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Evaluating the contribution of an organizational level in the strategy process

A case study at Skanska Sweden AB and a comparative study of four multidivisional corporations

Master of Science Thesis in the Master Degree Programs,
Quality and Operations Management and Supply Chain Management

ELIN DÖLERUD

HELENA NILSSON

Department of Technology Management and Economics
Division of Quality Sciences
CHALMERS UNIVERSITY OF TECHNOLOGY

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HELENA NILSSON

Examiner: Henrik Eriksson
Supervisor: David Loid
Supervisor Skanska Sverige AB: Peter Samuelsson

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Department of Technology Management and Economics
CHALMERS UNIVERSITY OF TECHNOLOGY
SE – 412 96 Göteborg
Sweden
Telephone +46 (0)31-772 1000

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ABSTRACT

This thesis develops a framework for evaluating what should be the contribution of an organizational level in the strategy process in multidivisional corporations. The background was a need at Skanska to evaluate the role of one of the levels in its strategy process. Based on the problems identified initially at Skanska, the development of the framework was guided by four research questions, concerning the areas Organization, Concretization, Roles and responsibilities and Communication. The framework was developed by a theoretical review and a comparative study, to finally be tested and reviewed in a case study at Skanska. The comparative study included; Lantmännen, Vattenfall, SCA and SKF. In addition to verifying the findings from the theoretical review, the comparative study contributed with practical examples that were used in the development of the framework.

The framework communicates that the cortex in answering the purpose is the organizational structure, which should be structured in accordance to the synergies which the company seeks to gain through the strategy process. To support this, the possibility of creating synergies and what the possible gains are should be compared with the cost of pursuing it. In the pursuit of synergies, through coordination and centralization of activities, resources, and decision making there needs to be a balance between the need for autonomy in the individual organizational units compared with the control exerted by the levels above. Finding the balance of the two first steps comes from looking into the third step, focus. Focus implies that the scope of each level in the strategy process should be limited. Possibilities for focus should therefore be investigated, avoiding overload in the process and raising performance at the level. Moreover, the value contribution of each level should be clear and clearly stated. Further, the degree of formalization of the decision roles within the organizational level should be investigated, to find out if there is a potential to improve performance by assigning clear decision roles. The above steps should be performed as an iterative process, in which they are viewed and reviewed in the light of knowledge gained from the other steps. The strategy should finally be visualized to facilitate successful communication in the strategy process.

In addition to the framework, the thesis presents case specific recommendations to Skanska. The theoretical and managerial contribution relies in the framework and the research process, from which it should be possible for companies to replicate the framework.

Key words: strategy process, organizational structure, organizational level, synergies, concretization, communication, roles and responsibilities, construction industry

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First, we would like to thank Peter Fredriksson for the initial contact and giving us the opportunity to carry out the thesis at Skanska. We would also like to give a special thanks to Peter Samuelsson who has served as our supervisor at Skanska. Your support, provision of information, and continuous feedback have been crucial during the writing of this thesis. We would also like to give special thanks to Åsa Ekenstierna, who has provided us with information and feedback on the report, and Sofia Petersson for making us feel welcome at Skanska and answering all our practical questions.

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This spring has provided us with valuable knowledge and insights into the research area of Strategic Management and how it works in practice at five multidivisional companies. We are truly grateful for this experience.

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Elin Dölerud Helena Nilsson

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DEFINITIONS

Organizational level — Large multidivisional companies are often organized in three levels with a corporate center, divisions, and individual business units (Grant, 2006). These are referred to as top-management levels in the thesis and used in the following way: The highest organizational level is referred to as corporate level. This level includes only one organizational unit, the corporate management team. The division level includes the management team of the different divisions. There are several divisions within one corporation. The business unit level consists of the management teams of the different business units. By referring to the organizational level, all of the units in the same hierarchical level are included. For example, the division level includes all of the management teams of the different divisions within the corporation.

Organizational structure — The organizational structure refers to the way in which the organization is built up through a number of entities, in different hierarchical levels, describing the responsibilities of each entity, as well as the relation between the entities.

Mandate — The decision power of an entity/person. What role the entity/person has, what responsibilities are connected to the role and what decisions that can be taken by the entity/person.

Communication — Used in the thesis regarding the strategy process, meaning written or verbal communication between individuals and/or organizational entities, regarding strategy issues.

Overload in the process — Expression derived from Galbraith (1977), describing a situation where the need for information processing in the organization is larger than the individual can handle.

1. INTRODUCTION

This chapter provides an introduction the concepts strategy, strategy process and explains why strategy is of importance for companies. Moreover, the purpose and the background to why this master thesis was conducted are presented. Finally, the research questions are stated along with the delimitations of the thesis, the overview of the model of analysis, and the disposition of the thesis.

Increased globalization, environmental awareness of customers and the rapid IT development are examples of market trends that have forced companies to become more flexible in order to stay competitive (Skjøtt-Larsen, et al., 2007). In doing so, Bergman and Kelfsjö (2010) argues that developing a well formulated, challenging, and shared vision is one of the most important tasks of top management. The vision statement describes a company's aspirations for future results (Hambrick & Fredrickson, 2005) and should be translated to long-term goals and supported with strategies for how to achieve these goals (Bergman & Klefsjö, 2010). However, some companies are more successful than other in obtaining its vision. Thus, a successful strategy is of great importance for most companies since it prevents waste of time and resources (Hambrick & Fredrickson, 2005). According to Hambrick and Fredrickson (2005) a lack of a clear strategy can lead to interpretations of what the company should be doing and result in incoherent initiatives and activities.

In the construction industry in Sweden the topic of strategy has gained increasing importance since pressure has been put on construction companies to develop a more efficient building process as well as to raise ethical and environmental performance (Löwstedt, et al., 2011). In light of this, it was also concluded by Lutz and Gabrielsson (2002) that the construction industry must move towards a more long-term strategic focus.

Arguing that strategy has become a catch all term meaning whatever one wants it to mean, Hambrick and Fredrickson (2005) presents a framework for strategy design consisting of five elements; arenas, vehicles, differentiators, staging and economic logic. Correspondingly, the elements should provide the answers to; where the company should be active (which product segments, markets, geographic areas, core technologies, etc.), how to get there, how to win in the marketplace, what should be the speed and sequence of moves, and how results should be obtained (Hambrick & Fredrickson, 2005).

However, having the best strategy does not matter if it cannot be translated into operational plans and then executed to reach the performance targets of the company (Hambrick & Fredrickson, 2005). According to de Wit and Meyer (2004) the formal strategy process has five phases. First the identification and analysis phases, the strategy formulation phase and last the implementation and follow-up and control phase, illustrated in Figure 1 as semi parallel activities.

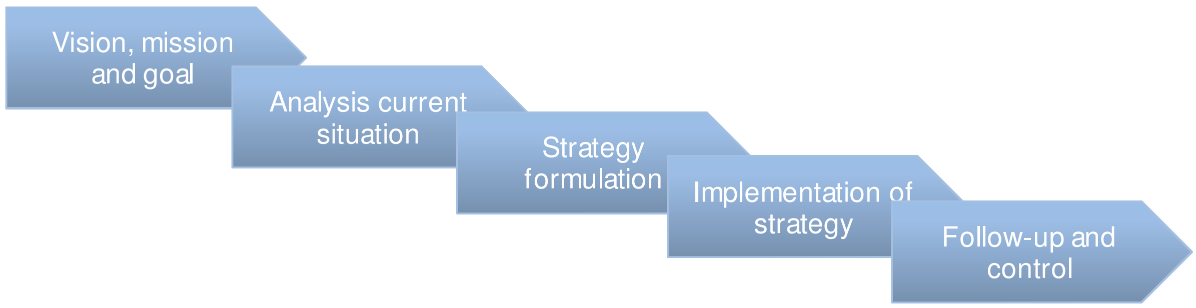

Figure 1 The structure of a strategy process (de Wit & Meyer, 2004)

According to Hitt et al. (2006) the organizational structure together with controls provides the framework for the strategy process. Large multidivisional companies are often organized in three levels with a corporate center, divisions, and individual business units (Grant, 2006). The divisions often represent a separate profit or business center through which top management delegates responsibilities (Hitt, et al., 2006). Strategies can be aggregated at different levels in an organization. The most common levels are functional, business and corporate (de Wit & Meyer, 2004). Business level strategy considers how to create an internally consistent whole by integrating the functional level strategies (de Wit & Meyer, 2004). Similarly, corporate level strategy aims at creating an internally consistent whole from the business level strategies, and there are basically two extremes to pursue; either acting as a tightly integrated unit or as many autonomous units (de Wit & Meyer, 2004). This is also a topic covered by Mintzberg (2003). According to Mintzberg (2003) decentralization in terms of strategy refers to the diffusion of decision making power as opposed to centralization in which top management makes all strategic decisions. The relative decentralization then refers to the degree that power is dispersed to the line managers, operators and/or support personnel (Mintzberg, 2003).

1.1 PROBLEM IDENTIFICATION

As argued by Hitt et al. (2006) the organizational structure and controls sets the framework for the strategy process. In light of this, in a small organization the strategy can easily be implemented as centralized decisions can be personally communicated to the implementers (Galbraith, 1977). However, according to Galbraith (1977) as organizations grow decisions become decentralized, because top management cannot handle the amount of information required to plan all resource allocation, schedules, and priorities. Therefore Galbraith (1977) argues that the point of decision is brought down the organization hierarchy to the point where the information exists. Describing it in the words of de Wit and Meyer (2004) the strategy is aggregated at different levels in an organization.

According to Galbraith (1977) organizations face a potential problem in such situation; how can the organization be sure that the decisions the employees make will be an appropriate response to the organization's strategy? Although addressed by Galbraith in 1977, this is a problem that organizations still struggle with. Results of studies conducted over the last 25 years suggest that 60 to 80 percent of all organizations do not succeed in obtaining its predicted goals (Kaplan & Norton, 2008). According to Hambrick and Fredrickson (2005) an organization must have formulated a single unified strategy that describes how the organization will achieve its mission and vision while upholding its values. Without a strategy that is specific enough or understandable middle management will create their own which results in interpretations of what the company should be doing and thus disjointed initiatives when looking at the large picture (Hambrick & Fredrickson, 2005).

Adding to this top-down perspective, Grant (2006) argues that at the same time as it is very important to create coordination and control the decisions and activities to make sure they stay in line with the corporate strategy it is important to balance this with an agile and flexible organization, to not interfere with the necessary autonomy and keep the organization creative and competitive. The choice of relative decentralization is therefore an essential issue (Grant, 2006; Mintzberg, 2003). This would indicate finding a balance of the two extremes previously presented by de Wit and Meyer (2004) either acting as a tightly integrated unit, or as many autonomous units.

Since the organizational structure provides the framework for the strategy process, it is important to consider the context of Skanska. Because Skanska is a large multidivisional company the strategy cannot be easily implemented by top management. Traditionally, the strategy process has been decentralized to a large extent. However, over the last decade the level of centralization and formalization has increased in order to utilize the size of the company and coordinate activities in order to increase the competitiveness (Samuelsson, 2012). It is also important for the company to act as a unified company towards the customers and raise ethical and environmental performance (Samuelsson, 2012). Keeping in mind the theory presented above it is important for Skanska to find a balance of which decisions should be made at each level in the strategy process. Moreover, voices have been raised concerning uncertainties about what should be handled on each organizational level and more specifically if and why BO should have a role in the strategy process (Ekenstierna, 2012a; Samuelsson, 2012).

Moreover, in a company with a wide array of business areas, such as Skanska, it is difficult to be specific enough in the strategy formulation on the highest top management level since that strategy is to fit the whole array of business areas. For example, formulating a specific strategy for the Building branch of operations will be very different from a specific strategy for the Road construction branch of operations. Also, there are geographical differences between the regions in the same business area of Skanska which also makes it difficult to formulate a specific strategy on the top management level. In light of these differences, the question of relative balance between autonomy and control is again an important issue for Skanska questioning how specific each level in the strategy process should be and how controlled the below levels should be from its output.

The purpose of top management, or the "parent company", in the strategy process is to create synergies in multidivisional companies (Goold & Campbell, 1998). However, according to Goold and Campbell (1998) synergy opportunities often fall short of managers' expectations and actually end up destroying value rather than creating it. The pursuit of synergies may also prove to be problematic. Hitt et al. (2006) argues that cooperation between units in multidivisional companies result in a loss of managerial autonomy. Therefore managers may be reluctant to the integrative process through which synergies are created.

Concerns have been raised by managers at Skanska about the Building branch of operations' role in the strategy process and whether or not it contributes with value to the whole process or if the cost of having meetings and putting effort into creations of plans exceeds the value created. Does the level only add complexity instead of making the strategic issues more concrete? Also, historically keeping in mind that the regions of Skanska have operated as self-governing unit, creating synergies through collaboration between regions might be problematic.

Moreover, in a complex organizational structure such as matrix organizations, strategic initiatives may stall or drift because responsibilities are unclear or fragmented (Goold & Campbell, 2002). Rogers and Blenko (2005) also argues that ambiguity over accountability of decisions can hurt the performance of an organization. Clearly assigning roles and mandates of each organizational level is therefore of importance to create a competitive organization (Rogers & Blenko, 2005).

The challenge described above is something that has become noticeable at Skanska. Besides questioning what value the Building branch of operations level contributes with, the mandate of the level has also been questioned (Samuelsson, 2012). This point towards that there is an unclear distribution of roles and mandates which might affect the organizations competitiveness negatively, considering the arguments presented by Rogers and Blenko (2005). Accordingly, Samuelsson (2012) describes that there is a need to enhance clarity on the roles and responsibilities of BO and through that lower the amount of rework in the strategy process.

Finally, according to Kaplan and Norton (2000) the success of strategy execution depends how well the people in the organization understand it, therefore communication is an essential issue. At Skanska concerns has been raised by for example Ekenstierna (2012a) that they communication of the strategy is ineffective, as it is her impression that the business plan does not succeed in communicating the strategy to all employees. Too much information is also described by Ekenstierna (2012a) as a problem on some of the levels in the strategy process which results in them not knowing how to relate and prioritize or have the energy to consider all information.

Concluding, it has been agreed upon that strategic management is of importance for a company to reach competitive advantage and theory describes a number of problem areas. Companies, of which Skanska is one, are struggling to reach its predicted goals and in the strategic work at Skanska there have been raised a number of problem areas, which we have seen above. Considering the issues concerning the strategy process at Skanska, it is interesting to further investigate the special challenges that a large company faces in creating a successful strategy process. Summarizing the issues present at Skanska there is an uncertainty concerning the contribution of the Building branch of operations level in the strategy process.

1.2 PURPOSE

The purpose of the master thesis is to develop a framework for evaluating what should be the contribution of an organizational level in the strategy process in multidivisional corporations.

1.3 RESEARCH QUESTIONS

Based on the issues described in the problem discussion and the purpose of the thesis, four research questions have been identified.

RQ 1: How can the organizational structure support the strategy process?

RQ 2: What can an organizational level contribute with in the strategy process?

RQ 3: What should be the mandate of each level in the strategic work?

RQ 4: How can strategy be communicated through the strategy process?

The first research questions aims at providing the context and the broader view of the reality in which the other research questions exist. The result from each research question is used as an input to the framework, see Figure 2. The framework provides a number of steps which can be used to evaluate the contribution of an organizational level.

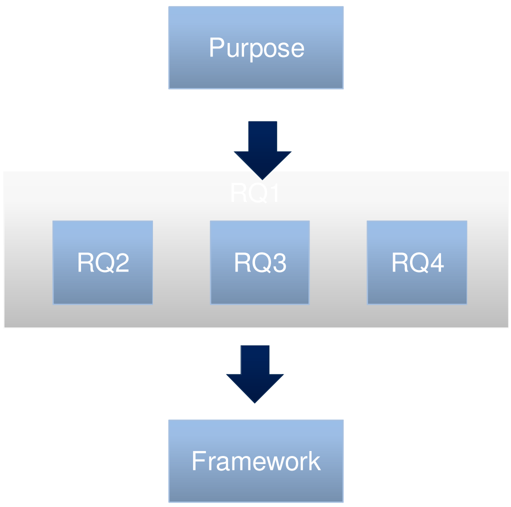

Figure 2 The relation between the purpose and the research questions

1.4 DELIMITATIONS

The research is focused on the three top management levels in multidivisional corporations, called: corporate level, division level and business unit level. At Skanska, this included the Sweden level, the branch of operations level and the region level. However, to be able to present a more accurate view of the work in the region level, the district level at Skanska was also included in the data collection. Also in the comparative study of the other companies were other organizational levels included to present the most accurate picture.

The thesis presents in the theoretical background an overview of the different perspectives in strategic management. However, the thesis is delimited from an in-depth investigation of the different strategy perspectives, since it was assessed that it would be of more value for the research to gain a deeper knowledge in a narrow scope of theories. For the same reason have this thesis not gone deeper into other areas of research that can be of relevance, such as Leadership theory and Organizational knowledge theory.

1.5 OVERVIEW OF THE MODEL OF ANALYSIS

The research methods used in this thesis in order to answer the research questions and fulfill the purpose are described in detail in chapter 3, Methodology. However, a short summary of the model of analysis will be accounted for, to present the reader with the logic of the research process. The process can be described as a series of steps, where each research step has an outcome, which serves as an input to the following research step. The theoretical background and problem discussion provided the foundation around which the research questions were formulated. From the theoretical review, a theoretical hypothesis was formulated, which was empirically verified in a comparative study. The outcome of the analysis of the comparative study was a framework for evaluating the contribution of an organizational level, which was applied and tested in a case study at Skanska. The empirical findings from the case study resulted in a reviewed framework, answering the research questions, and recommendations to Skanska.

1.6 DISPOSITION OF THE THESIS

The thesis starts with the Introduction chapter, introducing the research area of strategic management and the problem identified at Skanska, as well as the purpose and corresponding research questions. Chapter 2, Theoretical framework, presents the theories that are being utilized to answer each research question. The chapter ends with a presentation of the theoretical hypothesis. The methodology is presented in chapter 3, before the comparative study and the case study. The comparative study presents the empirical findings from each of the four companies involved, in chapter 4, followed by an analysis of the findings in light of the theoretical framework in chapter 5. In chapter 6, the findings from the case study at Skanska are structured around the four research questions, in a similar way as for the companies described in the comparative study. It is the intention of the researchers that this will simplify for the reader to follow the reasoning for each of the four research questions. Chapter 7 presents the analysis for the case study, again presented in the structure of the research questions. The finishing chapters present the Discussion, Conclusions and Recommendations to Skanska.

2. THEORETICAL FRAMEWORK

The theoretical framework presented in this section serves as a review of the theories that have been identified to be applicable in order to answer the research questions. Varying viewpoints are presented under the headlines Organization, Concretization, Roles and Responsibilities and Communication. In order to present the theories in a logic flow, each headline presents the viewpoints that are being used to answer the corresponding research question. A summary of the theoretical findings in form of a theoretical hypothesis is presented in the end of this chapter. This theoretical hypothesis is then tested and further analyzed in the following Comparative study. See Chapter 3 Methodology, for a more comprehensive description of the research process.

2.1 ORGANIZATION

Organization is the headline that gathers the theoretical findings regarding how the organizational structure supports the strategy process. The aim of this review is to formulate a theoretical hypothesis regarding the first research question. The approach of this review is that the answer lies in the fit between strategy and organizational structure.

The first author to express the importance of fit between organization and strategy was Chandler in 1962 (Furrer & H. Goussevskaia, 2008). Galbraith (1977) also emphasized the importance of having an organizational structure that effectively supports the implementation of the strategy. According to Hitt et al. (2006) the organizational structure of a company specifies its reporting relationships, controls, procedures, and authority and decision making processes. Thus, the structure of an organization specifies the work to be done and how to do it given the company's strategy (Hitt, et al., 2006). As presented before the organizational structure also sets the framework for the strategy process. It is therefore important to have a structure that effectively supports the implementation of the strategy in order for the company to become competitive, Hitt et al. (2006) argues. Changes to the company's strategy therefore calls for changes to its organizational structure and companies often alter its structure as a response to growth in size and complexity. The structure should provide stability to enable the company to use its current competitive advantage but also provide flexibility to enable development of future advantages (Hitt, et al., 2006).

2.1.1 FIT BETWEEN STRATEGY AND ORGANIZATIONAL STRUCTURE

Galbraith (1983) equals the company strategy to its level of diversification. Hitt et al. (2006) also stresses that there are different levels of diversification, that is, number and type of business in which a company will operate in. Three levels of diversification that is presented by Hitt et al. (2006) are the related constrained, the related linked and the competitive. In the related constrained the divisions are related and there are links between them, in the related linked there are fewer links between the divisions but the units within each division are related. In the competitive there is no dependence among the company's divisions. Hitt et al. (2006) argues that multidivisional structure can be used to support implementation of related as well as unrelated diversification strategies.

2.1.2 THE MULTIDIVISIONAL STRUCTURE

The multidivisional structure often replaces a simple structure, in which top managers makes all decisions, or the functional structure, in which there is a straight line of decision authority, as the company grows in size and complexity (Hitt, et al., 2006). The key advantage of the multidivisional structure is the possibility of decentralized decision making (Grant, 2006). Because of this decentralized decision making the role of the corporate headquarter in the multidivisional company becomes to control activities through rules, procedures, and performance measurement to make sure that decisions made at lower levels are in line with the corporate strategy (Galbraith, 1977). Further, Grant (2006) argues that economies of scale, economies of scope, sharing of tangible and intangible resources as well as organizational capabilities, parenting advantages and finally internal capital and labor markets are the competitive advantages that are created through a multidivisional structure.

Depending on the level of diversification Hitt et al. (2006) suggest three variants of the multidivisional structure: The cooperative form, the strategic business unit form and the competitive form, see Figure 3. According to Hitt et al. (2006) the forms vary in terms of level of specialization, centralization and formalization. These are also design parameters that Mintzberg (2003) accounts for, describing that job specialization refers to the number of tasks and the workers´ control over these, behavior formalization refers to the standardization of work process through rules and regulations, and finally centralization refers to the diffusion of decision making power.

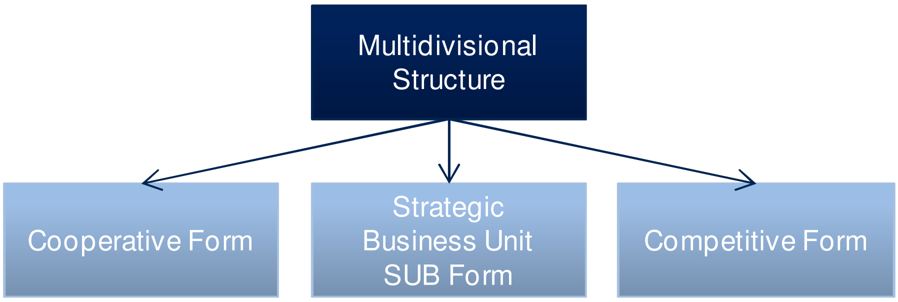

Figure 3 Three different forms of the multidivisional structure (Hitt, et al., 2006)

According to Hitt et al. (2006) the cooperative form utilizes horizontal integration to create interdivisional cooperation and can be used to implement a related constrained diversification strategy. As seen in Figure 4, the form shares centralized functions such as marketing and strategic planning to facilitate economies of scale (Hitt, et al., 2006). Also, according to Hitt et al. (2006) interdivisional cooperation results in sharing of both tangible resources such as facilities and equipment and intangible such as knowledge.

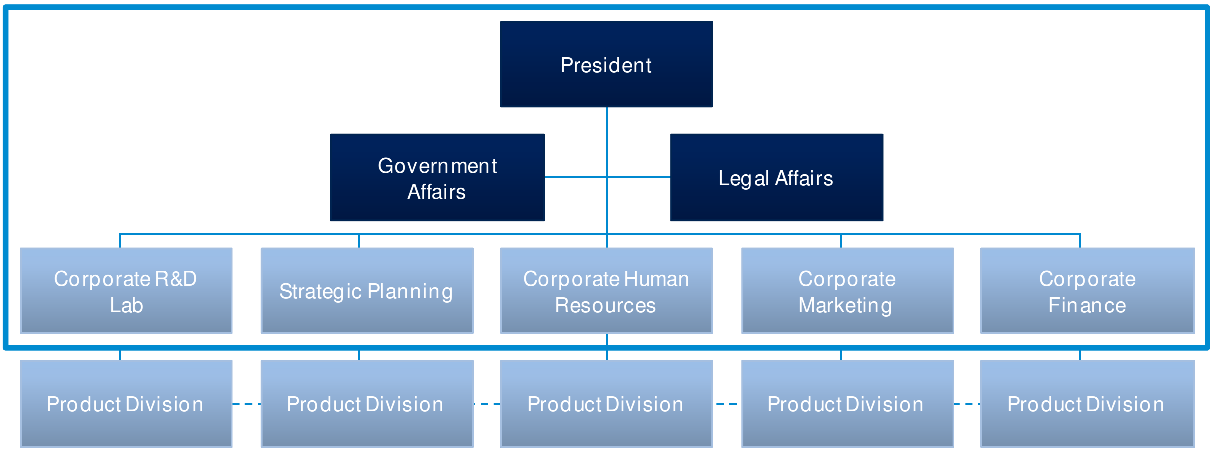

Figure 4 The cooperative form (Hitt, et al., 2006)

To bring about cooperation Hitt et al. (2006) emphasize that the centralization of certain functions in itself functions as the mechanism as it links activities among divisions. Other mechanisms are direct contact between division managers but as this is time consuming, companies often forms temporary teams or task forces for larger cooperation projects (Hitt, et al., 2006). A loss of managerial autonomy and rewards based on individual division's performance are according to Hitt et al. (2006) two potential conflicts to the cooperative form. Hitt et al. (2006) therefore emphasizes the importance of using reward systems that promote overall company performance. Grant (2006) also addresses several mechanisms to deal with cooperation problems, sprung from divergent goals of individuals. First, control mechanisms can be used through hierarchical supervision of actions outside each own area of discretion. To get well function control mechanisms positive and negative incentives, such as promotion or dismissal can be used. Second, performance incentives that links rewards to output can be used. Last, shared values are a powerful tool to align individual actions with company strategy.

However, according to Grant (2006) the desire to cooperate, which is created through the above mechanisms, is not enough. Individuals must also find a way of coordinating their efforts in which the following mechanisms with differing formalization degree can be used. Rules and directives, to which the employee agree to work according to. Routines, when activities are performed recurrently mutual adjustment and rules become institutionalized. Finally, mutual adjustment is the simplest form of cooperation between individuals with related tasks.

The second form of multidivisional structure is the Strategic Business Unit form which can be used to implement the related linked diversification strategy. Hence, when there is fewer links between the divisions but the units within each division are related. The form consists of three levels: The corporate headquarters, the strategic business units and the strategic business unit divisions, see Figure 5. The same problems and mechanisms as for the cooperative form are valid for the Strategic Business Unit form (Hitt, et al., 2006). Further, each strategic business unit is a profit center and strategic and financial controls are often made upon each strategic business unit's performance (Hitt, et al., 2006).

