize the dangers connected with
their actions. The history, as he says, has been useful because it is by considering them that
we learn. The legacy becomes a guiding tool for those who are willing to take them in and
learn from it. Learning from the eight common errors mentioned earlier thus creates new patterns if carefully observed. He recommends the following guidelines in order to alleviate if not eliminate the common mistakes committed within this context. He refers to it as a road map in the process of organizational change.

1. **Establishing a sense of urgency**

Kotter (1996) cites a typical scenario within a normal management meeting that discusses everything else except unacceptable performance of managers. By unacceptable performance, he is referring to the high level of complacency amongst them which undermines the sense of urgency. With complacency high follows a low sense of urgency. Change initiatives within these complacency-filled companies are considered “dead-on-arrival” (in Kotter 1996:37). As mentioned earlier, the urgency underlines the time needed to effect changes. Transformation process tends not to reach milestones because of insufficient number of people who are willing to work on the change issue when complacency is high. This means that the importance and necessity of the change is often not established enough. A concrete example that he cites is bringing up the fact that long product development cycle do in fact hurt the firm only to end up the conversation without any concrete solution to the problem or actions to be taken. In short, ideas for change has the tendency of “sinking in the quicksand of complacency” according to Kotter (1996:38). He identifies nine sources of complacency. One of them is the absence of a major and visible crisis. The urgency is overshadowed by the non-existence of direct threats of neither lay-offs nor bankruptcy which logically speaking may be a later scenario if problems such as loss of markets shares are not abated. Another is the overwhelming presence of tangible “measures of success” such as well-equipped offices or conference rooms, etc that may imply what Kotter (1996) wrote as “We are rich, we are winners, we must be doing something right. So relax and have lunch!” (in Kotter 1996:39). He also
points out the standards against what managers measure their own capabilities being far from high and thus becomes a source of complacency. Another thing is that the broad business performance gets sacrificed due to constricted functional objectives which can be traced from the structure of the organization. As an example to this, different departments have different indexes which make them concentrate on them solely. The big job lies on the Chief Executive Officer’s (CEOs) shoulders according to Kotter (1996). He means that CEOs gets the task of controlling the overall performances such as sales, net income and return of equity. The result is that no one else feels responsible to the declining results in the different departments when such arises. Internal measurement systems that focus on the wrong performance indexes are another source of complacency. Various internal planning and control systems are rigged to make it easy for everyone to meet their functional goals, e.g. short-term and shallow goals of launching advertisement campaigns for a marketing group instead of increasing market shares which actually are appropriate targets judge on its end-results. Kotter (1996) also asserts that a performance feedback from external stakeholders hardly affects the target persons directly and which can be a source of complacency as well. He means that the sources of these feedbacks such as unsatisfied customers may, at no chance, meet the concern person face-to-face in his entire career in the company. Needless to mention that the feedback gets handled by other persons first and gets the risk of getting modified if ever and whenever it reaches the target person. Thus, the sufficient feedbacks in effect actually remain undelivered to its proper destination. The company culture preventing an honest and candid discussion of the feedbacks’ content for fear of hurting someone, initiating an argument and reducing morale does not make things better. This is what Kotter (1996) describes as a low-confrontation culture Another factor he believes is caused by the human nature with its denial capacity. Denial of existing problems which is believed to be a typical tendency in
order to feel more comfortable at work can help amplify the level of complacency not to mention too much happy talk from senior management. According to Kotter (1996), this source manifests itself for those who are not directly affected by the first eight sources. Meaning, the senior officers manage to deviate reality by reminding others about past, irrelevant success that can easily give a feeling of false security on the part of the employees.

To summarize, Kotter (1996) suggests that complacency should definitely be diminished and establishing a sense of urgency to every member of the team is a must! Using the nine sources of complacency as a guide, the urgency rate can possibly be raised according to him. Concrete actions are thorough examination of present and potential crisis, taking advantage of major opportunities by examining market and competitive realities. After which, the key issues should be addressed to with enough dose of urgency as they come up. Leaving them at its stake does bring the company unhinged eventually. He also reiterates the importance of specifying and confirming the time needed to actualize the planned vision of change. This has to be well defined, established and communicated out so that the people involved in the change process gets aware of the time frame necessary to effect the planned changes.

2. **Creating the guiding coalition**

Kotter (1996) emphasizes the importance of a powerful guiding coalition with the ideal element in it. He claims that securing the “right players” on board by putting together a group with enough power to lead the change and making them work like a team is another aspect which is of high importance. He clarifies four vital characteristics of an effective guiding coalition; position-power, expertise, credibility and leadership. Position-power stands for the recruitment of enough key players on the team. With key players, he specifically refers to the majority of the main line
managers. This is to ensure that sufficient power is applied and that blockage on progress coming from the minority can be avoided. Formal titles legitimate power which gives good impact on its application, thus compliance. Expertise on the other hand highlights one’s knowledge on the field. It confirms the fact that right people works with the organization’s concern. Kotter (1996) cites nationality and experience on the subject area among other factors which could determine that well thought of decisions will be made and applied. Credibility, which is another important factor to consider when building the coalition, refers to the reputations of the key players and their relationships with other employees in the organization which strengthens credibility according to Kotter (1996). Enough credibility helps build strong faith from other employees which in return make its pronouncements be taken seriously by other employees. Lastly, leadership qualities and management abilities are particularly important in this coalition. The first stands for the changes being driven by the right people and the latter stands for keeping the process under control. Both of which should work hand-in-hand or in tandem as Kotter (1996) asserts. This is because managers usually generate plans while leaders create the visions. A combination of both validates the execution of power. Finally, Kotter (1996:59) reminds that: “A guiding coalition made up of only managers - even superb managers who are wonderful people - will cause major efforts to fail”.

There are indeed many factors that should be taken into high consideration even in this aspect. Kotter (1996) suggests that people who are egoistic, reluctant and those who create enough mistrust should be avoided if not managed well because they have the tendency of creating an unbalance in the coalition. This unbalance is in no way welcome in any transformation process because of the mere fact that the process is
highly complicated in itself. Furthermore, it is of vital importance to create this coalition based on trust and a common goal. Obviously, people who trust each other work more effective as a team. Same is true when they share a common goal. Thus, building a coalition that can make change happens should be based on finding the right people, creating trust and developing a common goal for the whole team, according to Kotter (1996).

3. **Developing a vision and strategy**

Vision is, a conception about the future as Kotter (1996) describes it or a sense of direction which are created or at least expressed in the head of the leader as per Mintzberg et al’s (1998) definition. It is a guiding idea which is more acquainted being an “image” rather than a fully articulated “plan” that serves not only as an inspiration but also as a sense of what needs to be done (Mintzberg et al 1998). Kotter (1996) claims that creating the vision to help direct the change effort as well as developing strategies to achieve that vision is another important issue in this regard. He asserts that the importance of vision is manifested by coherence and coordination of a huge number of people in an astonishingly fast and skillful way besides encouraging people to take action in the right direction. Direction is most often than not, a source of disagreement. Therefore, Kotter (1996) believes that a guiding vision that serves as a common direction for everyone is a must.

Sharing the same vision is also known to eliminate unnecessary costs within the transformation process. Projects that are not in coherence with it for example can be aborted which can save companies valuable resources, not only monetary but the worker’s valued time which in effect has its monetary value as well. Aside from that, right visions can encourage the fighting-spirit for employees to work on the benefit of
their stakeholders. Knowing for example that the present situation will create serious scenarios such as bankruptcy, thus creating loses for their investors, and then perhaps employees will be motivated following the right vision that will counteract such scenarios. Nevertheless, a clarification of it eases uncertainties, strengthens strategies and benefits the company in the long run. Strategies, along with the visions, are a logical way of achieving the vision. These are created by the leaders along with managerial planning of specific steps, timetables and budgets necessary to implement the strategies. Therefore, these two should go hand-in-hand with the application of a leader’s and manager’s strictly coordinated supervision. Kotter (1996) describes the characteristic of effective visions; they should be imaginable, i.e. it should convey the future’s scenario. They should also be desirable, i.e., they should attract the long-term interest of the employees, customers, stockholders, and other stakeholders. Another characteristic is that they should be feasible, i.e., they should contain realistic and achievable goals which are based on a clear and rational understanding of the organization, its market environment and competitive change. Lastly, effective visions are characterized as being focused, flexible and communicable. They should be clear enough to give guidance in decision making, general or flexible enough to make room for different options which can result from changing conditions, thus allowing individual initiative and they should be explainable in a matter of five minutes making them communicable enough!

