

CHALMERS



The Interrelation between the Formal and Informal Organization

An analysis of how individuals perceive their roles during an organizational change

Master's Thesis in the Master's programme Design and Construction Project Management

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Department of Civil and Environmental Engineering
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CHALMERS UNIVERSITY OF TECHNOLOGY
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ABSTRACT

The environment in which organizations operates is constantly changing. Occasionally, organizations process rational reorganizations to meet new demands. A new organizational design is then rationally developed; establishing the formal organization. Simultaneously, the informal organization develops in accordance with individuals' interpretations and behavior. Differences between the formal and informal organization are in this study referred to as organizational stress. By performing a single case study, and interviewing employees at a residential developer in three Nordic countries, we have compared how individuals perceive roles, work processes and overall organizational structure to organizational management expectations. The organization studied had a large focus on organizational objectives and requirements but neglected the importance of enabling individuals to construct their own realities, in the new organizational design, resulted in organizational stress. When individuals' attitudes and behavior have common characteristics with organizational expectations of roles, performance, processes and overall structure, a win-win situation is created where employees are satisfied and the organization is efficient. Hence, we propose that reducing organizational stress is of particular importance during a change process.

Key words: informal organization, role stress, organizational change, case study, the Nordic countries

Relationen mellan formella och informella organisationer

En analys av hur individer uppfattar roller i en organisationsförändring

Examensarbete inom mastersprogrammet Design and Construction Project Management

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SAMMANFATTNING

Organisationer verkar i en ständigt föränderlig miljö. För att möta nya krav så genomgår organisationer rationella organisationsförändringar. Den nya organisationsdesignen som är rationellt utarbetad kan kallas för den formella organisationen, samtidigt som den informella organisationen utvecklas i enlighet med individers tolkningar och beteenden. Skillnader mellan den formella och informella organisationen kallas i denna studie för organisatorisk stress. Genom en fallstudie och intervjuer med anställda vid ett bostadsutvecklingsföretag, i tre nordiska länder, har vi jämfört hur människor upplever roller, arbetsprocesser och övergripande organisationsstruktur med förväntningar från organisationen. Denna studie identifierar organisatorisk stress hos det studerade företaget. En stor fokus på organisatoriska mål och krav, samt bristfällig fokus på den enskilda individen resulterade i organisatorisk stress. När individers attityder och beteenden har gemensamma egenskaper med organisatoriska förväntningar på roller, prestanda, processer och övergripande struktur, skapas en win-win situation, där de anställda är nöjda och organisationen effektiv. Därför föreslår vi att sträva mot att minska organisatorisk stress är av särskild vikt vid en förändringsprocess.

Nyckelord: informell organisation, roller, organisationsförändring, fallstudie, Norden

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Preface

In this Master's thesis, a qualitative study has been performed at a Nordic residential development company from January to June 2010. The study has been performed as a part of the Master's program Design and Construction Project Management at Chalmers University of Technology, Göteborg, Sweden.

This Master's thesis has been carried out with Pernilla Gluch as supervisor. We appreciate all the guidance, support and advices we have received. Furthermore, the study had not been feasible without all the support we have received from our case company. We express our thanks to Skanska Residential Development Nordic for letting us perform our case study, for being able to be on site and for the travels across the Nordic countries. We also express our thanks to all interviewees for their time.

Finally, we would like to thank our room-mates and opponents Karl Agestam and Martin Karlsson for continuous support, discussions and pleasant coffee breaks.

Göteborg June 2010

Christoffer Böj Östergren & Malin Karlsson

1 Introduction

Consider an organization with an explicitly coordinated structure. Individuals are merely functional parts of this overall structure and their roles are strictly defined to fulfill business purposes. Moreover, procedures are formally and rationally planned by top management according to organizational directives. In this web of roles and procedures, there is no question about who is doing what, when or how. The organizational set-up is maintained through supervision and control. The organization functions as clockwork.

Now consider an organization formed by the employees. It is designed in accordance with individuals' preferences, values and beliefs. Every member of the organization gets listened to, appreciated and stimulated to do what they are best suited for. When questions and challenges arise, employees discuss and participate in the search for answers and solutions. The organizational set-up is dynamic and continuously changing according to its members and the environment in which it operates. The people are the organization.

The two types of organizations just described, characterize two extremes of organizational design. The first has its origin in old-school organizational theory, where organizations generally are seen as machines and the people as components in this machine. The second approach reflects the human relations view, where the organization is seen as an organism where individuals signify the essential parts. Bennis (1959, p. 263 & p. 266) expresses the two approaches plainly as: "...organizations without people", and "...people without organizations". Various other approaches to organizational theory have developed, some of which stem from the old-school view, some of which is developed from the human relations approach, and some combining the two. Regardless of design, individuals will always participate in the organizational existence, and their role is more or less predefined from organizational requirements. Rizzo et al. (1970, p. 155) define a role as: "...a set of expectations about behavior for a position in a social structure". The social structure is in this study the organization, which has expectations and demands on its employees. The employees on the other hand, make their own construction and interpretation of the organizational setting and their role.

The organization Skanska Residential Development Nordic (RDN) is a residential developer with 350 employees in three Nordic countries. This study has its outset in the reorganization that Skanska RDN has gone through during the last year. The previously divisionalized structure is today replaced with a more centralized and specialized organization. The current organization has clearly specified roles as well as structured and consistent work processes.

This study is a snapshot of an organization, taken in a phase of adaption to new structure, roles and responsibilities. The study navigates through the complex relations between organization, role and individual, with emphasis on the individual's view in a formally structured organization. Does a conflict exist between organizational expectations and employee perceptions of roles and work processes in Skanska RDN? And how do employees with equivalent roles perceive their and others' role requirements and expectations? Role stress is one indicator of conflict in the relation between organization, role and individual which results in: "...*dysfunctional individual and organizational consequences...*" affecting performance, satisfaction and efficiency (Rizzo et al., 1970, p. 150). We choose to use the expression stress in a wider sense, taking individuals' perceptions of structure and processes into consideration as well, as complement to role. The expression organizational stress will in this report represent a conflict between organizational, role and individual factors.

1.1 Aim and purpose

This study examines the relation between organization, role and individual in a process of organizational change.

In order to create an understanding of the relation between organization, role and individual, we explore the structure of the organization, as well as managerial expectations. We will continue to describe how the structure and expectations are perceived by the employees. An analysis is performed of how individuals in the organization construct their reality in relation to organizational definitions and expectations.

Our aim is to explore if organizational stress can be identified in Skanska RDN. As such, the study aim to unravel why and how this stress has (or has not) occurred in this organizational context.

2 Methodology

This study has been performed using a qualitative research method, aiming to unravel the complex relation between individuals, roles and the organizational design during a process of organizational change. In order to explore and, primarily, to form an understanding of a certain phenomenon, we have used a single case study design. It has the nature of a descriptive study (Yin, 2003). Empirical data has been collected at a Nordic residential development company in four business units in Sweden, Finland and Norway during 5 months in the spring of 2010. The organizational change was the basis to why we initiated the study and the delimited time in which the study has been performed makes this case unique. Hence, the setting and timing of the event makes the study of a revelatory nature, unfolding current conditions of the case and how or why they have arisen (Yin, 2003). This study is a snapshot at a certain point in time at this company.

2.1 Research design

Multiple sources of evidence have been used in order to gain a proper understanding of the situation and phenomenon of the case of this study. Literature on organizational and individual behavior was reviewed in an initial phase in order to gain general knowledge. With understanding of theory on organizational and individual behavior, and knowledge of the situation at the organization constituting the case, we planned and conducted qualitative interviews, which constitute our primary source of evidence (McCutcheon & Meredith, 1993). The interviews were open-ended and aimed at forming an understanding of how the interviewees view their reality in the organization.

In addition to the interview study, we have retrieved information from Skanska RDNs intranet, continuous information about events and personnel in the organization, and internal documents concerning the progress and plans for the reorganization and organizational charts at various points in time throughout the study process. This information has been the foundation for our description of the formal organization of Skanska RDN, and constitutes one part of our empirical data, also referred to as secondary sources of evidence (McCutcheon & Meredith, 1993).

In addition, observations have been made at one of the offices of our case where we were present during the study. We also had the opportunity to make smaller observations at the other offices where our interviews were held. Hence, we have gained an understanding of the atmosphere, contributing to the more direct information from internal documents and intranet updates. Moreover, preparatory interviews as well as a continuous dialogue were held with two key persons at strategic level to acquire updated information of the situation as well as getting their view and explanations of data that had been retrieved from the secondary sources of evidence.

Lastly, after all interviews had been conducted, more narrow and specific theories from literature were scrutinized. This course of data retrieval follows partly deductive and partly inductive research logic as result of the iterative process between literature studies and empirical data retrieval. A continuous gathering of theory that has strengthened the external validity of the study has been feasible through the iterative work process (Yin, 2003). Moreover, the multiple sources of evidence have enabled a triangulation process between observations, interviews and organizational documents, strengthening the reliability of our results.