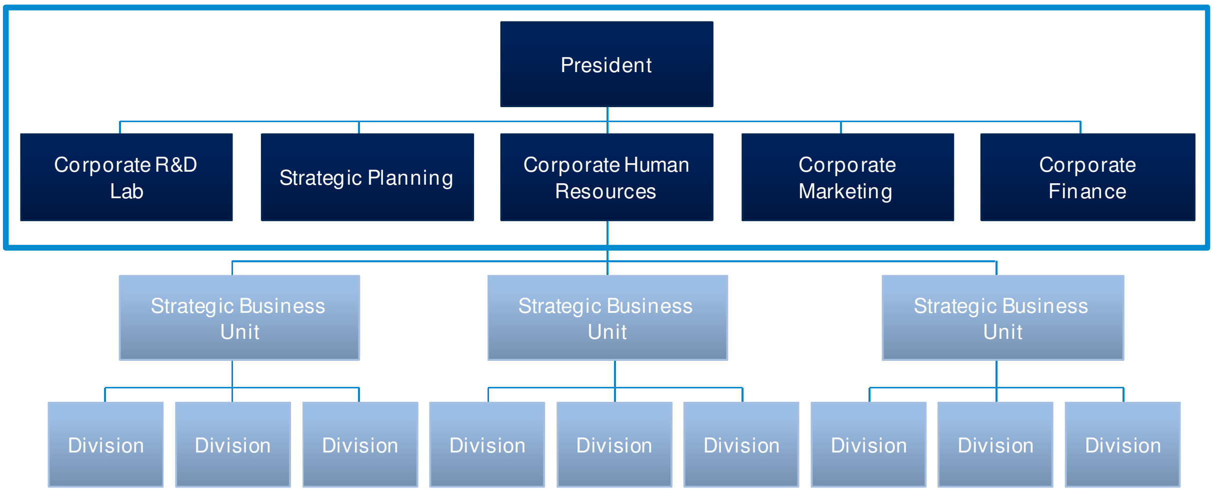

Figure 5 The strategic business unit form (Hitt, et al., 2006)

Finally, the third multidivisional form is the competitive form, see Figure 6. When there is no dependence among the company's divisions and it can be used to implement the unrelated diversification strategy (Hitt, et al., 2006).

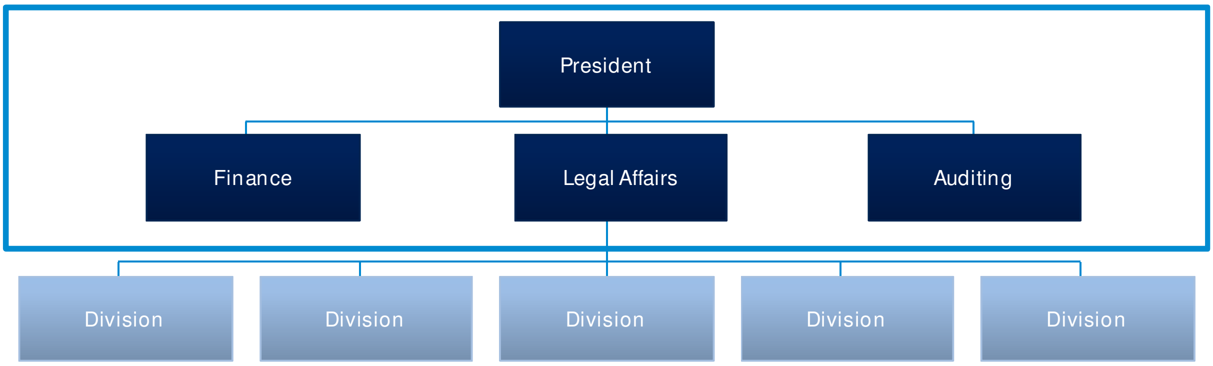

Figure 6 The competitive form (Hitt, et al., 2006)

There are three possible benefits of a competitive structure that Hitt et al. (2006) present. First, flexibility is created through development of different technologies. Second, the competitive form challenges status quo and performance as there is internal competition of corporate resource allocation. Last, internal competition motivates effort. The headquarters do not intervene in division's strategy or affairs, and do only measure its performance.

Comparing the three multidivisional structures the cooperative is the most centralized, and thus the most costly while the least costly is the competitive with its decentralized decision making (Hitt, et al., 2006). The differences in centralization, integration mechanism and compensation strategy between the multidivisional forms are further developed in Table 1.

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Table 1 Differences between the multidivisional forms (Hitt, et al., 2006)

	Cooperative	Strategic Business Unit	Competitive
Centralization of operation	Centralized at corporate centre	Partially centralized at strategic business unit	Decentralized to divisions
Integration mechanism	Extensive	Moderate	Non existent
Divisional incentives compensation	Linked to overall performance	Mixed link to corporate, strategic business unit and divisional performance	Solely linked to divisional performance

2.2 CONCRETIZATION

Concretization is the headline that gathers the theoretical findings regarding how the strategy can become more concrete for each level in the strategy process. The aim of this theoretical review is to take the first step ahead on the road to answering the second research question; what can an organizational level contribute within the strategy process? As was presented in the theoretical background strategies can be aggregated in different levels in an organization, the most common levels are functional, business or corporate levels (de Wit & Meyer, 2004). The approach of this research is that the answer to the research question lies within the parenting concept and how to handle synergies in the strategy process. There is no consensus in research about what is the best approach in deciding the contribution of each level, but the most important aspect seems to be whether responsiveness or synergy is most important for competitiveness of the company (de Wit & Meyer, 2004).

The parenting theory is based on research on successfully diversified companies, in which diversified businesses are brought together under a parent organization (Campbell, et al., 1995). The theory argues that the parent organization can only justify itself if its own influence brings value to the underlying divisions or business units, in other words if the corporate-level strategies creates value for the levels below, or correspondingly, if the division-level strategies creates value for the levels below them. Further, parenting theory argues that bad parenting can cause managers in the business-units to make worse decisions than if they would not be under influence of the parent (Campbell, et al., 1995).

What is essential to success, according to Campbell et al. (1995), is that the parent organization or parent level, achieves a fit between the skills and resources of the parent and the needs and opportunities of the underlying units. Second, it is important to not have too many parent levels and units, but only those that are needed and have the resources to do their job (Goold & Campbell, 2002). To assess if a parent level in the strategy process is needed, it should be examined if the level has a clear and distinct parenting proposition, which does not echo the level below or above (Goold & Campbell, 2002). A rule of thumb suggested by Goold and Campbell (2002) is that a parenting level should improve the performance of the units below it by more than 10 percent.

Goold and Campbell (1998) argue that there are four managerial biases that executives are prone to because they might view the achievement of synergy as central to their job. Parenting bias is one of them, described by the authors as “a belief that synergy will only be captured by cajoling or compelling the business units to cooperate” (Goold & Campbell, 1998). The other three biases are; the synergy bias: underestimating the costs of synergies, skills bias: determination that all necessary skills are available within the organization, and upside bias: focusing too heavily on the potential benefits of synergies (Goold & Campbell, 1998).

Synergies are defined by Goold and Campbell (1998) as “the ability of two or more units or companies to generate greater business value working together than they could working apart”. Synergies can take different shapes, for example: shared know-how, shared tangible resources, pooled negotiating power, coordinated strategies, vertical integration or combined business creation (Goold & Campbell, 1998). However, creating synergies can have limiting effects on business unit responsiveness, which is of great importance to business units with a higher need to emphasize their own entrepreneurship (de Wit & Meyer, 2004). Synergies can be achieved by integrating the activities of the business units, and this often demands an extra level of management, resulting in more meetings, higher complexity and higher risk of conflicts of interest (de Wit & Meyer, 2004). The goal in creating synergies between the business units is therefore to realize a greater amount of value creation than value destruction through the loss of business responsiveness (de Wit & Meyer, 2004).

According to Goold and Campbell (1998), parenting bias and synergy bias are strongly connected, meaning that managers often suffer from both biases. This has the effect of many managers jumping at every opportunity to create synergies because they feel that it will not be achieved if they are not personally involved (Goold & Campbell, 1998). These managers have little or no trust at all in the unit managers to create synergies themselves and believe that the parent, meaning corporate management or division management, must therefore intervene (Goold & Campbell, 1998). However, the authors argue that in most cases the parenting bias leads to assumptions that are faulty and only leads to excessively interference, doing more harm than good. Most of the time unit managers are strongly active in creating synergies between business units (Goold & Campbell, 1998). Further, the authors argue that if the business unit managers should not strive to reach synergies, they often have good reason for this, such as lacking cost benefits of opportunity costs.

In order to get rid of the parenting bias and synergy bias Goold and Campbell (1998) suggests that companies should raise awareness and discipline (Goold & Campbell, 1998). The first step to reach is to acknowledge that there is a tendency within the company to overestimate the benefits and possibilities of synergies. The next step is then to thoroughly investigate how big the opportunities and benefits of synergies are (Goold & Campbell, 1998).

2.3 ROLES AND RESPONSIBILITIES

Roles and responsibilities is the headline that gathers the theoretical findings regarding what should be the mandate of each level in the strategic work. The aim of this review is to formulate a theoretical hypothesis regarding the third research question. In order to provide an answer to this question the research area of formal versus informal decision process is studied.

In order for a company to realize the advantages of a strategy, it is important to be able to execute the strategy, through effective decision making (Neilson, et al., 2008). According to Nutt (2002), strategic decisions are most often made by judgment, but also by bargaining for consensus, and least common is by analysis. Often, strategic decision makers are influenced by personal, organizational, political and societal considerations and constraints, bringing high complexity and uncertainty into the process of decision making (McKenna & Martin-Smith, 2005). A slow and ineffective decision making process will unavoidably lead to suffering results (Rogers & Blenko, 2005).

According to de Wit and Meyer (2004) there is no consensus in research of whether to apply an intentionally designed, formal process or a gradually shaped, experimentation focused decision making process. The strategic planning perspective represents the formal view, with a structured process emphasis for implementing strategy top-down (de Wit & Meyer, 2004). The strategic incrementalism perspective represents the unstructured formation process where decision making is based on experimentation and parallel initiatives (de Wit & Meyer, 2004).

According to Roger and Blenko (2005) and Nielson et al. (2008) an important step towards a well functioning decision making process is to clarify decision roles and responsibilities. This reasoning belongs to the more formal strategic planning perspective, arguing that a lack of clarity regarding decision roles can lead to status quo in the decision making process, blocked information flow within the organization, and result in workarounds not following formal reporting lines (Neilson, et al., 2008). Clarifying decision roles can be achieved by assigning roles in a structured way, suggested by Rogers and Blenko (2005), called the RAPID Decision Model.

The RAPID model consists of five decision-making roles (not necessarily executed in this exact sequence) (Rogers & Blenko, 2005). R stands for Recommend, meaning responsibility to give proposals based on input received from other people and achieving buy-in on the decision (Rogers & Blenko, 2005). Agree is the next role, representing a person with veto power over the recommendation (Rogers & Blenko, 2005). A veto in use will trigger a debate and result in a modified proposal. I for Input refers to people who are consulted because they are involved in the implementation and have the potential to facilitate execution of the decision (Rogers & Blenko, 2005). Decide is the role of the formal decision maker, the person who is ultimately accountable for the decision. He or she can resolve disagreements and bring the decision to closure, with the next step being implementation (Rogers & Blenko, 2005). The implementation of the decision is at last the responsibility of the person with the Perform-role, this can be the same person who recommended the decision in the first place (Rogers & Blenko, 2005).

According to Rogers and Blenko (2005), problems in the decision making process can often be a result of lack of clarity about who has the Decision role, too many people with veto power, or lack of significance in the input to the process (Rogers & Blenko, 2005). In addition, decision rights are not static and tend to become less clear when companies mature (Neilson, et al., 2008). Clarifying decision roles needs however to be done in combination with providing ways for effective information flow, or the people with responsibility cannot make informed decisions (Neilson, et al., 2008).

Mintzberg and Westley (2001) provides a different view on decision making, arguing that more intuitive and action-oriented approaches needs to be applied in addition to step-by-step logic. The main question is whether the decision approach should be based on facts, ideas or experiences (Mintzberg & Westley, 2001). A fact based "thinking first"-approach is suitable when the issue is clear, data reliable and the context is structured (Mintzberg & Westley, 2001). The idea based approach, called "seeing first", applies the use of visual tools and it is suitable when elements needs to be combined in order to find a creative solution, commitment to the solution is important and communication has a big impact on the results (Mintzberg & Westley, 2001). Experience based "doing first" approaches are suitable when there is a novel and unclear situation and when it is hard to find the way forward (Mintzberg & Westley, 2001). In addition, McKenna and Martin-Smith (2005) argues that the decision making process cannot be described as a simple process including clear stages such as problem identification, evaluation, choice and implementation. They argue that the approaches of Mintzberg and other tools of decision science must be complemented by psychodynamics and relationship psychology.

2.4 COMMUNICATION

Communication is the headline that gathers the theoretical findings regarding how communication can support the contribution of each level in the strategy process. The result of this review is a theoretical hypothesis regarding the forth research question. In order to provide an answer to this question the tools such as strategy plan, balanced scorecard, strategy map are studied as well as the concept of strategic planning as a communicative process.

According to Kaplan and Norton (2000) the success of strategy execution depends on how well the people in the organization understand it. Therefore organizations need tools for communicating the strategy. According to Spee and Jarzabkowski (2011) text within the planning process can take form as PowerPoint presentations, planning documents and targets that are part of a strategic plan. In this section we will present three written documents that can be used as such tools; strategy plans, balanced scorecards and strategy maps.

2.4.1 STRATEGY PLAN

A strategy plan typically concentrates on a medium to long term time frame and includes a performance plan, an operating budget, a capital expenditure budget, strategic targets for market share, employment level, output, and specific strategic milestones (Grant, 2006). According to Grant (2006) the performance plans are often developed annually and are then monitored on monthly and quarterly basis to detect deviations from targets and finally to be reviewed at the end of each year. The performance targets emphasize financial indicators such as for example return on invested capital and growth of sales revenue but also strategic goals such as market share and quality and operational performance such as productivity and output (Grant, 2006).

2.4.2 BALANCED SCORECARD

The balanced scorecard was introduced by Kaplan and Norton (1992). Fifteen years later Kaplan and Norton (2007) describes the balanced scorecard as "a sophisticated instrument panel for coordinating and fine-tuning a company's operations and businesses so that all activities are aligned with its strategy". Often it is used to build the content of companies' strategy plans. The balanced scorecard does not only focus on the financial result of a company but also the intangible assets that companies need for future growth (Kaplan & Norton, 2007). It includes financial, customer, internal business processes and learning and growth. The areas should provide answers to the following questions: how should we appear to our shareholders; how should we appear to our customers; to satisfy our customers and shareholders which business process must we excel in; and finally how will we sustain our ability to change and improve in order to achieve our vision (Kaplan & Norton, 2007). The basic design of the balanced scorecard is illustrated in Table 2. The balanced scorecard hence links objectives with measures and according to Kaplan and Norton (1992) it also forces managers to only focus on the few measures that are critical.

Table 2 The structure of a balanced scorecard (Kaplan & Norton, 2007)

Financial / Customer / Internal Business Processes/ Learning and Growth			
Objectives	Measures	Targets	Initiatives

2.4.3 STRATEGY MAP

Through extensive research, gathered through working with the balanced scorecard at hundreds of companies, Kaplan and Norton (2000) brought the patterns and different items from the organizations' balanced scorecard together into a common visual framework, a strategy map. Kaplan and Norton (2008) describe the strategy map as a tool for visualizing the cause and effect relation between the organization's overall goal and the individual employees' job, hence the performed activities. Another way of expressing it is that a strategy map shows how initiatives and resources including corporate culture and knowledge are converted into tangible outcomes (Kaplan & Norton, 2000).

The strategy map framework that Kaplan and Norton (2000) present is illustrated in Figure 7. At the top is the financial strategy, increasing shareholder value, which can be done either through increasing revenue or productivity. Increasing revenue in turn can be pursued either through building the franchise with new markets, new products or new customer and through increasing value for existing customers. Productivity can be increased through improved cost structure with either lower fixed or variable costs and finally more efficient use of assets.

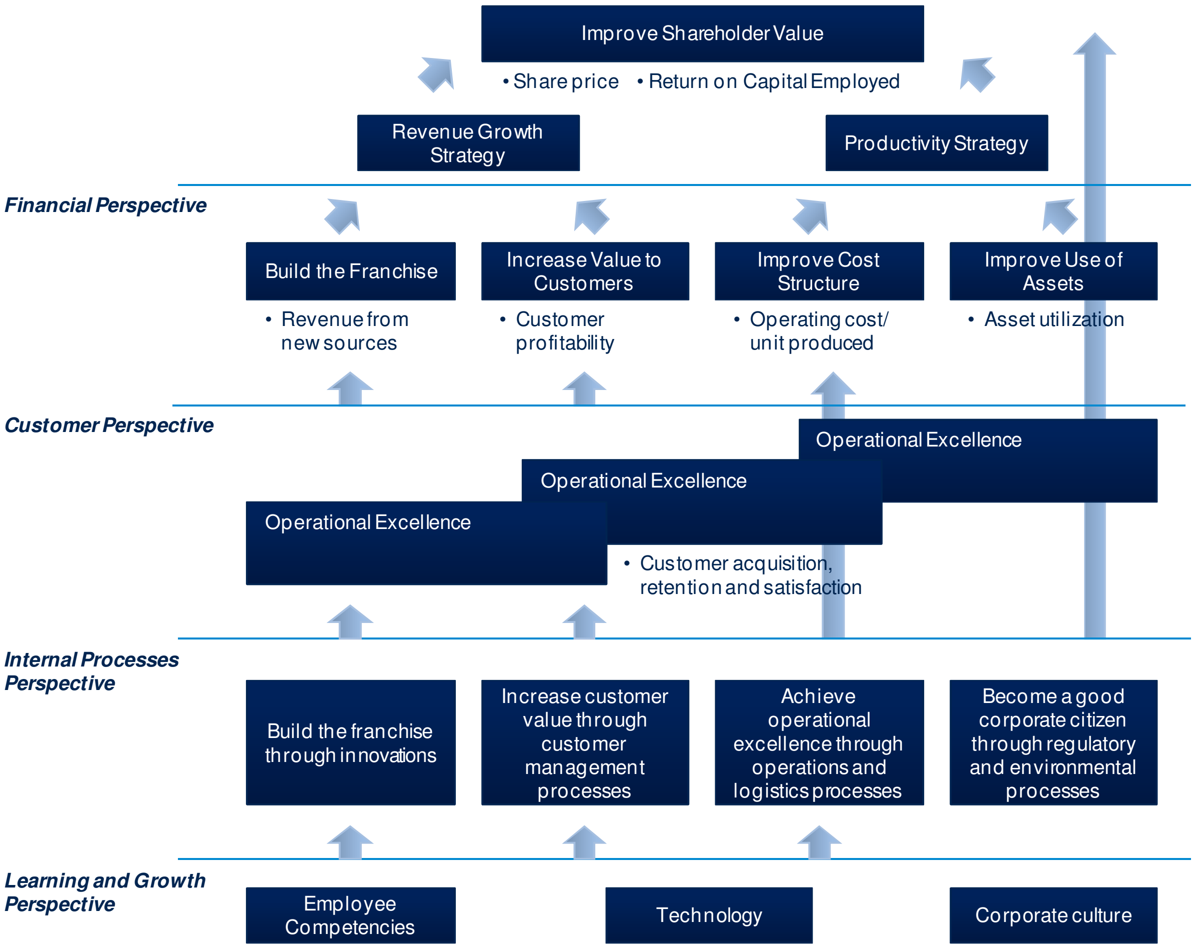

Figure 7 Strategy map framework (Kaplan & Norton, 2000)

Then in the customer perspective it is described how the company will differentiate including the set of product, the characteristics of its services, the customer relations, and the corporate image that the company offers. According to Kaplan and Norton (2000) there are typically three differentiators to choose among: Operational Excellence, Customer Intimacy and Product Leadership.

The internal process perspective is used to determine the activities by which the company will obtain the value proposition. According to Kaplan and Norton (2000) a complete strategy should involve specifying activities from several internal processes. The activities can be divided into four processes, as seen in Figure 7; first, franchising through innovating new products and services and by penetrating new markets and customer segments; second, increasing customer value through closer relationship with existing customers; third, achieving operational excellence though improvement of supply chain management, internal operational processes such as utilization and capacity management; and finally, becoming a good corporate citizen through developing effective relationships with external stakeholders.

Providing a bottom up explanation of the strategy map, it tells the company the knowledge (learning and growth), skills and systems (internal processes) that its employees require to innovate and build the right capabilities and efficiencies to deliver value to the market (the customer) which will lead to increased shareholder value (the financials) (Kaplan & Norton, 2000). The major benefit with the strategy map is that it enables the employees to organize their work in a coordinated manner toward the overall company goal (Kaplan & Norton, 2000).

2.4.4 STRATEGIC PLANNING AS A COMMUNICATIVE PROCESS

An alternative view on strategic planning was provided by Spee and Jarzabkowski (2011). The authors argue that strategic planning can be seen as a communicative process with increasing interpretation of talk and text. Even though their recommendations are based on studies conducted in a university context the authors expected their recommendations to be relevant in organizational contexts with diffuse power structures and democratic decision making.

Through their studies Spee and Jarzabkowski (2011) showed that communication is not a process that starts after the strategy plan has been developed but rather integrated in the planning process itself. Even though the final plan is only constructed by a few individuals, the content may have been influenced by many who participated in the communicative process (Spee & Jarzabkowski, 2011). There is increasing interpretation of talk and text in the strategy document, as during the construction of the plan participants reveal their interpretations which result in amendments that have to lead to agreed formulations in the final strategic plan. This interplay process, through which agreement has to be reached, minimizes competing interpretations and legitimizes the strategy plan though the organization. Spee and Jarzabkowski (2011) conclude that it is this recursive communication process rather than the strategy document in itself that is of significance.

2.5 THEORETICAL HYPOTHESIS

The below Table 3 is presented to give the reader a logic flow in the research. Based on the research question, the topic in literature was identified. The review of the topic resulted in a theoretical hypothesis which hence summarizes and concludes the information presented above in chapter 2.

Table 3 Theoretical Hypothesis

Research question	**Subject in literature**	**Theoretical hypothesis**
RQ1: How can the organizational structure support the strategy process?	**Organization:** • Organizational structure and diversification strategy • Center versus business unit decision making	The organizational structure sets the framework for the strategy process. Depending on the diversification strategy, different multidivisional structures are suitable with varying levels of centralization, formalization and specialization.
RQ2: What can an organizational level contribute with in the strategy development and implementation process?	**Concretization:** • Parenting theory • Synergy theory	The content of the strategy becomes more concrete for every level in the strategy process A level in the strategy process should result in more value creation, through synergies, than value destruction, through increased cost
RQ3: What should be the mandate of each level in the strategic work?	**Roles and Responsibilities:** • Decision making process • Formal versus experimentation focused process	A formal decision process can enhance the performance of an organization
RQ4: How can strategy be communicated through the strategy process??	**Communication:** • Strategy Plan, Balanced Scorecard and Strategy Map • Strategic planning as communicative process	Tools, such as strategy plan, balanced scorecard and strategy map can be used to enhance communication in the strategy process. Strategic planning is a communicative process

3. METHODOLOGY

The following chapter presents the design of the study, starting with the motivation for the choice of a qualitative research strategy. The chapter continues with an explanation and motivation of the chosen research design, including a case study at Skanska and a comparative study with reference companies. Further, an in-depth description of the research process and method is presented, with connections to the research question. This is followed by a description of data collection and analysis methods, such as interviews. Data collection is also given extra attention with regards to primary and secondary data. Finally, the research quality is discussed by the means of reliability and validity.

3.1 RESEARCH STRATEGY AND DESIGN

The distinction between qualitative and quantitative research is important according to Bryman and Bell (2011), since it provides a general orientation to how a business research study can be conducted. Bryman and Bell (2011) presents the following view on the difference between quantitative and qualitative research strategies: a quantitative study is deductive in its nature, meaning that its purpose is to test a theory by finding patterns or rules. Its approach is logical, analytical and objective, using the natural science model of providing and confirming or rejecting a hypothesis. A qualitative study on the other hand has, according to Bryman and Bell (2011) the purpose to generate a theory for understanding human existence. This is done by exploratory methods, with emphasis on understanding and interpretation. A similar view is presented by Holme and Solvang (1997), who argues that the qualitative method is suitable if the purpose of the study is to gain an in depth understanding, and that it provides flexibility to the study. Since this thesis is devoted to understanding and interpreting a system of people, and developing its own theory, the qualitative research strategy was chosen. Further, the study gains from the flexibility made possible by the qualitative approach.

The research design provides the framework for the collection and analysis of data and it is used to show how the different parts of the study work together to provide answers to the research questions (Bryman & Bell, 2011). For the purpose of answering the research questions presented earlier in the report, this thesis applies the following research designs: case study design and comparative design. Apart from these two research designs there are three more identified by Bryman and Bell (2011), experimental design, cross-sectional or social survey design, and longitudinal design.

The case study research design was chosen because the research questions identified required knowledge of the contribution of a level in the strategy process at Skanska. It was the wish of Skanska, when initiating the thesis project, to achieve learning about their own needs in the strategy process, regarding the contribution of the top management levels. According to Bryman and Bell (2011), researchers should choose cases when studying processes and where they expect learning will be greatest. Yin (2003) argues that a case design is appropriate when striving for a deep knowledge of a complicated problem concerning contemporary events, of which the investigator has little or no control, which is the case in this study. The problematic side of this choice of method is that it requires a large amount of time for the research (Wallén, 1996).

In addition to the case study at Skanska, it was also chosen to perform a study with comparative design, involving four other companies. How the companies were selected is explained below in section 3.2.2 Comparative study. This was done with two purposes: to expand the knowledgebase of how large, divisionalized companies deal with these issues and to increase the generalizability of the conclusions from the thesis project. Bryman and Bell (2011) describes the comparative study, also known as a multiple case study, as a design based on comparison, using more or less identical methods of two or more contrasting cases, with the advantage to create an understanding of a social phenomenon. Therefore it was found suitable to this study, and also because a comparative design study is appropriate to apply in qualitative research, and it can in this context be used as a springboard for theoretical reflections about contrasting findings (Bryman & Bell, 2011). Yin (2003) points out the importance to choose each case carefully in a comparative study and that this method is particularly time-consuming.

Even though a qualitative case study most of the time is performed as an inductive study (Bryman & Bell, 2011), this thesis combines the qualitative research strategy with a deductive approach. The deductive approach was found suitable because it is based on the concept that theory guides research (Bryman & Bell, 2011). It was assessed that this research could gain from the structure presented by the deductive approach, in order to guide the research. And therefore the starting point of the study was theory. However, the initial theory that was used was then evaluated and new theories were developed based on the empirical findings. In this way, theory was the starting point and the result. The study in total was first and foremost a qualitative study, because the generation of theory was the prominent part.

Regarding the epistemological considerations of the researchers, it can be said that the researchers themselves comes from a natural sciences origin and therefore are comfortable with the positivistic view. This is probably a contributing factor why the deductive approach was chosen, however, it should be stressed that an alternative viewpoint, interpretivism has also influenced the research. It has been the intention of the researchers to grasp the subjective meaning of the reality in which the strategy process exists. A further discussion of the method is provided in chapter 8.2 Reflection on the overall method.

3.2 RESEARCH PROCESS AND METHOD

The thesis was divided into empirical and theoretical studies. These were done partly in parallel because of time constraints, but the main process followed the outline described in Figure 8 below.