4. **Communicating the change vision**

Making use of every possible means to constantly communicate the new vision and strategies is another important consideration that should not be neglected. General fear for the unknown creates insecurities and thereby can result to resistance (Kotter 1996). Beck (1987) verifies this in his article about top-down planning. He stresses the
importance of communicating ideas from the top employees down to all employees in
the organization and makes it experiential. He believes that awareness of what is about
to come can in fact lessen anxieties and makes the transformation ideas more
acceptable. Kotter (1996) cites some key elements in effective communication of the
vision. One of them is simplicity of the vision. He suggests that difficult terminologies
must be avoided if not eliminated. Another is using metaphor, analogy and concrete
example. This is because a verbal picture is worth a thousand words according to him.
It may help ease the complication of the vision. Inconsistent visions undermine good
communication, thus all inconsistencies should be properly addressed to and
explained. He also suggests that vision be communicated in multiple forums like big
and small meetings as well as disseminating memos, etc. Aside from it, it does not
hurt repeating the message a number of times as ideas have the tendency to sink in
when heard many times. Kotter (1996) also believes that wrong behaviours from key
persons which are inconsistent with the visions relate wrong messages. Thus
leadership by example should be observed. Lastly, two-way communication is always
more effective than one. Indeed, communication is more effective as a two-way street.
Kotter (1996) mentions the inability of the managers to communicate clearly using an
honest dialogue. It tends to be a one way street when the managers are communicating
down the vision mostly from the above level of the hierarchy as in the essence of
Beck’s (1987) discussion about “top-down planning”. Kotter (1996) believes that if
you want to be listened to, then you should also know how to listen yourself! As Beck
(1987) asserts, useful feedbacks can come from somewhere else than the top of the
hierarchy, thus, it is essential not to ignore the voices coming from below. Failure to
do this may result into the employees feeling unimportant and disempowered. Thus, a
give-and-take relationship even within the context of communication should be
observed as well as the usage of a clear language in this dialogue in order to facilitate better understanding according to Kotter (1996).

To summarize, Kotter (1996) claims that managers should learn how to be straight to the point in order to reach out to their listeners! Most often, they tend to create complicated strategies which for their subordinates find difficult to grasp. This can be alleviated by being concrete in emphasizing the details that need attention or actions to be done with corresponding explanation of the results, positive or otherwise. Kotter (1996) explains further that sometimes, too much information deviates the message far from its essence. Therefore, short and concise explanation of the vision is preferable. In some cases though, understanding of the vision is made harder due to the lower-level employee’s subconscious resistance to change. This means, no matter how clear the information is the willingness to take them in complicates the delivery and acceptance of the message. Thus, Kotter (1996) believes that accepting a vision can be considered as a challenging intellectual and emotional task.

5. Empowering employees for broad-based action

Tapping a very important source of power is often neglected. Organizations miss the advantages provided by it as Kotter (1996) explains. “Disempowered and discouraged employees never make enterprise winners in a globalizing economic environment” (in Kotter 1996:114). He believes that employees’ unwillingness to help exists when they feel powerless. Thus, empowerment has also taken its share of importance in the phase of organizational change. Ljungberg & Larsson (2001) claims that in the traditional function-oriented organizations, the managers are known to stand for “thinking” while the personnel are supposed to do what they are told by the managers. This has apparently changed during the last decade according to them. The idea of
Empowerment was introduced during the 1990s. From then, the new era is believed to live by the principle of empowerment. It enhances individual’s possibilities to being more independent. Employees are given the authority which coincides with their responsibilities. It grants them the chance to make use of this authority, besides the strength and inclination to be able to utilize them. Kotter (1996) discusses the importance of empowering people to effect change. He believes that initiated actions from the employees and thereby achievement of the shared goals is easier if employees have a shared sense of purpose. Communicating a sensible vision to the employees thus becomes essential for this specific reason. Aside from this, needed action is blocked by wrong information, unaligned structures, and unfitted personnel systems, thus undermines vision. Thereby, it is vital that correct information is given, structures be made compatible with the vision and personnel system be made flexible in order to prevent blockages of the needed action. Kotter (1996) also claims that people feel disempowered when right skills and attitudes are missing thus, needed training should be provided to the employees. He suggests that supervisors who undercut needed change should be confronted as nothing disempowers people the way bad managers can and this should be avoided. Further, the structure’s incompatibility with the vision, as well as the misalignment of the information and personnel systems tends to cause blockage for actions to take place. For this main reason, these ought to be seen over if actions are to come from the employees. Kotter (1996) claims that providing needed training for employees helps raise their self esteem. This makes them feel that their competence is raised and therefore gain power out of it. Lastly, supervisors and/or managers need its share of attention as well. They need not only to structure their way of communicating down the vision to the rest of the organization but be flexible to the changes as well. Kotter (1996) cites an example of managers
who are known to possess the style of command-and-control style. This according to
him kills initiatives and creativity!

6. **Generating short-term wins**

Moving on to Kotter’s (1996) 6th stage in the change process, he cites the importance
of generating short-term wins, creating these wins and giving enough credit to
whoever made these wins possible. He reiterates the importance of the latter
specifically because recognizing and rewarding the people who made the wins
possible motivate them to struggle even more. Short-term wins are what makes the
long journey to the vision’s materialization acceptable and endurable. He suggests that
it is important for the people involved to feel some sort of confirmation that the efforts
actually leads them somewhere farther. By showing a tangible measure of success
which he correlates to current reality, the change managers not only encourages or
inspires further efforts but also makes the vision reachable. One specific example of a
short-term win is managing to decrease product development time shorter than it used
to take after the project took off. Another example is re-engineering efforts that
promise cost reductions as an outcome at a certain period. When this goal is reached in
the promised deadline, then it is considered a win!

In this connection, Kotter (1996) cites three good characteristics of short-term wins;
visible, clear and well anchored to the change efforts. The visibility allows many
people to actually see the results of the effort while the clarity discourages arguments.
The last mentioned relates the short-term wins highly to the change efforts. Kotter
(1996) emphasize as well that running the multiple stages at once can be complicated
but in fact proven effective by successful cases of major changes. For small
companies, results are expected already within six months and for bigger
Kotter (1996) identifies six importance of short-term wins; evidential, rewarding, re-tuning vision and strategies, undermines cynics and resisters, keep managers on board, and creates momentum. The first one exhibits success in efforts and worth in sacrifices. The second lessens tensions for change managers and allows a healthy feeling of achievement and self-worth. The third allows visions to be tested concretely which can bring about necessary learning that should serve as a guide for adjustments of the vision and strategies. The fourth lessens motivations of possible pessimists and resisters that can block the change efforts if not counteracted. The fifth helps gain support and faith for the change managers and implementers. Lastly, the sixth importance of short-term wins converts “fence-sitters” into “supporters”, “reluctant supporters” into “active participants” (in Kotter 1996:124) and thus creates the drive and the strength that is so essential in any change efforts.

This, according to Kotter (1996) is quite a necessity to bring along especially in the seventh stage-which is considered to be quite enormous. Short-term wins are indeed vital as much as all the other elements involved in a change- stage process. It is a measure of quick performance improvements which, for successful change efforts does not come by mere luck! It entails systematic planning, proper organization and implementation of the plan to make things really happen according to him. Change managers in less-successful change efforts tend to oversee the importance of these short-term results because their focus is on the major change. Kotter (1996) believes that the importance of this, which actually helps sustain the efforts in order to reach the final goal, is not realized. Thus, it is recommended that this not be overlooked by organizations, it normally is required within 18!
change managers!

7. **Consolidating gains and producing more change**

Kotter (1996) reiterates that major change do take time. Within its course, all angles should be seen through, even those already secured ones. Specifically, he means that short-term wins can lose its importance if urgency is lost and complacency up. That is why he suggests that managers and leaders keep their continuous watch to avoid jeopardizing the short-time success as they can easily be washed-off as easy as they were attained. He further asserts that irrational and political resistance can easily be given the opportunity to revert amidst celebration of short-term wins and this should definitely be avoided. Quoting Kotter (1996:133); “*Whenever you let up before the job is done, critical momentum can be lost and regression may follow*”. With this he means that the big job is often forgotten and people tends to lie back when short-time success is achieved. He recommends that a continuous effort should be exerted, if not even more, until change practices attains new equilibrium and have been driven into the culture.

Kotter (1996) claims that the problem of too much interdependence of an organization’s different processes is known to be one of the hindrances for change efforts before the 20th century begun. It is exhibited for example when the events in a sales department affect the manufacturing department and so on. He further asserts that independence is much more given a chance nowadays perhaps due to the relatively stable and the prosperous environment that the new era has offered. Connecting to the example above, independence means that the dramatic results from the sales department cannot allow continued manufacturing of goods without careful planning on outgoing goods from the warehouse for example. Kotter (1996) believes
that it is highly irrational for companies to keep a big inventory without considering relative costs to do it. Well, independence does not come without complications according to him. It can also affect transformation efforts in such a way that change happen faster in a system of independent parts. There is the question of organizational structures, performance appraisal systems and others that may complicate the matter even under this circumstance. The point is to apply acquired skills from experiences with interdependent systems! Another is applying the credibility gained from the short-term wins to move forward faster, handling even bigger projects! In this regard, Kotter (1996) explains that consolidating gains and producing more change (i.e. new projects) can be achieved in a number of ways. One of them is by changing systems, structures and policies that do not fit together, not the least the transformation vision when increased credibility is reached. Re-energizing the process by creating new projects and ideas are also recommended according to him. Another is by employing, endorsing and developing people who can implement the change vision. Hiring new people is especially crucial due to the fact that managers raised during the 50s and 60s most often than not, cannot handle ten or twenty change projects simultaneously. CEOs that are successful in their leadership lead the overall effort and leave the rest of the managerial work to their subordinates.