2.2 Interview study

We have conducted 17 semi structured interviews at the company Skanska Residential Development Nordic (RDN). 15 of these interviewees were employees and group managers at operative level. Additionally, two interviews with strategic management were conducted. The interviews were dispersed to four regions; Gothenburg and Stockholm in Sweden, Oslo in Norway and Helsinki in Finland. These have been selected because they represent the largest geographical business units in the organization of Skanska RDN. The interviews have been dispersed among three roles within the company. Nevertheless, with regard to the geographical dispersion, the number of interviews and that the phenomenon of study can be expected to have similar effect on the persons of Skanska RDN, we considered the selection as generalizable for the company. The interviewees were selected from a larger sample and all interviews have been confidential. These interviews had the aim to further clarify the underlying reasons and managerial attitudes towards the new organizational design.

All interviews lasted up to 60 minutes and were conducted by the researchers. They were recorded, summarized and analyzed in close proximity to the interviews. We have used one interview guide that has been adjusted slightly to suit the interviewees' positions. Managers' interviews had a focus on their own perceptions as well as their employees' situation, while employees' interviews focused solely on their individual perceptions. However, the interview guides had the same structure in all interviews, which indicate a high grade of standardization according to Trost (2005). We chose to keep the interviews open-ended to allow us as researchers to explore areas that come to light during the discussion. The interviews had more structure than a complete narrative interview, with well defined themes that we brought up, yet not with set answering alternatives. Having more than one researcher present and using a recorder during interviews strengthens the reliability of the data collected from interviews (McCutcheon & Meredith, 1993).

2.3 Analyzing data

We have continuously analyzed results through the iterative process of gathering data from the multiple sources of evidence. The purpose of the analysis has been to explain and describe how people perceive this certain situation, in comparison to the formal documentation of how they are expected to act and behave in this organizational context. Therefore, through comparisons with secondary data, interview results have been analyzed and presented in a narrative manner, telling the story of the interviewees' views. We describe how persons perceive and interpret their situation. Nevertheless, a complexity for a researcher from this perspective is the so called double interpretation, which proposes that researchers interpret other's interpretations (Bryman, 2008). Hence, we interpret others' interpretations of a situation. Therefore, we have used quotes in our results section to enable for the reader to make own interpretations of the material.

3 Theoretical framework

Formal organizations are established and rationally designed to fulfill certain purposes. How to design organizations have through history been discussed and evaluated from various perspectives. In this study, the concept of organizational design is highly related to individuals and how they perceive the role that they are prescribed. In order to understand the complex relation between organization and individuals working in the organization the theoretical framework consists of theory concerning the organization, the role to which the individuals are employed and the individual working in the organization.

3.1 Organizational design

Research in the area of organizational design is extensive, but can briefly be summarized in a scale of how to organize, from a mechanic to an organic design (Clegg et al., 2008). The distinction between these two designs can be concluded to concern how an organization and its employees are interrelated (Hickson, 1966). The terms organic and mechanic organizations derive from the research of Burns & Stalker (1961). Hickson (1966) notes that several different terms are frequently used in organizational research to describe these two extremes of organizational design. However, mechanic and organic design describe the traditional approaches to organizational design, on which contemporary design theories build (Clegg et al., 2008). Burns & Stalker's terms are metaphorically useful to visualize the relation between organization and individuals.

Bennis (1959, p. 263 & p. 266) explains the two extremes in a descriptive manner as: “...organizations without people” and “...people without organizations”. He refers mainly to two prominent theories that have founded many subsequent theories.

The first approach, the mechanic design, is the bureaucracy, developed by Max Weber. Weber (1947, p. 339) describes bureaucracy as “...the exercise of control on the basis of knowledge”. Moreover, he speaks in terms of control as the way of creating efficient organizations. Bennis (1959, p. 264) refers to this organization as a rational machine, eliminated from: “...all purely personal, irrational, and emotional elements which escape calculation”.

The second approach, the organic design, is the human relations approach, developed by Elton Mayo (1933). Mayo clarifies the importance of individuals in organizations. He argues that organizations should take each individual into consideration in the organizational design, resulting in positive effects for the individuals as well as for the organization. Bennis (1959, p. 266) argues that the organic organization provides:

“...cognizance of the unanticipated consequences of organizations: workers' feelings, beliefs, perceptions, ideas, and sentiments – exactly those elements of passion Weber believed escaped calculation.”

Whether an organization ends up with a mechanic design, exemplified with Weber's bureaucracy, or organic, exemplified with Mayo's human relations approach, is dependent on the various eventualities that might affect the organization (Clegg et al., 2008). All factors affecting the organization and also the organizational design are referred to as contingencies. Generally, a contingency is something that might or can be expected to happen in the future. Consequently, contingencies will inevitably occur and affect organizations. In the context of organizational literature, contingencies are all factors affecting the organization, which the organization has to meet and deal with

by adjusting the organizational design. Every organization faces different contingencies and therefore has different designs (Clegg et al., 2008). Hence, there is no general best way to organize, since the organizational design depends on the context in which the organization operates. Thompson (1967, p. 39) argues that:

“...in addition to dealing with contingencies through strategies for interaction, organizations may remove or reduce contingencies through organizational design.”

Therefore, organizational design can eliminate contingencies that otherwise would occur. Contingencies affect the level of bureaucracy in the organizational design or according to Burns & Stalker's (1961) terminology, whether the organization will be of organic or mechanic design (Clegg et al., 2008).

3.1.1 Interrelationship between formal and informal organization

Organizational design can be understood as consisting of three factors; overall structure, roles and processes (Clegg et al., 2008). These factors are rationally defined by organizational management as well as perceived and exercised by employees. Blau & Scott (1962, p. 5), who orientated in the field of organizations, describe the formal organization as having *“...been deliberately established for a certain purpose”* However, according to contingency theory, organizational design depends on the different variables the organization is facing, one of which is subordinates' characteristics. Even though an organization has been formally established and rationally defined, it does not mean that its members in detail will follow the official blueprint (Blau & Scott, 1962). Naoum (2001, p. 24) describes how an organization never can neglect the effect individuals' attitudes and behavior has on organizational effectiveness:

“...a major contribution to organizational effectiveness is derived from adapting the structure to accommodate more adequately the psychological needs of organizational members.”

The actual organization is construed by individuals and referred to as the informal organization. In every formal organization, there will be informal organizations, regardless of time and effort spent on rationally designing the organization, its members will always behave differently, as Blau & Scott described (1962, p. 6):

“The constituent groups of the organization, like all groups, develop their own practices, values, norms and social relations as their members live and work together.”

This study concerns the relation between formal and informal organizations.

3.1.2 The individual in an organizational context

In order to create a full picture of the interaction between organization, role and individual, the relationship and fit between the organization and the organizational members needs to be considered. Personality and psychological traits cannot be excluded when understanding organizational behavior and role perception (George, 1992). Naoum (2001, p. 228) expresses the following:

“Individual behavioural patterns are the result of many complex factors and represent an integral and important part of the social subsystem within an organization. There must be some type of ‘motive’ which pushes people to behave in certain way. It could be their personal desires, their

individual characteristics, the environment in which they work, or many more factors.”

Just like the mechanic organizational approach neglects the factor of personality and individuality, the organic approach neglect the effect organizational pressure has on individuals. The truth lies, according to George (1992), somewhere in between. The organization is affected by its members' individual personalities, and individuals' actions and attitudes are affected by organizational pressure (George, 1992). The interaction between organization and individuals concern not only how the organization defines structure, processes and roles, but also how it is influenced by individual's behavior, attitudes and actions (Levinson, 1959).

Individuals go through a sense-making process of organizational directives and objectives parallel to the role perception. Hence, in accordance with the process of understanding and interpreting the ascribed role, a person also incorporate the overall strategic orientation of the organization. Nevertheless, management often forces strategic changes on its employees, which, according to Parker et al. (1997), does not create the required change in attitudes and behavior of employees. Instead, the organization should give employees the opportunity to understand and construct their own realities in line with organizational strategy:

“It is one thing for employees to endorse a set of general organization-wide principles and quite another for them to carry those through to the extent that they change their views of their own work responsibilities” (Parker et al., 1997, p. 900)

People are adaptable to new situations, and can according to the previous reasoning about interaction to some extent be compelled by organizational force to acclimatize to new situations. However, individual attitudes and behavior should not be neglected in a process of change (George, 1992). The better fit to organizational requirements and needs (and vice versa) the more likely it is that the person will display high performance, satisfaction and propensity to stay (George, 1992). Nevertheless, research show that a too good fit might affect the change process:

“When the environment changes, such individuals may not notice the change and may not be capable of appropriately responding to the change...” (George, 1992, p. 196)

For instance, a group with strong fit between individuals and organization might not adapt to new strategies or forms of working. In the previous setting, they might have been a perfect fit, the right person at the right spot. In the new setting, this fit might be inadequate, and people might have to leave the organization in order for it to subsist and be as effective as can be (George, 1992).

3.1.3 Defining the term “role” in the context of organizational design

The term role can be used with various meanings. It is often used interchangeably with the terms job in an organizational setting. According to Sanchez & Levine (2000), a job is a complex set of behaviors, tasks and actions. Similarly, Rousseau (1978) claims that jobs are determined by technical and social components in an organizational setting and emphasize the relations between the context of the organization, and attitudes and behavior of the individual. These definitions are much the same as those of a role in this study. Hickson (1966) describes the role as the

relation between social structure of the organization and personality of the individual. It is ascribed limits and requirements either by the person at the position or by others who relate to or have notion of the position (Rizzo et al., 1970). Similarly, Mantere (2008) indicates that the concept of role is commonly used to explain an individual's behavior through other persons' constraints. The prescriber of the role is the organization in the context of where the role exists and often exercised by superordinates to the role (Hickson, 1966). A role can therefore be simultaneously seen as objectively defined by organizational needs and socially constructed by persons in the organizational context. The objectively defined role derives from the formal organization while the socially constructed role denotes the informal. Fundamentally, the organizational role is affected by aspects deriving from the formal and informal organization, as well as the contingencies an organization is facing.