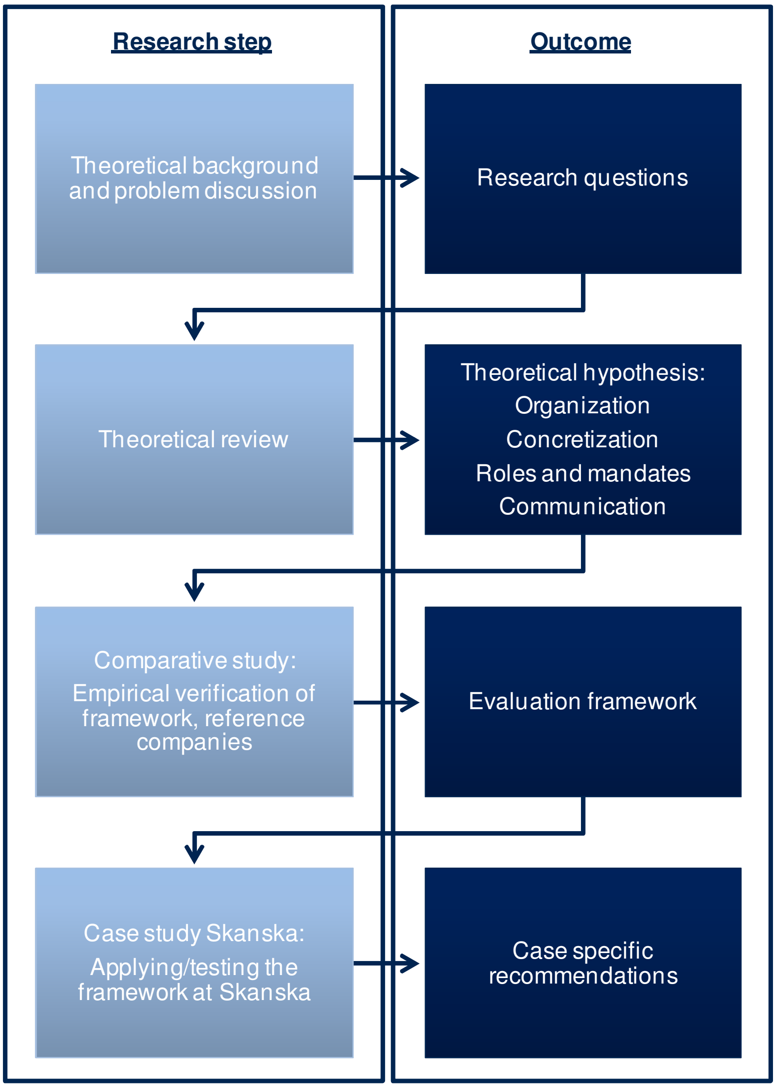

Figure 8 The research process

As illustrated in the above figure, each research step had an outcome, which served as an input to the following research step. Theoretical background and problem discussion provided the foundation when formulating the research questions. The research questions were the input to the theoretical review, from which the outcome was a theoretical hypothesis of how to answer the research questions. The theoretical hypothesis was then empirically verified in the comparative study. The outcome of the analysis of the comparative study was a framework for evaluation of the contribution of each organizational level in the strategy process in division formalized corporations, according to the purpose of the study. The last research step was to assess the applicability of the framework and refining it by testing it at Skanska in the case study. The empirical findings from the case study were analyzed and the final results were the recommendations to Skanska and a refined framework, answering the research questions.

Below, a detailed description follows of the research methods used in the theoretical review, comparative study and case study and how each step contributed to answering the research questions. In both the comparative study and case study triangulation has been applied, meaning that several sources for data collection have been used (Bryman & Bell, 2011). This is done to raise reliability and validity and is especially suitable for case studies, according to Yin (2003).

3.2.1 THEORETICAL REVIEW

In the theoretical review a narrow selection was made of subjects in literature to be studied in order to provide a depth in the analysis in the otherwise wide research area of strategic management. The theoretical review of the chosen subjects in literature was conducted as a literature study, which is a secondary data collection method (Björklund & Paulsson, 2003). Secondary data is gathered from studies performed by previous researchers (Björklund & Paulsson, 2003). Even though these studies were not designed for the same purpose as this study, they can help in developing a deeper understanding of the subject, and hence providing a better analysis (Bryman & Bell, 2011). Table 4 below presents how each subject in literature is connected to one of the research questions and the underlying problem in the strategy process at Skanska which were presented in the problem identification.

Table 4 Outline of the literature review

Problem identified at Skanska	Research question	Subject in literature
Need to motivate if and why the building construction branch of operations should have a role in the strategy process	**RQ1:** How can the organizational structure support the strategy process?	Organizational structure and diversification strategy Center versus business unit decision making
Lack of clarity regarding the contribution of the building construction branch of operations in the strategy process	**RQ2:** What can an organizational level contribute with in the strategy development and implementation process?	Parenting theory Synergy theory
Need to enhance clarity and lower the amount of rework in the strategy process	**RQ3:** What should be the mandate of each level in the strategic work?	Decision making process Formal versus experimentation focused process
Ineffective communication and information overload which negatively affects the strategy process.	**RQ4:** How can strategy be communicated through the strategy process??	Strategy plan Balanced scorecard Strategy map Strategic planning as communicative process

Corresponding to research question 1, the relationship between organizational structure and the strategy process was studied. This area was chosen in order to provide a context to the comparative study, regarding how the organizational structure can support the strategy process. According to Yin (2003), the boundaries between a case and its context are not likely to be sharp, and therefore it is important to also describe the context of the case study. From the theoretical background and the problems identified in reality at Skanska, it was clear that the subject of parenting in the strategy process was appropriate for further studies. This area was studied to provide the researchers and reader with a deeper understanding of the issues faced in division formalized corporations regarding how to make the strategy more concrete for each level in the organization and how to create synergies. Research question 3 addresses the need to clarify who does what in the strategy process. Subjects in literature chosen to investigate were center versus business unit decision making and how to clarify decision rights. The final research question is about communication in the strategy process. Subjects chosen were Strategic planning as a communicative process, Strategy Plans, Balanced Scorecards and Strategy Maps.

The findings in the theoretical review were used to form a theoretical hypothesis of how to answer each research question. The applicability of these findings was then to be empirically tested and verified in the following comparative study, as mentioned earlier.

3.2.2 COMPARATIVE STUDY

The reference companies in the comparative study were chosen on the criterion that they should be of large size and have a wide scope of different businesses, with an organizational structure containing different divisions and business units. This criterion was formulated in order to find companies that were likely to be experiencing the same type of problems in their strategy process as Skanska. The interviewees should also be within travel distance, which resulted in a selection of only Swedish companies. The companies were also chosen with the hope that they had a more mature strategy process than Skanska and therefore could contribute with important learning.

In the comparative study both secondary and primary data collection was applied. As mentioned above, secondary data is gathered from studies performed by previous researchers (Björklund & Paulsson, 2003). On the contrary, primary data is new data, collected by the researchers themselves (Björklund & Paulsson, 2003). The secondary data was collected through review of internal documentation that was accessed from the web pages of the reference companies. Internal documents such as organizational charts were also received in printed form during the interviews. According to Yin (2003), document reviews are an important source for information in case studies. Examples of documents utilized are financial reports, annual reports and internal PowerPoint presentations of organizational charts.

The most important data source for the comparative study was semi-structured interviews, a primary data collection method. The choice to conduct interviews was taken because it is a common method in qualitative case studies and one of great importance for studying a system of people (Yin, 2003). Semi-structured interviews were chosen because the researchers judged that it was important to have a fairly clear focus on the topics in the theoretical hypothesis, to be able to draw conclusions about the empirical applicability of the theories from the analysis. According to Bryman and Bell (2011) focus is one reason to choose a semi-structured approach, another reason they mention is if you are doing a multiple case study, such as the case here. An interview guide was constructed, based on the theoretical hypothesis, and followed during the interviewees, see Appendix 4. Because all interviewees were native Swedish speakers, it was judged suitable to write the interview guide in Swedish.

The interviewees at the reference companies were chosen on the criteria that they should be involved in the strategy process. The ambition was to conduct an interview in each company with a person who was responsible for developing the strategy process, and this was achieved. In business research, and especially when interviewing senior managers, it can sometimes be problematic to gain access to the interviewees (Bryman & Bell, 2011). The contacts with the interviewees were established either through personal contacts, student contacts within the company, or direct email. In total there were six interviews, one each at Vattenfall and Lantmännen and two at SKF and SCA. Of practical reasons it was not possible to perform two interviews at each company. The full list of interviewees and their position in their respective company can be accessed in Appendix 1.

The empirical data from the comparative study was analyzed with the purpose to either accept or reject the findings in the theoretical hypothesis. First hand, the analysis was done regarding whether or not the company experienced the problems related to the research questions. Second, it regarded if the company had applied any of the theoretical findings in the hypothesis of how to solve the problems. Third, even if they had not used the finding, would they think it could be used in their company? Fourth, any special circumstances affecting the generalization of the results were addressed. Finally, the analysis presents any adjustments to the evaluation framework based on the comparative study findings.

3.2.3 CASE STUDY SKANSKA

As described above, the Skanska Group is a multinational corporation. For a suitable scope, this thesis focuses on Skanska Sweden, and the Construction business within Skanska Sweden, further mentioned as Skanska. There are three branches of operations in Skanska, but the thesis has the limitation that it only performed data collection within one of the branches of operations, the Building construction branch. This delimitation was made because the other two branches did not suffer from the same severity of problems as the Building construction branch. Also, the Building construction branch was chosen because it has a larger amount of regions, and a higher complexity than the other branches. Therefore are the results most applicable for the Building construction branch, however it is the belief of the researchers that the results and recommendations to Skanska can be applied to the other branches of operations as well.

The case study at Skanska was conducted through the same methods as the comparative study, but in higher detail and accompanied with several additional methods. An extensive amount of internal documents from the intranet of Skanska were reviewed, with higher level of detail, describing the strategy process and organization. Semi-structured interviews were held with two regional managers and two district managers. The purpose was to gain deeper knowledge of how the strategy process was experienced from the viewpoint of managers, active in the strategy process in the line organization. These interviews followed the same interview guide, see Appendix 5. The questions were generated through an iterative process where the wider areas to be examined were first chosen, after which questions were formulated. These questions were then discussed between the researchers and tested with people that were not involved in the study, to see that they were comprehensible. After this, the questions were rewritten and tested again, to finally be determined. These interviews were recorded and to some extent transcribed. The interviews lasted on average 1,5 hours.

Additionally, a total number of five unstructured interviews were held with two development managers at Skanska. The development managers are involved in developing and supporting the strategy process at Skanska, and the interviews were held with the purpose to gain a deep understanding of the process and how it was shaped. The choice of unstructured interviews was made because it was judged important for the interviewee to be able to respond freely, as is the case in this interview form (Bryman & Bell, 2011).

The time constraints of the study limited the amount of interviews possible to conduct at Skanska, but these were complemented with secondary and primary data from other research. An external unstructured interview was held with a PhD researcher who was conducting an ongoing longitudinal study of the informal strategy process at Skanska. His research material in form of published articles was also studied. A full list of the interviewees can be found in Appendix 2.

The empirical data from the case study was analyzed together with the findings from the comparative study with the purpose to assess the fit of the proposed framework and by this validate the previous findings. The analysis was done through a method where the researchers went through the large amount of data, either by listening to the recordings, or reading the transcribed material, and looked for the frequency of the different viewpoints, as well as how important the viewpoint seemed to be, as expressed by the interviewee. The final discussion aims to provide case specific answers to the research questions in the form of recommendations to Skanska.

3.3 RESEARCH QUALITY

The research quality will be discussed below from the point of view of reliability and validity. These are, together with replication, among the most prominent criteria for evaluation of business and management research according to Bryman and Bell (2011). Further, assessing reliability and validity are appropriate ways to assess the quality of case studies, according to Yin (2003). As mentioned above, this study has used the concept of triangulation to raise reliability and validity, other actions are described below.

3.3.1 RELIABILITY

Reliability concerns whether or not the results of a study are repeatable, and this criteria is strongly linked to the possibilities for replicating the study (Bryman & Bell, 2011). A study with high reliability has fewer errors and biases (Yin, 2003). Some researchers argue that qualitative studies might have a worse performance on reliability than quantitative studies, because the results are strongly affected by interpretations from the researchers (Björklund & Paulsson, 2003). To reach high reliability for case studies it is important to carefully document the procedure of the study (Yin, 2003). To enhance reliability, this study has followed a strict research process, described in detail above. All the steps have then been carefully documented.

3.3.2 VALIDITY

Validity is divided into three different types; measurement validity, internal validity and external validity (Bryman & Bell, 2011). Measurement validity concerns if the study measures are suitable and well reflecting the concepts being studied (Yin, 2003). Internal validity concerns whether a causal relationship that has been suggested by the study really exists. External validity concerns if the results of the study can be generalized, that is if it can be applied outside the current research context. According to Bryman and Bell (2011), external validity is especially challenging for case studies. This study has taken several measures to achieve validity of the results. First, the testing of the theoretical hypothesis by the comparative study contributes to measurement validity. Second, the causal relationships claimed in the framework are further tested in the case study at Skanska. Third, the comparative study also contributes to the possibilities to draw generalized conclusions.

4. EMPIRICAL FINDINGS COMPARATIVE STUDY

As described in the Methodology chapter above, the comparative study aims at verifying or rejecting the theoretical hypothesis suggested in the Theoretical framework chapter. The comparative study also forms the basis for the review of the theory from an application perspective. For this purpose have data collection in form of interviews and review of internal documents taken place at Lantmännen, Vattenfall, SCA and SKF. The empirical findings are accounted for below and will be analyzed in chapter 5, Analysis comparative study.

4.1 LANTMÄNNEN

Lantmännen is a producers' cooperative with business areas in agriculture, machinery, energy, and food which makes it present in the entire food value chain - from farmland to table (Lantmännen, 2010). The cooperative is owned by 36 000 Swedish farmers and was established in its current form in 2001, but has a history going back more than one hundred years (Lantmännen, 2010). Lantmännen operates in an international market and employs 10 000 people in 18 countries with Sweden as the foundation of its business activities (Lantmännen, 2010). In 2010 the group had a turnover of 36 BSEK (Lantmännen, 2010).

4.1.1 ORGANIZATION

Lantmännen reorganized its 25 business units into four divisions instead of ten in 2009 (Myrelid, 2012). The reorganization aimed at facilitating more effective management with clearer leadership and possibilities to share costs in order to increase competitiveness (Lantmännen, 2010). The new organization is illustrated in Figure 9, with product focused divisions that are accountable for the results and cross functional support units.

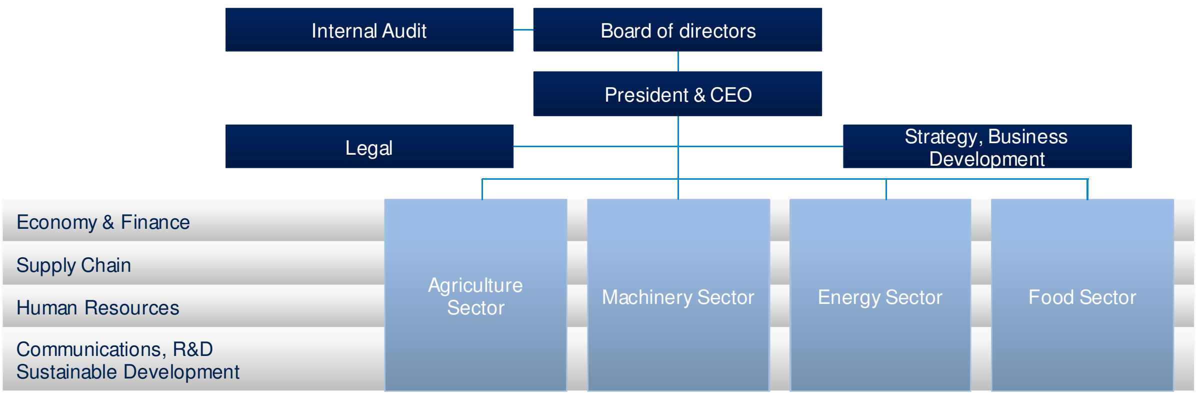

Figure 9 Organizational chart Lantmännen (Lantmännen, 2010)

4.1.2 THE STRATEGY PROCESS

Myrelid (2012) describes that Lantmännen historically has operated as a holding cooperative with self-governing business units. However, since the early 2000s the business units have become more and more integrated and with that a need for a corporate strategy has emerged. Lantmännen's structured strategy process was therefore introduced in 2005 and it includes the development of a strategy plan and a budget plan, says Myrelid (2012). The annual strategy plan is developed during the first six months of the year and thereafter the budget plan is developed starting in august (Myrelid, 2012). The strategy plan process is illustrated in Figure 10 and according to Myrelid (2012) the business plan process basically follows the same structure.

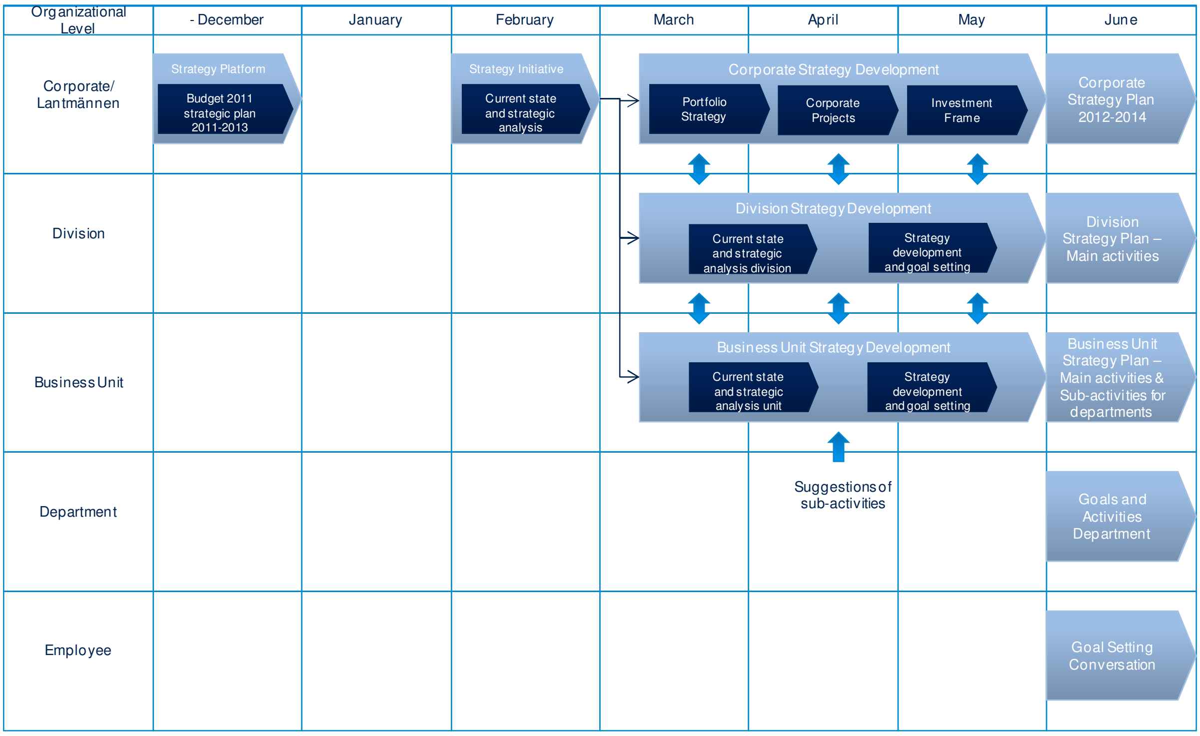

Figure 10 Strategy Process Lantmännen (Myrelid, 2009)

According to Myrelid (2012) the strategy process starts in December with the development of the strategy platform which is based on the strategy plan and budget from last year. From the platform the management team of Lantmännen develops a "strategy initiative" in February which includes goals and ambitions for the cooperative and guidelines of how the resources should be divided between the business units (Myrelid, 2012). The initiative also gives directions to the divisions and business units on its' strategic focus and what results should be achieved. Moreover Myrelid (2012) mentions that it sets the direction and strategy of the support functions. The initiative is presented for the Board of Directors of Lantmännen whom might recommend certain changes before they approve it (Myrelid, 2012). Hence, Myrelid (2012) continues, the strategy initiative is incorporated in the strategy plans that the divisions and business units develop during March until May. In parallel the management team of Lantmännen continues developing the corporate strategy by specifying the portfolio strategy, corporate projects and setting the investment frame for the divisions (Myrelid, 2012).

The divisions and business units finish its strategy plans in May after which the strategy team, which Myrelid belongs to, goes through them to pull together the big picture and reprioritize activities (Myrelid, 2012). According to Myrelid (2012) the strategy plans are then presented to the management team of Lantmännen which has to stand behind the direction and finally it has to be approved by the board of directors of Lantmännen.

In the same manner, Myrelid (2012) describes, the budget is developed by setting a budget initiative in August where last year's strategy plan constitutes the base for ambition and direction. The process is more number oriented in the sense that more detailed goals are set around a success scorecard which includes employees, sustainable development, customers and financial KPI's (Myrelid, 2012).

Setting the strategy before the budget results in a dynamic process in which changes have to be made. The idea of this design is to have a more overarching and long term discussion in the spring and a more goal oriented and short term discussion during the autumn. This means that the strategy process is constantly ongoing for Lantmännen not to lose tempo and focus (Myrelid, 2012). Lantmännen have divided its mission into eight strategies which constitutes the foundation for the direction of the cooperative (Myrelid, 2012). Myrelid (2012) describes these strategies as long-term which means that they change little over time. In order to emphasize on certain areas that in the short term are extra important Lantmännen have focus areas (Myrelid, 2012). According to Myrelid (2012) the focus areas can be seen as the tools by which the long term strategy is obtained.

To follow up the strategic goals and activities Lantmännen has a success scorecard (Myrelid, 2012). According to Myrelid (2012) the strategy KPIs tied to financial goals are followed up twelve times each year and the budget KPIs which also includes employees, customers and sustainable development are followed up three times each year. There are more KPIs on division and the individual business unit level. The KPIs are selected to focus on the central areas and should be well defined, cost effective and efficient follow up (Myrelid, 2012).

4.1.3 CONCRETIZATION

According to Myrelid (2012) there are structured strategy plans on three levels, one corporate plan, four division plans and thirteen business unit plans. Following the hierarchy in Figure 10 the strategy is specified into more concrete actions and smaller sub-activities at the lower levels. The divisions' strategy plan includes one part on each business unit and a division wide summary Myrelid (2012) mentions. For example Myrelid (2012) says, the corporate level has set sustainable development as one of eight strategies. The division can decide that this should be obtained by investing in the ethanol business. On the business unit level it is decided that this should be done by investing in a new fuel product. On a R&D department it is developed and the employee is the one actually doing it.

As described by Myrelid (2009) the corporate level's purpose is to create synergies, through supporting and making the divisions more effective by optimizing the common business. It also develops cooperation with customers, competitors and suppliers to find effective and efficient forms of interaction between actors in the supply chain (Myrelid, 2009). A key issue for Lantmännen is how much synergies, that is, level of integration that should be pursued (Myrelid, 2012). As mentioned by Myrelid (2012) earlier the organization has become more integrated. However, Myrelid (2012) stresses the cooperative will never become fully integrated because there is a limit on synergies to obtain by integrating the divisions. To decide an appropriate level, Lantmännen asks if it is economically viable, in which the parameters in Figure 11 is used as input (Myrelid, 2009). But according to Myrelid (2012) this is not something that is easily decided and there is a constant discussion around it. Myrelid (2012) describes that one issue is for example if an internal supplier should be used instead of an external. In the end however the guide line is that the business should be profitable both short and long term Myrelid (2012) emphasizes.

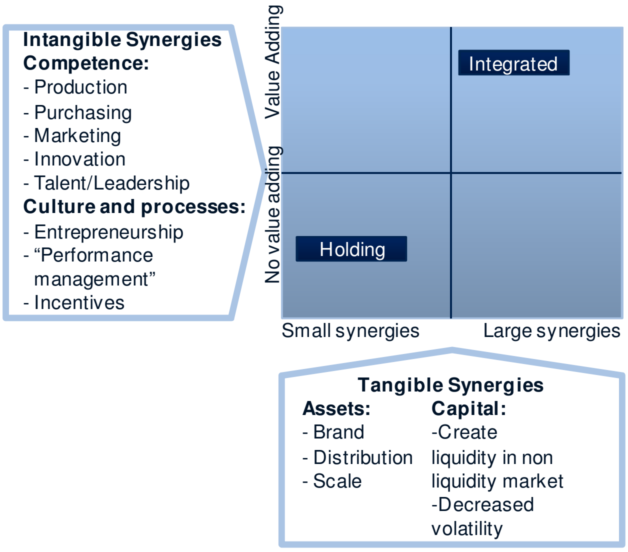

Figure 11 Synergy Matrix (Myrelid, 2009)

As can be seen in Figure 10 the divisions' strategy includes main activities and set frame for the business units' strategy which also add sub-activities for each department in the business unit. The purpose of the business unit strategy is to create competitive advantage in individual product areas and through that value in individual business units (Myrelid, 2012). The business unit strategy sets long term strategic goals. According to Myrelid (2009) it decides which product areas to compete in with regard to products, markets and degree of vertical integration and what competitive advantages to develop and utilize for long term success. It also decides what competence is necessary and by which means the competitive advantage should be obtained and how much resources should be invested (Myrelid, 2009). Through the strategy process the corporate strategy influences the content of the individual employee's goals, according to Myrelid (2012).

4.1.4 ROLES AND RESPONSIBILITIES

The roles and responsibilities are clearly defined from the organizational structure and Lantmännen have not used any model such as RAPID. Divisions can put more focus on each business unit than the corporate level can if they would have focused on all 25 business units. By this focus, the division management becomes specialists. Lantmännen believes that this competence will help refund what it costs to involve this level and it is clear that each level contributes with value.

Since the division managers are part of the corporate management team, but not responsible, they are included in the process of developing the corporate strategy. For each division there is a management team where business unit managers and support is included. In this structure the roles and responsibilities follow naturally. It is also important that the hierarchical structure is followed so that one level's work is not undermined. If that would happen, it would not be appreciated. Adding to this, each division management team and the corporate management team meet up 5 times each year, totally 20 meetings. By having regular meetings developing and following up the strategy, the roles and responsibilities are set during the meetings.

4.1.5 COMMUNCATION

In the budget plan process the success scorecards communicates what each employee should contribute with and the employees have different goals depending on which level they belong to (Myrelid, 2012). According to Myrelid (2012) the division manager and the business unit manager have goals in all four areas, that is, employees, sustainable development, customers and financial KPI's. A department manager however may have responsibility over just one area and an employee may be a part of this area.

To communicate the link between goals and activities, such as investments, product development and marketing, a ROCE (Return on Capital Employed) diagram is used in the strategy plan (Myrelid, 2012). According o Myrelid (2012) the diagram shows what the current result is, what the goal is and how it should be obtained by focusing on certain areas and how much each area should contribute with. Connected to each focus area a number of key activities are listed that should drive the result improvement (Myrelid, 2012). This diagram and the list of key activities are part of the strategy plan. By connecting the success scorecard to this the employee sees which bar he/she belong to and what the end result is, Myrelid (2012) says.

According to Myrelid (2012) the strategy plan is planned from corporate to business unit level, and involves around 50 people. Of the corporate strategy, what is included in the annual plan is what is communicated to the lowest level (Myrelid, 2012). This is managed through internal systems and the success scorecard. The budget process on the other hand involves everybody, even though full information is not available for every level (Myrelid, 2012).