Kotter (1996) describes a scenario from successful change agents after stage seven. He thinks that the guiding coalition utilizes the credibility gained from short-term wins to tackle new and bigger projects thus, creating more changes, not less. He also believes that additional people are brought in, promoted and developed to help out, thus gaining more help. Another scenario he believes is that the urgency level gets up because senior people focus on the task of maintaining clarity of shared purpose for
the total effort, thus, exhibits good leadership from senior management. He also see a scenario when lower ranks in the hierarchy provide both leadership and management for specific projects, thus management and leadership can also come from below. Lastly, a scenario that manifests the identification and elimination of unnecessary interdependencies are made easier on both short and long term changes, thus reduction of unnecessary interdependencies.

8. **Anchoring new approaches in the culture**

Kotter (1996) claims that anchoring new approaches in the culture is another aspect of importance to consider in strategic change management. It does not pose lesser challenge as the rest since the new trend enveloped in globalization requires a great flexibility while corporate cultures are known to be rooted deeply in organizations which are not newly established. This means, as Kotter (1996) says, that the whole organization is so much characterized by it for many years that implementing new ideas could be very tough.

Going further, Kotter (996) believes that the anchorage of the new approaches is neglected in change management’s many cases of failure. One of the reasons behind why it often is never confronted according to him is the overwhelming efforts exerted during the change process which is too much highlighted that people tends to overlook this matter. The corporate culture has the tendency to reassert itself though, sooner or later. This is due to the shared values (e.g. important concerns and goals) within a group which has a tendency to form behaviour among them. This has the propensity to persist even when group members get re-shuffled or when someone leaves his post and new people come in. He reminds change managers that the changes that have been made may not be in coherence with the central principles in the company’s culture and
can prevent longer-lasting effects of the change. In this regard, he believes it is of importance to know in specific what corporate culture is. Kotter (1996:148) stresses that it refers to the “norms of behaviour and shared values among a group of people” as mentioned earlier. Norms of behaviour are standard ways of acting that are common within a group of people. These have the tendency to be passed on to new members as time passes by. He claims that that who manages to adapt gets rewarded and those who do not gets sanctioned!

Kotter (1996) mentions some components of corporate culture:

Norms of group behaviour

- Employees take fast action to customer requests.
- Managers involve lower-level employees in decision making.
- Managers work at least one hour past the official close of each work day.

Shared values

- Managers care about customers.
- Executives prefer long-term debt.
- Employees are concerned more with quality than quantity.

Kotter (1996) suggests specific guidelines in anchoring changes in a culture. He reminds change managers to remember that most alterations in the corporate culture come at the end of the transformation, not in the beginning. The proven superiority of the new methods can only sink in the corporate culture when proven more effective than the old thus is very much dependent on the results of the transformations. He even asserts that the validity of new practices gets stronger with more verbal instructions and support; therefore it requires a lot of talk. He also believes that sometimes, it is crucial to change key people in order to change the old culture, thus it may involve turn-over. Lastly, to prevent the re-assertion of the old culture,
it is vital to promote processes in accordance to the new practices, thus, makes decision on succession crucial.

This eight stage in Kotter’s (1996) proposed framework can be made possible concretely by creating better performance- and productivity-oriented behaviour. Another means is a better leadership in wider range and more effective management. Articulating connections between these behaviours and organizational success is also suggested. This should be followed by developing means to secure leadership and development succession.

To conclude, Kotter (1996) affirms that this 8-stage process be regarded with urgency in any strategic change management. This is to strengthen the volatility that may be met along the process of introducing new concepts and practices in dynamic organizations. It will help ease the many complications described herein and may help raise the organization’s efficiency at lesser costs among others.

3.4. Change management models

The following models are meant to simplify the theoretical basis imparted in our previous discussion. This is to exhibit a brief guideline for our addressed readers.

3.4.1. Distinction among the different roles of managers in an organization

3.4.1.1 Managing

- Planning and budgeting
- Organizing and staffing
- Controlling and problem solving

**Figure 3.1: “Force for Change” How leadership differs from Management (Kotter 1990 in Kotter 1996:26)**
3.4.1.2. Leading

- Establishing direction
- Aligning people
- Motivating and inspiring

Produces change, often to a dramatic degree and has the potential to produce extremely useful change

Figure 3.2: "Force for Change" How leadership differs from Management (Kotter 1990 in Kotter 1996:26)

3.4.2. Pairing expectations of organizations’ with that of employee’s

Three common dimensions:

1. **Formal** - Tasks and requirements from the organization to their employees, conveyed either orally or in written forms such as contracts, guidelines, etc.
2. **Psychological** - Mutual expectation and reciprocal commitment that arise from trust and dependence between employee and employer, often unwritten.
3. **Social** - The similarity of their values with that of the rest in the organization

Figure 3.3: Own figure based on Strebel 1996:88
3.4.3. Suggested solutions to the identified most common errors

**The Eight-stage Process of Creating Major Change**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>ESTABLISHING A SENSE OF URGENCY</td>
<td>Examining market and competitive realities&lt;br&gt;Identifying and discussing crisis, potential crisis, or major opportunities</td>
</tr>
<tr>
<td>CREATING THE GUIDING COALITION</td>
<td>Putting together a group with enough power to lead the change&lt;br&gt;Getting the group together to work like a team</td>
</tr>
<tr>
<td>DEVELOPING A VISION AND STRATEGY</td>
<td>Creating a vision to help direct the change effort&lt;br&gt;Developing strategies to achieve that vision</td>
</tr>
<tr>
<td>COMMUNICATING THE CHANGE VISION</td>
<td>Using every vehicle possible to constantly communicate the new vision and strategies&lt;br&gt;Having the guiding coalition role model the behaviour expected of employees</td>
</tr>
<tr>
<td>EMPOWERING BROAD-BASED ACTION</td>
<td>Getting rid of obstacles&lt;br&gt;Changing systems or structures that undermine the change vision&lt;br&gt;Encouraging risk-taking and non-traditional ideas, activities and actions</td>
</tr>
<tr>
<td>GENERATING SHORT-TERM WINS</td>
<td>Planning for visible improvements in performance or “wins”&lt;br&gt;Creating those wins&lt;br&gt;Visibly recognizing and rewarding people who made the wins possible</td>
</tr>
<tr>
<td>CONSOLIDATING GAINS AND PRODUCING MORE CHANGE</td>
<td>Using increased credibility to change all systems, structures and policies that don’t fit together and don’t fit the transformation vision&lt;br&gt;Hiring, promoting and developing people who can implement the change vision&lt;br&gt;Reinvigorating the process with new projects, themes and change agents</td>
</tr>
<tr>
<td>ANCHORING NEW APPROACHES IN THE CULTURE</td>
<td>Creating better performance through customer- and productivity-oriented behaviour, more and better leadership, and more effective management&lt;br&gt;Articulating the connections between these behaviours and organizational success&lt;br&gt;Developing means to ensure leadership development and succession</td>
</tr>
</tbody>
</table>

*Figure 3.4: Adapted from John P. Kotter, “Why Transformation Efforts Fail” (March-April 1995:61) in Kotter 1996:21*
4. Case

4.1. Company Presentation

IKEA is a worldwide actor in the home furnishing business. It sells furniture to the market for the complete need for every room in the house including working space aimed for other companies. IKEA offers more than 10,000 different items/products. Most of them designed and developed by IKEA itself. More than 120,000 people are working for IKEA today and more than a billion people are visiting the 300 stores around the world. The market today is spread over 24 countries worldwide and new stores are opening every week. IKEA is present in every continent except for Africa and South America (IKEA website 2008).

IKEAs vision:

- “To create a better everyday life for the many people”

The business idea is to offer a wide range of well designed, functional home furnishing products to prices so low that as many people as possible will be able to afford to buy them. The products should be spread through different styles and different price levels so they fit as many tastes as possible as well as wallets, and thereby serve “the many people” (IKEA website 2008).

4.1.1. Organization

The founder of IKEA, Ingvar Kamprad, wanted to create an ownership structure and an organization standing for independence and a long-term approach. Therefore, the IKEA Group has been owned by a foundation called Stichting INGKA Foundation since 1982. The IKEA Group itself include all IKEA operations – the Swedwood industrial group, distribution and warehousing divisions and the companies that own stores in countries around the globe. The Stichting INGKA Foundation owns the IKEA Group and is based in the Netherlands.
Therefore a simplified organizational chart would look something like this (IKEAs intranet):

![Organizational Chart]

Table 1: Organizational chart

The division, “Other”, consists of many different, smaller companies within IKEA as “Indirect Materials & Services”, “Components” etc. The departments in our case belong to the division called “IKEA of Sweden” (IoS) in the chart. This chart is a simplified representation meant to illuminate the department in our case. It is an excerpt from the actual organizational chart which is much more complex.