Levinson (1959, p. 170) summarizes the interrelationship between organization, role and individual:

“The concept of role concerns the thoughts and actions of individuals, and, at the same time, it points up the influence upon the individual of socially patterned demands and standardizing forces.”

Hence, a role is the link between organization and individual. It is defined and specified by organizational expectations and requirements, and perceived and construed by the organizational member, resulting in the formal and informal role.

3.2 Roles

The formal role can be considered a prescription for appropriate and expected employee behavior, specified according to formal demands and requirements of the organization. Individuals interpret these prescriptions, regardless of type of organizational design, and construe their role according to what they perceive is relevant in order to fulfill the role they are ascribed (Parker, 2007). Hence, the informal role is created through the interaction of formal requirements and the perception and behavior of employees.

3.2.1 Role specificity

Roles are designed differently in accordance with an organization's design, and the level of specificity of roles can range from broad descriptions to narrowly and detailed instructions (Hickson, 1966). Furthermore, McCormick (1983) brings up two approaches to job design; worker-centered to enhance job satisfaction and worker motivation, or process-centered by specializing activities or functions. The two approaches suggested by Hickson and McCormick respectively, correspond to the general approach of organizational design as they range in the scale of bureaucracy. High specificity and process-centered design of roles are coherent with the mechanic approach, while low specificity and worker-centered design of roles are coherent with the organic approach.

The mechanic or process-centered organizational design implies that the role of the employee has high specificity and is related to the organizational objectives in such way that:

“...the individual member is regarded as a cog in the apparatus, what he thinks and does being determined by requirements in the organizational structure” (Levinson, 1959, p. 170)

No or little freedom and concern is given to the individual's creativity or personal attributes in this type of organization. By clearly defining roles with high specificity, the organization could fit individuals to positions in the formal structure, like organs in a body (Mantere, 2008). The organization could, according to this view, control the individual to work according to the norms and formal system that is set up by the organization. The approach implies that performance will be improved as a result of low confusion. However, critics argue that "over specification" of roles prevent innovative solutions (Hickson, 1966).

The organic view of organizational design signifies high level of self control and autonomy as well as low specificity (Hickson, 1966). Interaction and influence leads to individual self-realization, job satisfaction and commitment, which imply improved performance and enable innovation. Clegg (1984) argues that high uncertainty have positive effect on motivation of employees and suggests that a complex design of roles should be preferred. Hence, decision-making should lie with the person accountable for the action and not with the supervisor. However, "structural looseness" does according to critics imply high uncertainty, which could bring anxiety and stress (Hickson, 1966).

3.2.2 Role stress

Roles are rarely fixed, but evolve as employees and supervisors negotiate the scope of work activities. Morrison (1994, p. 1548) states that:

"Supervisors provide both information about formal job responsibilities and subtle cues about the informal responsibilities that employees should consider to be parts of their jobs."

This may result in multiple interpretations, with variations of employees' understanding of their scope of work. Individuals' interpretation and conception of their work responsibilities and roles might therefore have effect on the overall work performance as well as individuals' satisfaction. Parker et al. (1997) argues that an understanding of how individuals perceive their role is crucial in order to understand how they will act and behave in the organizational context. Seeing as the role is the link between organization and individual, a misconception in employees' interpretation of roles is a risk that needs to be addressed. When expectations, requirements and perceptions of a role are uncertain or inconsistent, Rizzo et al. (1970) refer to the terms role conflict and role ambiguity.

The traditional definition of role conflict is that two or more employees perceive one role in different ways. Role ambiguity emerges when employees' perceptions of roles differ from the organizational definition. Role conflict and role ambiguity can be summarized by the term role stress, which denotes a lack of clarity in behavioral requirements and uncertainty about duties, authority, allocation of time and relationships with others (Rizzo et al., 1970). Accordingly, role stress occurs when there are inconsistencies in perception and expectation of a role among employees and between employee and management.

Research by Morrison (1994) indicates that a common understanding among traditional organizational researchers is that all employees are seen to have the same view of what their role implies. However, this is according to her a misconception and tends to be misleading when analyzing organizational contexts. Instead, she suggests that conceptions of in-role and extra-role behavior tend to differ and be unclear among employees with comparable roles.

The risk of role stress can be anticipated primarily in complex organizations and it increases with changes in the social structure, the organizational environment and personnel (Rizzo et al., 1970). Clegg (1984) brings up information processing as part of uncertainty in a role and argues that difference between required and obtained information might result in role stress. Abernethy & Stoelwinder (1995) address the complexity and conflict that might occur when professionals are assigned positions in an organizational setting with high formal control. When persons who are used to having much authority and autonomy in their work is put in a setting where formal administrative systems control their work, they experience a threat towards the: "...very 'soul' of the professional..." (Abernethy & Stoelwinder, 1995, p. 13). Furthermore, they imply that the professional in this situation will seek to improve their autonomy, with negative effect on organizational efficiency (Abernethy & Stoelwinder, 1995). Accordingly, Rizzo et al. (1970) argue that role stress result in negative organizational and individual consequences. They suggest that employees experience stress and dissatisfaction as well as perform less effectively when inconsistencies and ambiguity in roles exist:

"If an employee does not know what he has the authority to decide, what he is expected to accomplish, and how he will be judged, he will hesitate to make decisions and will have to rely on a trial and error approach in meeting the expectations of his superior" (Rizzo et al., 1970, p. 151)

Nevertheless, these negative effects of role stress vary among individuals, with respect to personality. People handle stress differently and have different demands on the level of control and clarity in roles (Behrman et al., 1981). Even though propensity to leave and anxiety are mentioned as probable outcomes of role stress, it is not an assumption that can be universally made for all persons that experience role stress (Rizzo et al., 1970).

3.2.3 Consequences of role stress

All individuals seek to find a belonging to a social group in the context they act, work or live. An organization can be seen as constituting a number of social groups, all of which individuals relate and conform to. Theory on role perception and performance is consistent with role-identity theory according to Parker (2007). Moreover, Kreiner & Ashforth (2004, p. 10) argue that role conflict is correlated to identity construct:

"Because roles often have strong identity implications for the individual ... the source of role conflict is often identity laden. That is, a person may experience incompatible demands on their identity..."

Sveningsson & Alvesson (2003) argue that while the role concern expectations of behavior from the formal organization, identity concern how individuals relate to their roles through acceptance, negotiation or rejection. Role conflict and stress was proven to be associated with ambivalent identification, as of the study by Kreiner & Ashforth (2004). Ambivalent identification appears when individuals identify and are

committed to some aspects of their organizations, but are drawn towards disidentification on other aspects.

A phenomenon that commonly occurs in organizations is that individuals tend to create a sense of uniqueness with their social group. They put up boundaries that differentiate the in-group from the out-group in a defensive manner (Ashforth & Mael, 1989). This distinctiveness is common between organizations or competitive groupings, but does also occur within an organization, between its subunits or other groupings. Ashforth & Mael (1989) argue that when perceived low and high status groups are ascribed the same status or merged into one group, the distinctiveness between groups tend to be underscored and differences emphasized by members of the high-status group. Hence, changes in the power and authority structure might generate more distinctive in and out-group formation. Ashforth & Mael (1989) describe how distinctiveness of in-group values and practices needs to be clear and continue by arguing that functionally based sub-units are less likely to be differentiated than market-based units.

According to Ashforth & Mael (1989), individuals tend to conform to a subunit-specific identity which is called an ideographic organization, implying that the organization constitutes to several subunits, respectively with their own identity. The counterpart is the holographic organization, with a consisting identity across units (Ashforth & Mael, 1989). Hence, a common social identity of a group of individuals, across units, might generate an organizational identity. A subunit could be, for instance, a project team or functional group. In order to create the latter form of organization where identity is shared across units, management need to be consistent and values consciously subscribed through the organization. However, as Ashforth & Mael (1989) argues, the holographic organization is unusual and individuals commonly have several parallel identities within one organization.

3.2.4 Reducing role stress and enhancing satisfaction

Reducing or eliminating unnecessary ambiguity or conflict should be a priority for many organizations. An environment where role stress is minimized has according to Abernethy & Stoelwinder (1995, p. 13):

“...significant and positive effects on an individual’s job satisfaction and overall subunit performance.”

Deriving from the scale of how to organize, two contrary approaches of how to reduce role stress has occurred. The mechanic approach argues in terms of managerial control while the organic approach argues in terms of self-control. The means and motives on how to best organize to create an environment with coherent role perceptions and employees that are motivated and satisfied differ. Regardless of approach, role stress is avoided simply when an individual’s self conception of important work behavior and formal requirements overlap, which will result in higher work performance (Parker, 2007).