4.2 VATTENFALL

Vattenfall was founded in 1909 and is today one of Europe's largest generators of electricity and the largest producer of heat, and employs 34 700 (Vattenfall, 2011). The group is active in all parts of the value chain which includes generation, distribution and sales (Vattenfall, 2011). The three main products are thus electricity and heat but it also sells gas and conducts energy trading and lignite mining (Vattenfall, 2011). Vattenfall is owned by the Swedish state and mainly operates in the core markets Sweden, Germany and the Netherlands (Vattenfall, 2011).

4.2.1 ORGANIZATION

The group consists of five divisions, see Figure 12, and 23 business units (Vattenfall, 2011). The three operating segments have no practical role but functions as a consolidation for how the results are reported to the stakeholders in the follow up of results (Greisz, 2012). Each division is fully responsible for the management of the business units' activities (Vattenfall, 2011).

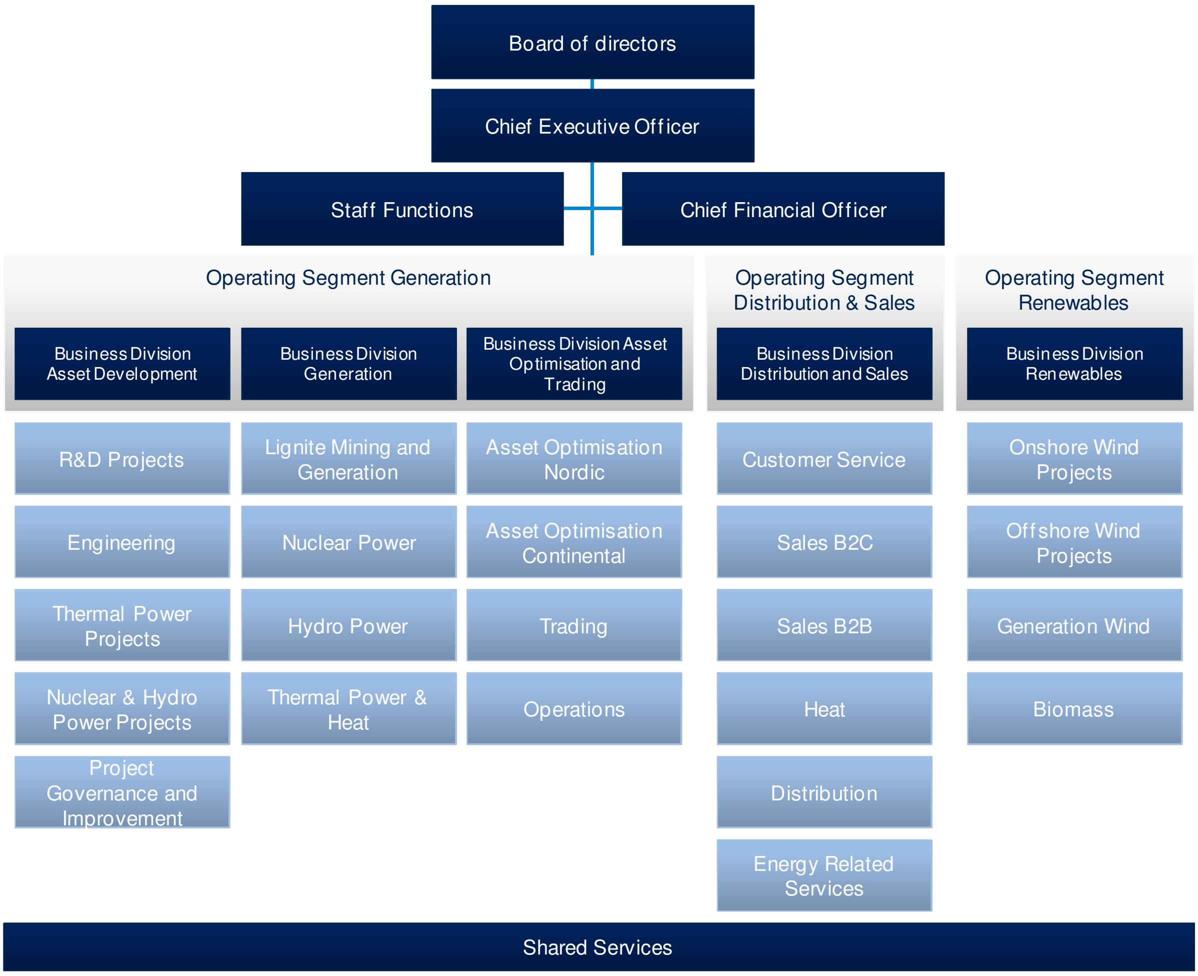

Figure 12 Organizational Structure Vattenfall (Vattenfall, 2011)

Vattenfall made a re-organization of its organizational structure in 2011 going from geographical to international value-chain focused divisions (Greisz, 2012). The purpose of the structural change was to gain positive synergies by collaborating internationally (Vattenfall, 2011). According to Greisz (2012) the economies of scale are mainly found in collaboration between the business units in the same business division. The new structure was also an answer to the deregulation of the energy market and the consolidation of the supply base which has resulted in international large suppliers says Greisz (2012). Instead of having several points of contact with the global suppliers, the value-chain oriented structure enables Vattenfall to focus on a single relationship (Greisz, 2012).

4.2.2 THE STRATEGY PROCESS

Vattenfall is an asset oriented organization, with investments in infrastructure that in some cases have a lifetime of over 100 years. According to Greisz (2012) the strategic focus therefore generally becomes more long term than other companies. Vattenfall has four separate governance processes which Greisz (2012) describes; the strategy process, the business plan process, the CEO decision process and the Enterprise Risk Management Process. The first two are annual processes while the CEO decision process is linked to investments and operational decision and takes place whenever needed (Greisz, 2012).

According to Greisz (2012) the strategy process and the business plan process involve three organizational layers; the corporate level, the business division level, and the business unit level. The strategy processes start in January and ends in mid September with the delivery of the corporate strategy plan which initiates the business plan process, which Greisz (2012) describes is more of a budget process. The business plan is developed during October until year end. The processes are linked, which can be seen in Figure 13.

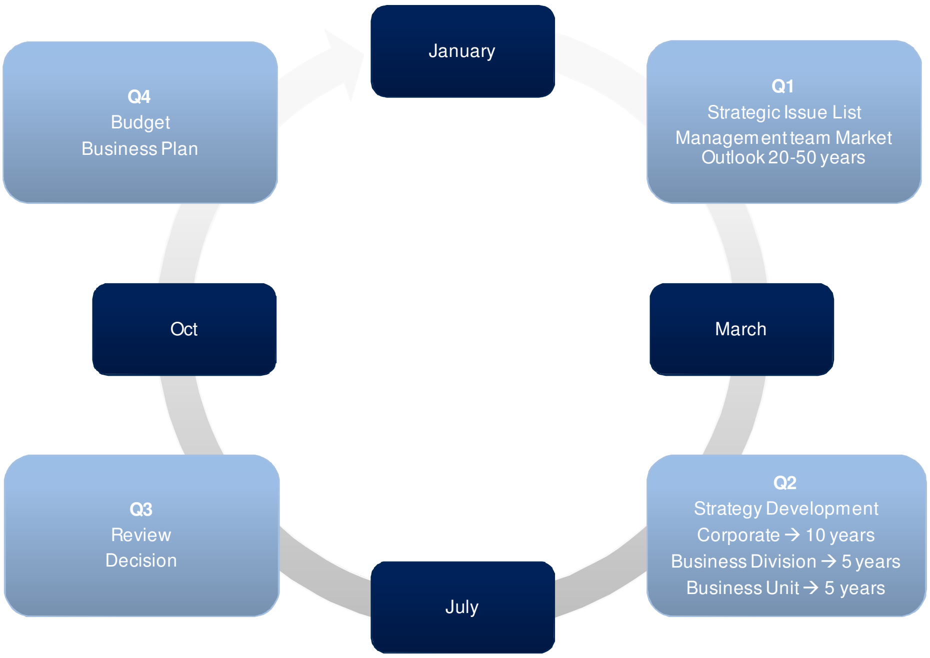

Figure 13 Strategy process and business plan process at Vattenfall (Greisz, 2012)

Going into each process in more detail, the development of the strategy plan is initiated in Q1 when the management team of Vattenfall develops a strategic issue list containing the high ranked strategic issues (Greisz, 2012). Further Greisz says, the management team of Vattenfall also develops a long term market outlook containing their conclusions about new market opportunities and the development of surrounding markets and the European market. According to Greisz (2012) this is conducted with a long perspective with 20 to 30 and sometimes up to 50 years, and can for example be about investments in wind, water or nuclear. In Q2 Greisz (2012) mentions, the strategy is developed with the input from the market outlook and strategic issue list. A corporate plan with a 10 year scope and a business division plan and business unit plan with a five year scope each is developed (Greisz, 2012).

The four parts that are managed centrally are finalized in Q3 and approved by the board of directors of Vattenfall (Greisz, 2012); the corporate strategy plan which contributes to the content of the annual business plan, the corporate investment plan which contains the investment plan for the coming five years for all business divisions, the corporate five year financial prognosis and last the annual corporate business plan which contains the financial prognosis for the coming year which is then translated to budgets with a description of activities (Vattenfall, 2011).

4.2.3 CONCRETIZATION

As mentioned earlier the strategy plans have different time perspectives on each organizational level. According to Greisz (2012) the long term strategic decisions are made by top management of Vattenfall. The business division and business unit level have a shorter term perspective (Greisz, 2012). With these differences in mind the issues and activities that each level handles differ Greisz (2012) says.

According to Greisz (2012) the corporate strategy focuses on geography, value chain & production in three steps, see Figure 14. In step one the corporate strategy gives direction on which geographical markets are most interesting. In step two the focus in the value chain of the three main products electricity, heat and gas' is discussed. In step three an investment framework for the production business is developed that gives direction in which technology and production units the company wants to invest in. According to Greisz (2012) this is a highly strategic matter as the company annually invests around 30 BSEK.

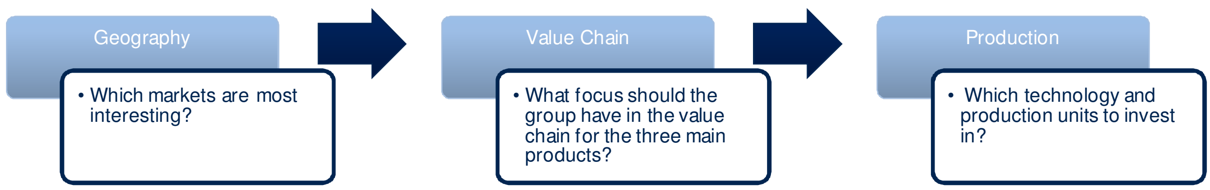

Figure 14 Focus in the corporate strategy plan (Greisz, 2012)

4.2.4 ROLES AND RESPONSIBILITIES

The staff function strategy, which Greisz is part of, is responsible for solving the strategic issues for the group and develops the strategy plans together with the different units on the three organizational levels. The staff function has one group that works with corporate issues, one that supports the business division management and another one for the business unit management (Greisz, 2012). There is one strategy person representing each business unit to give transparency Greisz (2012) continues.

In the management team of the strategy staff function the ones that supports the business division management are included. According to Greisz (2012) this creates a situation where the same people that develop the strategy plan at business division level also aids in developing the corporate strategy. This guarantees a consistency in the strategy through the organization.

4.2.5 COMMUNICATION

There is also a follow up process to ensure that the strategy is implemented. For this balanced scorecards are used to follow up main activities each quarter (Greisz, 2012). Balanced scorecards are used on corporate, business division and business unit level and include both controlling KPIs and monitoring KPIs (Greisz, 2012). The content of the balanced scorecards differ between the business units since they are active in different parts of the value chain and operate in different businesses Greisz (2012) says. The content also depends on the focus of the group for the moment, which right now is consolidation and therefore many KPIs are linked to cost improvements and operational excellence (Greisz, 2012).

The staff function strategy also operates as a communication path as they are involved on all three levels in the strategy development (Greisz, 2012). Finally, the strategy plan documents are distributed via the intra net and mail.

4.3 SCA

SCA was founded in 1929 through a merger of several Swedish companies. In 2010, the annual sales of SCA were SEK 109 billion and the average number of employees was 45,341. SCA is a “global hygiene and paper company” with sales in more than 100 countries and under many different brand names. The largest market of SCA is Germany. Europe stood for 75 percent of the total sales in 2010. Business areas include personal care products, tissue, packaging solutions and forest products. (sca.com, 2012)

4.3.1 ORGANIZATION

Since the end of 2011, the business areas are organized in eight business units, see Figure 15. Apart from SCA Forest products and SCA Packaging are the six remaining business units belonging to what is called the Hygiene area. The Hygiene area accounted for 60 percent of the SCA sales in 2012(sca.com, 2012). In addition, SCA has three global units (center of competence) which interacts in the Hygiene area within its areas of responsibility forming a matrix; Global Hygiene Category (GHC) responsible for common branding, marketing and innovation, Global Hygiene Supply (GHS) responsible for procurement, production planning and technology management and Global Business Services (GBS) responsible for support functions and transactional processes (Duron, 2012).

The aim of the recent organization is to contribute to increased efficiency, market presence and growth. Internally, SCA aimed to further strengthen the coordination between the Business Unit’s and the Global functions and was considered as the next step of the organization was taken place in 2008 when the Global functions were first introduced (Duron, 2012).

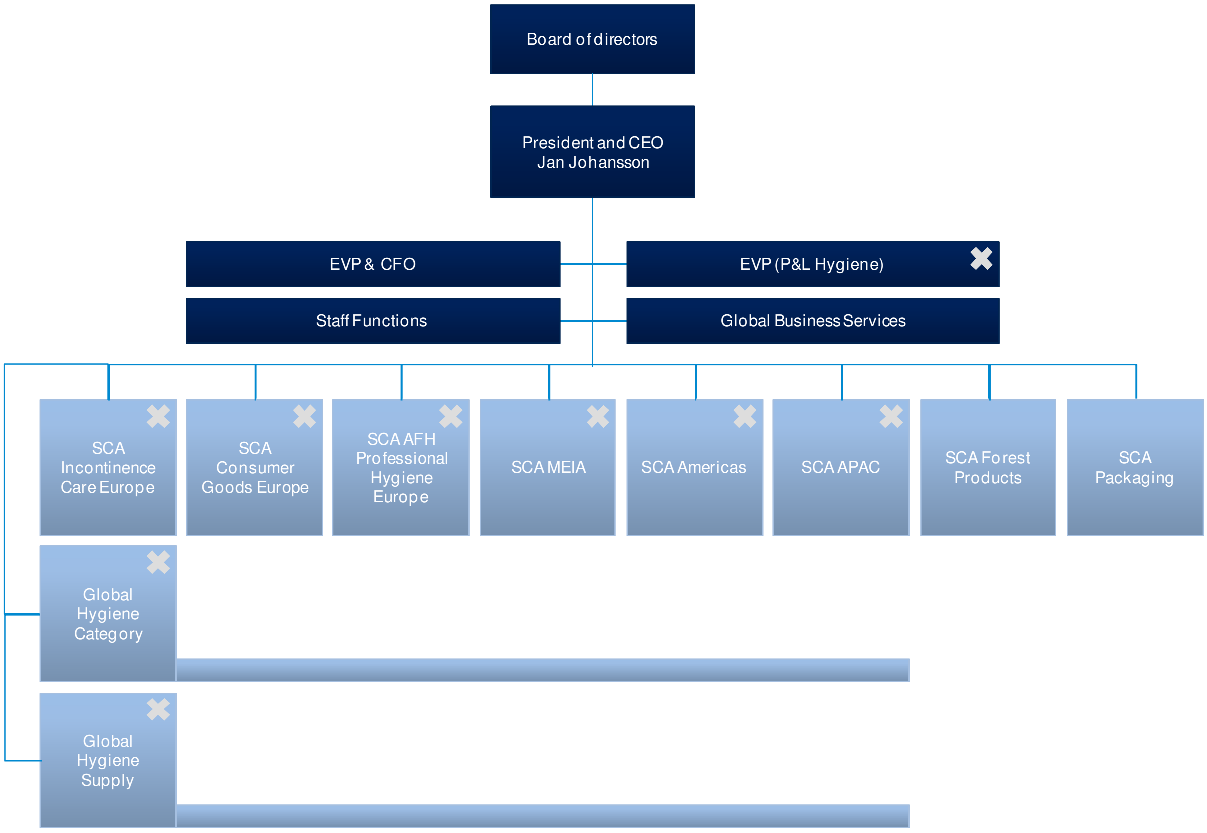

Figure 15 Organizational chart of SCA (Åhman, 2012)

The highest operational decision power within the Hygiene business at SCA fall on the Hygiene Executive Management Team (HEMT), which is composed by the Business Unit's Presidents and is chaired by the COO Executive Vice President Hygiene. (Duron, 2012)

4.3.2 THE STRATEGY PROCESS

SCA is governed by the one strategy process which is led by staff function Group Strategy and Business Development (Duron, 2012). The strategy process is common for SCA; however how the process is deployed may vary between the Hygiene Business Groups, Packaging and Forest.

The process starts with a yearly analysis phase at the Group level aiming to understand the changes in the market place and internally, that may have an impact on the strategy. SCA's strategic framework sets the vision, strategy and portfolio direction for the Group (Duron, 2012). In addition, targets both for the Group and the Business Units are reviewed. The strategy is then broken down by the Business Units which formulates the strategies, into business and financial plans (Duron, 2012).

4.3.3 CONCRETIZATION

The strategy and the business plans are interlinked; where the strategy states the long term direction, aspiration, where and how to compete, etc. (5+ year perspective), the business plans cover how to realize the strategy in a scope of 1-3 years and financial plans translates the plans into economic consequences. To make the strategies more applicable, each business group breaks down the goals into concrete plans and action contributing to the overall goals. (Duron, 2012). For the Hygiene Business Units, strategies overriding the different common areas where synergies can be found are also reviewed (Duron, 2012). Synergies can be reached in areas such as innovation, marketing, branding and technology. Packaging and Forest do not operate as matrix, thus the development of the strategy is somehow simpler.

As input to the business plans, the Business Units' receive from corporate level overall goals, assumptions for cost drivers and instructions for the expected content in order to create consistency within the Group (Duron, 2012). According to Duron (2012), SCA strives to accomplish that the content in the business plans is very concrete. Of highest importance is that the business plans presents a plan of action, so it is clear what to do, to have an understanding of what happens on the market, how to achieve the targets and can form a basis for prioritization (Duron, 2012).

When the strategies have been approved at the Group level, they are presented and approved by the Board of Directors and finally cascaded down through the organization (Åhman, 2012). SCA attempts to break down the strategy all the way out to each coworker through the personal goals and personal development meetings (Åhman, 2012). Every coworker at SCA has a personal meeting with their manager a few times per year to discuss the personal goals, including a follow up and personal feedback. In addition, SCA applies a personal bonus system based partly on the performance regarding the personal goals but also on the overall performance of set goals for SCA (Åhman, 2012). Åhman (2012) further points out that there has been a strong focus from Senior Management to prioritize a few areas of the strategy in order to create focus, pushing approximately three measurable goals at a time (Åhman, 2012).

4.3.4 ROLES AND RESPONSIBILITIES

There are according to Duron (2012) clear and well-defined roles and responsibilities in the strategy process of SCA. Group Strategy drives and owns the overall Strategy process and coordinates with all other stakeholders. Group Finance drives and owns the Financial Plans (incl. Budget), consolidates the Group's Financials and analyses the Financial Plans jointly with Group Strategy. In every Business Unit, there is one person responsible for the development and submission of the strategy, Business and Financial plans, who co-ordinates the work within their respective Business Unit. Furthermore, the global units GHC and GHS have also appointed coordinators for the strategy. For the Hygiene Business Units, it is paramount that the strategies are not developed in isolation, but the different parts of the matrix coordinates and aligns (Duron, 2012).

Regarding the roles in the decision process, SCA has recently taken the decision to implement a structured way of assigning formal roles to enhance the decision making process within the Hygiene business (Åhman, 2012). They have chosen to apply the RAPID model; which covers who has the role to Recommend, Agree, Perform, Input and Decide in key processes. The aim of the process is to improve the co-ordination and alignment in the Hygiene Matrix.

The advantage that SCA hopes to achieve with the RAPID model is clarity about who owns a decision and a common base for discussions (Åhman, 2012). For example Åhman (2012) explains, when a new product has been developed, it is the President of Global Hygiene Category who owns the decision of which market to test the product on. That responds to the "D", Decision in the RAPID model. The person with responsibility for results in the chosen market however has a strong influence in the decision ("Agree"). Examples on roles with "Input" are people from R&D or the Supply-organization and eventually, the person responsible for the Business Unit has the right to say no, if there are good reasons. This clear division of roles will prevent a situation where a decision cannot be reached and a project is forced to stop for example, according to Åhman (2012). This is a new way of working at SCA, but the response so far has been positive, according to Åhman (2012).

4.3.5 COMMUNICATION

SCA communicates the strategies in several ways. Once a year a leadership meeting is held with the top managers in the Group, where the strategy, priorities, business performance and other key strategic issues are communicated and discussed (Åhman, 2012). The managers are responsible for cascading the strategy into his/her own unit. SCA also communicates the strategy through internal communication channels and it is reinforced during the year i.e. through CEO letters to the employees and internal news (Duron, 2012). The personal development meeting is the most important tool for communicating the strategy (Åhman, 2012). Each coworker gets access to the goals of his/her manager, the business group´s goals and the team´s goals, three levels in total (Åhman, 2012).

4.4 SKF

SKF was established in 1907 in Sweden. In 2010, the sales were SEK 61,029 million and the average number of employees was 40,206. SKF call themselves a "truly global company", since they have production sites in more than 28 countries and presence in over 130 countries. The largest market is Western Europe. The products of SKF are divided into five technology platforms; Bearings and units, Seals, Mechatronics, Services, and Lubrication Systems. SKF also provides services. The business of SKF is divided into three divisions and around 40 customer segments. (skf.com, 2012)

4.4.1 ORGANIZATION

SKF have gone through a recent reorganization, towards a more value chain centered organization, with the aim to provide better customer service (Bergagård, 2012). The difference after the reorganization is that the same organizational unit within SKF has all the contact with the same customer, including manufacturing and service, with responsibility for the entire life cycle (Bergagård, 2012). The new divisions at SKF, the Industrial Market Strategic Industries division and Industrial Market Regional Sales and Service division (from now on mentioned as Strategic Industries and Regional Sales and Services) are differentiated on the size of the customers that the division handles, see Figure 16 (Bergagård, 2012).

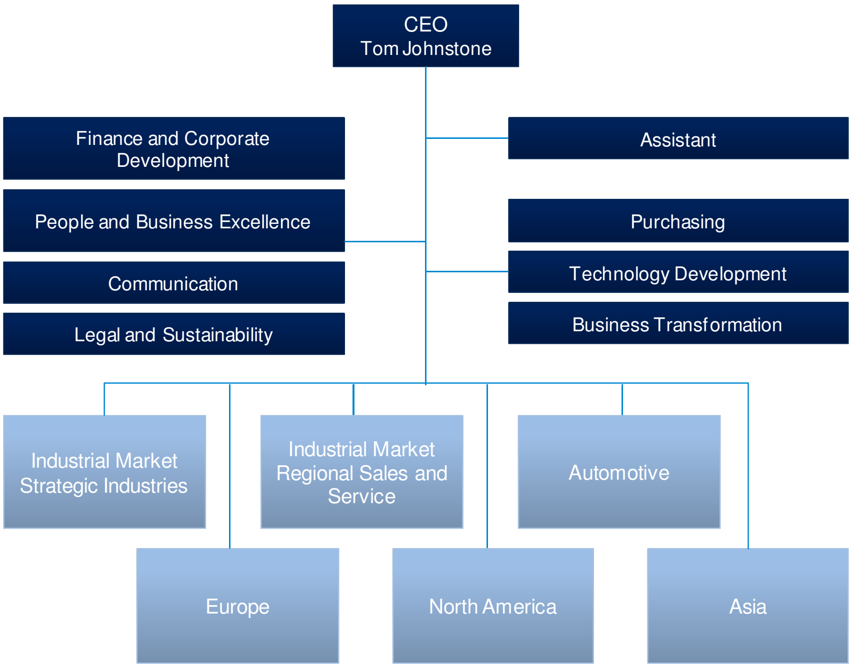

Figure 16 SKF Group Organization (Bergagård, 2012)

Results are reported through the line organization, including the factories and up to the management team of SKF Group. However, when looking for example within the business division Strategic Industries and the business unit Renewable Energy Business Unit, illustrated in Figure 17, approximately 80 percent of the produced units within the business unit go to other business units. The business units are sharing the capacity of the factories; hence do not produce only what is sold within their own organizational unit. According to Bergagård (2012), there is therefore a need to communicate and cooperate among the business units of SKF.

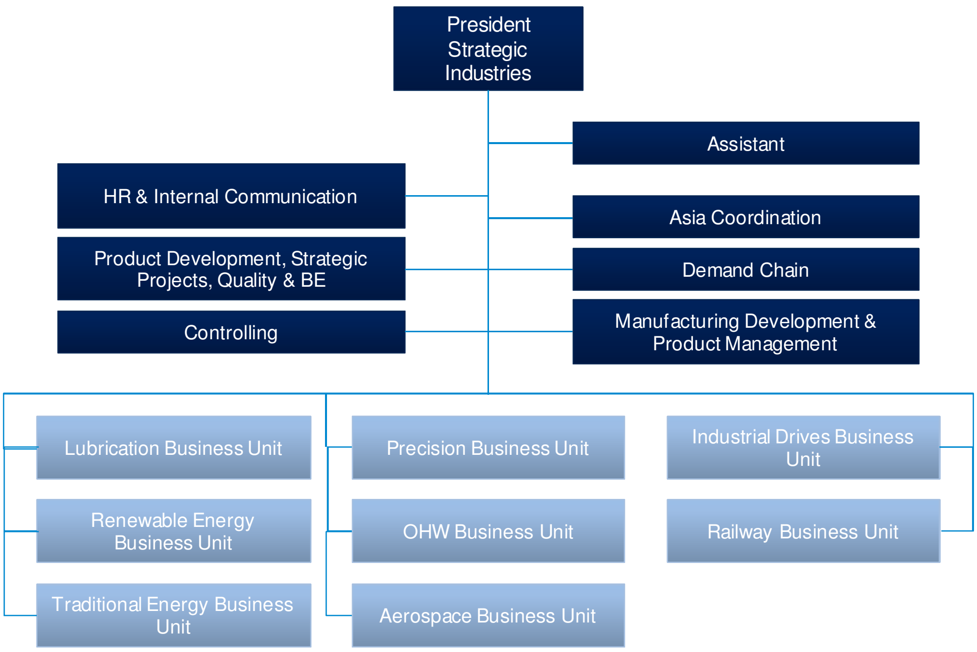

Figure 17 SKF Industrial Market Strategic Industries Division Organization (Bergagård, 2012)

4.4.2 THE STRATEGY PROCESS

The strategy process within Strategic Industries is based on a three year cycle, every third year a work process is initiated to formulate a new strategy, which has a time frame of four years ahead (Hägglund, 2012). The strategies are then followed up a few times per year in quarterly meetings, in which the strategy is being reviewed, and smaller adjustments are made in quarter one each year (Hägglund, 2012). The quarterly Operational Review Meetings used for follow up are held with the management of the business units and the central strategy function. The creation of a new strategy takes about four months in total and involves business area level, business unit level and operating units level (Hägglund, 2012). SKF Group targets are given from the corporate CEO as an input to the process and final approval of the Strategic Industries´ strategy is given by the SKF Group (Hägglund, 2012). The process is described in detail in the Figure 18 below.