IKEA has a matrix organization where the company is divided both in smaller companies, in business areas and processes where every one includes a part of the others.

4.1.2. History

The founder, Ingvar Kamprad, was born in 1926 on the farm Elmtary which is near a village called Agunnaryd in the south of Sweden. Already as a young boy he started making business selling matches to his neighbors. He founded IKEA at the age of 17 (1943). The name consists of the founder's initials (IK) and the first letters of the farm and village he was raised at (EA). The company’s first business was selling wallets, picture frames, watches and everything else Kamprad could find that was needed and could be offered at a low price. A couple of years later, furniture which were produced by local manufacturers were introduced
to the range, and the first IKEA catalogue was published (IKEA's website).

Many things happened to IKEA in the 50s. The company opened the first showroom in Älmhult, started designing their furniture, introduced the flat packaging and opened the first store in the end of the decade. The company entered the 60s with 100 employees and the first store outside Sweden (located in Oslo, Norway) opened. Since then the expansion accelerated in speed. During year 1999, the company had 50,000 employees. Today it has 120,000 employees (IKEA's intranet).

4.2. Findings

4.2.1. Leadership Profiles

Along with the yearly survey, mentioned before, each manager receives a leadership profile, based on his or her co-worker’s opinion about his or her characteristics. The co-workers answer questions by grading their immediate manager 1 to 5 where 5 is most favourable. Each question is connected to a characteristic and therefore each manager gets a profile where his or her co-workers have graded his or her leadership. There are a total of 15 different characteristics divided into four different areas;

- Relationship skills
- Directive skills
- Coaching skills
- Leadership skills

If a manager is strong in his/her leadership, he/she is going to be close to the index 100 in each characteristic and thereby in each area. Due to the fact that we wanted to protect the integrity of each manager we received anonymous profiles and could only connect them to a department and not the specific person. This should not affect the result because our aim is to
analyze how leaderships affect the employees and not how a specific manager affects them. Therefore, we are going to present the result grouped on department level.

The VOICE survey, mentioned in the problem discussion, covers all co-workers at IKEA and is the base for our study. The result for the departments Red & Blue are displayed in the chart below. The minimum value for each question is 0%, maximum 100% and the IKEA average was around 70-75%.

<table>
<thead>
<tr>
<th></th>
<th>Dept. Red</th>
<th>Dept. Blue</th>
</tr>
</thead>
<tbody>
<tr>
<td>New ideas are strongly encouraged</td>
<td>48%</td>
<td>86%</td>
</tr>
<tr>
<td>Often tries new ways of thinking and working</td>
<td>33%</td>
<td>77%</td>
</tr>
<tr>
<td>Confidence for managers at the department</td>
<td>50%</td>
<td>91%</td>
</tr>
<tr>
<td>Confidence for immediate manager</td>
<td>57%</td>
<td>81%</td>
</tr>
<tr>
<td>Leadership index</td>
<td>50%</td>
<td>78%</td>
</tr>
</tbody>
</table>

*Table 2: Reference: VOICE result*
4.2.1.1. Department Red

Below is a table of the graded attributes of the different managers at department red. The result in the table is an average of the leadership profiles. Displayed are the top and low 5 respectively.

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td><em>If I take responsibility, my mgr supports me when needed</em></td>
<td>72</td>
</tr>
<tr>
<td><em>acts as a good role model for the IKEA values</em></td>
<td>67</td>
</tr>
<tr>
<td><em>is actively initiating changes to improve the way we work</em></td>
<td>65</td>
</tr>
<tr>
<td><em>Communicates in a clear and comprehensible way</em></td>
<td>61</td>
</tr>
<tr>
<td><em>is decisive</em></td>
<td>49</td>
</tr>
<tr>
<td><em>develops trustful relationships between co-workers</em></td>
<td>46</td>
</tr>
<tr>
<td><em>ensures that decisions taken are implemented</em></td>
<td>42</td>
</tr>
<tr>
<td><em>Communicates an inspiring future</em></td>
<td>42</td>
</tr>
<tr>
<td><em>ensures that all co-workers are involved in planning</em></td>
<td>35</td>
</tr>
<tr>
<td><em>is good at handling conflicts</em></td>
<td>34</td>
</tr>
</tbody>
</table>

Table 3: Leadership profile DR

The co-workers at department red feel that their managers are supportive and good role models that actively initiates change. They are clear and comprehensive in their communication and are perceived as decisive. However, they have not developed trustworthy relations with the co-workers and do not involve co workers in planning. The managers could communicate a more inspiring future and ensure that the already made decisions are implemented.

The characteristic that is least good is conflict handling. The strongest area of management was coaching while relationship building was the weakest. Still, all four were not far from 50
and none was particularly differentiated, which means that all four were weak in total.

4.2.1.2 Department Blue

As for department blue, below is a table of the graded attributes of the different managers in this department. The result in the table is an average of the personal result. Displayed are the top and low 5 respectively.

<table>
<thead>
<tr>
<th>Characteristics</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is decisive</td>
<td>95</td>
</tr>
<tr>
<td>Communicates in a clear and comprehensible way</td>
<td>92</td>
</tr>
<tr>
<td>ensures that decisions taken are implemented</td>
<td>91</td>
</tr>
<tr>
<td>acts as a good role model for the IKEA values</td>
<td>88</td>
</tr>
<tr>
<td>Communicates an inspiring future</td>
<td>86</td>
</tr>
<tr>
<td><strong>TOP 5</strong></td>
<td></td>
</tr>
<tr>
<td>Is good at handling conflicts</td>
<td>84</td>
</tr>
<tr>
<td>Is actively initiating changes to improve the way we work</td>
<td>80</td>
</tr>
<tr>
<td>encourages a variety of opinions and welcomes challenges to the usual way of doing things</td>
<td>80</td>
</tr>
<tr>
<td>gives me constructive feedback on my work performance</td>
<td>76</td>
</tr>
<tr>
<td>ensures that all co-workers are involved in planning</td>
<td>75</td>
</tr>
</tbody>
</table>

Table 4: Leadership profile DB

The co-workers of department Blue feel that their managers are clear and comprehensive in their communication and are perceived as decisive. They act as good role models and communicate an inspiring future. Most often, taken decisions are ensured to be implemented. The low 5 characteristics were very close to the top 5 and the one with the lowest score was still higher than department red with the highest score. The strongest management area at the department was directiveness and the weakest coaching. Still, all four areas were above 80.
Arranging the characteristics in top 5 and low 5 respectively give us the profiles of leaders. If we instead compare every characteristic between the 2 departments and point out the 5 characteristics that deviated the most then the following result is received:

<table>
<thead>
<tr>
<th>Characteristic</th>
<th>Dept. Red</th>
<th>Dept. Blue</th>
</tr>
</thead>
<tbody>
<tr>
<td>Is good at handling conflicts</td>
<td>34</td>
<td>84</td>
</tr>
<tr>
<td>Communicates an inspiring future</td>
<td>42</td>
<td>86</td>
</tr>
<tr>
<td>Is decisive</td>
<td>49</td>
<td>95</td>
</tr>
<tr>
<td>ensures that decisions taken are implemented</td>
<td>42</td>
<td>91</td>
</tr>
<tr>
<td>ensures that all co-workers are involved in planning etc</td>
<td>35</td>
<td>75</td>
</tr>
</tbody>
</table>

*Table 5: Leadership profile displaying the five characteristics where they deviated the most, DR & DB*

As seen above department blue had the biggest margin on the characteristics; conflict handling, communicating future, decisiveness, decision implementation and involving co-workers in planning.

**4.2.2. Survey Results**

In order to find out how Kotter’s (1996) 8 steps towards successful change is used in the two departments, a survey (see attachment 1) was undertaken on the total management team and on the 16 most experienced co-workers. The same questionnaire was given both to the managers and co-workers to see how the compact between the co-worker and organization, mentioned by Strebel (1996), is regarding the change process. Each question was founded on Kotter’s (1996) recommendation on how to perform successful change. The participants could answer by grading from 1 to 5 where 1 is “not at all” and 5 is “completely”. Answering with 2-4 implies that that point was implemented or performed to some extent.
4.2.2.1. Department Red

In the table to the right is the compilation of the survey result. The questions behind each number can be found, as mentioned before, in attachment 1. The answers are an average of all the individual answer.

At the bottom of the table is the total sum of the answers. If all participants answered with “5” on all questions the total number would be “100”.

The managers at department blue felt that they have applied a little more than a score of 66 of the questions completely while the co-workers felt that less than a score of 63 was applied.