Rizzo et al. (1970) propose that a chain of command principle which emphasizes single accountability and single authority flow should be preferred to avoid ambiguity in behavioral requirements and inconsistencies in expected behaviors. The structure of an organization should keep employees away from the crossfire of incompatible orders and expectations. The approach is that responsibilities and role requirements should be specified and clearly defined (Rizzo et al., 1970) and that consensus about job responsibilities among employees is likely to be higher when job descriptions are

clear (Morrison, 1994). Rizzo et al. (1970) argue that focus should lie on tasks and organizational objectives rather than on individual preferences. This is achieved by evaluation and control of employees as well as systematic reporting, and result in less role stress (Rizzo et al., 1970).

Similarly, Herzberg (1968) argues that factors such as supervision, administrative control and relationships with co-workers are fundamental for employees not to experience extreme dissatisfaction. However, in order to improve satisfaction and motivate employees, he claims that the organization should focus on aspects such as responsibility, recognition, and personal and professional growth. Herzberg (1968, p. 59) criticizes earlier management strategies, where job enlargement has been a common term, indicating a reduction of a person's individual contribution:

“Job enrichment provides the opportunity for the employee's psychological growth, while job enlargement merely makes a job structurally bigger.”

Job enrichment entails vertical job loading, which imply less controlling, more accountability and authority, new and more difficult tasks and more specialized tasks, resulting in motivating factors such as responsibility, recognition and achievement (Hackman et al., 1975; Herzberg, 1968; McCormick, 1983). Correspondingly, Clegg (1984) criticizes simplification of jobs and claims that a high level of uncertainty as result of a high level of information processing implicates high levels of self-control. Decision-making should lie with the person accountable for the action and not with the supervisor. He claims that simplification of roles only is used for control of events, and for economic and psychological reasons. Hence, a more complex design of roles should be preferred.

Morrison (1994), Parker (2007) and Parker et al., (1997) emphasize the importance of individuals having a broad role perception, namely having the opportunity to use a wide range of their skills and knowledge, as well as to strengthen their authority and autonomy. Hackman et al. (1975) describes the psychological states that affect an individual's motivation in their work role; experienced meaningfulness and experienced responsibility. He identifies several characteristics that are needed to fulfill these states. Tasks should be challenging, have a visible outcome and have impact on other people's lives. Moreover, autonomy, in the sense to what extent employees have freedom and responsibility of their work, is additionally one characteristic, which is recurring in reviewed literature as a factor to enhance employee satisfaction, hence gaining a more coherent role perception (Hackman et al., 1975; Morrison, 1994; Parker, 2007; Parker et al., 1997). In addition, Parker et al. (1997) elaborates that a narrow role perception restrict employees' authority and tend to reduce the likelihood of employees' taking initiatives and doing tasks that are not directly assigned to them. They tend to only follow orders and do what they are told, visualized as a child doing what the adult says. Morrison (1994) describes the broad role perception as organizational citizenship behavior, and states that the more of a job a person sees as in-role, the more organizational citizenship behavior he or she is likely to display.

Lastly, one approach where a complex role, the professional, is in conflict with the organizational control system is considered. In an environment with high control, professionals can experience a threat to their role, as stated before. Abernathy & Stoelwinder (1995) claims that by encouraging these persons to maintain their autonomy and communicate a trust in their ability to use their professional judgment

and work in accordance to the formal control system, the risk of role stress will decrease. Socialization processes and training policies are other motives that should be used to encourage employees to internalize the organizational values and norms, hence increasing the possibility that they will work according to the formal control system (Abernathy & Stoelwinder, 1995).

4 Results

In this section findings from the case, Skanska Residential Development Nordic (RDN), will be presented. Firstly, the formal organization will be presented, in accordance with information gathered from internal documents, meetings and interviews with employees at strategic level, as well as observations on site. Secondly, results from interviews with employees and managers in Skanska RDN will be presented. Their perceptions and descriptions of roles, work processes and organizational structure reveal the informal organization of Skanska RDN.

4.1 The formal organizational design

Skanska RDN has during the previous year and a half undergone reorganization with implications on roles, processes and the overall structure.

4.1.1 The formal structure of Skanska RDN

In the former organizational design, Skanska RDN had a clearly divisionalized structure, organized in geographically separate units. Each geographical division functioned like a small company, for which each division manager had responsibility and accountability. Corporate management questioned the lack of transparency through the organization and expressed that there were a considerable need of a more consistent strategic approach in the organization. Insight in how each division operated, exchange of experience as well as consistent reporting was aspects that were mentioned as lacking in the previous organizational design. As a result, a phase of developing a new organizational design was initiated by top management. In March 2009, the new organizational structure and work processes were introduced.

A larger focus on the customer as well as on organizational uniformity was considered as main driving forces for the organizational change. The new organization was structured to meet these requirements. Central control of the organization's different functions was considered beneficial in advance to divisionalized self-monitoring. Hence, the new organization was structured by functions governed from organizational top to bottom. The new functions were designed to meet the demands of having a customer oriented business. Moreover, the new organizational design was supposed to enable the organization to have more consistent work processes and methods at all geographical markets.

During the development phase, managers were gathered to participate in workshops, where the new organizational design was outlined. The process of change was initiated by corporate management, and communicated at general meetings to division managers in the organization. At that point, the reorganization and strategic approach mainly met positive responses from the organization. However, as one manager at strategic level expressed it:

“I think we were quite naïve, because everyone saw this as a good thing...we saw that this was something we had to do... Then we went out and talked to people who thought; what the hell are you doing.”

The manager elaborated that the process of informing employees lagged because of an overconfidence that the information would stream down automatically through the organization from management level:

“We thought it was going to be enough to inform managers, get all their support ... but it wasn't.”

Furthermore, the organizational design was communicated via general meetings and communicated top-down, which resulted in reactions from employees:

“We have had quite a lot of one way communication, big meetings, management talk. We know that, all channels show that it has not been much appreciated.”

Nevertheless, corporate management stated that they had knowledge and understanding of the difficulties and resistance that could be expected when introducing a change of this magnitude.

4.1.2 The formal work processes of Skanska RDN

The strategy of increasing the customer focus resulted in an organizational design that was more customer oriented than before. In the previous design, the business was project driven and mainly focused on the production phase. The main core activity was consequently construction project management. More emphasis on functions with long term customer focus, instead of on the production phase, was established as a strategy to meet the new demands of a customer oriented business.

Processes was now redefined according to the new strategy and constructed to meet the new demands. As a result, a new balancing of the core functions in the value chain was needed. In the new organization, the previous core function Project Execution had to make room for two new core functions; Market & Consumer, and Market & Sales, which were positioned before and after Project Execution in the value chain. Ultimately, the core functions would have total focus and specialization on the core activities in the process of residential development. The work process was project based and included three core functions. All work processes existed in the previous structure as well, but the emphasis on activities concerning the final customer motivated redefined work roles, in some cases new roles, and a new grouping of the core activities. In addition, three support functions assist the core functions with subjects concerning Finance, HR and Sustainability. Roles, tasks, accountabilities and all the processes that a project goes through were systematized and visualized in a work process tool, which is intended to:

“...ensure superior work quality as well as develop ‘best practice’ and effective work processes for each function of Skanska RDN.”

The work process tool contains working documents that are used as guidelines to how to perform the work, how responsibility is allocated, and when and to which functional role the work should be handed. It is a management system and it aims at improving efficiency through high specialization and a consistent way of working within the organization. Expected benefits were less dependency on individuals as well as optimization of resources.

According to managers at strategic level, one result of the lag in implementation of the new organizational design was that many organizational members still worked according to the old work methods to some extent. According to strategic management, the current situation implied that the process of change might have needed to stand back, and the use of old work methods was overlooked. Furthermore, they claimed that if employees could not find answers in the new work process tool, they should raise the question but that they were allowed to work according to the old work methods. The reason for allowing the old work methods differed. One strategic manager expressed that it was a strategic decision because of an upturn in the market. Another manager claimed that the reason for working as before is inadequate

documentation on how it is supposed to work and that: *“You can’t be faithful to a system that is not implemented”*.

The new structure and work process tool was intended to have clear specification of who is supposed to do what in the work process. Nevertheless, there was also a need for the process to be flexible, where communication should be managed within the project group.

4.1.3 The formal roles of Skanska RDN

The functions in the organization consist of roles, to which individuals are employed. As a result of the structural change, new roles in the value chain were created, and a few roles were removed, while the remaining roles were changed. Each role is specialized, has a specific purpose and is designed according to the organization’s and business’ requirements. The role of the division manager was eliminated to enable centralization of the organization. Furthermore, the employees have had a change in their work situation, either through a change of the scope of their role and its features, or through a change in the setup of the function they belong to. The extent of change varied between countries, offices, functions, roles, and levels.

The organization is horizontally structured into the functions previously described, and vertically structured into three levels; operational, tactical and strategic. In this matrix, roles are categorized and defined. At the time of the study, the design included 58 separate, specified roles, distributed over all levels and functions. After the organizational change was initiated new roles have emerged. Each work role fulfilled a predefined objective in the work process. Work was thought to be transferred at defined hand-over points to the next role and the next functional process. This is also the way responsibilities and resources were allocated. However, every single role was not expected to feature at all geographical divisions, but all roles should be represented in order for the process to work accordingly. This means that one person can represent more than one role at a smaller office, while several employees can hold one role at larger offices.