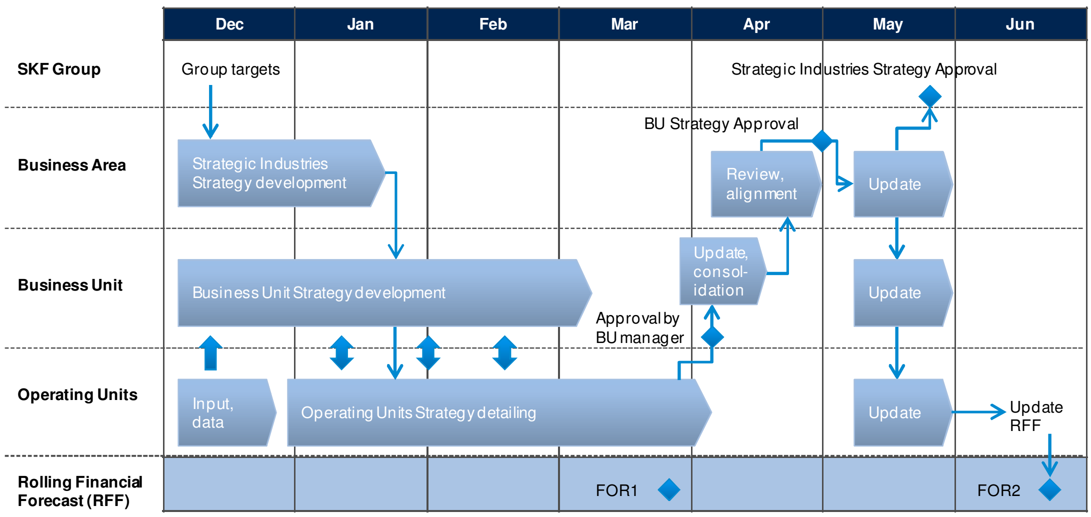

Figure 18 The strategy process of SKF (Hägglund, 2012)

Hägglund (2012) describes the process as consisting of one part which is top-down, and one part which is bottom-up. According to Hägglund (2012), the strength of this approach is that the directions provided from the business area level to the business unit level are more specific than the targets presented by the SKF Group at the highest level.

The steps performed within the Business Unit Strategy Development-part of the process starts with an analysis of the current state and strategic analysis, followed by strategy development and target setting, and finally strategic action planning. These three steps can be repeated at operating unit level, but most important at that organizational level is to define strategic action plans and to translate the strategy into operational terms (Hägglund, 2012). What happens next is an upwards consolidation, with a number of control steps, before the business unit´s strategies are approved by the BU manager (Bergagård, 2012). This is done for synchronization, with discussions and possibilities to change the strategy or convince the above level that it is suitable (Bergagård, 2012). There are directives from the top on what to deliver and how to do it, but the discussions brings confidence into the process at lower levels (Bergagård, 2012). The consolidation continues up to business area level for approval of the business unit strategy, before it goes back down through the lower levels in a sequence of updates based on decisions made at the above level (Hägglund, 2012). During this last phase, the final investment requirements should be approved and determined (Hägglund, 2012).

4.4.3 CONCRETIZATION

SKF describes the different steps in the top-down part of the strategy process as a cascading, or breakdown, of the strategy down to operational level (Hägglund, 2012). At business area level, a lighter and not so strict approach is used, facilitating an overview of the business units' needs, which can be very different in character depending on the large difference in the businesses (Hägglund, 2012). SKF are trying to balance the amount of top-down control and the autonomy of the business units (Hägglund, 2012).

At SKF, an important tool in concretization within the strategy process is the use of strategy maps (Bergagård, 2012). The business area level presents their directions in a limited number of strategic themes to the business unit level, which breaks down the themes in their strategy map, presenting the logic behind how they will contribute to achieving the overall targets (Hägglund, 2012). For each level of the organization, the content of the strategy maps becomes more concrete and the measures more tangible, the further down in the organization you go. If a business unit is dependent on another unit, this can also be visualized, and taken into account when planning the activities. The strategy maps address strategic challenges in four perspectives; shareholders, customer, business process and employee, since this is how long term financial value is created, see Figure 19. The employees are at the bottom, since this is the foundation for growth and success, says Hägglund (2012). Further, topics such as leadership, competence, motivation and attractiveness of the workplace are included, and color codes are used in the follow up. For example, at strategy review meetings the focus is on challenges that are red, which means that they are off track and in need of corrective actions (Hägglund, 2012).

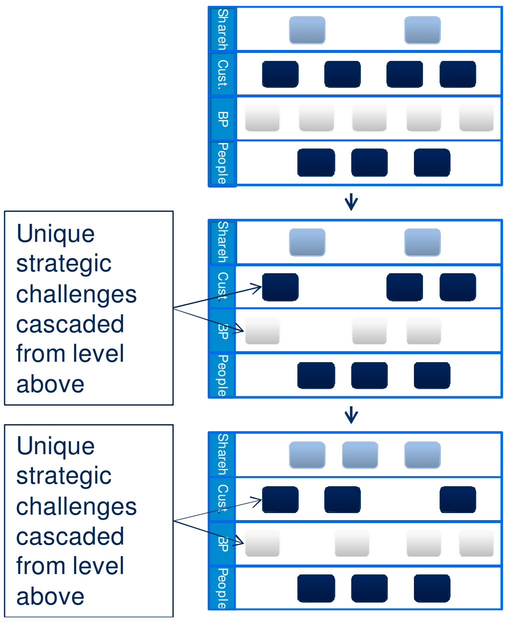

Figure 19 Strategy maps in different levels (Hägglund, 2012)

Some parts of SKF use the strategy maps all the way out to factories and sales units. However, it is only mandatory to have strategy maps down to Business unit level (Hägglund, 2012). The cascading of the strategies in the strategy maps from top management level down to the factories makes it possible for the lower levels to make decisions based on this information, according to Bergagård (2012), who sees the benefits of applying them at lower levels in the organization. The discussions of whether or not to introduce strategy maps in the factories started according to Bergagård (2012) in 2009, and the first versions were out in 2010. Once the strategy is defined, the balanced scorecard (which is the strategy summary) should be used as the strategy management tool to follow-up the success of implementing the strategy. Before the balanced scorecard was used during strategic meetings to only monitor, which was not good for creativity, according to Bergagård (2012). He concludes further that when the numbers were dealt with, not much energy was left to look on the activities. The strategy maps are being used at SKF in a more proactive manner, making sure strategies are built from an outside-in perspective, starting with the customers, then the internal enablers (business processes and employees). The strategy maps also help the organizational units to stay focused on key challenges that contribute to the deployment of Strategic Industries overall strategy (Hägglund, 2012).

Another advantage that has been experienced with the strategy maps at SKF is that they have made strategy into an issue for everyone, a common cause. This was perceived very positive in the factories, according to Bergagård (2012), and it created a whole new feeling of connectedness between the workers in the factory, since they knew the background behind each little discussion. The strategy maps also clarified prioritizations and connections within the strategies to people at all levels within SKF, since they showed what was prioritized and why (Bergagård, 2012).

In some operating units the balanced scorecard is renamed and called dashboards. They are used primarily for monitoring, and KPI´s are being followed up every month (Bergagård, 2012). The dashboard is not a strategic activity, but used to improve the performance (Bergagård, 2012). New KPI´s have been introduced in order to facilitate the proactive improvement work and the procedure was changed into a forecast work. Issues dealt with are what will come in the future and how can SKF make it happen? The hard part is, according to Bergagård (2012), what KPI´s to use and how to facilitate enthusiasm in this part of the strategic work.

Bergagård (2012) stresses the importance to have cooperation between the business units in the strategy process, in order to create synergies. When creating the strategies for one business unit, Bergagård (2012) argues, it is important to see to the interests and strategies of the other business units. Issues here are how to gain knowledge and information from the other business units. To answer this need, SKF has Product Line strategies, which ties together the business units in their strategic work (Bergagård, 2012).

4.4.4 ROLES AND RESPONSIBILITIES

The management teams both at business area and business unit level are responsible for the strategy development and each management team is responsible for reaching the strategic targets. Every strategic challenge in the strategy map is owned by a single person in the management team (Hägglund, 2012). Hägglund (2012) acknowledges the potential value of models for roles in decision making, such as the RAPID model, but it is not being used at SKF today. The authority level is closely linked to the formal organizational position (Hägglund, 2012).

The business units within Strategic Industries are responsible for developing and deploying their own strategies (Hägglund, 2012). Bergagård (2012) describes the decision making process as a catchball process, it goes both upwards and downwards in the organization. However, the president of the division always has the mandate to say no to suggestions that arises from below, within the division, and it is the same for the business units (Hägglund, 2012). The central strategy function within the division is there to facilitate the strategy work on business unit level and assure that the different units are aligned and that synergies are created. A business unit can escalade issues to the management team and central strategy function of the division. This way of working was according to Hägglund (2012) determined to avoid too much top-down control on the business units. The business units at SKF are to a high degree autonomous, with authority to make business related decisions. However larger investment and resource recruitments are approved on higher organizational level (Hägglund, 2012).

4.4.5 COMMUNICATION

The central strategy function of SKF holds a communication plan for strategy communication, including what topics that should be communicated and who should the target group be (Hägglund, 2012). An issue that Hägglund (2012) mentions here is how to make the communication more appealing to someone who is working in the operations, for example an operator at the factory floor. The business area communicates the strategy through the intranet, Hägglund (2012) describes it as a blog which the president of the business area uses to communicate. On a quarterly basis, an interview with the president is published, and when needed strategic issues are emphasized (Hägglund, 2012). In Q3 2012 a film about the strategy will be presented (Hägglund, 2012). The business unit heads are also important in communicating the strategies within their own business units and should all act as strategy ambassadours in the strategy implementation (Hägglund, 2012).

Communication between the business units in the strategy process is especially important (Hägglund, 2012). The central strategy function supports the strategy process at all involved levels in the organization and provides a standardized way of working. This provides a support when getting started with the strategy process (Hägglund, 2012). The quarterly Operational Review Meetings are being used for follow up and handle any problems that have arisen, but also to share success stories. They provide an important channel for communicating strategy within the division according to Hägglund (2012). However, even with the use of the intranet and quarterly meetings, communicating the strategy and reaching out with it in a successful way is a difficult task, according to Hägglund (2012).

The strategy maps are an important tool for communicating the strategies at SKF, since they describe the "story of the strategy" and how shareholder value is created (Hägglund, 2012). SKF has stopped using business plans at all and are instead working with rolling financial forecasts and solid strategies, i.e. the strategy maps and the balanced scorecards (Hägglund, 2012). The reason for abandoning the use of business plans was the extensive work effort that was required to put all the details in place and the lack of accuracy in the numbers after the heavy approval process (Hägglund, 2012). One of the advantages experienced from using strategy plans for communicating strategy is that they are easy to understand, even other unit's maps, because they have the same structure (Bergagård, 2012). Regardless if a person is working in manufacturing, or in sales at SKF, it is according to Bergagård (2012) easy to understand the strategy maps and communicate in the strategy work. It makes it easier to go into details in the discussions, as well. The strategy maps are available for access in the quality management system (Bergagård, 2012).

5. ANALYSIS COMPARATIVE STUDY

Based on the empirical findings of the comparative study above, the theoretical hypothesis will be tested below for each area; organization, concretization, roles and responsibilities and communication. The outcome is presented in the end of this chapter. The analysis will hence review the theoretical framework in the light of the data collected from the companies.

5.1 ORGANIZATION

The first research question was formulated: "How can the organizational structure support the strategy process?" In light of this the relationship between diversification strategy and multidivisional forms was studied. It was found that the organizational structure sets the framework for the strategy process and that depending on the diversification strategy; different multidivisional structures are suitable with varying levels of centralization, formalization and specialization.

Looking into the empirical findings from Lantmännen, the cooperative have traditionally operated as a holding company, suggesting that the company have pursued a competitive diversification strategy, in which the divisions have been self-governing. Before the introduction of the formalized strategy process in 2005, strategic decisions were decentralized to each division further supporting this reasoning. Now each organizational level of the cooperation is involved in the strategy process, each representing one level in the strategy process. Based on the findings it can be concluded that the business units have become more and more integrated, the strategy process have become more formalized, the decision making have become more centralized and the level of specialization has increased through cross functional support units. Therefore it can be argued that Lantmännen's business areas are not unrelated anymore. Also, in light of Lantmännen emphasizing that it is present in the entire value chain the related constrained or the related linked diversification strategy can be applied.

Looking at its organizational structure, the fact that there are shared services such as supply chain, human resources etc., speaks for the cooperative structure since there is a sharing of resources between the divisions. However, since the company reorganized its ten divisions into four to better capture the potential by collaborating between the business units, there are mainly links between the units in each unit. This indicates that there is a limitation to the cooperation between the divisions. The centralization of supporting operations as well as the strategy process towards the corporate headquarters provides two examples of measures taken to create cooperation. The performance is measured divisions per division which can be a problem for creating cooperation between the divisions but promotes cooperation between the business units in each division. The focus area supply chain is however an element which can bring about cooperation between the divisions.

Moving on, looking at Vattenfall, it has a multidivisional structure with a corporate center, divisions and individual business units, a structure which is also reflected in the strategy plan and budget plan process. It is active in the entire value chain of energy and has divisions that manage different parts of the chain.

Further, Vattenfall's divisions are fully responsible for the management of its activities and the structural change it underwent during 2011 was to gain synergies by collaborating internationally in each division. Also it was said that economies of scale were mainly found in collaboration between business units in the same division. With this in mind, of the structures presented by Hitt et al. (2006) the strategic business unit form can be used to describe Vattenfall's organization as there are few links between the divisions but related units within each division. However, still there are some shared services between the divisions, since it uses shared services to a limited extent such as R&D and strategic planning for example. It can be argued that before the re-organization the need for collaboration between the divisions was higher since there were several points of contact with the same customer. Perhaps then of the structures presented by Hitt et al. (2006), a collaborative form would have best described their organizational structure. The re-organization was justified through cost rationalizations which verify that decreasing the level of cooperation also decreases costs.

The results are reported through the three operating segments, which could possibly be seen as a step towards creating cooperation, especially for the three divisions in operating segment generation. But more importantly is perhaps the result accountability of each operating segment for the collaboration among the business units. The centralization of some shared services can be contributing to the collaboration between the business units. The change from geographical to value chain focused divisions can also be seen as a step towards increased specialization.

SCA have centralized competence sharing through the global hygiene category and the global hygiene supply. It can therefore be argued that the divisions among the Hygiene part of SCA uses a related constrained diversification strategy and therefore of the structures presented by Hitt et al. (2006) uses a cooperative structure, mainly focusing on sharing intangible resources. This is further supported by the aim of the reorganization which was said to be increased efficiency and strengthen the coordination between the business unit's and the global functions. However, the divisions are still divided per brand and per market which would indicate a limitation to the possibilities of coordinating, and the possibilities are the actual functions that SCA have lifted out and placed in the global functions.

Now, looking at the packaging and forest divisions of SCA there are not any measures taken to create cooperation with the Hygiene divisions, since these divisions do not share any services with the other. Therefore, of the structures presented by Hitt et al. (2006) the related linked diversification strategy can best be used to describe the packaging and the forest divisions, and hence the use of strategic business units. Thus, it seems like different diversification strategies can be used within the same company.

SKF uses a multidivisional structure to support its strategy with a corporate center, value chain focused divisions and individual business units, levels that are reflected in the strategy process. Rather than focusing on possible economic benefits SKF emphasized the increased customer focus as its main reason for its re-organization towards value chain focused divisions.

What sets SKF apart from the other companies is the fact that the business unit share production capacity between the business units which creates resource and knowledge ties among the business units and thus, a need to communicate and cooperate between the business units in the different divisions. In light of this, it can be argued that SKF uses the related constrained diversification strategy, suggesting that of the structures presented by Hitt et al. (2006) the cooperative form can be used to describe its organizational structure. Not supporting this reasoning is the fact that the business units are responsible for developing and deploying its own strategies, a decentralization of decision making authority compared to that implied through the use of a cooperative form. Also the level of formalization has decreased through the introduction of strategy maps instead of business plans which was aimed at increasing the autonomy of the business units and by that increasing the commitment and creativity in the organization supporting the concern made by several authors with a top-down strategy.

Moreover, in order to create cooperation two main aspects can be pointed out from SKF's way of working. First, like most multidivisional companies, SKF have some centralized support functions or shared services. Second the statement provided by the CEO of SKF along with the company's value statement that creates a foundation for shared priorities and values among the employees.

In summary, there does not seem a straight case where either this or that organizational form can be applied. Rather, in most cases we saw that a combination of strategic business unit and cooperative. What is also important to point out is that the level of centralization, formalization and cost increases going from competitive to a cooperative form. Examples of coordination mechanisms that are used by the companies to increase the level of cooperation are; shared support services to gain economies of scale and increase the level of specialization, shared production facilities, follow up based on overall performance, and value statement of CEO. The formalization is increased when the decision making is centralized however employees commitment seems to increase with a less formalized strategy process and formalization can be decreased through the use of strategy maps. Finally, it was seen that an increased need of coordination increases the cost.

5.2 CONCRETIZATION

The second research question was formulated: "What can an organizational level contribute with in the strategy development and implementation process?" The theoretical review presented two different views on what an organizational level can contribute with. First, theory said that a level in the strategy process can make the content of the strategy more concrete. Second, a level in the strategy process can generate value by creating synergies.

Looking first into the empirical findings from Lantmännen, the corporate plan is divided into four division plans and thirteen business unit plans, involving actions that are more concrete in their nature for each level. As mentioned, there are eight strategies, of which one is to achieve sustainable development. It is interesting to look at the example of how the sustainable development-strategy can be broken down over the division and business unit levels. At division level a strategy could be to reach sustainable development through investing in the ethanol business, and at business unit level, it could be decided to do so by investing in a new fuel product. By these steps a large amount of concretization has been achieved. It would probably not have been realistic if the corporate management should decide that sustainable development should be achieved by investing in this specific fuel product. As also mentioned, the purpose of the business unit strategy is to create competitive advantage in individual product areas. So, together with the previous example of sustainable development it can be concluded that the business unit level makes the strategies concrete with emphasis on their product and business expertise.

It was also mentioned that the business units of Lantmännen historically have been self-governing, but in later time integration of the business units has become stronger. The reason that is given for this change is to achieve synergies. However, Lantmännen are aware that there is a limit on how much synergies that can and should be obtained between the divisions. The tool used by Lantmännen to assess the amount of value that can be achieved through the synergies, in relation to the amount of synergies themselves, presents a clear and easy to follow reasoning for evaluating. This can be seen as an attempt to minimize the synergy bias described above from the theories by Goold and Campbell (1998). However, even with this tool, it is at Lantmännen perceived that evaluating the possibilities for synergies is not an easy task. It is therefore judged that Lantmännen have reached far in the quest for awareness and discipline to fight parenting- and synergy biases, as suggested by Goold and Campbell (1998).

Moving on to Vattenfall, it is clear that they have a somewhat different strategy process, with much longer time frames to deal with. This can be viewed itself as a mean for concretization, since the corporate plan which has a 10 year outlook, has more uncertainty to deal with and therefore cannot be as specific as the 5 year division and business unit plans. It is also mentioned above that the activities and issues that each level handles differ. When looking into the organizational change, it is clear that Vattenfall strives at creating synergies internally, through economics of scale. It is interesting that the synergies are first hand sought between the business units within the same business division. This implies that there are not many synergies pursued between the divisions themselves, which can be another sign of discipline, that Vattenfall do not fall for the synergy bias and parenting bias.

SCA describe their corporate strategy as a framework, setting the vision and direction, which is then broken down into goals and concrete plans contributing to the overall goals. For the division Hygiene, which is of much greater size than the other divisions, there is a division strategy which is broken down in more detailed business group strategies. What is interesting to note is that the other divisions, which are smaller and less complex, do not have this matrix form and therefore have fewer steps in the strategy process. The level of detail that is sought in the business plans are that they present a clear plan of action and form a basis for prioritization. It is a means of making the strategies concrete and to reach focus in the process.

Regarding synergies, the global units, for example Global Hygiene Category is formed to reach synergies in innovations, marketing and branding, between the business groups within the Hygiene division. This clear goal of reaching synergies in innovations, marketing and branding can be viewed as a tool itself for reaching focus, and avoiding a too wide quest for synergies. This follows hand-in-hand with the argumentation of Goold and Campbell (2002) to have a clear and distinct parenting proposition, in this case to reach synergies in innovations, marketing and branding.

At SKF, it is described how the business area level provides directions to the business units which are more specific than the strategic targets from the SKF Group. It is also clear that the concretization that takes place at business unit level is about defining strategic action plans and translating the strategy into operational terms. But the business unit level also contributes with an overall view, serving the operating units with a broader knowledge of the environment. Strong emphasis is given to the cooperation between the business units in the strategy process, in terms of sharing knowledge and information. It is interesting to find that Product Line strategies are mentioned as a solution for tying together the business units in their strategic work. The central strategy function takes responsibility for the creation and alignment of synergies in business unit level. Additionally, the synchronization of the strategic work that is performed by the central strategy function serves to reach a consistent high performance level of the strategy process. It is therefore assessed that the value created by the business unit level, with emphasis on making the strategies more specific but also by creating synergies through knowledge and information sharing, would not be as high without the support of the central strategy function.

The findings from SKF introduce the next useful tool for concretization in the strategy process, the strategy map, used as a way of visualizing the strategies and raising enthusiasm and the feeling of contributing to the process at lower levels. It is described how the content of the strategy maps become more concrete for each level, with more tangible measures. An example that is presented is how the business area level presents general strategic themes to the business unit level, which in their strategy map presents how the themes are broken down, revealing the logic of how they will reach the overall targets. This breakdown is built on the four perspectives: shareholders, customer, business process and employee, forming the base of the concretization. It is interesting to see that even though the use of strategy maps are only mandatory down to business unit level, it is in some organizational units used all the way down to factories and sales units. This implies that the strategy maps really contribute in creating value, which is also the viewpoint expressed by the interviewee. Further reasoning about the value of the strategy maps in SKF will follow in the analysis of communication.

To summarize, the empirical findings have confirmed that concretization and synergies are issues that multidivisional organizations put effort in, and which can be achieved. The companies have sought parenting opportunities in different ways, but with the ambition that a level needs to create value for the levels below, as theory suggested. An especially interesting example is presented from SCA, which confirms that it is important not to have too many parenting levels and units, and this is why they only have a matrix organization for the

Hygiene business. Central strategy functions, responsible for coordinating the strategy process and development is highlighted as a mean for synchronization and for facilitating the creation of synergies. An interpretation of this is that these central staff functions can help avoid the extra amount of meetings, higher complexity and risk of conflict of interest that de Wit and Meyer (2004) argues are the effects of introducing an extra level of management for the purpose of creating synergies. However, it can also be interpreted as a sign of parenting bias, as argued by Goold and Campbell (1998), meaning an excessively interference built on the assumption that corporate and division managers must intervene to create synergies. Finally, the use of tools for judging synergies and for breakdown of strategies is another important takeaway.

5.3 ROLES AND RESPONSIBILITIES

The third research question was formulated: “What should be the mandate of each level in the strategic work?” The theoretical review revealed a need to first make a distinction between a formal and informal decision process, in order to answer this question. The theoretical hypothesis was formulated as: “A formal decision process can enhance the performance of an organization”. When asking the companies about whether or not they used a formal decision process, many differences in reasoning were discovered. Again, as theory stated, this is not a straight-forward issue and opinions sometimes contrast.

In the strategy process of Lantmännen, the corporate management team develops the corporate strategy, which is the foundation for the rest of the strategy process. The management team of the divisions has the role to add to the general directions with a focus, in their area of expertise. The roles and responsibilities follow the hierarchical structure, as described, in a natural way. There seems to be little need for a more structured way of clarifying decision roles, such as the RAPID model described above. The reason presented for following the organizational structure carefully is that otherwise one level´s work could be undermined. As presented above, Neilson et al. (2008) argue that clarification of decision roles needs to be done in combination with an effective information flow. At Lantmännen, there are frequent meetings between division management and corporate management, and perhaps this is what keeps the decision roles clear even though not formally stated apart from following the organizational hierarchy.

At Vattenfall, it is described how the role of the corporate strategy is to focus on geography, value chain and production, and this is done in three clear steps. The use of the strategy staff function as supporting the strategy process is said to provide consistency in the strategy through the organization. Also this can be seen as a way of reaching effective information flow, and perhaps it is also the reason why no formal model such for clarifying decision roles is being used at Vattenfall either.

Moving on to SCA, there is however a shift in the above pattern. Recently, an initiative to introduce the RAPID model was started, with the purpose to bring clarity in the product development process about who owns a decision. The decision to introduce the RAPID model was taken in order to prevent a situation where a project was delayed because a decision could not be reached, which goes in line with the arguments presented by the creators of the model. A second reason that SCA mentions for implementing the RAPID model is that it shall provide a common base for discussions. Perhaps this common ground for discussions has the same effect as Nielson et al. (2008) suggests; to avoid workarounds not following formal reporting lines. There is also at SCA a clear distinction that the Global Hygiene Category works with the brand strategies on a high level and the business groups handles what markets to enter and customers to target. Also, decisions with a high risk are taken higher up in the organization.

SKF does not use any models for clarifying decision roles, but they do acknowledge that these models have a potential to be useful for SKF. However, SKF seems to have a decision making process that goes both top-down, and bottom-up, perhaps more than the other companies. They also use the strategy maps as a tool in decision making, for clarifying roles. This is done by clear ownership of each of the strategic challenges in the strategy map, owned by a member of the management team. This can be seen as a way of creating a visual tool, following the “seeing first”-approach. As mentioned above, it is argued by Mintzberg and Westley (2001) that the use of visual tools is suitable when elements needs to be combined in order to find a creative solution, commitment to the solution is important and communication has a big impact on results. It was also mentioned by SKF that one of the advantages they had experienced with the strategy maps was that it raised enthusiasm and commitment in the process.

Summarizing the findings about roles and responsibilities, the general conclusion is that companies utilize a more or less formal decision making process, depending on how strong needs they have for fast decision making. The company within fast moving consumer goods needed to apply a model and chose the RAPID model, while the other companies followed the hierarchical authority. The strategy map surfaces again as a useful tool, in making the decision process more visual.

5.4 COMMUNICATION

The final research question was formulated: “How can strategy be communicated through the strategy process?” Therefore, strategy plan, balanced scorecards, and strategy maps as well as the concept of strategic planning as a communicative process were looked in to. It was found that tools such as strategy maps and balanced scorecards can be used to facilitate communication in the strategy process.

Separating the theoretical concept of a strategy plan, Lantmännen develops both a strategy plan including performance, strategic targets for market share, employment level, output, and specific strategic milestones, and a budget plan which can be likened with an operating budget. The content of the strategy plan is actually organized around a success scorecard, which is Lantmännen’s name for a balanced scorecard. The content is the same, with strategic objectives, measures, targets and initiatives linked to each of the four focus areas.

Besides the strategy plan and business plan Lantmännen also uses focus areas. Although not described in the theoretical review, these can be seen as a tool for communicating which areas are more important in the short term, and thus provides a bridge between the long term strategy and the content of the more short term focus of the strategy and business plans.

Moreover, the success scorecard is not only used for the structure of the strategy plan, but also to communicate to the individual employee the contribution to which he or she is responsible for. In the strategy plan, a picture is provided together with a list of activities that are aimed at providing the link between the individual goal and the overall goal of the cooperation. Finally, the involvement of people in the organization was mentioned as a method which in itself helped communicate the strategy supporting the theory of strategic planning as a communicative process.