<table>
<thead>
<tr>
<th>Question</th>
<th>Co-workers</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>3,3</td>
<td>3,8</td>
</tr>
<tr>
<td>2</td>
<td>2,9</td>
<td>2,7</td>
</tr>
<tr>
<td>3</td>
<td>2,6</td>
<td>3,5</td>
</tr>
<tr>
<td>4</td>
<td>3,0</td>
<td>2,8</td>
</tr>
<tr>
<td>5</td>
<td>2,7</td>
<td>3,5</td>
</tr>
<tr>
<td>6</td>
<td>3,7</td>
<td>4,0</td>
</tr>
<tr>
<td>7</td>
<td>3,4</td>
<td>4,2</td>
</tr>
<tr>
<td>8</td>
<td>3,7</td>
<td>4,0</td>
</tr>
<tr>
<td>9</td>
<td>3,3</td>
<td>3,5</td>
</tr>
<tr>
<td>10</td>
<td>3,0</td>
<td>2,8</td>
</tr>
<tr>
<td>11</td>
<td>2,9</td>
<td>3,0</td>
</tr>
<tr>
<td>12</td>
<td>2,7</td>
<td>2,7</td>
</tr>
<tr>
<td>13</td>
<td>3,0</td>
<td>3,2</td>
</tr>
<tr>
<td>14</td>
<td>2,6</td>
<td>2,5</td>
</tr>
<tr>
<td>15</td>
<td>2,7</td>
<td>2,8</td>
</tr>
<tr>
<td>16</td>
<td>3,6</td>
<td>3,8</td>
</tr>
<tr>
<td>17</td>
<td>3,3</td>
<td>3,2</td>
</tr>
<tr>
<td>18</td>
<td>4,0</td>
<td>3,5</td>
</tr>
<tr>
<td>19</td>
<td>3,0</td>
<td>3,0</td>
</tr>
<tr>
<td>20</td>
<td>3,3</td>
<td>3,7</td>
</tr>
<tr>
<td>Total</td>
<td>62,7</td>
<td>66,2</td>
</tr>
</tbody>
</table>

Table 6: Compilation of the survey results for Department Red

Below is a graphical display of the same answers as in the table. The five biggest differences were on questions 1, 3, 5, 7 (Managers had a higher grade) and question 18 (Co-workers had a higher grade).
4.2.2.2. Department Blue

In the table to the right is the compilation of the survey result. Again, the questions behind each number can be found, in attachment 1. The answers are an average of all the individual answer. At the bottom of the table is the total sum of the answers. If all participants answered with “5” on all questions the total number would then be “100”. The managers at department blue felt that they have applied almost a score of 84 of the questions completely while the co-workers felt that a score of 90 was applied.

<table>
<thead>
<tr>
<th>Department Blue Average</th>
<th>Question</th>
<th>Co-workers</th>
<th>Managers</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>4,6</td>
<td>4,2</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>4,0</td>
<td>3,7</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>4,7</td>
<td>4,5</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>5,0</td>
<td>4,7</td>
<td></td>
</tr>
<tr>
<td>5</td>
<td>4,9</td>
<td>4,7</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>4,9</td>
<td>4,5</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>4,7</td>
<td>3,8</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>4,9</td>
<td>4,8</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>4,3</td>
<td>3,8</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>4,3</td>
<td>3,5</td>
<td></td>
</tr>
<tr>
<td>11</td>
<td>3,7</td>
<td>4,0</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>4,1</td>
<td>4,2</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>4,4</td>
<td>4,2</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td>4,1</td>
<td>4,5</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>4,1</td>
<td>3,7</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>4,6</td>
<td>4,2</td>
<td></td>
</tr>
<tr>
<td>17</td>
<td>4,6</td>
<td>3,8</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>4,7</td>
<td>4,2</td>
<td></td>
</tr>
<tr>
<td>19</td>
<td>4,4</td>
<td>4,0</td>
<td></td>
</tr>
<tr>
<td>20</td>
<td>5,0</td>
<td>4,7</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>90,0</td>
<td>83,7</td>
<td></td>
</tr>
</tbody>
</table>

Table 8: Compilation of the survey results for Department Blue
Below is a graphical display of the same answers as in the table. The five biggest differences were on questions 7, 9, 10, 17 & 18 (Co-workers had a higher grade).

![Graphical presentation of the Compiled survey results](image)

**Table 9: Graphical presentation of the Compiled survey results**

### 4.2.3. Interviews

#### 4.2.3.1 Department Red

Interviewees:

- Miranda Malm, manager
- Petra Rusk, manager
- Gregory Stepper, co-worker
- Lina Nordlund, co-worker

One of the main reasons behind the low numbers in the leadership profiles according to the IEs is that many of the managers are new at the department. This can result in insecurity and requires time to adjust and to get to know the department. All four IEs refer to this.
Rusk also mentions that there are several performances that need to improve and there are cooperation difficulties involved. It is related both to need for further development of the competences, but also to the shift in managers timed-in with a big change going on. All this at once affected the score that is, according to Rusk, still a good reflection of the real characteristics of the managers. The characteristics which need most improvement are communication and decision making, just like the leadership profiles showed, according to Rusk and the other IEs as well. However Malm argues that it is hard to know what the individual sees as clear communication because what is clear for the managers is not necessarily clear for other individuals and vice versa.

Stepper mentions low support and an imbalance between coaching and directing. Sometimes when decisions are required the managers are perceived as passive, while on another occasion the decisions are taken on a very detailed level overwriting the co-workers’ intentions. This is also confirmed by Nordlund. They both recognize decision making and communication as big opportunities to improve.

The most positive strength within the management team is that they still empower the employees, except for the occasional top steering, according to Stepper. Rusk mentions willingness to improve, acceptance of weaknesses and openness as other strong aspect of the management group.

The change process is mostly either initiated by managers or determined by external factors. None of the four IEs can remember a co-worker initiating it but both Rusk and Malm assumes that it can be done if they can convince the management, who has the final mandate.
The change process starts with the management group deciding what needs to be done, how and when, according to all IEs. Malm and Rusk also claim that it is anchored in the different functions within the department. Both managers also feel the strategy being clear, team chosen and other things implemented properly. The most positive thing in change management at the department is the energy and willingness to change but also the bravery to also take uncomfortable standpoints. Nevertheless, the change process needs to be even more anchored within the functions and there needs to be a clearer communication and follow-ups so the change is implemented in the right way, according to Rusk and Malm.

Stepper and Nordlund however argue that strategies most often are not anchored in the department. They even point out that managers seem to be unaware of the co-workers’ needs. Stepper and Nordlund also mention that the change initiation appears very unstructured and unclear. Nordlund feels that there are too many ideas from the management spread through the organization that are rarely followed up and completely implemented. This creates panic and high uncertainty within the organization that can be avoided. Once again, both Nordlund and Stepper recognize the many ideas as great strengths, but only if they would be chosen with bigger consideration and were fully implemented.

The reason behind the difference between the co-workers’ and managers’ perception of the implementations of changes, as the survey implies, seem to be due to failures in communication according to all IEs. Malm and Rusk referred to the major changes in strategy and business plan as big factors that lead to big workload. Nordlund and Stepper, on the other hand, referred to the managers being distanced from the co-workers and therefore, as mentioned before, unaware of the co-workers’ needs.
4.2.3.2 Department Blue

Interviewees:

- Anders Trull, manager
- Albert Narven, co-worker

Trull argues that the main ingredient to the high leadership profile score is due to the newly recruited managers that have been carefully selected because of their strong leadership. Narven concurs and refers to the Voice result being really low just before the change in management team. Once the change took place both the Voice result and the business result increased. Trull pointed out the intentional work within the management group with situational leadership. He means that the leadership required varied depending on the situation. Specifically, he means that if environment is chaotic, more directive leadership is needed but in stable environment coaching is preferable. Trull says that a lot of work was put into coordinating the managers to fit the organization and not the other way around. Narven refers to the line management approach in the department which strengthens and empowers co-workers allowing them to take their own decision and speak their mind freely.

Both Trull and Narven sees the high competence of the leaders being the main reason behind the high leadership scores with the most excelling characteristics being communication and decision making, supported by the leadership indices. The most positive aspects of the leadership are the clearly communicated goals according to Narven. Trull also points out the culture within the department as not taking anything for granted. Everything is allowed to be questioned by anyone.

Trull sees room for further development in follow-ups and there is always a challenge to continue to analyze the situation and identify needs within the department according to him.
Narven mentions that the managers can improve through even more diversity in perspectives, ideas and personalities. None of these are an issue but would be good to improve further, according to Narven.

Changes can be and are initiated by anyone in the department. The propositions are discussed in appropriate forums before initiated, according to both of the IEs. The vision is clearly communicated, so is the goals, strategy, time etc.

Narven points out that there is always a team assigned who is responsible for the change. Trull also refers to the fact that there are continuous follow ups and strong focus on decisions being implemented.

The reason behind the co-workers perceiving the change as better implemented than the managers, according to the survey, is that the manager are very self critical, always questioning their own behaviour and placing high demands on themselves. This is pointed out by both Trull and Narven. The most positive with how change is managed, according to Narven, is the fact that everyone is a part and feels a part of the change. This is because the department has grown into a coordinated group with no boundaries within.