The new organizational structure has a strong focus on specialized roles, developed according to requirements of the business. Each role is fixed and planned to fulfill the process of residential development and supporting processes, as described previously. The description of each role is comprised in role profiles, which consists of descriptions of accountabilities, required competencies and knowledge, skills and experience. Moreover, the roles are individually evaluated through key performance indicators. The description of the role is summarized in a comprehensive one page document and intended to be communicated to the employee in connection with a performance review meeting with a supervisor. The structure with well defined and specialized roles is intended to indicate clear career opportunities within the organization. The most apparent career path is within your own role, where you develop your expertise and become a better specialist within your area. In addition, the opportunity to broaden your experience is given through a possibility to change to another role within the work process. This has been a necessity for some persons in the organizational change, in order to retain employees within the organization. The level of needed education differs between roles, some demand higher level of education and other lower.

An embedded risk in this new design with specialized roles, as expressed by a manager at strategic level, was that employees with valuable competence and

experience might choose to leave the organization because of the change in responsibility after the reorganization. Furthermore, because of an unclear picture of what was supposed to be performed, ambiguity in roles and responsibilities was perceived as great:

“If you are insecure in your own role, how are you supposed to meet other roles? And who does what is not said?”

According to strategic management, the organizational members were supposed to be specialists and not have much autonomy within their role. As stated by one strategic manager: *“You do not define your own role”*. Nevertheless, the impression is that some managers would aim to create new roles for their employees, which has been expected to happen. One risk that was expressed was that when managers at strategic level, with the utmost responsibility to maintain the organizational design, leave the company, the firm structure will be difficult to retain and to be kept consistent over time. Hence, a consequence that might occur is that the current organizational design changes and adapts to new circumstances and a different management team.

In order to get the employees to fully understand and appreciate the new structure, strategic management argued that they needed to get a coherent picture from management. As long as the management team was not perceived as one unity, the outcome was uncertain according to a strategic manager. Moreover, a stronger and more coherent management stand point was stated as imperative in order to implement the new organizational design and to create an organizational culture that is coherent to the formal organizational design:

“We also need to have managers who are mature enough to follow through, we need managers who owns this, who can go in and say that this is not the way we do it ... What we can do is to set ultimatums and it needs to be done.”

Hence, much of the responsibility for implementing the new organizational design and for controlling that employees meet the terms of the work processes was assigned to the managers for every function.

4.1.4 Aggregated results: Formal organizational design

Skanska RDN has undergone a substantial reorganization as result of a new strategic approach. A strive towards customer-orientation and a unified way of working resulted in a new organizational design with consequences for the roles, processes and overall structure of the organization. A clear customer focus implied more focus on functions in the work process that previously had less prominent significance in the value chain. Hence, some roles have gained more responsibility and authority, while others have reduced their responsibility and influence in the work process.

The new structure of Skanska RDN is clearly defined and carefully planned according to the strategic goals of the business. The roles, processes and structure were described as fixed and rigid, but with a need to be flexible over time and allow adjustment to changes. Each role is specialized in order to optimize the value chain and fills a predefined purpose in the work process. It is specified in a role profile as well as in the work process tool. The clear and defined structure is also standardized and centralized in order to enable and control a homogeneous and unified way of working. Hence, all geographical divisions are supposed to have the same functions and work according to the same work processes. Furthermore, the new structure was described to enable clear career and development opportunities within the

organization. Through specialized roles, each employee would have the chance to become an expert and develop their skills and knowledge within their role. Moreover, in order to extend the base of expertise, a career where you switch to another role within the work process was mentioned as a second possibility. Nonetheless, the centralized structure has removed the traditional hierarchical career path in preference of specialization.

The persons in charge of the organizational change of the new organization had a strong faith in the new design and a belief that information would stream down automatically through the organization via managers for each function. A clear picture that has been revealed through the study is that the state of change lied behind what was planned. For instance, roles were expected to have been communicated to each individual, which they were not. The use of one way communication and general meetings has added to a lag in implementation of the new organization. However, corporate management also expressed that they had knowledge and understanding of the difficulties of introducing a change of this magnitude. We can conclude that the reorganization appear to have been based mainly on business requirements, as opposed to individual preferences. As a result, some employees might need to change role within the organization or leave the company.

4.2 The employees' construct of the new organization

The conception of what the reorganization has denoted for Skanska RDN varied among employees at different levels, geographical units and between roles and functions. A general understanding, however, was that the organization and its members still needed time to adjust to the new ways of working and acting.

4.2.1 The new structure

The previous structure of Skanska RDN was divisionalized and decentralized, which according to some of the employees in the interview study was in need for improvements:

"...we previously worked in different ways in the different districts and that is not ok, it does not work very well."

The new structure implied a more unified organization. Nevertheless, many of the interviewed employees and managers had not yet adopted the new ways of working to a greater extent. Several persons argued that: *"...this has not yet settled"* and one person described the current situation in Skanska RDN as:

"...we are far from a centralized and unified way of working; we have to put out fires all the time."

The interviewees agreed in their view that the organization needed time to settle in a new structure, but many expressed a confidence that with time they would find a way to make it work well. One employee argued that: *"I believe that the pieces will fall into the right position"*, and expressed faith in the structure and strategic goals of the reorganization. Managers were generally slightly more positive to the new organizational design than other employees and expressed a belief that the new structure had good possibilities to turn out successful with time: *"...we have the pieces for a Ferrari, now we have to learn how to drive it"*.

Some divisions experienced that the new organizational design, implemented or not, did not imply a great change for them. One employee even argued that the design for

the new ways of working was closely related to their old way. The new organizational design derived from, and was often compared with their previous way of working. For many employees, work was in fact much like it was before. One employee expressed that their office did not expect to change their way of work to any great extent: *“We will continue to have different ways of working than in other divisions”*. The statement described a situation where employees understood and appreciated the new structure, but did not, for various reasons, believe that a great change would be required or possible at just their division at this moment.

The most common reason not to change was that they were still going through a change process, and were still in projects that had started during the “old” organizational structure using old work processes. Nevertheless, it was not obvious from these statements if employees at these divisions aimed at reaching the intended organizational design. Indications were that they believed that they would be able to continue working as before or that the new design would adapt to or be adjusted to better agree with their way of working. Another reason for not working according to the new design was characteristics of the certain regional office. Size and resources at the office, according to employees and managers at smaller offices, implied that it was not possible to utilize the range of roles that were specified in the formal organizational design. Instead, these offices would need more independence and flexibility and be allowed to adapt the formal design to their reality.

Nevertheless, in accordance with the change of the formal structure, processes and new or altered roles, all divisions did experience certain change in how they work, their roles or in communication with others. Some employees argued that the new organizational structure was perceived as rigid with its fixed and specified roles and work processes. There was also critique towards the centralized and specialized structure, which implicated complex and hierarchical information flows. One manager described the information flow in Skanska RDN as “filtered” between top management and operational levels. Senders and receivers were according to the manager too far apart, with too many intermediaries, which imply that:

“...in a situation where information is filtered, only a certain part of the information will be right ... but if you skip the intermediary, then two filters are eliminated...”

On the contrary, some employees perceived the structure as strict on the paper, but as flexible in reality. One manager described the formal organizational design with firm structures, processes and roles as a dynamic process, where changes and adaption to a changing environment should be allowed and encouraged. Another manager described the importance of having a carefully planned and described work process at strategic level, as well as the importance of utilizing the process as efficiently as possible at operative level:

“The process itself needs to be good and well thought-out, and you need to consider how to utilize your resources as effective as possible. A combination of the two is the answer.”

4.2.2 The new work processes

Within the new work process, hand-over points were more defined and boundaries between responsibilities and tasks of different work roles are experienced to be more emphasized than in the previous structure. A coherent opinion was however that flexibility and cooperation throughout the work process was vital, and most of the

employees expressed that it indeed was and should be a dynamic process. One employee expressed that: “...we cannot talk about who is doing what, we have to cooperate”, emphasizing the importance of flexibility and cooperation throughout the work process as well as between roles and functions. However, many of the interviewees argued that the process’ efficiency and their opportunity to act flexible and cooperate depend on the individuals involved:

“...sometimes we do not get invited to these meetings, then we have to enter anyway, because we have to...”

This statement described how fixed boundaries between work role responsibilities throughout the process might impede some persons from letting coworkers participate in certain parts of the process. For other interviewees, the boundaries between the roles in the work process and new weighing of responsibilities, with more responsibility for some roles and less for others, had seemingly created distress. They perceived difficulties with the new structure and expressed a worry that some individuals would only do exactly what is prescribed to their role and not see to the process as a whole. One employee stated that:

“Many persons believe that ... oh now I have this box to decide everything about, while I have the view that this organization allows cooperation.”

The same employee elaborated that in the new organization “...there can be too many bottlenecks...”, emphasizing the importance of adequate resource allocation and flexibility between roles in the work process in order to reduce the risk of tasks being missed. Nevertheless, interviewees at one office in particular claimed that the new organizational design offers good opportunities to allocate resources throughout the work process and across borders. Being able to be flexible through the process, allowing employees to extend their responsibility in the beginning or end of their specified role responsibilities, would not only make the process more efficient, but also be an incentive for employees to see their own possibilities to stay and develop within the company and their role. Nevertheless, one employee described the difficulties of too much flexibility as:

“...it can be of a great danger if everyone can stretch and bend on the way of working as they please ... the responsibility will be unclear, you do not know if the process works if not everyone follows it to the end.”