Vattenfall has both a strategy plan process and a business plan process which is more budget oriented. Just like Lantmännen, the content of the strategy plan and budget plan is structured around a balanced scorecard, which is used to follow up the main activities on a quarterly basis. Moreover, the scorecards are used on all organizational levels with varying content. However, the focus of the group for the moment guides the content. Thus, both the strategy plan and the business plan are used as tools for communicating the strategy and the scorecard helps structure its content to assure that the activities are aligned with the overall strategy.

Further, besides using the balanced scorecard as a tool for structuring the communication of the strategy the staff function strategy fills an important part. This also supports the notion that the interaction between people at different levels working together developing the strategy is possibly the most effective means of communicating the strategy. However, only a limited number of people are involved in this process, which means that there is still a need for communicating to the rest.

In order to communicate the strategy to the line, SCA have individual goal and personal development meetings. In this manner, what the manager prioritizes from the strategy is communicated, reducing the level of information that is processed down. To further increase the change of success, SCA has connected rewards to the individual goals as well as the overall strategic goals. So it can be concluded that SCA also uses a scorecard tool and personal carriers of the strategy seems to be important. Also, it should be pointed out that the strategy process is not organized around the development of strategy documents, rather meetings are used as a forum or tool for communicating the strategy. Moreover, applying the theory of strategic planning as a communicative process, the management team of Hygiene (HEMT) can be seen as a forum to legitimize the strategy by involving all the hygiene executives.

Interestingly, SKF have gone from using a balanced scorecard to using a strategy map. The balanced scorecards were perceived to be of too much follow-up character. Still the balanced scorecard may have filled its function, coordinating and fine tuning a company's operations and business so that all activities are aligned with strategy. But driving development and raising enthusiasm in the strategy process felt lacking when using the balanced scorecard to structure the strategy process around. The negative aspects of the balanced scorecard that were mentioned were for example too much focus on numbers and not enough space for creativity.

Therefore SKF introduced strategy maps into its strategy process. It include stakeholders and are divided into owner, customer, coworker and finance, which is completely in line with the theoretical design of a strategy map. Like argued in literature SKF sees the link between the overall goal and the individual employees' job as the main benefit but it also emphasizes that it enables the company to focus on the processes and activities, rather than obtaining a certain number like before, making the strategic work more proactive. What SKF have added to the original design of the strategy map is also different color indicating the level of importance for each part. It was stated that the success of a strategy depends on how well it is understood. SKF use of strategy map helped them create this understanding by making prioritizations very clear and also communicating the story behind each goal and the link to each activity.

Finally, the process in itself was described as a mix of top-down and bottom up, through which sense of ownership was created at the lower levels as well. This is an example of how strategic planning process acts as an communicative process and legitimizes the strategy through the organization.

Summarizing, it has been showed that tools such as strategy maps and balanced scorecards can be used to enhance the communication in the strategy process. Although, there seems to be different meanings in the companies to what in theory is called a strategy plan, Lantmännen uses the development of its strategy and business plan to build its strategy process around. At several of the companies the content of the strategy plan is build around a balanced scorecard. Lantmännen also expressed that the balanced scorecard was used to communicate the strategy to the individual employee. Balanced scorecard was also used to follow up goals and activities, but at SKF the follow up became too number focused. Therefore strategy maps were introduced, which aimed at creating an understanding of the strategy and driving development and raising enthusiasm which will result in more creativity. This was also a way for SKF to reduce the amount of information, to avoid information overload. Further, another tool that was used by several of the companies is focus areas, to create a bridge between the long term strategy and the more short term strategy plan. Finally, involvement of people was emphasized mainly by SKF as an important way of legitimize the strategy and trying in trying to create this, SKF have a process that is both top-down and bottom-up. Also, all the companies have a strategy staff function which is also used to communicate and hold together the strategy.

5.5 CONCLUSION COMPARATIVE STUDY

Summarizing, the conclusions of the analysis of the empirical findings from the comparative study was presented above. The comparative study was used to either verify or reject the theoretical hypothesis, of which the result is presented in Table 5 below, together with practical examples.

Table 5 Conclusion comparative study

Research question	Theoretical hypothesis	Verification/rejection theoretical hypothesis	Practical example
RQ1: How can the organizational structure support the strategy process?	The organizational structure sets the framework for the strategy process. Depending on the diversification strategy, different multidivisional structures are suitable with varying levels of centralization, formalization and specialization.	The organizational structure is reflected in the levels that are included in the strategy process. Depending on the diversification strategy and how linked the divisions and the business units within each division are, different multidivisional structures are used.	All companies uses cross functional support units to exploit benefits from sharing resources between divisions. Increasing centralization and formalization which comes with the cooperative form increases the cost of integration.
RQ2: What can an organizational level contribute with in the strategy development and implementation process?	The content of the strategy becomes more concrete for every level in the strategy process A level in the strategy process should result in more value creation, through synergies, than value destruction, through increased cost	Depending on the nature of the company and company environment, concretization and synergies can be reached in different ways and the means should therefore be adapted to the company. Tools can be applied for evaluating synergies and for concretization of the strategies. A central strategy function can synchronize and facilitate the creation of synergies	Concretization by product expertise in divisions and business units, by different time perspectives, or into operational terms. Concretization is applied to achieve a focus. Concretization facilitated by strategy maps with more concrete content for lower levels. Synergy bias can be handled through the use of a visual tool for evaluating the value of synergies.
RQ3: What should be the mandate of each level in the strategic work?	A formal decision process can enhance the performance of an organization	A formal decision process can be applicable, depending on the nature of the company. It is often assessed as useful, but not often implemented.	Introducing the RAPID model with the purpose to bring clarity in the product development process about who owns a decision, and provide a common base for discussions.
RQ4: How can strategy be communicated through the strategy process??	Tools, such as strategy plan, balanced scorecard and strategy map can be used to enhance communication in the strategy process Strategic planning is a communicative process.	Strategy maps, balanced scorecards, strategy plans are helpful in the communication of the strategy. Also focus areas can bridge between long term and short term strategy Involvement of people in the process can in itself facilitate communication by which the strategy is legitimized.	Strategy maps provide an important link between actions and goals. Focus areas can bridge between the long term and the more short term strategy. Involvement of people helps legitimize the strategy.

6. EMPIRICAL FINDINGS CASE STUDY SKANSKA

This chapter introduces the focal company of the thesis, Skanska, to the reader. There are several organizational levels that support the strategy process at Skanska. As mentioned this thesis focuses on the levels Skanska Sweden, Branch of Operation and Region. The organization of these levels is presented below as well as a presentation of the strategy process at Skanska. The processes at district and project level will be briefly accounted for to create a whole picture for the reader. Further, the topics of Concretization, Roles and responsibilities and Communication, outlined in the theoretical hypothesis, will be accounted for. The information is based on interviews, a list of the interviewees can be found in Appendix 2, and internal documents.

6.1 CORPORATE BACKGROUND

Skanska Sweden AB is a part of the Skanska Group, which is one of the largest project development and construction corporations in the world, with 53 000 employees worldwide (Skanska.com, 2012). The Skanska Group earned a total revenue of SEK 123 billion in 2011 and has markets in Europe, the United States and Latin America (Skanska.com, 2012). The United States is the largest market today, but the company was founded in Sweden in 1887, when Aktiebolaget Skånska Cementgjuteriet was established (Skanska.com, 2012).

The Skanska Group is divided into four separate units: Construction, Residential Development, Commercial Property Development and Infrastructure Development, see Figure 20. Within Construction there is one business unit for each country, or "home market", Skanska Sweden being one (Skanska.com, 2012). These units all share the Skanska brand, code of conducts and vision (Skanska.com, 2012). The Five Zeroes Vision of Skanska includes the following targets; zero environmental incidents, zero work-site accidents, zero ethical breaches, zero defects and zero loss-making projects (Skanska.com, 2012).

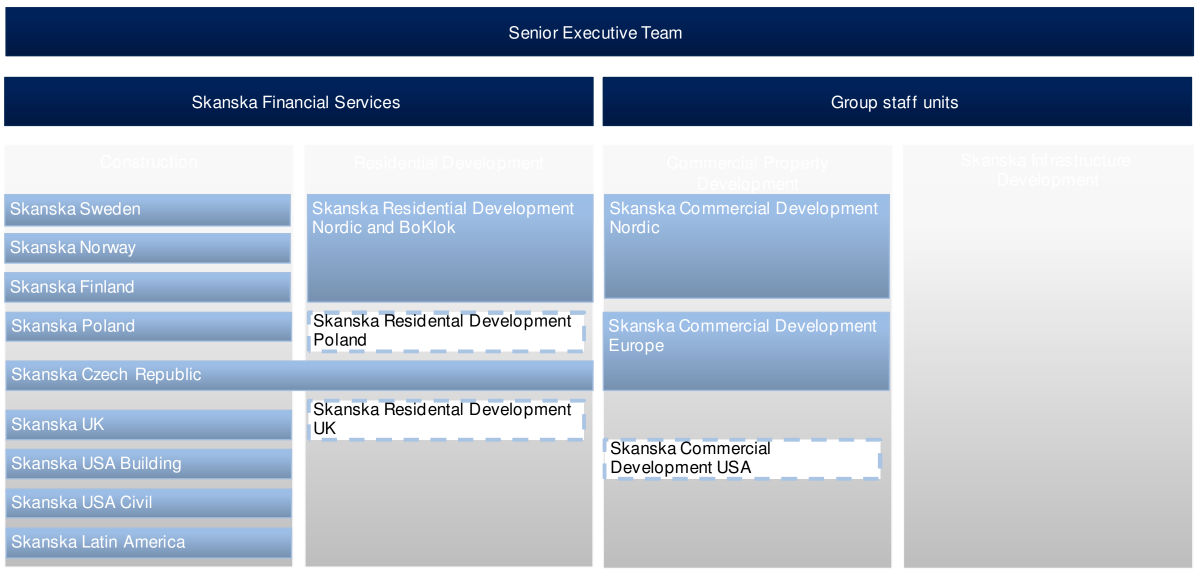

Figure 20 Organizational chart of Skanska Group (Skanska.com, 2012)

Skanska is one of the largest construction companies in Sweden, with 10 000 employees (Skanska.se, 2012). As mentioned, Skanska Sweden AB is the name of the Construction unit within Sweden, it employs 9 400 of the total 10 000 employees of Skanska in Sweden and is hence the biggest unit (Skanska.se, 2012). This study is limited to a scope involving Skanska Sweden AB, which will be referred to as Skanska in the remaining of the report. The study therefore excludes the Swedish operations within Residential Development, Commercial Property Development and Infrastructure Development.

Each year Skanska performs approximately 3 000 construction projects, spread out geographically in every part of Sweden (Skanska.se, 2012). The operations are divided into three branches of operations: Building construction, Road construction and Asphalt and Concrete manufacturing (Skanska.se, 2012), see Figure 21. Different kinds of services are also offered, and the customers have a wide span of size, from the government to companies (Skanska.se, 2012).

6.2 ORGANIZATION

The Building construction branch of operations is divided into eight plus two regions, XChange is not a region but rather concept and Project Development (not in the picture), is organized under the support function Market. These two will not be taken into considered in the remainder of the thesis. The organization of the regions is based on a mix of geography and product categories (Samuelsson, 2012). The product oriented regions are specialized meaning that it operates one line of business and the geographically oriented are generalized meaning that it builds residential and commercial buildings as well reconstructs buildings. There are three specialized regions, Stockholm Commercial, Stockholm Building, and Stockholm Re-Construction (Samuelsson, 2012). Each region is in turn divided into districts which of some are product oriented while others are geographically oriented. Finally, the districts run the construction projects.

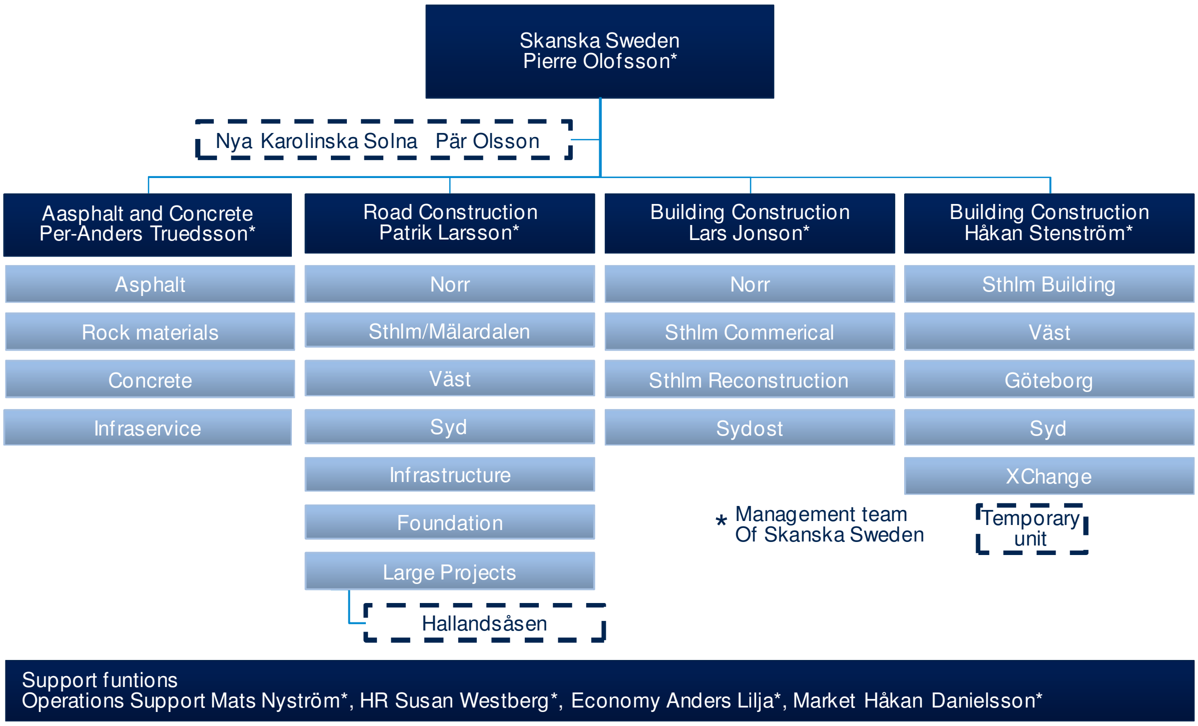

Figure 21 Organizational structure of Skanska Sweden AB (Skanska Sverige AB, 2012a)

Lauren (2012) is responsible for district Södermanland. This is a district that is generalized, which in this case means that it mostly builds residential buildings, but also commercial buildings and reconstruction of buildings (Lauren, 2012). Hammarfjord (2012) on the other hand is responsible for Bostad 2 in Göteborg, which only build residential buildings. According to Larsson (2012) the differences depend on whether or not the region is a provincial area or an urban area. In an urban area, there are possibilities to have specialized districts but in provincial areas the geographical distances leads to generalized districts (Larsson, 2012). According to Hammarfjord (2012) it is really only the regions in Stockholm and Göteborg that has the possibilities to be specialized on district or region level.

According to Samuelsson (2012) each organizational level represent one step in Skanska's strategy process, see Figure 22. The strategic journey of Skanska has evolved since 1997 from a focus on expansion, to a focus on consolidation, and recently, moved into a focus on profitable growth. Its work up to 2010 had provided a solid foundation and substantial results had been achieved with focus on internal efficiency. When formulating the strategy for 2011-2015, Skanska wanted to have a greater external orientation and business focus (Samuelsson, 2012). Keeping in mind the limitations of the thesis, the organizational levels Skanska Sweden, Branch of Operations and Region will now be accounted for.

Figure 22 The organizational levels involved in the strategy process (Samuelsson, 2012)

The management team of Skanska Sweden includes; the Chief Executive Officer, the Executive vice Presidents, the Human Resources Director, Operations Director, Market Director, and Legal Director (Skanska Sverige AB, 2012a). These positions are market with a star in the organizational chart over Skanska Sweden AB in Figure 21. The main responsibility of the management team of Skanska Sweden is to formulate an overall strategy for Skanska Sweden (Skanska Sverige AB, 2010).

The Building construction branch of operation (from here only mentioned as BO) level is the second level of Figure 21. According to Ekenstierna (2012a) the strategic work that needs to be run on BO level is carried out in four product groups, six focus groups and specialist groups. The organization of BO is illustrated in Figure 23. The Executive vice Presidents are responsible for delivering the result of BO and the management of the core business is run through the management team of BO (Ekenstierna, 2012a).

Figure 23 Organization of BO's strategy work (Skanska Sverige AB, 2011a)

The management team of BO includes the two Executive vice Presidents, the eight Region Managers, Region Manager Project Development, Region Manager Installation, Financial Manager and Development Manager (Skanska Sverige AB, 2011a). The main responsibility of the management group is to ensure that BO's work is in line with the strategy of Skanska Sweden and to implement actions and shared working methods in BO (Skanska Sverige AB, 2011b).

The product groups' participants include a Region Manager as chairman, a representative from each region via Region Manager or District Manager, Concept Responsible - illustrated in Figure 23 below the product group squares, a representative from Installation and finally a Coordinator (Skanska Sverige AB, 2011a). The product groups' main responsibilities are to monitor, analyze and initiate actions to increase Skanska's competitiveness and therefore also the profitability within in the product area (Skanska Sverige AB, 2011b). The focus groups' participants include a Region Manager as chairman, a Project Manager to run operations and 2-3 District Managers (Skanska Sverige AB, 2011a). The focus groups carry out actions to implement the strategy and act as steering group for ongoing projects within the particular focus area (Skanska Sverige AB, 2011b). The specialist groups carry out larger actions to implement the strategy (Skanska Sverige AB, 2011b). New specialist groups will be launched during 2013 and be part of an international network that will share experiences within Skanska AB (Ekenstierna, 2012a).

Finally, as mentioned previously there are eight regions in BO and the regions constitute the third level in the organizational chart in Figure 21 (Skanska Sverige AB, 2012a). According to Samuelsson (2012) each region has its own region management team consisting of the Region Manager and the District Managers within that region. The region's management team is supported by people from the support functions when specialist help is needed (Samuelsson, 2012).

6.3 THE STRATEGY PROCESS

According to Samuelsson (2012) the strategy process at Skanska has both a five year cycle as well as a one year cycle. Every fifth year the strategy for the coming five years is developed, it is hence the result of an extensive process. There is also an annual strategy process where the strategy is updated for the coming year in order to reach the long term goals. The first three parts of this chapter aims at describing the five year process, while the additional features and differences in the annual process will be described in the fourth part.

The formal five year strategy process is illustrated in Figure 24. What is important to emphasize from the figure is that much of the strategic work revolves around the development of business plans, which is seen as the output from each arrow, BO being the exception (Samuelsson, 2012). The general content of the business plan at each level is first a presentation of the strategy and then measurable goals connected to each element of the strategy (Fredriksson, 2011). Further, Ekenstierna (2012a) describes that connected to each goal there are actions, which are smaller development projects, and initiatives, which are larger development projects, aimed at reaching the stated goals. Ekenstierna (2012a) emphasize that these kinds of projects are not to be confused with the company's main business – construction and development projects – but they are measures taken to bring the company closer to its long term goals.

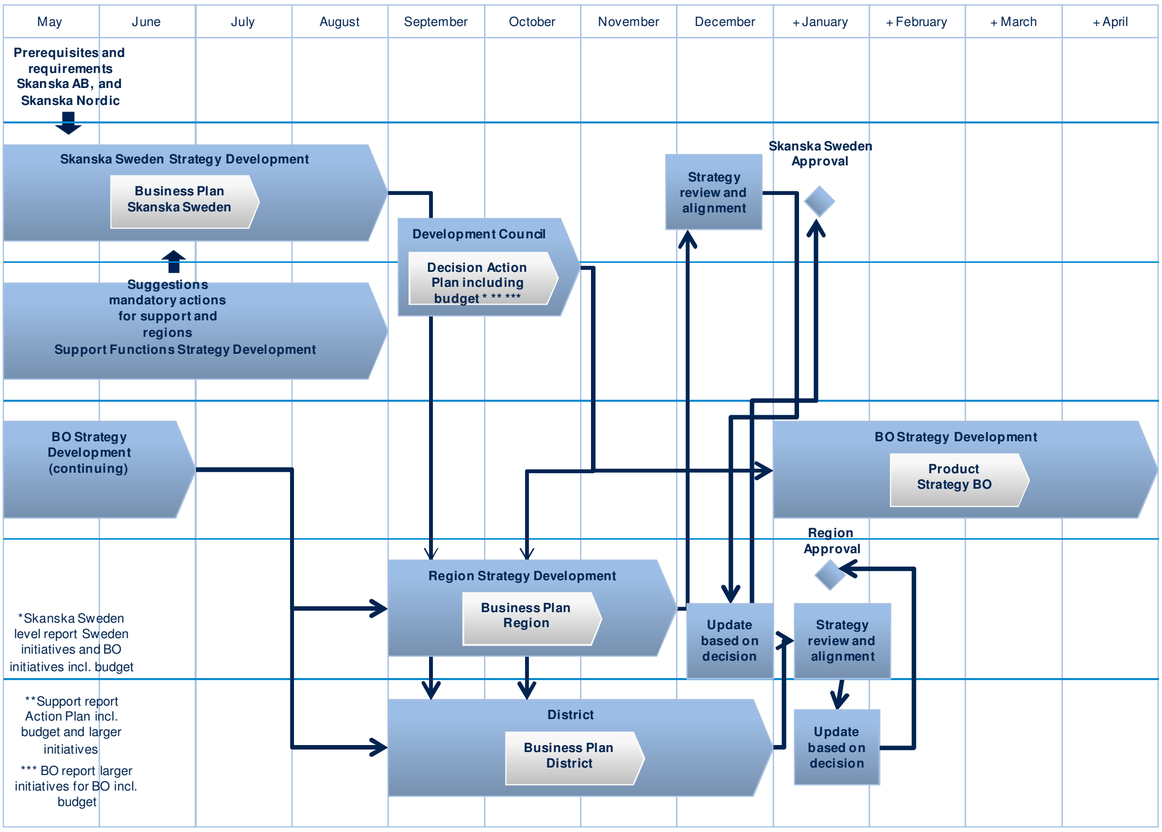

Figure 24 Five year strategy process at Skanska (Skanska Sverige AB, 2012b; Samuelsson, 2012; Ekenstierna, 2012b)

According to the interviewees there is a common thread through the strategy process; Skanska Sweden develops its business plan; BO continues the work developing product strategies; the Regions develop its business plan with input from the two levels above and then the districts develop their business plan and finally the strategy is included in the project plan at project level. However there are exceptions to this process which will be described.

Also, traditionally BO have not been involved in strategy process, rather the strategy process has only included Skanska Sweden and then continued directly to the Region level (Erlandsson, 2012). As a result, Erlandsson (2012) argues, the role of BO is unclear and vague today, which was presented in the problem discussion. For example one of the interviewed district managers, who is not involved in the work of BO, was unable to describe the process at BO level or account for its contribution.

In light of this, doing the interviews, it has been found that there is no one who has the complete picture of the process at BO level. However, as a number of interviews with different people have been conducted, information has been aggregated to cover a larger part of the process. Each step in the formal strategy process in Figure 24 will now be described.

6.3.1 STEP 1 - SKANSKA SWEDEN LEVEL

The strategy process on Skanska Sweden level is illustrated in detail in Figure 25 and stretches from the beginning of May until end of August.

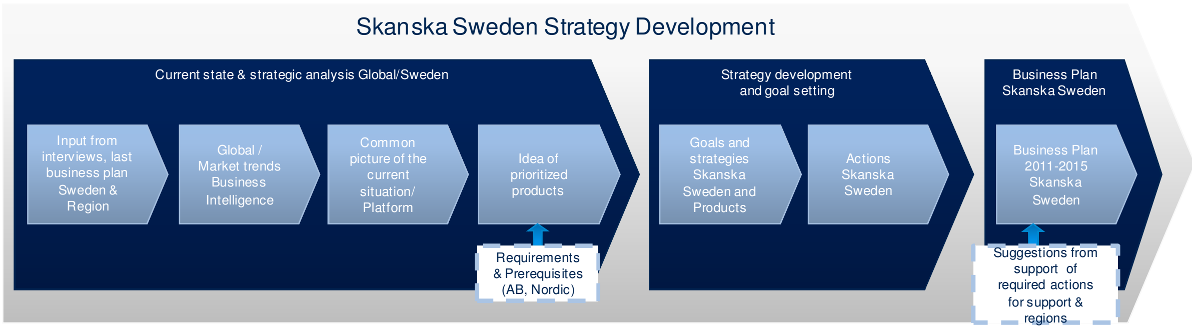

Figure 25 Skanska Sweden strategy development process (Samuelsson, 2011-02-17; Samuelsson, 2012)

First the current state step aims at creating a shared view of the internal situation Samuelsson (2012) describes. Further, according to Samuelsson (2012) information and results from each region are collected through interviews with the Executive Vice President and Region Managers. The results are compared with last year's business plan to see how the company has performed. The market is also studied through trend analysis on global and Sweden level (Samuelsson, 2012). The gathered information then serves as an agenda for the management team strategy meeting and following the directions set by Skanska AB and Nordic a platform for the new Skanska Sweden strategy is set and an idea of prioritized products is formulated.

Following the platform the strategy is developed and goals are set for each element of the strategy as well as for turnover and profitability. The strategy for 2011-2015 is presented in Appendix 3 and includes the six strategic focus areas employees, safety, customer, green construction, productivity and ONE Skanska (Skanska Sverige AB, 2012c).

Finally the business plan is developed and suggestions of actions to include in the plan are provided by the support functions. The business plan includes both an annual goal and the long term goal for 2015 and connected to each overall goal is 2-3 KPIs, as well as actions and initiatives. Other activities of the management team include coordinating and finally approving the support functions' action plans and evaluation of the regions' business plans as seen in Figure 24.

6.3.2 STEP 2 - BRANCH OF OPERATIONS LEVEL

The process at BO level can be summarized by the development of the Product Strategy Plan. The plan contains general strategies and actions for BO and specific strategies and actions for the four product areas that were decided as most important by the management team of Skanska Sweden (Ekenstierna, 2012a). The strategy development process is illustrated in Figure 26.

Figure 26 Branch of Operations strategy development process (Ekenstierna, 2012b)

The five year strategy process starts in January and ends in June. The current state is provided through the gathered knowledge of the members of the management team of BO. Based on it, the product strategy areas provided by Skanska Sweden, and a market analysis of the four product areas, strategies are developed for the BO and the four product areas (Ekenstierna, 2012b). Connected to the strategy of the BO, actions are stated by the management team of how it should be reached.

Every year the current state is reviewed by the Development Manager and developed together with the support functions. Based on the ongoing initiatives and actions and the status of the KPIs each focus group develops suggestions of actions that are necessary to reach the goals of 2015. The suggestions are then developed by the management group of BO and ideas from the region managers are aggregated in a list, which are handed over to the focus groups for further concretization in business case. In these are mandatory actions from Skanska Sweden level included (Erlandsson, 2012). Samuelsson (2012) also says that the actions suggested by the development council, which has responsibility for coordinating and allocating the budget of actions on all levels, are also taken into consideration.