Both IEs mean that nothing but everything can be better, referring to the constant change and need to adapt to the new environment.

All this has been confirmed by another manager and co-worker that did not have anything to add or disagree with. A complete interview was not performed due to the constraints in time.
5. Analysis and Recommendations

5.1. Theory against Case

5.1.1. General

Looking through Kotter’s (1996) as well as Bolman & Deal’s (1997) eyes, strategic handling of tasks, otherwise called strategic management, can be gauged depending on how a manager actually performs his roles. More so if strategies are to be considered as those realized actions which are planned and practiced with consistency through time based on Hardy’s (1996) and Pettigrew’s (1985) eye view. In an organizational process such as change management, it is then important to ensure that employees in the managerial level perform their roles accordingly and perform them well. As these scientists assert, an effective performance of these roles with a good dose of consideration of the different elements surrounding it, can in fact result to successful change efforts despite of all the seemingly complicated processes involved in it.

As discussed in the theoretical baseline of this study, these roles are managing or manoeuvring and leading. The first stands for systematically aiming at the organization’s goals with the budgeting that it entails, creating plans to achieve those objectives, organizing for implementation, and then controlling the process to keep it on track. More specifically, it entails running the system of people and technology smoothly by planning and controlling the different elements and stages in the change process. Having said this, Kotter (1996:26) asserts that successful transformations according to different studies are defined “70-90 % leadership and only 10-30% management.” Out of this, we can conclude that leadership tops the range of importance in change management. How is leadership defined then?
Connecting this theory to our case, the question then arises; are these roles performed well by the people who are set to do this job at departments Red (henceforth DR) & Blue (henceforth DB) within IoS that are involved in our study? We have studied these roles through the specific process of change management, therefore through the eyes of Kotter (1996) in particular though bearing in mind Bolman & Deal’s assertion as well as Hardy’s (1996) and Pettigrew’s (1985). These, as well as Hardy’s (1996) along with Baum’s (1989) and others’ definition of power and some guidelines on how efficiency can be reached through Dornbusch & Scott’s (1975) belief. We have also been guided by Yukl’s (2006) identified sources of resistance in order to arrive at a well-based implementation of strategies not to mention Strebel’s (1996) assertion concerning pairing and planning between the organization (herein represented by the managers) and its employee’s mutual compact that defines the expectations between them.

The relation between leadership and change is clearly shown in the Voice survey where DR showed the lowest grade of leadership and most resistance towards change. On the other hand DB showed the opposite, highest grades in leadership and high acceptance of change and development.

Bolman & Deal (1997) emphasizes two different functions in each organization that are essential for change and that is maneuvering and leading. Leading is related to the question “who is leading the change” and covers the characteristics and the behavior of the leader/manager. This was investigated in our study through the “leadership profiles”. Maneuvering on the other hand is how the process of change was executed and is an answer to the question “how was the change made”. This part was covered by the survey made on the departments based on Kotter’s (1996) eight steps of successful change. The survey is also
showing the pairing of expectations between the co-workers and the managers that Strebel (1996) points out as extremely important in order to achieve a successful change. The interview made had the purpose to put the numbers from the profiles and the survey in a context and go deeper within the subjects.

5.1.2. Leadership Profiles

Arguments brought up before, brings about the need to analyze further how managers actually perform their role as a leader, especially in DR. The first step of our research aimed at identifying these reasons. We have analyzed the leadership profiles of managers from both departments through four characteristics: relationship skills, directive skills, coaching skills and leadership skills. These are based on the co-worker’s evaluation of each manager’s exhibited capabilities.

Compiling the leadership profiles from the two departments shows clearly that DR has lower grades than the DB. This was stated in the beginning of the research on a general level (Voice) and was now confirmed also on a more specified level. DBs management characteristics have all higher grades than DRs.

Judging the review for DR separately from DBs, it is obvious from a reasonable grade of 72 out of maximum points of 100 that managers at DR are supportive especially when they see their subordinates take their responsibilities. This is an aptitude that implicitly shows a good sign of leadership as characterized by Kotter (1996) and Bolman & Deal (1997). They said that managers ought to be engaged besides being the source of encouragement for his or her co-workers to exhibit good leadership. They have also exhibited a reasonably good role model for the IKEA values judging from the 67 points earned as well as being good in vividly communicating change initiatives and that in an understandable way. The latter garnered them
61 points. The decisiveness of their leaders showed a weak grade of 49 points though. This may result in their inability to handle conflicts which is hardly a good leadership virtue. Good leaders must be able to put order amidst a chaotic situation as suggested by the scientists from whose viewpoints we have considered this study from. The lowest values in DRs case was gathered on five areas which are; developing trustful relationship between co-workers, ensuring that decisions taken are implemented, communicating an inspiring future, ensuring involvement of all co-workers in planning and lastly, being good in handling conflicts. These areas gave them grades that range from 34 to 46 points only which are comparably low judged from the highest value that can be attained in this review. As a summary, the strongest attribute gathered by DRs managers on the first set of criteria presented in these findings is that of being supportive and the weakest point is that of being decisive. An association can therefore be made; DR has showed indecisiveness and thus can be considered bad in the ability of handling conflicts. The strongest characteristic being supportive can confirm the development of trustful relationship between co-workers.

An analysis from the same perspective, i.e. leadership reviews from DBs department, showed the strongest point in their decisiveness and the weakest in communication of an inspiring future. Judging the latter from IKEAs average though, it is still remarkably good. The second set of criteria exhibited their strongest point in their ability to handle conflicts and the weakest is in ensuring that all co-workers are involved in planning. Once more, still fairly good in comparison to the general grading results in IKEA. An association can again be made; managers in this department are decisive enough and therefore show stronger ability in handling conflicts while they are weak in communicating an inspiring future which can attribute to a bad planning on involving their co-workers in the process.
Drawing a parallel line between the two department’s score, we can see that DB shows a stronger leadership performance with their overall average score of 84.7 while DR has exhibited an average of only 51.3. Thus, a conclusion can be arrived at; Leadership at DB is much stronger compared to DR.

With Kotter’s (1996) leading and maneuvering in mind DR shows that many are related to these two functions in their weakest 5 characteristics. To maneuver means, among other things, to motivate co-workers, to handle conflicts (1) and to build relations (2). Strebel (1996) also points out the relationship as a factor in the psychological dimension. These two characteristics were both very weak at DR. Without strong relation resistance can easily arise based on, for example, “lack of trust” as Yukl (2006) defines it. Also keeping in mind the leadership function that involves changing and communicating the vision (3) and through that showing the “elephant”, that Mintzberg et al (1998) uses as metaphor. This is not done in an efficient way at DR which leads to unawareness among the co-workers regarding their part in the changing process. The other two weak characteristics “involving co-workers in planning”(4) and “ensures taken decisions are implemented”(5) are both a big part of bringing all aboard and steering or maneuvering the department towards development, change and better tomorrow. All this is confirmed by the theories on how to manage successful change through management (Kotter 1996, Bolman & Deal 1997, Mintzberg 1998). However, the leadership profiles do not show why there is a shift and that all grades are lower at DR. It cannot only be because of the few characteristics; instead it is something that permeates all the characteristics. Nevertheless, a huge difference is obvious if only the five characteristics that had the biggest difference were compared for both DR and DB. Not being decisive and not ensuring that decisions taken are implemented show low focus on changing. If decisions are not taken and taken decisions are not implemented, then the department will be static.
Also, not communicating a vision and not involving co-workers in planning results in lower motivation and engagement from the workers to develop, change and through that be better. These are all mentioned by Kotter (1996) in his description of the eight common errors and the eight steps towards successful change, as factors that affect the climate at the department and the attitude towards change.

5.1.3. Survey

Change processes do involve strategy and its formation as discussed by Kotter (1996) and Mintzberg et al (1998). Since it is a high point in all managerial activities as Mintzberg et al (1998) believes, then priority on studying and analyzing how they are formed as well as understanding and considering the surrounding elements involved in its formation must be prioritized. As defined earlier, strategy stands for plans, directions, guide, and course of actions into the future (Mintzberg et al 1998). It is the conception of a distinctive and important position for different organizations (Porter 1996:68 in Mintzberg et al 1998:13). All aforementioned meant to aim at one direction converging with the organization’s missions and goals. The bottom line is a careful strategy formation with a good consideration of all the elements that it has to contain and the purpose it should serve as well as the strategies’ continuous application in order to create valuable positioning for the whole organization. Out of this, we assume that it can be safely but concretely suggested that organizations which do not have a specific direction or plans for the future is living a dangerous life and unsecured future within today’s business arena which is shadowed by complexity and diversity. Over again, it is in a chaotic situation that order is much more wanted, thus this is one essential thing that should not be neglected. Since IoS is very much operational in this complicated business arena, not to mention that its mother company has placed itself strategically in its market in many years, then the demand for creating a strategic plan and manage change strategies effectively is absolutely necessary. As we have also mentioned in the case chapter
of this thesis, IKEA has a matrix organization where the company is divided both in smaller companies, in business areas and processes where every one includes a part of the others. This means that IoS is in fact an important unit in this organization, thus departments DR & DB. Relating this to the analogy cited at Mintzberg et al (1998), IoS, together with the other units of IKEA, does in fact plays a vital role in the continued success and existence (or at least help maintain its valuable position in its market) of the whole organization both directly and indirectly since it comprises the entirety of the conglomerate that they belong to which is INGKA as explained in the case chapter of this thesis. Another correlation of this analogy can be made by seeing how DR and DB at IoS form their strategies. Understanding definitions without grasping and being prepared with the different blockages that may arise in an organization’s different units, functions and processes is definitely not enough. What can these possible blockages be?