Conclusively, the approach towards the structure and required flexibility varied among the interviewees. Some interviewees saw no problems to continue working as before the reorganization, through internal communication and flexible resource allocation throughout the process. Others expressed that the level to which good cooperation can take place was exclusively dependent on the individuals involved in the process.

4.2.3 The new roles

A general agreement among interviewees was that their role in the organization had changed. However, the extent of change varies. Some employees experienced a major grade of change while some experienced a minor grade of change. Some employees experienced that the boundaries of their role has become broader, while others experienced a narrower role. This perception varied among roles but also within roles. Some individuals working in one role experienced that the role has been enlarged with e.g. new responsibilities and new tasks, while other individuals employed to the same role experienced that the role has become narrower with e.g. reduced responsibilities and fewer tasks.

Employees with a narrow role saw it either as they were getting specialized; “...*what is left is what I do the best*” or as they were getting restricted. Specialization was commonly viewed as a positive change. These persons did what they were best at and had the opportunity to develop through further specialization. Nevertheless, the specialization was for some persons experienced as they were getting constricted:

“...the beginning and the end of my work is gone, now I shall only do what is left in the middle.”

Moreover, a manager of a group that has experienced a great change of their roles and responsibilities described their view as “...*they feel like they might as well have come straight from working at a gas station*”. The quote implies that nearly all responsibility had been taken away from them. Furthermore, persons experiencing a broader role description expressed in general that they experienced a work over-load, with “the wrong” tasks or too time consuming tasks. No or little time was left for performing what the employees considered they were specialized in.

From the management’s perspective, the roles were not considered to be complete yet. There was a common view that roles still would need to adapt and change to the work process. However, with a consistent work process and adequate information, managers believed that employees will realize and appreciate the new way of working, as one manager stated:

“...I am sure that the roles will change ... but as long as we can see coherence, I believe that everyone will accept and understand it...”

Nevertheless, as for the time of this study, managers expressed a belief that roles not yet had been fully understood by the employees, and explained that it is important to have a proper understanding of how the process is intended to work. One manager described:

“As it is today, they do not see all the pieces ... they feel like they are doing things that they shouldn’t do, it is a major dissatisfaction ... you have to understand why you do what you do.”

Correspondingly, the study indicated that employees in all functions of Skanska RDN experienced some kind of uncertainty of what was expected from them and of their role. They also expressed that they were concerned about others’ work and roles. Since the roles were perceived differently, the way of working was dependent on the individuals in each project, resulting in different work processes between projects. Furthermore, the fact that the organization still was undergoing change was used as argument to why roles and responsibilities not yet had become clear to the employees. Managers expressed that employees need to be confident in what they are supposed to

perform, and what their task is, but also be confident in what other roles and functions are supposed to perform. Concurrently, some managers mentioned that this was not always the case. The organization consists of employees and they interpret and perceive the roles differently. Some managers described an experienced frustration among employees concerning the outer boarder of the role and who should be doing what. Nevertheless, the overall view of the structure as such was that it had the prerequisite for clear roles and responsibilities; it had just not yet settled.

Managers in Skanska RDN consistently argued that one of their most important objectives was to inspire and motivate their employees. Individual development and motivation was seen as essential in order to get a successful team. They argued that a main task was to keep the team together:

“The work as such implies keeping this group together, to enthuse, motivate and develop the employees.”

This view of leadership was shared among all the interviewed managers. Another recurrent statement was that:

“It is important that they feel that they are heard ... you need to have the people with you.”

On the contrary, an interviewed employee expressed that: *“...you can be really good, and quit, and no one will say anything”*. This person expressed that you were not adequately seen or appreciated by management, and that your personal development was not being considered. Correspondingly, some managers expressed strong worries towards loosing valuable employees that did not feel that they were seen or listened to. However, feelings about people leaving or staying varied between managers. Several managers had a strong belief in their team and saw a risk with people leaving, with the loss of valuable experience and knowledge as result, expressed by one manager as:

“...it will happen, some will leave ... we have a lot of experience which we must take care of in the best way possible.”

This quote describes a strong trust in employees and a belief that each individual in the team is important. Another view was that the new structure might not fit every employee, and that some persons need help to find another job within or outside Skanska RDN. One manager described the situation as:

“Many employees are in the right group, but there are those who will need to switch job.”

Then again, a view that was identified among managers was that some employees no longer fitted in the organization and simply would need to leave the organization. These managers had a strong faith in the new structure and believed that individuals needed to adapt to organizational needs. If they did not find their spot or agreed with the organizational objectives, they would need to leave. One manager expressed:

“If you do not agree with how the organization functions, you should ask yourself if you should stay; then you have to be honest with yourself.”

Moreover, a manager emphasized the importance of working according to the new structure and work processes, and stated that individuals' preferences should not be considered at all times:

“...I do not believe that it is a good solution that we change our way of working just to satisfy the group...”

Hence, all interviewed managers expressed that some employees would need to change job or leave the company. However, they differed in their view. On the one hand, leaving the company was a necessity as consequence of the reorganization and on the other, it was a risk that should be considered and dealt with at management level.

Employees expressed that career paths were not clear in the new organizational structure. Among those who saw career development within the organization, the perception of how this could be achieved varied. A general statement was that responsibility is a motivating factor. Different tasks, larger responsibility and more difficult projects were mentioned as factors that would motivate these employees to develop within their role. Some employees preferred to get the opportunity to climb in the hierarchy or to get a broader role by being more generalized. The new structure with specialization did not agree to broadened roles, but “...switching box...”, or to change role in the work process was seen as one opportunity to broaden the base of knowledge, develop and gain experience. Most employees did see specialization as the prescribed career and development opportunity in this organization. A common expression was that this career path imply to “...go deeper within your own box” and becoming an expert within your area. Nevertheless, gaining a larger or exclusive responsibility within your role was seemingly valued by many of the interviewees. Exclusive responsibility referred to having a special task or work area in which you were the expert and had exclusive responsibility. Hence, even though all persons within a certain role should work accordingly, there was a request for getting the opportunity to develop individually within a certain area in which you have a special interest.

4.2.4 Aggregated results: Employee constructs

The most apparent result from the interviews was that the status of the change as well as required degree of change was dependent on the previous structure and way of working. Those who claimed that they had started to work according to the new work processes also stated that the new structure was similar to how they previously worked. Hence, they have not been required to change their way of working to any great extent. Accordingly, those who stated that they still worked as they always had, and anticipated managerial pressure in order to go through with the change, had a different way of working before. Furthermore, these persons were generally content with their previous way of working, and emphasized the individual’s significance to make the team work. Most employees indicated that they in reality did their individual work as they always had.

Opinions of the new and changed roles and procedures can be associated with how the previous structure was and varied within roles and geographical divisions. Therefore, it is complicated to generalize how people view their new situation in a specific geographical division, or within one role on a Nordic level. There were also indications of individual differences, depending on each individual’s previous experiences and their ambitions. Correspondingly, the most important factor to how people perceive their situation and act was how their division was structured and how they worked prior to the reorganization, but was also affected by individual attitudes.

Through the interviews, we sensed an uncertainty of what corporate management expects of employees, and a recurrent view was that the perceived distance to top management made it difficult to embrace the new way of working. Furthermore, employees in Skanska RDN experienced a lack of participation through the change process and expressed low trust in top management as well as the overall structure of the organization. The ambition to adopt the new structure and work according to the new directives varied as well. Some persons clearly expressed faith in the new structure and had strong belief that all pieces would fall into place with time. Other persons expressed rather contrary that they did not expect to change to a full extent. They seemed to wait for this phase to go over, and had faith that they in the end would be allowed to work as they always have. Nevertheless, almost all interviewees stated that they understood the strategic approach underlying the change. They expressed a belief in the idea and the strategic objective as the foundation for the reorganization. They believed that the organization only needed time to settle, and that with adaptation they would find a way to work that was efficient and appropriate for both business and employees.

This study has revealed that individuals in Skanska RDN had a good view of how to develop within the role have been given, but the interviewees sensed a lack of commitment from the organization's side. There was a widespread understanding of the organizational advantage with specialized roles, but also a worry of how it will work in real life. The possibility to advance within a role was seen as a necessity. To have a field of responsibility that makes you somewhat exclusive would to several of the interviewees be a motivating factor. The importance of individual development was emphasized throughout the interviews. Managers saw it as their main task to motivate employees, but did simultaneously express that some persons might not be right in this organization, and would have to leave. This aspect was double-sided. On the one hand, it was seen as a great risk. Employees with valuable experience and knowledge would choose to leave as consequence of new roles and processes and low flexibility. On the other hand, it was seen as a necessity. Some persons will not fit in the new organizational design and choose to leave as a natural consequence of the organizational change.

5 Analysis of results

The results show that the organizational change that Skanska RDN has gone through has resulted in changes of the formally described roles, processes and overall structure, as well as how individuals' perceive their situation and construct their roles in the new organizational design. During the change process, all employees had in one way or another needed to reassess their role to the new structure, which reveals a situation where every employee is in the process of acclimatization and trying to find a way to relate to their role in this new structure. Results indicate that the change had implied substantial changes for some persons of the organization and smaller but yet significant changes for other.