Actions are further developed in the product groups and the focus groups. The work in the focus groups and product groups are conducted between March and June (Ekenstierna, 2012b). The product groups have existed a long time functioning as a network for sharing experience in each product area, however not being part of the strategy process (Erlandsson, 2012). Today, after deciding the general features of the BO strategy, the product groups continue specifying the strategy for each individual product area. Therefore, product groups monitor, analyze and initiate actions that are specific for the individual product group (Skanska Sverige AB, 2011b). The product groups provide a national network by which opportunities to take advantage of the company's size is facilitated (Skanska Sverige AB, 2011b). Moreover, experience on customers, business, project and product specific questions and technology can be shared (Skanska Sverige AB, 2011b). The product group can decide on actions, which are often preceded by an investigation by a project group, that are given as recommendations to the regions or districts (Erlandsson, 2012).

The focus groups were added 2011 with the purpose of as Erlandsson (2012) describes it, handle actions that can be shared between the product groups. According to Erlandsson

(2012) these actions belonged to the product groups earlier, but as a result all product groups could be running the same actions, for example a safety education that could be coordinated (Erlandsson, 2012). If a need arises in a product group, concerning for example an employee matter, this is assigned the focus group Employees. The focus group can then coordinate if the same need is raised from several product groups. This is the idea, Erlandsson (2012) emphasizes, but in practice it is not really there yet, but on the right path. Erlandsson (2012) also presented some uncertainty of how the actions that are developed in the focus groups are run out in the regions. Ekenstierna (2012c) also added that the focus groups are also a way to make the connection to the support functions clearer as well as a clear connection to the strategy of Skanska Sweden.

Larsson (2012) provides a complementary description to the focus groups work and also provides an example of how the actions from BO are established in the regions. Each focus group has compiled a list of what they want to develop in its area (Larsson, 2012). The actions are based on Skanska Sweden's strategy and are presented in a BO management team meeting for approval. Larsson (2012), who is part of the focus group Productivity, described the following example of how the work is conducted in the focus group. The group had its first meeting during the autumn of 2011. The discussion revolved around the topic: What is most important for an effective production, that is, what are the variables. The group also identified what actions were already running in the focus area through the support functions or in the regions and limited itself from those (Larsson, 2012). The result was a list of actions that the focus group wanted to work with Larsson (2012) describes. The list was brought up to the management team of BO for approval. As a result the focus group Productivity today works with generating standardized production methods. This was established in the regions when it was decided that each region should own two production groups working with the issue, involving the professional workers and managed by project leaders from the support functions to coordinate actions and initiatives between the line and support. (Skanska Sverige AB, 2011b). The focus group's role in this then became more of a coordinating role, aggregating the ideas from the production groups and identifying best practice that could be shared (Larsson, 2012).

Finally, the management group of BO is responsible for providing a holistic view on the suggested actions to look for coordination possibilities when the strategy is developed and before the product strategy is finally set in the last phase.

The output from each product group is an annual action plan with goals connected to areas that have been treated, the compilation of these is the product strategy document. What differentiates the product strategy document from being a business plan is that the product groups do not have any mandate or resources to run the initiatives or actions (Ekenstierna, 2012c). This is to be done in the regions. The product strategies are handled as parallel documents to the business plan of Skanska Sweden at Region level and parallel documents to the Region plan at District level (Erlandsson, 2012). The management group of BO can decide on actions that are mandatory for each region, this is a recent clarification of the role of BO, now being a part of the line (Ekenstierna, 2012c).

Generally however, Erlandsson (2012) finds that the product strategies of BO are quite dimmed today. Moreover, according to Ekenstierna (2012c) the product strategies are a good idea. But in practice, they are not working at the moment because first the actions have to be added in the business plan of the region and then there are too many actions for it to be effective and succeed. Also, the plans are developed effectively but ineffective when they are to be incorporated into generalized regions' or districts' business plans (Ekenstierna, 2012c). In this case Ekenstierna (2012b) describes, the region has to incorporate 5 separate strategies, one for each product and then also the business plan of Skanska Sweden, see Figure 27.

Generally, the strategy of Skanska Sweden has the first priority and then there is no more energy to handle more input (Ekenstierna, 2012c). This problem will be further discussed under Roles and Responsibilities. According to Erlandsson (2012), the specialized districts could in theory take the product strategies, and that is more or less their business plan. Ekenstierna (2012c) emphasizes that this is not something that the districts have to do, but more of a possibility. Basically, Ekenstierna (2012c) concludes, the Building BO is not organized to handle product strategies.

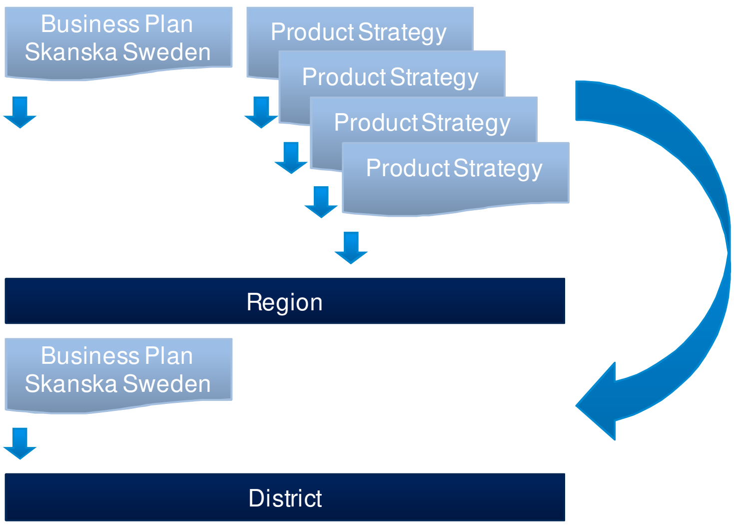

Figure 27 Delivery of plans to the regions and the districts

6.3.3 STEP 3 - REGION LEVEL

Depending on the context of the region the extent of the strategy process at region level can vary. Some regions have a small process which means that the business plan is developed during ordinary meetings. Other regions have an extensive process which means that the business plan is developed during several workshops, off site with many employees and with much iteration as described above.

The reason why some regions have a small strategy process is described by Samuelsson (2012) as a result of the geographical distances. When the managers of a region are closer, physically speaking, there are possibilities of coordinating more on region level. Two examples will be provided of how the strategy processes can look like based on the interviews with first Hammarfjord (2012) and then Larsson (2012).

According to Hammarfjord (2012) the first phase of the strategy process at regional level contains the following steps: A kick-off meeting involving more officials and employees from lower levels and several meetings with the management team of the region and some representatives from the support functions. Also the market is analyzed with a focus on the specific region. During the split-up in smaller groups, one for each focus area, the strategy is developed. In the final gathering in the management team the business plan is created. The steps are illustrated in Figure 28 and described in more detail below.

Figure 28 Region strategy development as described by Hammarfjord (2012)

More specific, Hammarfjord (2012) describes, the kick-off meeting involves many people, more than in the rest of the process, both officials and skilled construction workers. They share their views and ideas which the management team of the region then takes with. The initial meeting in larger group involves the management team of the region, and some people from the support organization, such as Skanska Technology and Procurement. It also usually involves an economist from the region. The meeting starts with a review of the previous year, what have been achieved and what have not been achieved of the stated goals. The business plan of Skanska Sweden is reviewed to see what goals and strategies to breakdown and include in the region´s business plan. Some parts are required to be included from Skanska Sweden. Each of the focus areas from Skanska Sweden are reviewed (employees, safety, productivity, ONE Skanska, etc.). This work is continued over several meetings and workshops in order to achieve consensus of what is important for the region. In these meetings everyone sit together and generate many ideas for actions to be taken and selection of priorities.

In the next phase the larger group is split into sub-groups, one for each of the six focus areas. In these thoughts and ideas are gathered about what is important within the focus area that the group is in charge of. Moreover, a compilation is made of all areas of interest and finally prioritization and a selection of what is going to be included in the business plan. Finally, after the smaller groups have gone through each focus area everyone meet again to go through everything together and finalize the business plan. When the regions’ business plans are finalized they are reported to the management team of Skanska Sweden that follows up and gives feedback on the plans. The regions then revise the plans if needed and they are finally approved by the Executive Vice President in January.

When the region's business plan is finalized, it is used in the development of the district´s business plans in a similar way, depending on the special characteristics of each district. In larger districts, the project managers bring the strategic goals in the district´s business plan out to their work groups and workplaces through the project plans, where the suitable actions and initiatives are added as an appendix (Hammarfjord, 2012).

The basic design of the process described above was also used by the other district manager that was interviewed. According to Lauren (2012), the region's business plan is based on Skanska Sweden's business plan. Some goals and actions in the plan are mandatory and must be included. Other goals can be set above or below, depending on the context of the region. The districts then follow the region's business plan.

Another strategy process at regional level was described by Larsson (2012). According to Larsson (2012) his region uses Skanska Sweden's strategy as a foundation for its strategy. The region has not put great emphasis on BO's product strategies, but has taken some input from it. But according to Larsson (2012) this is also because the role of BO in the strategy process is new. From the foundation, the business plan process has started in the end of august with the districts developing their business plans. In the end of November or the start of December the districts' business plans have been reviewed by the region management team. The district's business plans have then been put together in a document which more or less becomes the region's business plan. The reason for structuring the process like this, Larsson (2012) describes, is to enable the districts to set their own goals and actions, based on its context and how far they have reached in the development towards the long term strategy of Skanska Sweden. According to Larsson (2012) the contexts are differing between the districts because there is a large geographic distribution and therefore there are not that many benefits to gain by running actions on region level since the immobility sets its limits. There is also a thought of having the ownership of the strategy as near the projects as possible; since it is there the actions are ultimately implemented. Turning the process, distributing the ownership, creates motivation and increases the likelihood of it actually happening Larsson (2012) concludes.

6.3.4 THE CONTINOUS STRATEGY PROCESS

Each year the strategy is reviewed at all levels (Samuelsson, 2012). According to Samuelsson (2012) a change to the organizational structure may for example require a revised strategy. Also, the context may change or a goal can be found to be set too high or low, which also might require changes (Samuelsson, 2012).

Moreover, each year the management team makes a written analysis of each region comparing and following up the business plan and the operations with the progress of each region in the focus areas finance, customer, work methods and employees (Skanska Sverige AB, 2010). The purpose is to reflect around the analysis of the comparison and follow-up to find improvement areas. This input is very important input to the regions' strategy work. Also, during the year the Executive Vice President has monthly meetings with each Region Manager to discuss general questions and operations, the strategy work, follow up of goals, organizational questions and leadership development (Samuelsson, 2012). Apart from the monthly follow-up during these meetings the follow-up is also done one a quarterly basis during the region, district and BO days for regions and Sweden level. The districts should also do it on a quarterly basis but according to Samuelsson (2012) this is not always the case.

6.3.5 PERSPECTIVES ON THE STRATEGY PROCESS

The main conclusion presented by Löwstedt et al. (2011) is that the strategy process at Skanska is related to a few individuals, mainly the CEO at the specific time, and therefore personified strategies are the main drivers for change rather than activities or the rationale behind them. Further, in a later publication Löwstedt et al. (2011) compared the objectified and the lived version of change between 1990 and 2010 by studying business plans, official pamphlets and annual statements as well as conducting interviews with 27 managers. It was concluded that the company's change as perceived by the interviewees was either reactive to a personified decision, confirming the previous conclusion, or a reaction to an immediate circumstance.

In an interview Löwstedt (2012) describes Skanska's strategy process as bottom-up. In his research Löwstedt has found that the strategy from the above levels is barely visible on district level and the projects operate as they have to, to deliver the goals on profitability. How the strategy goals are obtained is more of an after-construction. However, safety is the exception and an example of successful strategy implementation of something that was formulated at management level. The culture in the construction business, where there is a sense of problem solving, strong men operating at management level, and strong pride in once own units, turns against trying to implement best practice and a common strategy, as the culture counteracts the proactive actions that the strategy requires (Löwstedt, 2012).

A completely different view was presented by one of the district managers that was interviewed. When asked about the top-down influence within the strategy process, he answered that it is mainly a top-down process and not so much bottom-up, but there is a sense of an ambition that it should be both ways. However, he sees many problems with implementing a bottom-up strategy process within Skanska because it is a large company, and the risk is that you will end up with many opinions, but not getting anything done. However, there have been problems arising from decisions made in the top of the organization that turned out to be not suitable for implementing, because the decision makers were not aware of the reality out in the markets.

6.4 CONCRETIZATION

There is a consensus among the interviewees that the top management level of Skanska provides a value with their corporate strategy, through a clear direction and vision. However, this is described in different ways, some emphasizing coordination through the support functions such as HR and the Environmental support, some the information and knowledge sharing, some mentioning the financial strength, economies of scale and bargaining power. It is also mentioned that there is a potential to become better in gaining advantage from coordinating projects on a corporate level, creating strength from shared resources between the different BO´s.

It is assessed by the interviewees that the BO level contributes by making the strategies that are formulated at corporate level more concrete. This is done by identifying actions that are specific for the respective BO, in other words to formulate how to reach the visions stated on corporate level. Coordination of the regions in the BO creates a value by the opportunity to share learning between the regions, and to share best-practice, for example regarding customer relations and operating construction projects. Construction projects can also be shared between regions, which achieved a better utilization of the resources. Competence can also be shared, for example if a hospital was built in one region, knowledge can be shared to another region that is about to go into a similar project. A key for coordinating is to have the knowledge of what is going on in the other regions, according to the interviewee, in order to avoid redundant work in the regions. This coordination is achieved in the management team of the BO.

Product strategies are as mentioned formulated at corporate level around certain products, which are considered to have large and/or strong growth potential as well as potential to impact the organization through central coordination. The product strategies are further developed by the product groups in BO, because the wide array of business does not allow the corporate management level to be as specific in the strategy which is required for these products (Samuelsson, 2012). This breakdown has meant different challenges for different regions, depending on the level of specialization. For example, within the House region in Gothenburg, there are specialized districts that can take the product plan and pretty much use it as its business plan. In a more geographically outspread region there are fewer opportunities for coordination between the districts. An example of what can be done is from one of these regions who is working on region level with partnering to enhance the development.

The strategy process at region level is more operational than on Skanska Sweden level according to the interviewees. Further, the business plan is mentioned as the most important tool to manage improvement work. One region manager describes that the region business plan briefly presents the business plan of Skanska Sweden but above all the actions and initiatives that the region should take to reach the goal and vision. Depending on the context of the region, the goal can vary from the one set by Skanska Sweden, either be set at a higher or lower level. However, there is also a concern that directions given to the regions from corporate and BO level should not become too detailed. One interviewee argues that if the regions would receive a complete, mandatory business plan from above then this would diminish the creativity in the regions. He continues by saying that if you would receive too many mandatory actions from levels above then not much energy would be left to create your own actions.

Synergies can and should be promoted, according to all of the interviewees, however they have slightly different opinions on the amount that should be pursued, in which levels and how. One interviewee argues that more synergies should be reached in all levels. Another argues that synergies exist on all levels, but in a diminishing degree and that the value that can be reached through the synergies is lower the lower down you go in the hierarchy.

When asked about how Skanska should work with synergies in the future, one response is that at corporate level fewer synergies should be pursued. By reducing the number of synergies that are pursued at corporate level, it is the opinion of the interviewee that the value of each synergy can be increased and that this would give a better result for Skanska. At BO level, there seems to be a consensus between the interviewees that the amount of synergies can be increased and also the value. However, the synergies at region level cannot be as high as in BO level, because of the differences between the districts, that some are very specialized.

6.5 ROLES AND RESPONSIBILITIES

As mentioned, it is the role of corporate management at Skanska to develop the strategic focus areas and decide which products should have product strategies. The BO level does not have a clear role today, as described in the problem discussion earlier. What the BO level have done up to now in the strategy process is to determine goals for the selected products strategies, but according to the interviewees the contribution and mandate of BO is not significant when looking at the strategy process in total today. Until recently, there was for example no decision mandate of the management group of BO, but the two executive vice presidents decided the direction for their respective group of regions. At this point there was no shared vision for the entire BO level, but a shift has been initiated, and it is as mentioned decided that the management group of BO will have decision mandate in the future.

District managers are members of the product groups of BO and the decisions of the product groups are supposed to be carried on by the district managers and implemented in the districts. However, as described by one interviewee, whether or not the district manager pushes for the actions to be implemented depends on the level of engagement of the individual manager. Meeting attendance then becomes important, so that no information is omitted. However, attendance at strategy meetings could be much higher than current levels, it is according to the interviewee common that 25-30 percent of the people are missing at a meeting. Further, there are according to the interviewee rarely any disagreements in the generating of the business plans, because every district manager decides his own plan, and what the rest of the districts decide does not affect much. The decision making process seems to be based mainly on an informal majority-voting system. There functionality of the decision making process is assessed as working well. One of the viewpoints on this is that it might be because each of the district managers have clearly separated areas of responsibility, as mentioned above, and that not so much attention is given to the problems in the other districts. However, there are also opinions that there is a need to clarify roles in the decision making process, and that a model such as the RAPID model could be suitable to apply.

The way that the work is organized today with the product groups makes it sometimes difficult to follow the line of decision. It occurs that the product groups, involving district managers, decide on actions which their region manager may not approve of. The regional managers are responsible for the results of their respective operations and business. The product groups are not in the line but run across the line organization, forming a matrix. The effect of this is that is hard to control what happens in the districts. For example, the product group Construction Service had developed a proposal recently, which was not implemented in about half of the regions, because they did not assess it as a good fit for the region. The time and effort put down in the product group to develop the proposal was then wasted, according to the interviewee, because it was still up to the regional managers if they wanted to implement it or not. This is mentioned by the interviewee as a reason why the decision mandates in BO level needs to be stated more clearly. Including both what decisions are made, how and by whom, and what are the actions that are the result of the decision.

Regarding which strategic questions that are handled on each level, there seems to be a consensus among the interviewees that it would be possible to divide the strategic focus areas of Skanska among the top three levels with a clearer purpose than today. When examined during the interviews, it became clear that the strategic focus areas are weighted differently among the levels today, meaning for example that the largest amount of work that is being put into the strategic focus area of Safety is done on corporate level. An example presented by an interviewee estimates that 60 percent of the work within Safety is done on corporate level, while only 10 percent is done on branch of operations level, and the remaining 30 percent is done in region level. This is the perception of how the work is carried out today.

The next step in the interviews revealed what should be the more appropriate way of dividing strategic questions among the levels, which is called the future state. Following the example of the Safety area, one interviewee would like to change the ratio into only 20 percent of the work being done on corporate level, 20 percent on branch of operations level, and 60 percent on region level. This reveals a viewpoint that too much effort is done on corporate level on Safety today and that the work should be shifted so that it is owned to a higher degree on the region level instead. According to the interviewee, Skanska does not need more rules created at corporate level regarding Safety, but what is needed is time and resources at regional level to implement the strategies. Likewise, the Green construction strategies have the advantage on BO level that they can become more specific, it is the opinion of the interviewee that the Green topics differ a lot between the BO´s and therefore it does not have much effect to handle it on corporate level. Regarding Productivity and Customer, better coordination will be achieved by putting more effort in BO level than today and slightly decrease the efforts on region level. Improvements can also be achieved in ONE Skanska by making clear statements at corporate level about how to cooperate through the entire company, managing questions such as how to measure the targets. Doing this at corporate level would avoid much redundant work in the regions and districts.

Summarizing the findings of all of the focus areas, the viewpoint of this interviewee is that Employees, Safety and Customer are the focus areas that should be handled mostly on region level (more than 50 percent of the workload). Green construction and Productivity should be handled mainly on branch of operations level, and ONE Skanska should be handled on corporate level. However, there are differences in the opinion among the interviewees; some even found it too difficult to say anything about the amount of work on each level. Another interviewee answered that only Customer should be handled to a larger part on regional level, but with an equally strong emphasis on corporate level. However, Green construction and Productivity were also mentioned to be suitable for focus on BO level. But this interviewee put more areas to be mainly managed by corporate level, such as Employees, Safety and ONE Skanska.

The interviewees were also asked to give examples of specific questions that could be handled on each level for each of the focus areas. A summary of their opinions are presented in Appendix 6. To summarize the result, the role of the corporate level should be to set targets, rules and visions, to develop concepts and management systems and to find ways of utilizing the size of Skanska through cooperation between the branches of operations, brand management and handling countrywide customers. In turn, the branch of operations level should develop branch specific educations, prioritize among safety initiatives and productivity efforts, to present the linkage between the support functions and the regions, and to develop business models and handle branch-specific customers. The region level should create the right preconditions to ensure performance on safety- and ONE Skanska-efforts, and work closely with customers to ensure high satisfaction and promote sales of green projects. They should also develop leadership, follow-up on goals and work with employee development. In addition, some of the interviewees have the opinion that the time horizon in the strategy process could be longer for the regions and districts.

6.6 COMMUNICATION

During the interview it has become apparent that the strategy is communicated through the strategy process itself, during meetings and discussions around the plans and through the intranet. The business plan of Skanska Sweden and the Regions' business plans are for example available on the intranet. So the strategy and vision becomes available for all employees. However, as a district manager points out, it is uncertain if everybody actively seeks the information, but it is accessible.

Meeting forums and discussions around the plans have been mentioned by all interviewees as a means to communicate the strategy. For example, the management team is responsible for the region, district and BO days which are forums for the management team to communicate and establish strategies, ideas, and decisions and also give opportunity to share experiences (Skanska Sverige AB, 2010). According to a region manager there is also a district manager week, when strategies and the future is discussed, he sees this as an important forum for communicating the strategy. Most of the communication is managed through the strategy process and the development of the business plans, which has been described above. Adding to this, an example of how the work of BO is communicated to the regions will follow.

One of the district managers, that is not involved in any of the groups on BO level, takes part of the information through her region manager, who informs about the decisions that has been made. It is also pointed out from one of the region managers that were interviewed that each region manager is responsible for communicating the important messages from the focus groups on BO level.

Also the one district manager says, on the region manager days in which both the region and district managers are invited, mentioned above, there are seminars from each of the focus groups where the most important messages are communicated. The district manager then gets informed about which projects are conducted on BO level and status report on them but also which are about to be initiated. This information is also available on the intranet. What is also important, the district manager continues, is that through this forum, she gets a name and a face to the person working with each focus area. This is useful for knowing who to turn to.

Moving on to the communication from region to district level, one district manager pointed out that since he is part of the region management team and therefore is involved in the development of the region plan, the district manager is also the one who sees to that it is communicated to the staff on district level. Since they are only eight people at the moment, this has been an easy task. However, the district manager point out, in larger districts it is up to the project managers to communicate the strategy by including the applicable goals and actions in the project plans.

According to the interviewees, the regions have quarterly follow up meetings of goals and actions with the districts. This is done in a meeting forum and a balanced scorecard is filled out. Further, according to a district manager, they have monthly follow up meetings in their district. In the follow up process one of the region managers requested a smarter tool. As it is now, each region develops their own template and method for follow-up and how to drive actions.

Moreover, one of the region managers emphasized taking up ideas from the employees as important, in order to see through that the strategy and the suggested actions are relevant. To do this, that region’s districts have involved employees from all categories in the development of the district business plan. Another way of effectively communicate the strategy, which the region manager has experienced, is to place a person that owns the question in the projects. For example the safety representative has helped implement the safety strategy.

Moreover, in order to be successful in the communication of the strategy it is important that it is simple, one region manager expresses. The strategy cannot be a ten page document at the project level; rather it should be an easy, communicative and, visible one page document. Also another region manager argues that if there are changes made to the strategy, it is important to clearly state why and make everyone understand. Finally, in order to be successful with the communication it requires a recipient who is motivated and takes actions to implement it.

7. ANALYSIS CASE STUDY SKANSKA

The empirical findings from Skanska will here be analyzed in the light of the theoretical framework. In addition, it will also be analyzed together with the findings from the comparative study with the purpose to assess the fit of the proposed framework and by this validate the previous findings. The following chapter, chapter 8 Discussion, will provide answers to the research questions that are retained from this analysis. The conclusion and recommendations will also be based on the analysis presented here.

7.1 ORGANIZATION

The theoretical framework suggested that depending on the diversification strategy, different multidivisional structures; the cooperative form, the strategic business unit form or the competitive form are suitable with varying levels of centralization, formalization and specialization. It was argued that the level of centralization and the level of integration mechanisms increased with the former as well as incentives connected to overall performance rather than linked to divisional performance. In the analysis of the comparative study it was found that the different forms presented in theory can together be used to describe a company's structure and be used to create links between divisions and the business units within each division to a varying extent. It was confirmed that the level of centralization increases in the cooperative form. Further, a mechanism through which cooperation was created in all companies in the comparative study is cross functional support units to exploit benefits from sharing resources between divisions. It was also verified that cooperation comes at a higher cost, and therefore the full cooperative form is not always desirable.

Like the companies in the comparative study, Skanska uses a multidivisional structure to support its strategy. Grant (2006) argued that multidivisional companies are often organized into three levels with a corporate center, division and individual business units. In Skanska's case the corporate center represents Skanska Sweden, while the branch of operations can be likened with the division and last, the regions to the individual business units. However, the districts are another large organizational unit within Skanska that does not fit into this definition.

Traditionally Skanska have operated as a decentralized organization, with almost self governing districts and regions. It was for example argued by Löwstedt (2012) that the strategy process to a large extent is bottom up rather than top-down. Keeping this in mind, it would suggest almost an unrelated diversification strategy with a competitive form of organization.

But over the last decade Skanska has, just like Lantmännen, increased its centralization, formalization and specialization. Looking into Skanska's context, it is a construction company with business in Construction, Residential Development, Commercial Property Development and Infrastructure Development. It can be argued that these are somehow linked businesses. Also within the branch of operations, there are more links between the operations of the regions, which will be further developed in the next section Concretization.

However, there are some limitations to the links. This is because the divisions are based on a mix of geography and product category which basically means that it is either specialized or generalized. Due to the differences in business areas as well as the geographical distance between the regions and districts there are limited possibilities of sharing tangible and intangible resources. Still it can be argued that Skanska uses a related linked diversification strategy, and a strategic business unit form to implement it.

First, specialist functions, like purchasing, installation and calculation have been moved from the line organization and been put in support functions that are shared among the divisions. As shown through the comparative analysis this is a mechanism through which increased centralization is facilitated. For example Lantmännen shared services such as economy, supply chain, human resources and communication, R&D and sustainable development between the divisions. The justification supporting this change from Skanska's point of view has been to increase competitiveness though increased economies of scale and scope. These were reasons that for example Vattenfall also expressed. Another indicator that the decision making power has been centralized is that BO, which has not before had a role in the strategy process before, has gained increasing influence.

Grant (2006) argued that the advantage with the multidivisional structure is the ability to make decentralized decisions. Skanska have traditionally operated with decentralized and almost self-governing regions and districts, and hence being a decentralized company as presented by Löwstedt (2012). However, in increasing the level of centralization the company is prone to two of the conflicts that were presented by Hitt et al. (2006), loss of managerial autonomy and rewards based on individual performance. Perhaps it is the loss of managerial autonomy which results in Löwstedt et al. (2011) drawing the conclusion that the strategy from the above level is barely visible on district level and that it is more about personified strategies. In contrast Larsson (2012) described the process as mainly a top-down process and not so much bottom-up, but there is a sense of an ambition that it should be both ways. In the comparative study it was found that SKF made efforts in having a both ways process in order to increase the ambition and the creativity among its employees. It can therefore be argued that in the question of centralization versus decentralization, it is important to find a balance to not limit the ambition and creativity of the people in the organization and to not overload them with top management decisions that makes them loose all autonomy. To bring about cooperation however, there are a number of mechanisms as presented by Grant (2006) and Hitt et al. (2006).