Hardy (1996) stresses the importance of power and use of it. If used properly the one possessing it can control the outcome. This also goes for the managers at the departments. What they focus on, strive for and put up goals for is most likely the same as what the co-workers will do, if the power is used properly. Having a clear strategy is important so all units are converged and aware on how to act and where to steer, according to Hardy (1996). Position-power as defined by Bolman & Deal (1997) is the manager’s ways to command or control their subordinates. This is exhibited in decision-making and trouble shooting especially in the event of disagreement between employees. The subordinate’s acceptance of their superior’s power characterizes an effective system of hierarchical organizations as asserted by Dornbusch & Scott (1975 in Bolman & Deal 1997). This means that power, indeed can cause blockages when subordinates resist its application and implications. Hardy (1996) along with her contemporaries stresses the infliction of power in order to understand
how it can be used to the strategist’s advantage. She also claims that mastering effective strategic change is not just all about finding sophisticated techniques to design better strategies. It even involves understanding and reconciling the different elements involved in the process in order to realize or actualize these strategies. The importance of power is measured on being able to make the organizational members think and act strategically as suggested by Hurst (1986) and Huston (1992) instead of strategical-intentions’ formation at the expense of its realization (in Hardy 1996).

The yearly survey among co-workers at IoS show a clear association between how leadership is executed (power) and co-workers opinion about change (resistance) as earlier mentioned. Triggered by this, we have used the second survey that helped us find answers to our cause. Just a recap, Kotter (1996) claims that the “engine” that is supposed to drive change in organizations have apparently failed to work effectively, thereby the many unsuccessful change efforts according to recent studies. He also asserts that no matter how highly qualified the managers are in those cases studied, his or her quality leadership obviously should be put on scrutiny due to the visible failure when it comes to specific approaches used in the change strategy. Guided by the suggested eight steps to alleviate possible blockages on change efforts (as a remedy to the eight errors mentioned by Kotter 1996), we have tried finding clarifications on the usage of position-power at DR & DB respectively. These eight steps are; establishing a sense of urgency, creating the guiding coalition, developing a vision and strategy, communicating the change vision, empowering broad-based action, generating short-term wins, consolidating gains and producing more change, and last but not the least, anchoring new approaches in the culture. Naturally none of the departments fulfilled the steps completely neither on total level nor individual. However it was clearly shown that DR application of the steps reaches a score of 66, while DB applies a score of 90. It can very
easily be connected both to the leadership and also to the resistance.

In the end it all comes to what the co-workers think because without them change cannot be managed successfully. Once again it leads us back to Strebel’s (1996) “pairing of expectations”. The survey result showed that the management at DR thought that they applied more than the co-workers perceived. This shows either insufficient communication or unawareness of the co-workers expectations. On the other hand DB managers thought they did less than was perceived by the co-workers. The managers thereby have higher expectations on themselves and higher goals.

The biggest differences at DR between the expectations were on following questions;

- Was the necessity of change clearly explained to all parties involved?
- Was a “team” created with enough people that could lead the change, both through their expertise, leadership, authority and reputation?
- Did this team act as one unit working towards common goals?
- Was the created vision communicated to all involved parties?
- Was it still applied some time after the change was done?

With this in mind, the co-workers felt that the necessity of change was not stressed enough and therefore naturally a resistance arises, aligned with Kotter’s (1996) most common error number 1 “High level of complacency which undermines urgency“. This is caused by a lack of communication of why change is needed; the consequences if the change is not performed and the time frame required (Kotter 1996).

The co-workers also did not agree that there was a team leading the change and thereby there
was nobody to lean against and a natural leader in this process, that is Kotter’s (1996) error number 2 "Lack of a powerful, guiding coalition". This is founded in a lack of a powerful coalition with enough expertise, knowledge and leadership (Kotter 1996).

Not communicating a vision to all parties is Kotter’s (1995) error number 3 that is also found in this case. The direct consequence of this, according to Kotter, is that the aim of the change is unclear and thereby appropriate actions are hard to recognize.

However, the co-workers felt that the result of the change was still applied a while after the change was finished while the managers did not agree completely. Recalling the poor communication of the need of change and the vision, can it perhaps be, that what the co-workers thought was the aim of the change, and the imagined aim of the managers, did not match?

Beside these deviations, looking at the graphical display of the answers shows that the curves follow each other and thereby it can be assumed that the expectations of the managers and the co-workers at DR do matches with each other.

The biggest differences at department Blue between the expectations were on following questions;

- Was the created vision communicated to all involved parties?
- Was a clear, achievable strategy created and was its imagined outcome strongly coordinated with the vision?
- Was the vision clear and open for dialog?
- Did the result of the change make a difference right after the change?
Was it still applied some time after the change was done?

On all five questions the co-workers perceived that these were applied to a higher extent than what the managers thought. These questions are more or less the same as in DR, but in this case they are strengths because the co-workers were more positive towards it. DBs co-workers perceived the vision and strategy being communicated to all parties and that it was open for dialog. These are aligned with Kotter’s (1996) 8 steps towards successful change. Bearing in mind the last two questions, it also shows that the change was performed to the end and implemented. Since this was clearly noticed by the co-workers, they recognized successful change and next time, perhaps there will be a lower resistance! Looking at the graphical display the answers from the co-workers and the managers more or less matches in this case too.

As a consequent of this, we have applied the interview method as our step 3 in this study. This is in order to analyze deeper how and why the results from our survey, in comparison to the leadership profiles provided to us have exhibited above-mentioned results, not to mention VOICE’s initial results. A total of three managers and three co-workers were interviewed and have showed following results. Again, we would like to remind our readers that our aim is to know the reason why changes are motivated in DB while it is not that much motivated in DR.

5.1.4. Interviews

As discussed earlier, Bolman & Deal (1997) points out how important it is to have managers that are able both to maneuver and lead. One of the most vital issues regarding those are to have clear goals that are communicated and understood by all affected parties and also a clear and communicated plan or strategy (Mintzberg 1996). In DR, it has been a failure in communication, according to the co-workers. The vision has not been communicated enough nor was the strategy. That part that has been communicated has not been anchored in the
organization, according to Stepper and Nordlund, and through that resistance has occurred. This failure in communication results in severe difficulties for the co-workers to see the whole picture, or the elephant as Mintzberg (1998) refers to. Kotter (1996) argues that managing change is 70-90% about leadership and only 10-30% managing. The interviewees points in the direction that DR focused more on managing and less on leadership while DB were more focusing on leadership, for example through their situational adapted leadership.

Also not investing time in securing that taken decision are implemented and neglecting follow ups results in, as the IEs said, ideas and changes begun, but never implemented and thereby unfinished. This created panic in the organization due to the fact that no one knew what was happening and why. This uncertainty result most often in, resistance because the co-workers stop trusting the managers ability to handle change (Yukl 2006).

If co-workers questions their manager's ability and competence, it also results in loss of power for the managers. When the managers decrease in power they will find it harder to control, command and steer (Dornbusch & Scott 1975).

Since it is most often managers at DR that initiate change they need to spread this to the co-workers, through exercising their power as well as leadership. If this power decreases, while their leadership is not anchored in the department, according to the co-workers, every initiated change will result in a fast extinguishment. In DB, on the other hand, everyone is initiating change and can drive it which makes it easier to spread it to co-workers but also anchor it into the organization. However, this behavior questions the role of managers as commanders and instead emphasizes managers being supporters and leaders instead!

Strebel (1996) argues the importance of pairing the expectation of the organization and the
co-workers in order to drive through change and gain commitment. Department Red showed the managers thinking higher of the change management than the co-workers and this is, according to the co-workers, because the managers are distanced from the co-workers and thereby are unaware of their needs. Neglecting these will most likely result in failure of the change (Strebel 1996).

Kotter (1996) discusses 8 common errors during the change process and taking DRs change management in consideration it is pretty clear that most of these errors are relevant. This is why co-workers panic and do not know what is happening and why. Besides that, those changes are not completed fully nor implemented in the long run. DB on the other hand, does not focus on who initiates the change or who takes the decision, instead the focus is that everyone is aboard and what is decided also is done. They do this through working hard with adapting the leadership according to the needs, and thereby they put it in system to identify the needs of the co-workers. Therefore they do change successfully and they do have a unity where everyone knows where the department is heading.