5.1.1 The process of changing

We have seen indications that Skanska RDN had not yet settled in the new organizational structure, processes and roles, and results show strong indications of an organization that still was in a phase of change. The new organizational design was specified, and had seemingly a clear and comprehensible strategic ambition. Most interviewees showed an understanding of and expressed support to the underlying aim of the reorganization. Nonetheless, the results indicate that negative reactions have been revealed as result of the top down approach when introducing the new organizational design. These reactions were seemingly anticipated by management at the state of introducing the new organizational design, but results indicate that employees did not sense that management had taken measures to involve them in the process of change. A confidence that information would seep through the hierarchical layers in the organization resulted in employees feeling detached from management and dissatisfied with the situation. Both strategic management and employees implied that the vertical communication was problematic at this state.

One reason for initiating the change was to enhance communication between geographical districts and become a unified business corporation. At this state of change, information processing was experienced cumbersome and time-consuming as result of centralizing organizational management. There were clear tendencies towards a high commitment among employees to their closest social group. A distance to and low trust in top management was conducive to a sense of "we" and "them", which can be identified in the study. Employees tended to keep a decentralized approach towards their work. They showed commitment to share knowledge, but expressed at the same time that they were not provided the means to do it.

In order to fully adapt to the new design, the results indicate that it was required to have persons that supported the strategic approach and worked accordingly, which implied that some persons might have to leave. However, many interviewees expressed that the risk of losing valuable experience and knowledge was high, indicating that retaining employees was not prioritized in this organizational design. Seemingly, employees in Skanska RDN were happy with what they did and wanted to develop within their job, but expressed a concern of how this would be feasible in this new structure.

A feeling that the new organizational design was not yet set was identified through the interviews and shared among employees and managers. It has been allowed and confirmed to work according to the previous mode of operation by management during a period of adjustment. However, this was seemingly not expected, but rather a

temporary solution as result of implementing a new structure while meeting business demands. We can see that there were ambitions to make all persons change to the new mode of operation, but that circumstances and the change process are basis of permitting the previous work methods for an appropriate time of adjustment. Nevertheless, some persons clearly strived to change, while others waited for this phase to pass, which have implications on the process of change.

Hence, at this point in time, employees revealed low trust in top management and the implementation process, but did understand and appreciate the strategic goals and purpose of the reorganization.

5.1.2 A strict but flexible design

Skanska RND's new organization was designed to respond to new business requirements. Its structure, processes and roles was rationally defined with a high level of specificity and individuals were expected to more or less follow this definition. This implied that some managers and employees considered the organizational design as strict and rigid, however, others considered the organizational design to be dynamic and flexible. This indicates that different approaches towards the change process existed. Furthermore, the tolerance to work according to previous work methods and to make own interpretations of the work process indicates a less rigid structure than what the intention. The strategic approach was that flexibility was needed to a certain extent, but the structure should mainly be fixed with no or little room for changes and adjustments. This confusion of how the organization was expected to be, and how it was perceived, can be understood to have had effects on how far the organizational change had come. As long as there were various perceptions and expectations of how people should work in this organization, employees seemed to choose to work as they always had done.

Furthermore, roles were highly specified and systematically categorized. Moreover, the work processes in Skanska RDN was clearly defined and standardized as previously stated. The results indicate however, that what was defined by organizational management was not in detail followed by the employees. Some argued that roles were defined by vague outer borders where border-crossing cooperation was essential in everyday business work, while others argued that strict roles reduce the possibilities for cooperation, resulting in a segregated work climate. Therefore, roles were not perceived consistently throughout the organization. Employees felt secure in their own role, but they expressed distrust that other persons would fulfill their responsibilities, hence chose not to fully adopt the new system. A clear impression was that this was a temporary state during change that would cease given time. However, apart from time, it was of great importance that the new processes of work, roles and responsibilities were clear and well motivated in order to get everyone to trust the new system. Though, employees were exercising the process differently. Roles, work processes and structure therefore differed from what was intended by organizational management.

A majority of the interviewees claimed that they found the career paths unclear, even though they were described clearly in the new organizational design. However, they did express how they could develop within their role and within the organization in a way that was compatible to how the career paths in Skanska RDN were formally described. However, the traditional career paths had disappeared, which contributed to this view. a sense that career paths were unclear in this organizational design. Hence, the formal organization and individual preferences were clearly correlating, but a need

to motivate and clarify what career opportunities an individual has in Skanska RDN was necessary. Another clear belief that has been revealed is that the employees seek responsibility and autonomy in their work. Motivation and development was directly connected to more responsibility and autonomy in accordance with results of this study. This approach seems to disagree with the formal statement that roles and structure should be fixed and standardized. The purpose of specialized roles is that all persons with the same role also have the same responsibilities and tasks. Hence, a conflict between individual requests and organizational requirements seemed to exist in Skanska RDN. The question is how to incorporate this in the formal structure of the organization. Seemingly, personal development, participation and motivation are important in this organization that already has strong emphasis on clearly specified formal structure, processes and roles.

There was some vagueness in what was expected from management at the point of the study. There were adjustments made in the organizational structure as a result of pressure from employees and managers in operational positions, who reacted to parts of the new structure. Hence, as a reaction to consequences of the reorganization, expressed by organizational members, management adapted and adjusted the, at the first view, strict and rigid organizational design. Individuals seemed to influence the structure, roles and work processes through own interpretations and understandings. Hence, roles, processes and structure seemed to be under adjustment to fit the actual structure.

6 Discussion

Throughout our report, the interrelation between organization and individuals has been described, from a theoretical and an empirical standpoint. In order to fully understand the organizational context, individuals' characteristics have been considered. Furthermore, in order to understand individual motives and behavior, the work environment needs to be considered, in line with research by Naoum (2001) and George (1992). This has been particularly clear in the study of the change process that Skanska RDN is going through. All employees in Skanska RDN seek to fit into this organization, to use the expression of George (1992). The change has for some individuals resulted in a feeling of misfit with the result of leaving, and for others a reassessment of their role to find their new fit. With regard to the fact that all persons in Skanska RDN are in a process to fit into this organization, they could be considered newcomers in "their own" organization.

The clear and positive attitudes towards the strategic idea of the reorganization that was expressed by employees in Skanska RDN can be related to theory by Parker et al. (1997). Parker et al. (1997) argue that understanding and supporting organizational-wide principles does not automatically imply a change of, or adaption to, attitudes and behavior which is confirmed in our study. In line with the strategic orientation, individuals need to construct their own reality, which is a process that cannot be forced by managerial pressure and control, which also is confirmed. According to Parker, this is a common phenomenon during organizational change. We suggest that employees in Skanska RDN in fact had appropriate strategic orientation, but that the organization had not yet succeeded in the more difficult task; to enable individuals to construct their own realities in line with the new formal organization.

6.1 Identifying organizational stress

In the case of Skanska RDN, we argue that the change process as such is a reason for employees not to have adapted to the new structure. When a substantial change process is initiated one can expect that the informal organization will differ from the formal organization, since the formal change is instant, while the informal organization consists of humans in need of a phase of adaption. Hence, the informal organization differs from the formally defined organization in Skanska RDN because of the change process, in accordance with theory by Clegg et al. (2008) and Blau & Scott (1962). However, employees in Skanska RDN experienced a lack of participation through the change process and expressed low trust in top management as well as the overall structure of the organization. We reason that this was a consequence of the strong focus on organizational requirements and needs, as opposed to adapting the structure to agree with individual's needs and attitudes, corresponding to Naoum's (2001) reasoning about organizational effectiveness.

The theoretical framework describes the mechanic organization as highly controlled, visualized as rational machines that is eliminated from all human elements. The rationally planned and formally described organization of Skanska RDN follows this reasoning to some extent. Skanska RDN has a high level of specificity of roles and processes, and a strict and thoroughly planned structure. Furthermore, a process-centered design, as defined by Mantere (2008), could also be identified, where each person was supposed to fit into the formal structure. However, as has been proven in this case study, not all persons fitted into this structure. Some needed to leave and others with better fit would be hired. Nevertheless, a previously good fit is not

necessarily an appropriate fit in the new organization, as is coherent with George's (1992) reasoning about organizational fit, where she claims that persons that previously have been a perfect fit for the organization will not realize or adapt to the change, and therefore be best off at another job or company. We suggest therefore that Skanska RDNs nearly mechanic and process-centered approach to the formal organization in relation to employees' feelings of detachment is an additional reason for the formal and informal organization to differ. Even though an organization has been formally established and rationally defined, it does not mean that its members in detail will follow the official blueprint.

Organizational fit is argued to be a two-way concept, where the organization should fit the individuals as well. This might be what Skanska RDN is going through right now. After communicating its strict work methods, they now go through a process of adaption to the current situation, where individuals are being considered. Hence, a slightly more worker-centered and organic approach is being adopted (Bennis, 1959; McCormick, 1983). Mayo (1933) discusses the importance of considering the individual in the organization, similar to Naoum (2001), where human reactions and attitudes affect the organizational structure. This has been explicitly clear in this organization. The deliberately established organization is adjusting and adapting to the reality of its members. Hence, the formal and informal organization are bending and adjusting, hopefully to a state where they correspond to each other, with regard to business requirements as well as individual's needs and attitudes. In accordance with theory on contingencies (Clegg et al., 2008), all organizations have different prerequisites and thereby need to organize differently. Therefore, we are not to draw conclusions if Skanska RDN has chosen a good or bad formal organizational design. We can simply compare peoples' reactions to the intended structure. In accordance with this reasoning, the formal design that Skanska has chosen to adopt has derived from predicted contingencies in the market, in order to be more competitive. However, we argue that they have neglected predictable contingencies connected to reactions from organizational members. The fact that no organization is simply mechanic or organic indicates that all organizations consist of both approaches. Our inference is that an organization needs to consider both external and internal contingencies, especially during a rationally planned reorganization.