As presented in our case chapter, the time element needed for the new managers to adjust to their new positions is the main reason for this low grades in DRs leadership profiles according to our IEs. Timing is another reason, making it hard for the new managers to embrace the new roles that they are supposed to play. This being given the fact that they started at the same time as a big change process is being affected in the organization. Aside from this, our IEs insinuate the weak competence possessed by the new managers which displays inability to communicate well, apart from being decisive. Apparently, these managers are not able to communicate down the message well which is an attribute considered weak according to Beck’s (1987) idea on how important it is to communicate ideas from the top employees.
down to all employees in the organization and makes it experiential. In our case, it is realized to the point that they understand the fact that a vague communication and follow ups can result in wrong implementation of strategies and does eventuate to change failures. Aside from these, our IEs think that strategies most often are not anchored in the department’s functions and exhibits less knowledge on the employees’ need. This reminds us of pairing organization’s expectations with that the employees’ in order to satisfy the compact between them as discussed by Strebel (1996). It is especially important in order to avoid resistance as well as in attaining good reception to power-usage as implied by him. Associating this to DRs less interest for change compared to DB, then we can conclude that resistance to change is very much affected by unawareness of what is about to come. Lastly, we guess it is important to point out that the best attribute exhibited at DR is empowering employees and their willingness to improve on those identified weaknesses.

Interviews with one manager and one co-worker from DB have resulted in the following. From the manager’s point of view, the high scores for the leadership profile amongst managers at DB can be associated with the quality leadership that the new recruited managers in this department possesses. This was corroborated by the co-worker who was part of this interview. It is interesting to know though if they were recruited at the same time as managers in DR. If they are, then it is not the time element needed to adapt to new roles which is the problem for DR but the strength of leadership qualities of the recruited managers as claimed by the IEs when they mentioned competence? Can we then say that it is the leadership qualities that plays more vital role over time needed to embrace new roles? Needless to say that however short time is given, if you are a good leader, then you can adjust to your new position no matter how new you are in the company. As we have reiterated quite a number of times, organizations do operates in a dynamic era where strategies should be flexible to the
changing times, thus their implementers! Anyway, our IEs at DB also emphasized strong decisiveness of its leaders as well as good communication of its goals from them that contributes to their positive reviews. Needless to mention involving the whole department in the different change stages making them fully aware of the vision and what is about to come, thus less resistance and full cooperation in return. This strengthens the good coalition that Kotter (1996) so emphasized and confirms our early assertions of DB performing in accordance to the eight-stage model.

5.2. Recommendations

Based on our analysis, our first recommendation would be;

Through communication, the managers can spread the information and create an understanding, but also create opportunities to involve co-workers as well as identify their needs. Through that, the required leadership can be identified and applied in order to create the best possible opportunity for the department to develop. Finally, it is vital to make decisions based on what was communicated and needed aside from securing the implementation of it. Our research has showed that these three was proven to be vital in order to drive change, along with Kotter’s (1996) 8 steps of successful changing. They were also
the factors that underlined success in change management considered in this study!

As another recommendation:

![Diagram showing recommendations for change management]

**Fig. 5.6: Author’s Recommendation 2**

The figure would show an even clearer picture of what needs to be done, who needs to perform them, as well as the flow and processes involved.
6. Conclusion

Managing change, as we can understand after reading the content of this thesis, is not just a simple “job-to-be-done”. It entails a critical application of strategies since it highly affects the present, as well as the future standing of any company. Not undergoing transformations and adaptation of the organization to its present market makes any company stagnate. Stagnation is not welcome if one aspires for advancement and profitability. This may eventually lead to fatal scenarios which is not only risky for the stakeholders but to the company’s other shareholders as well. Obviously, renewal and continuous development through effective strategies and its application are vital!

In view of the formulated questions for our study, our findings, analyzed against our theoretical baseline showed that Department Blue have exhibited stronger and well defined leadership. Their position-power, acquired when they took on their roles in IoS was properly applied by means of effective communication among others, allowing an open dialogue with their subordinates. Knowing what is about to come and being a part of the discussion may have helped gain confidence, at the same time helped eliminate resistance from their subordinates. The result was full cooperation which explains the high leadership profile that was confirmed by the Voice survey, our own survey as well as the interviews that has been actualized in this study. Thus, living up to the genuine definition of managing and leading!

The department has also applied Kotter's 8 steps in a thorough way which underlines that change management was performed in accordance to what is considered effective management.

Same procedure applied to Department Red, we were able to identify the weaknesses that defined the low leadership profile assessed against them. The indifference towards change,
which can be considered a form of resistance coming from their subordinates, was associated with bad or not good enough communication of the vision. This in effect sinks down the process within their department. It created insecurity which disabled full cooperation. It was further related to the newly engaged manager’s incapacity to embrace their duties and play their roles accordingly. It was also associated to the competence amongst these managers which is put in question based on their exhibited performance.

As a conclusion, if IoS should continue being an active contributor in IKEA’s development, then its leaders has to engage and adapt themselves to the roles that are expected of them to play. If managers at IoS play their cards well, then there is no risk that their department will be lead scarcely and thus a continuously strong positioning of IKEA will be maintained!

Our recommendations aim to set guidelines, not only for IoS, but also for other change agents today. We offer a direct-from-experience learning, not only based on the case presented herein but also out of the study amongst many change agents in the past, in order to promote a quality change management today and in the future. It may not be complete because we tackled a specific case and determined our assertions depending on our context but for those who find themselves in the same situation, this can be especially helpful. The theory imparted in this thesis which covered the major errors committed by other organizations will hopefully fill in the holes that other companies can associate their situations with. The risks with our recommendations are; the psychological effect since everyone is unique and thereby something that works for one person, may not work with others, this might also be closely connected to the corporate culture which can make it hard to apply on other organizations as well as strategies being contextual from case-to-case.
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**Interviews**

Stefan Ottosson, Manager Department Blue, 2008-05-09

Albert Narven, Co-worker, Department Blue, 2008-05-09
Attachments

**Attachment nr. 1: Survey Sheet**

**Survey for Master Thesis**

The purpose of this survey is to investigate how the change-process was implemented at your BA. Both managers and co-workers will do the same survey in order to identify potential differences. The individual results will be treated confidentially and only the overall result of the survey will be presented in the Thesis as well as the affected BA and the Supply Chain. Please note that it is highly important that you only consider the change-handling at this current BA and in your current position when answering. The questions can be answered on a scale from 1-5 where 1 is “not the slightest” and 5 is “yes, completely”, while the rest is somewhere in between leaning towards one or the other side. Kindly, mark your answer with an “x” in the proper box.

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- 1. Was the necessity of change clearly explained to all parties involved?
- 2. Was the time-frame, needed to effect changes, clearly specified?
- 3. Was a “team” created with enough people that could lead the change, both through their expertise, leadership, authority and reputation?
- 4. Did the “team”, leading the change, behave in a way consistent to the communicated vision and strategy?
- 5. Did this team act as one unit working towards common goals?
- 6. Was an understandable and desirable vision created?
- 7. Was the created vision communicated to all involved parties?
8. Was the vision brought up on several occasions and different forums?

9. Was a clear, achievable strategy created and was its imagined outcome strongly coordinated with the vision?

10. Was the vision clear and open for dialog?

11. Were organizational, structural and bureaucratic obstacles eliminated?

12. Were non-traditional ideas, activities and actions encouraged?

13. During the change, was the development constantly visualized?

14. Did short-term “wins” exist and if yes, were the persons responsible to achieve those wins recognized?

15. Did all affected parties had their clear role, during the change and knew what was expected from them?

16. Did the changing continue until the vision was achieved?

17. Did the result of the change make a difference right after the change?

18. Was it still applied some time after the change was done?

19. Were the competencies in the department utilized in a good way throughout the whole changing process?

20. Was the change adapted to the culture, norms and value of the department and IKEA?

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Thank You for Your cooperation and engagement!

Best Regards,

Ingholt Leonnie & Rasidovic Mirza

**Attachment nr. 2: Interview Schedule**

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<td>Co-worker</td>
<td>Blue</td>
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Attachment nr. 3: Interview Questions

Department Red & Blue

Leadership Profiles questions

- According to the leadership profiles, the managers at your department show relatively low index score. What do you think is the main reason behind that?

- Is this due to the manager’s characteristics or is it due to recent happenings that affected the score?

- The lowest score was related to communication and decision making, is it something you recognize and what is the cause of that?

- What is most positive with the management team at your department?

- What do you think the management team can improve so change-processes can be managed in a more efficient way?

Survey questions

- How is a change process initiated at your department? How the necessity is spread, the need identified etc.

- Is a change process mostly initiated from the management?

- How is a change process managed? How are teams chosen, goals made, vision, strategy etc?

- According to the survey result the answer from the co-workers were lower in average than the answer from the managers. What can be the reason behind that?

- What is the most positive with how change is managed at you department?

- What can be improved with the change management? For example, communication, involvement, speed, follow-up etc.