6.1.1 Role Stress

We suggest that role stress is an indicator of organizational stress. Individuals' perceptions of their roles are one part of describing the informal organization. In Skanska RDN, employees perceived their roles differently, which implied that role stress might be an issue. Role ambiguity and role conflict are in literature described to result in negative consequences for the individuals and organization (Morrison, 1994).

Role ambiguity appears when employees' perceptions of roles are different from management definitions (Rizzo et al., 1970). In Skanska RDN, management definitions were unclear. This depended on the fact that persons were allowed to work according to the previous methods in certain points, leaving the interpretation of the new role and work process lingering. Hence, role ambiguity was likely to exist. Role conflict appears when two or more employees perceive one role in different ways (Rizzo et al., 1970). Much of this uncertainty concerns other person's roles. Individuals in Skanska RDN seemed to have a good understanding of their own role, in terms of knowing what was needed to be done and how to do it. However, there was more uncertainty concerning what other persons were supposed to do or rather, a

worry of how other persons interpreted their new role. This resulted in persons making personal interpretations. They performed their job, but not necessarily as formally described or as according to coworkers' expectations. Hence, role conflict was likely to exist.

Role stress is the common expression that considers both role stress and role ambiguity (Rizzo et al., 1970). We suggest that role stress existed in Skanska RDN. This role stress could to some extent be anticipated as a result of the structural change with new roles but also partly as result of the managerial approach towards the change process. Furthermore, the ambiguity and conflict in perceptions of roles can be generalized to concern not only the role as such, but work processes and the overall structure as well. Perceptions of work processes, responsibilities and career paths are indications of how employees perceive the overall structure of the organization. We have revealed a misconception between employee perceptions and the formal structure of possible career paths, as well as differences in employee perceptions of responsibilities through the work process.

Therefore, analogous to role conflict and role ambiguity resulting in role stress, an "organizational conflict" and "organizational ambiguity" resulting in organizational stress can be identified. Hence, we argue that organizational stress exists as result of ambiguous and conflicting perceptions of the formal organization, creating an informal organization that differ from what is intended.

6.1.2 Consequences from organizational stress in Skanska RDN

A consequence of relying on the formal structure and neglecting the individual's role is confusion, which might lead to role and organizational stress as stated above. Role stress is in theory consistently linked to reduced job satisfaction as well as reduced organizational productivity. Accordingly, Abernethy & Stoelwinder (1995) state that job satisfaction and organizational performance is increased when role stress is reduced. This should be a motive for organizations to work to reduce role stress. When individual's attitudes and behavior have common characteristics with organizational expectations of roles, performance, processes and overall structure, a win-win situation is created where employees are satisfied and the organization efficient. We propose that this is of particular importance during a change process. We furthermore argue that it should be of relevance in all organizations, since they always have to adapt to contingencies and changes in the environment. A single authority flow should, according to Rizzo et al. (1970), reduce the risk of organizational stress, and be achieved by evaluation and control of employees as well as systematic reporting. Nevertheless, the situation is seldom as simple as that. Apparently, individuals' attitudes in Skanska RDN are more consistent with theories on job enrichment, complex roles and autonomy as motivating factors, in accordance with Clegg (1984), Hackman et al. (1975), Herzberg (1968), McCormick (1983), Morrison (1994), Parker (2007) and Parker et al. (1997). The expression job enrichment (Hackman et al., 1975; Herzberg 1968) entails the factors that we have identified in our results. Individuals in Skanska RDN show large commitment to their job and express that they find enhanced responsibility and autonomy as the main motivating factors. Employees that are used to having much autonomy and being generalists are now expected to follow directives and work as specialists, which might lead to consequences for the organization. Abernethy & Stoelwinder (1995) describe how professionals tend to reclaim their autonomy in a setting that restricts them. In Skanska RDN, those employees that had restricted their role since the reorganization

chose to work as they always have done, since they knew what they were supposed to deliver. The aim to improve their autonomy has consequences for organizational effectiveness according to Abernethy & Stoelwinder (1995). The complexity here lies in that they were supposed to submit some of their previous responsibility to other persons, which to some individuals is a difficult task.

Furthermore, there are clear tendencies that hierarchical and functional divisions could appear instead of geographical, as a result of a sense of “we” and “them” between employees and top management. The employees would according to this reasoning see themselves as the in-group, while top management is seen as out-group (Ashforth & Mael, 1989). A risk might be that employees continue to form subgroups, performing the job in “their own practice” or “as they always have” and see management as an out-group that they dissociate themselves from and compete with. Consequently, Skanska RDN was an ideographic organization as described by Ashforth & Mael (1989), in which individuals identify with their subunit, and neglect to communicate a common identity across subunits. The aim with the new structure was to create a Nordic organization with a common structure, objective and work according to the same work processes. However, common features in the organizational structure and work processes do not automatically imply a holographic organization, where employees share identity through the organization.

7 Conclusion and final remarks

This study has not been intended to evaluate neither the organizational design nor the implementation process of this new organizational design. Instead, main focus has been to understand the complex relation between organization and individuals working in the organization at a certain point in time. The process of this study has been a process of adaption to changing circumstances for us as researchers. We had the ambition at the outset to compare perceived roles to prescribed roles in a new organizational structure. However, this exact approach was not feasible, since the roles had not been communicated as expected when our interview study was planned to be initiated. Instead, we modified our interview guides to concern perceptions of the situation of the organization at this point in time, with regard not only to the role, but also work processes, development and the overall organizational structure. We had a belief that we could perform this study with no regard taken to the actual change or implementation process, but realized quickly that we came in during a time of change which we could not neglect in our analysis of results. This situation and organizational context are the contingencies that we have had to adapt and react to in order to get a coherent study with interesting results.

We have established that organizational stress occurs when there is a difference between the formal and informal organization. Moreover, we have argued that informal and formal organizations always differ due to contingencies. The fact that an organization is going through a rational change process increases the risk of organizational stress.

By interviewing employees and study literature, conclusions were drawn that role stress could be identified in the organization of the study. The implementation of the formal organization was directly related to the identified difference between the formal and informal organization. Therefore, even though we have not evaluated the organizational design or the implementation process, it has been implied as part of the construction of formal and informal organization as well as contributory to organizational stress. We suggest that employees in Skanska RDN in fact had an appropriate perception of the organization's strategic orientation, but that the organization had not succeeded in the more difficult task; to enable individuals to construct their own realities corresponding to the new formal organization. As such, we argue that they have neglected predictable contingencies connected to reactions from organizational members through the organizational change. In Skanska RDN, enhancing satisfaction through efforts on individual motivation is a foundation in order to enable individuals to construct their own reality.

Lastly, we suggest that the relation between the formal and informal organization continuously needs to be considered, not only during a process of change. It needs to be clear in what conditions the organization acts and what contingencies they face at all times. In this case, individuals' behavior and attitudes in particular should be regarded and appropriately managed, in line with the business' formal objectives and goals.

In retrospect, our reflection is that every process of work is affected by contingencies, and its outcomes are consequences of how these contingencies are handled and related to. Our case is a typical example of an organization in change, just like our work process must be a typical example of a qualitative study.

8 Recommendations

In the formal organizational design that Skanska RDN has, specified and clearly defined responsibilities and role requirements are fundamental. In accordance with our previous discussion, the structure itself should contribute to reducing role and organizational stress, with its clear structure and defined work processes. Nonetheless, you cannot solely rely on the formal structure. In addition, a system to continuously control and encourage that the prescribed roles and work processes are followed appropriately is required in order for role or organizational stress not to occur.

We suggest that only reducing role stress is not enough. Instead, enhancing satisfaction through efforts on individual motivation is a foundation in order to enable individuals to construct their own realities. An aim for the organization in this situation should therefore be to make individual's involved and enable them to develop by seeing them and listen to them, so that every individual perceive that they are a part of the process. Hence, individuals' preferences need to be clarified and brought into light in this certain organizational setting, where focus tend to be on organizational objectives. The structure can be clear with specified work processes and authority flows, which reduces organizational stress as stated above. At the same time, employees can have autonomy of their work, have opportunity to be involved and extend their responsibility, which enhance satisfaction and performance of the individuals.

We propose that Skanska RDN can help its employees to construct their own realities in line with the organizational design by:

- *Having a visible top management* on a day to day basis, i.e. engage in daily activities, such as coffee breaks etc. and to make these activities parts of their role prescription, as value adding activities.
- *Enable individuals to share experience* between and within geographical divisions and functional groups, through for instance study visits, workshops, coaching, mentorships etc. Encourage spontaneous dialogue (express that it is desirable for the organization) as well as creating formal communication ways, i.e. planned and regular study visits.
- *Developing a plan* for how to involve and engage individuals in the organizational change that is still under implementation, i.e. a feedback system on the change process and new work methods.

Moreover, we believe that employees not only would experience satisfaction, but could be information carriers to other organizational members if given more attention and opportunity to engage in decision making. Professionals that seek autonomy should also get the opportunity to take responsibility as we have discussed. Hence, pay attention to those who seek autonomy, because they can be of help when an organization aims at communicating a new strategy and creating an organizational culture.

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