A coordination mechanism is for example increasing the formalization through standardization of work process through rules and regulations. At Skanska the level of formalization has increased. For example, the strategy process is today more formalized, with a formalized process that governs the work at each level. Also, standardization of working methods and sharing of best practices have been introduced. Another mechanism that is used helps steer the work in one direction is the shared values. This was expressed as helpful at SKF where the Chief Executive Statement influenced the whole organization to a large extent.

As presented Skanska have both a code of conduct and a vision of five zeroes. These are hence helpful in governing the work of each individual in the organization.

Another mechanism that brings about cooperation was described by Hitt et al. (2006) as direct contact between managers, and like the companies in the comparative study, this is obtained at Skanska through for example the strategy process which is one of the forums where managers meet. For example, in the work conducted at BO level members of the support functions, the Executive Vice President, the Region Managers, the District Managers, and various people in the project groups are involved.

Moreover, it was showed that each organizational level at Skanska represents a step in its strategy process. It can therefore be argued that the organizational structure supports the strategy process. The organizational structure provides the foundation through which in the strategy process the links are created between the branches of operations and regions as well as districts. To support the strategy process BO has divided its strategic work into product group but also focus groups which reflects the six strategic focus areas of the organization. It was described by Erlandsson (2012) that in his region they also divided the strategic work into smaller groups which reflected each element of the strategy.

7.2 CONCRETIZATION

The theoretical framework suggested that the content of the strategy becomes more concrete for every level in the strategy process, and that a level in the strategy process should result in more value creation, through synergies, than value destruction, through increased cost. The findings from the comparative study confirmed these findings and added a richer detail in form of practical examples of how companies can work with concretization and synergies in a way that creates value on all levels. Lantmännen achieved concretization by product expertise in business units, and used a visual tool for evaluating the value of synergies. At SCA, they only applied a matrix organization in the larger and more complex Hygiene business area, to facilitate synergies between the business units. At last, SKF developed concretization into operational terms and within this work used strategy maps with more concrete content for lower levels. The conclusion was that, depending on the nature of the company and the different challenges from the environment surrounding the company, concretization and synergies can be reached in different ways and the means should therefore be adapted to the company.

Looking at the findings from Skanska regarding concretization, it is clear that the corporate strategies present the direction and vision for the entire company. There is no doubt that the corporate level brings value to the underlying divisions and business units, as described by Campbell et al. (1995). It seems that the BO level has, though not fully utilized today, great potential to add value to the region level. First, as described by the interviewees, depending on the context of the BO or region, some actions from the corporate level are more or less important. Therefore a possibility is that the BO can function as a filter to the regions so they only receive actions that are applicable to their circumstances. More arguments about which questions each level should handle will be discussed in the Roles and responsibilities analysis, section 7.3. The product strategies present another area where Skanska have started to utilize the expertise of the region and district managers to create shared knowledge and strategies in the product groups within the BO. There are similarities to the product focus of Lantmännen, which describes how the product expertise of the division and business unit levels are used to make the strategies more concrete.

It is further described how the business plans on regional level at Skanska have a strong operational focus. The business plan is used as a tool for managing improvement work, as well as actions and initiatives to reach the stated goals. There are clear similarities to the way that SKF works, emphasizing that the strategy becomes more operational the further down in the organization they go. The product strategies at Skanska are means for realizing this, but also the fact that the BO handles a more narrow scope than the corporate management team. It is mentioned in the findings from SKF that they utilize Product Line strategies in order to enhance cooperation between the business units in the strategy process, tying together the business units in their strategic work.

The differences between the districts, and also between the regions, are an important aspect of Skanska. As described by the interviewees, the differences in means of degree of specialization lead to challenges in the breakdown of the strategy. Geographically small regions, as the Gothenburg and Stockholm regions have more specialized districts, while bigger regions have districts that cannot be specialized in the same degree. Many of the interviewees mention shared learning and best-practice regarding customer relations as opportunities for coordination between the regions. The opportunity to share learnings should bring value even between districts that are of different degree of specialization. This presents a clear parenting proposition, mentioned by Goold and Campbell (2002) as a way of evaluating whether or not a parenting level can bring a value. Better utilization of competence and resources are other parenting propositions identified above. It is also interesting to find that there is a consensus about raising synergies at BO level. The above parenting propositions are means that can be used to do so.

Apart from all of the above arguments that the BO level brings value in the strategy process, there is also a concern that directions given to the regions from corporate and BO level should not become too detailed and thereby affect the creativity in the regions and districts. This indicates a fear of a surfacing parenting bias within the organization, with a suffocating interference from corporate and division management. It can be assumed that this would severely diminish the feeling of contributing if there was no room for developing own actions in the regions and districts. Instead of adding large amounts of content in the strategies for each level, it is therefore important to achieve focus. This is stressed for example by SCA, which clearly emphasizes a large extent of focus in the strategy process. This is realized by prioritization of approximately three focus areas at a time, as mentioned above. It was mentioned in the empirical findings from SKF that they managed to increase enthusiasm and the feeling of contributing to the process at lower levels by using the strategy maps as a visual tool and a more forward oriented process.

Lantmännen presented another visual tool for evaluating the amount of synergies pursued and the value realized. This approach proved valuable in the interviews at Skanska, where it guided a discussion of how much synergy that can be achieved at each level (see Appendix 5, interview guide case study). An interesting proposal of how to work with synergies in Skanska is given by one of the interviewees, who suggest that less synergies should be pursued at corporate level. This indicates an awareness, which in combination with discipline form the best ways for avoiding synergy and parenting bias in companies (Goold & Campbell, 1998).

7.3 ROLES AND RESPONSIBILITIES

As described in the findings from Skanska, the contribution and mandate of BO in the strategy process is not clearly stated today. As also stated above by Neilson et al. (2008), can a lack of clarity regarding decision roles lead to status quo in the decision making process, blocked information flow within the organization, and result in workarounds not following formal reporting lines. In the findings from Skanska it was further described how the work in the product groups makes it difficult to follow the line of decision and that it therefore is hard to control what happens in the districts. It is therefore judged that it is of great importance for Skanska to achieve clarity regarding the role of BO.

From the theoretical hypothesis it was concluded that a formal decision process can enhance the performance of an organization. However, judging whether a formal decision process is needed is not a straight forward task, as there are different opinions in the matter presented by theory. The different viewpoints presented in the theory section by de Wit and Meyer (2004) are; either an intentionally designed, formal process, or a gradually shaped, experimentation focused process. Looking into the findings from the comparative study a somewhat deeper understanding could be reached; a formal decision process can be applicable, depending on the nature of the company, it is often assessed as useful, but not as often implemented.

The fast moving consumer goods-company SCA was the only company who had decided to introduce a formal, structured model for clarifying decision roles. The purpose was to bring clarity in the product development process about who owns a decision, and provide a common base for discussions. Skanska does not have the conventional product development process that SCA has, however a product focus is sought today through the product strategies. It is also, as described above, in these product groups that difficulties in following the line of decision appears.

When asked, there are different opinions among the interviewees at Skanska of whether or not a formal model can be applied. The argument against a model is that it is assessed that the decision process is functioning well today as it is, with an informal system based on majority voting. However, this informal system seems to have some gaps, as it depends on the engagement of the individual manager, sometimes affected by low meeting attendance. Therefore it is assessed that engagement can be raised in the decision process at Skanska and that a solution can be to apply a formal model for clarifying decision roles, such as the RAPID model described by Rogers and Blenko (2005).

Further, it is described that today both time and efforts are wasted when decisions that are taken in the BO are not being implemented in the regions and districts. To avoid this situation, the interviewee states that there is a need to clarify both what decisions are made, how and by who, and what are the actions that are the result of the decision. Looking closer into the RAPID model, it is assessed that this model clarifies the how and by who by assigning clear roles. For example, the role Recommend could be assigned the district managers in the product groups. Agree in the role with veto power, which is judged to be suitable for the region managers that are affected by the decisions taken in the group. This means the region manager with veto role would be able to trigger a debate which can result in a modified proposal, according to Rogers and Blenko (2005). Further, the Input role is assessed to be suitable for people outside the product group, such as support functions, other district managers and project managers, as they are likely to be involved in the implementation of the decision. Decide shall be the role of the head of the BO, which is ultimately accountable for the decision. Implementation of the decision, the Perform role, is assigned the same district managers that initiated the discussion, with responsibility for executing the decision by the actions. However, as pointed out by Rogers and Blenko (2005), it is important that not too many people have a veto; therefore it might be suitable to choose one or two region managers that have veto for each product group. Today a region manager is chairman of each product group and there are up to three more region managers.

What decisions are made and what actions that are the result is a matter of defining which questions is going to be handled on which level. The perception of how the work is carried out today at Skanska, is that this division of workload among the strategic focus areas is not strongly controlled. The effect is that all of the strategic focus areas are handled on all of the three levels today, but in a varying degree. The findings from the comparative study, as mentioned above, were that it is important to achieve a focus in the strategic issues. This can be achieved at Skanska for example by division according to the viewpoint of one of the interviewees; Employees, Safety and Customer are the focus areas that should be handled mostly on region level (more than 50 percent of the workload). Green construction and Productivity should be handled mainly on branch of operations level, and ONE Skanska should be handled on corporate level.

As mentioned, SKF applies strategy maps as a tool for clarifying decision roles and to visualize the focus areas in the current strategy process. It is interesting how the use of strategy maps at SKF corresponds to the theories of Mintzberg and Westley (2001), stating that the use of visual tools is needed in the strategy process when elements needs to be combined in order to find a creative solution.

7.4 COMMUNICATION

In the comparative study the theoretical hypothesis was confirmed and it was shown that tools such as strategy plans, balanced scorecards and strategy maps are helpful in the communication of the strategy. Further it was added that focus areas can aid in bridging between long term and short term strategy. And it was confirmed that involvement of people in the strategy process can in itself facilitate communication by which the strategy is legitimized. Keeping in mind that the success of strategy execution depends on how well people in the organization understand it, communication is an important topic.

The strategy process at Skanska is structured around the development of business plans at each level, BO being the exception. On each level the strategy process ends with the delivery of a plan which is then reviewed and finally approved. So, just like Lantmännen and Vattenfall, Skanska uses the development business plan as a tool to structure its strategy process. However, it was mentioned that it is uncertain if the communication of the information that is included in the plans is successful. It can therefore be argued that the plan in itself is not an effective tool for communicating the strategy bur rather structuring the process around.

Instead, meeting forums and discussions around the plans was mentioned as a means to communicate the strategy. It was also showed that communication from the nearest above manager was important for the district managers. It was also found that an effective means to communicate the strategy is to place a person that owns the question in the projects. As argued in the comparative study, the strategy process can in itself facilitate communication by which the strategy is legitimized. By the above examples, it can be concluded that this is also the case at Skanska. Applying this to BO would implicate that the meetings and work in the focus and product groups, which together involves managers from the region, district, support but also people from the line in project groups is an effective means to communicate and legitimize the strategy through the organization. It can be likened with SKF's mix of bottom up and top-down in its strategy process to involve people at different levels of the company in the strategy process in order to create a sense of ownership. This is exactly what is done through BO, for example, since the district manager is involved in the process and carries the issues out to his/her districts. Concluding, personal carriers of the strategy seem to be important at Skanska.

Another type of strategy carrier at Vattenfall is the strategy staff, which are actively participating in the strategy process at all organizational levels and holding the strategy together. Since communication between persons seems to be more effective than documents this could be one possible way of increasing the success in the communication of the strategy.

The content of the business plan or actually parts of Skanska's strategy is built around a balanced scorecard, including employees, customer, and productivity. Financials are of course also included in the business plan. So just like Lantmännen and Vattenfall the content of the business plan is build around a balanced scorecard. It is also used in the follow up process. However, it was argued above that the business plan is not an effective means of communication. Further, concerns were raised that the strategy cannot be a ten page document at the project level and that it rather should be easy, visible and communicative. These were problems that also SKF lifted when it decided to go from using a balanced scorecard to strategy maps. SKF's reasons for implementing the strategy maps were that it helped visualize the link between the individual employee's job and the overall goal, focus on processes and activities to make the process more proactive rather than number focused and raising the enthusiasm. These are of course benefits that would be desirable for Skanska.

8. DISCUSSION

The following chapter will review the research questions and discuss the key theoretical verifications and proposals of the thesis. The answers will be discussed from a theoretical and practical perspective. Last, a final reflection on the chosen research strategy and research process of the thesis is presented.

8.1 DISCUSSION ON THE KEY VERIFICATIONS

This thesis started with a theoretical review of the development of the research area of strategic management. In this thesis it has been confirmed that there is no ad hoc solution presented in literature that can be applied to all companies. Rather a combination of the theoretical views can best be used to describe the reality of how the studied companies are working with strategic management. Reviewing each research question the following key theoretical verifications and results have been found.

8.1.1 RQ 1 - HOW CAN THE ORGANIZATIONAL STRUCTURE SUPPORT THE STRATEGY PROCESS?

At the beginning of this thesis it was asked how the organizational structure can support the strategy process. In order to answer this question the relationship between organizational structure and diversification strategy was studied. Based on the theoretical review and the findings in the comparative study as well as the case study it was verified that, depending on the diversification strategy different organizational structures are suitable. The variable in this seems to be how much coordination possibilities there are between the divisions and the business units within the divisions. Moreover, practical examples from this thesis confirm that the organizational structure constitutes the foundation for which the strategy process is built around with each organizational level representing a step in the strategy process. Linking these two conclusions it can be argued that each organizational level supports the strategy process by contributing with coordination possibilities.

During the thesis it became apparent that reward systems is something that can be used to create coordination and it should promote overall company performance. As it was not included in the scope of the thesis to make recommendations concerning the design of the reward system at Skanska no such information was collected. Therefore, a need has been identified to make further more in depth research on that specific topic for Skanska.

One of the main arguments to why Skanska should not pursue full collaborative form was that the geographical distances presented a major constraint. However, the validity of this argument is questioned by the authors. The progress of communication tools, such as video conversations for example bridges this gap. It is therefore likely to believe that when the use of tools like this increases at Skanska in the future, the coordination possibilities will increase.

8.1.2 RQ 2 - WHAT CAN AN ORGANIZATIONAL LEVEL CONTRIBUTE WITH IN THE STRATEGY PROCESS?

In order to answer the second research question: What can an organizational level contribute with in the strategy process, it is important to first realize that a level can only justify itself if its own influence brings value to the underlying divisions, as argued in the theoretical review. The level should therefore have a clear and distinct value proposition. A level can contribute by making the content of the strategy more concrete for the levels below (thereby the name Concretization for this section). This is achieved for example by selecting prioritized strategic areas for each level, which has the effect that the strategies become more applicable and easier to comprehend. Another important takeaway, which was also confirmed in the comparative study and case study was that a level can contribute by creating synergies. However, synergies comes at a cost and that awareness of these costs will help companies avoid synergy and parenting biases.

It can be argued that a narrow theoretical scope (limited to parenting and synergies) has lead to potential omission of some closely related topic in research that would have been of use for the research. This argument has been addressed by the researchers by posing open ended questions to the companies in the comparative study, scouting for other relevant views. Indeed, the comparative study revealed areas of interest that were incorporated in the research in form of practical examples.

8.1.3 RQ 3 - WHAT SHOULD BE THE MANDATE OF EACH LEVEL IN THE STRATEGIC WORK?

In order to answer the third research question, a theoretical review of decision making processes was performed, soon revealing that before answering what should be the mandate of the level, there is a need to investigate if there is a need for a formal decision process, or not. Because it is important to be able to execute the strategy, through effective decision making, a formal decision making process should be applied if, for example, there is a need to clarify decision roles, or if there are difficulties to follow the line of decision. The comparative study confirmed that a formal decision process can be applicable, but is not often used in the companies today. The analysis suggested that the mandate of the organizational level depends on the nature of the company, therefore no general conclusion can be given, but it is up to each company to investigate it´s own needs. If, for example, it is a fast moving consumer goods company, there is likely a need for fast decision making in the strategy process, and the mandate should therefore be clarified through structured assignment of roles. This will bring clarity about who owns a decision and bring a common base for discussions.

Concerning the overall result derived from on the case study at Skanska, is should be emphasized that it is based on the interviews conducted with a limited number of region and district managers at Skanska. It is not certain that these views reflect the belief of all the region and district managers and therefore the internal validity of the result could be questioned. However, two development managers and internal documentation have been used to triangulate the information.

8.1.4 RQ 4 - HOW CAN STRATEGY BE COMMUNICATED THROUGH THE STRATEGY PROCESS??

The final research question was stated as; how can strategy be communicated through the strategy process? Based on the results it can be concluded that basically the strategy process is in itself a communication tool, and that involvement of people is the most important carrier of the strategy. This verifies the strategy as practice view which was presented in the theoretical background and strategy as a communicative process concept.

It was also shown that written communicative tools such as strategy plans, balanced scorecards and strategy maps are being used by companies. It should be kept in mind that the studied tools are a selection of all available and should not be considered that these are the best ones available. However, besides focus areas, they were the only ones mentioned that were in use in the companies and therefore perhaps they are the most useful tools. Focus areas were added to the evaluation framework through the comparative study and can be used to bridge the long and short term goals.

8.2 REFLECTION ON THE METHODOLOGY

The method applied in the thesis is described in the Methodology chapter as a qualitative research strategy, with a deductive approach. Therefore it can be argued that this research has applied a mixed method, that is, a mix between a qualitative and quantitative study. The implications of doing so are debated in research, and no clear view is yet obtainable of whether this is a good or bad thing (Bryman & Bell, 2011). However, the general view is that if it shall be done successfully, it is important to make sure that the two approaches are done in relation with each other, and not as separate parts of the research (Bryman & Bell, 2011). This has been the aim of the researchers in this thesis, as applied research designs are strongly interlinked with each other. Further, it can also be argued that the deductive approach applied is foremost a deductive approach because the research applies testing of theory, in the hypotheses. However, the analysis in the comparative study and case study are both involved in the development of the theories, which rather implied an iterative, abductive approach, or an inductive approach. The conclusion of this reasoning is that the research is indeed what it claims to be, a qualitative study, and that the deductive approach was found suitable for the research performed, foremost by guiding the research and presenting the way forward.

In the comparative study, each company was matched with an organizational structure based on the information that had been gathered through the interviews. However, it can be argued that if full information had been available, perhaps a different match would have been different. Therefore the result in the comparative study should not be regarded as the simple truth. Rather, it should be kept in mind that it was collected to be used to verify that the theory was applicable and to provide examples to Skanska, which it did. The purpose of the first research question was also to provide a discussion around the context of each company, providing the basis for the following research questions. It is the belief of the researchers that this approach has simplified and created a deeper understanding for following the reasoning and the analysis of the other research questions.

It can be argued that a narrow theoretical scope (limited to parenting and synergies) has lead to potential omission of some closely related topic in research that would have been of use for the research. This argument has been addressed by the researchers by posing open ended questions to the companies in the comparative study, scouting for other relevant views. Indeed, the comparative study revealed areas of interest that were incorporated in the research in form of practical examples.

Concerning the overall result derived from on the case study at Skanska, is should be emphasized that it is based on the interviews conducted with a limited number of region and district managers at Skanska. It is not certain that these views reflect the belief of all the region and district managers and therefore the internal validity of the result could be questioned. However, two development managers and internal documentation have been used to triangulate the information.

9. CONCLUSION

This chapter concludes upon the result of the thesis. It further presents the theoretical and practical contributions of the thesis, in form of the reviewed framework. Finally, suggestions for future research are accounted for.

9.1 CONCLUSION CASE STUDY SKANSKA

The purpose of the master thesis was to develop a framework for evaluating what should be the contribution of each organizational level in the strategy process in multidivisional corporations. Based on the analysis of the empirical findings the conclusions presents a refined framework, providing a suggestion of what should be the contribution of the branch of operations level at Skanska.

First, it was confirmed that the organizational structure is linked to the diversification strategy of the company. Depending on the diversification strategy a combination of the three multidivisional structures can be used. It was also found that the organizational structure provides the foundation through which the strategy process is structured. In turn, in the strategy process it is commonly that one step in the process represents an organizational level. Further, at each level coordination is sought so that synergies can be reached. Therefore it can be concluded that it is important to match the organizational structure to the strategy, since it provides the prerequisites for creating synergies.

It can also be concluded that loss of managerial autonomy is a conflict in attempting to create coordination between districts and/or regions and/or branches of operations that is valid for Skanska. Therefore it is important that Skanska finds a balance between autonomy and control. This is of essence, in order to not limit the ambition and creativity of the employees and to not overload them with top management decisions that would make them loose all autonomy. In light of this, the thesis provides some guidance to Skanska in the pursuit of this balance.

There is no solution applicable to all companies so instead, Skanska must find its own balance. In light of Skanska’s increased level of centralization, it can be concluded that it has increased its level of cooperation. However, it was verified through the comparative study that cooperation comes at a higher cost and that full cooperation is not always desirable. It has to be kept in mind that Skanska has both specialized and generalized regions and districts in the branch of operations as well as large geographical distances. It can be concluded that these factors presents constraints to the possibility of sharing tangible and intangible resources. Therefore, it can be concluded that for Skanska full cooperation is not desirable since it would impose too high costs compared to the possible benefits. These possibilities will be accounted for further below.

It can be concluded that Skanska are taking some of the measures to increase the level of cooperation suggested in literature and verified through the comparative study. It can be concluded that these are facilitated through the strategy process. Specialist functions are one of these mechanisms thorough which Skanska for example can increase its purchasing power and linking this to the strategy process, the BO level for example was described as a forum in which contact between the line and the specialist functions was established. Also the strategy process provided other forums in which contact between people in the organization was established. Also, rules and regulations that govern the work are provided through the strategy process like the company values for example. However, it was concluded that Skanska is prone to a conflict which will negatively affect the success of coordination initiatives that the company launches, rewards based on individual performance. It was also shown through the comparative study that the strategy staff, which is active participating in the strategy process at all organizational levels, can help in holding the strategy together and supporting the strategy process.

In the analysis and discussion it was argued for the importance of focus in the strategy process for multidivisional companies. Focus in the meaning of prioritization of strategic issues to achieve a division of workload among the strategy areas. The importance to achieve focus was argued for from the viewpoint of Roles and responsibilities, but also from the Communicative viewpoint. The conclusion is that focus in the strategy process will raise performance by narrowing the number of issues that are dealt with on each level in the strategy process. For Skanska, this implies a selection of strategic focus areas for each of the levels; corporate level, BO level and region level.

Figure 29 below presents a schematic picture of how this division of strategic areas should be preformed, according to the findings of this research project. In the figure, each square represents a strategy area at Skanska that is applied today. The filled squares with text point out on which level this specific strategy area should be handled. The shaded squares with arrows pointed on them represents that this level will be provided with guidelines on how they shall handle this issue. The shaded issues shall not be the focus of the region level, but they will be handled on this level before the district level. There is a difference from the ONE Skanska area at BO level, which is not shaded and shall not be handled at all on this level, even though the issue is handled on the above level. The reason for this is that the BO level shall focus on Green construction and Productivity. It is the belief of the researchers that the BO level in this way can achieve a focus on Green construction and Productivity that is similar to the focus on marketing, innovation and branding that the middle level at SCA, called Global Hygiene Category, achieves.

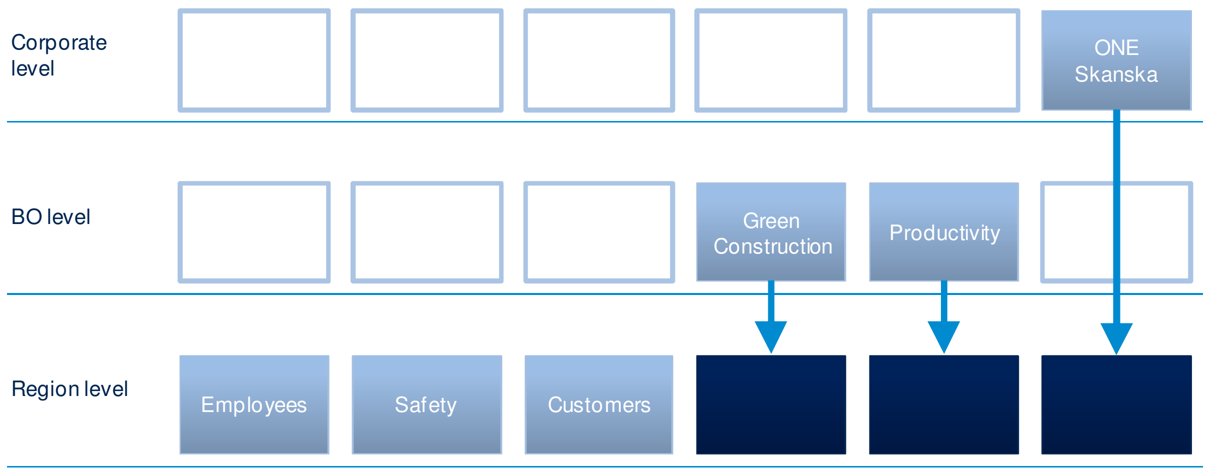

Figure 29 Focus in the strategy process

It should be clarified that this division is regarding the ongoing strategy work, which takes place each year in the form of smaller corrections and updates of the strategies. For the larger strategy work, with a more long-term focus (five years ahead), each strategy area shall be concerned at corporate level, to provide the sufficient guidance for the levels below. The motivation for the division of strategy areas rests on the findings from the case study at Skanska, which are explained in the analysis above.

In the analysis of the comparative study it was argued for the need to, under certain circumstances, apply a formal decision process. Further, in the analysis of the Skanska case, arguments were found to apply a formal decision process, such as the RAPID model described in theory. This would have a positive effect by clarifying decision roles concerning BO. Since today time and effort are wasted in the product groups at BO, it is the conclusion of this research to implement a formal decision process model to the work performed in the product groups at Skanska. In the light of the above conclusions regarding what strategic areas to deal with on each level, the assignment of decision roles should be facilitated by a narrowed scope of the BO level. Simply put, the main issues to be dealt with have shrunk from six to two; Productivity and Green construction. An example is also provided in the case analysis of how the assignment of roles regarding the product group might look, but it is outside the scope of this thesis to analyze it further.

As described in the discussion, a main concern for the research was the examination of what an organizational level can contribute within the strategy process. For Skanska, the main issue was regarding the contribution of the BO level. A number of opportunities for value creation of this level have been identified and it is the viewpoint of the researchers that these presents good and accurate examples of what an organizational level can contribute with. It was found that the BO level at Skanska can contribute with; functioning as a filter to the regions, that they only receive actions that are applicable to their circumstances; create an operational focus by utilizing the expertise of the region and district managers to create shared knowledge; shared learning and best practice regarding customer relations, forming opportunities for coordination between the regions; lifting some strategy areas from the region level (Green construction and Productivity) and thereby facilitating a focus in the below levels. Further, as argued for in the analysis regarding communication above, BO has an important role to fill as communicator by creating personal carriers of strategy. The meetings and discussions within BO serve as a forum for involvement, which legitimizes the strategy through the organization.

Finally, it can be concluded that tools such as strategy plans, balanced scorecards and strategy maps are helpful in the communication of the strategy. Based on the result it can however be concluded that while strategy plans was used at almost all companies to structure the strategy process, using the balanced scorecard in turn to structure its content, the strategy plan in itself is not the best communicative tool at Skanska. Rather, Skanska is in need of an easy, visible and communicative tool. The strategy map has been described as a visual tool to help show the link between the individual employee's job and the overall goal, providing a more forward oriented process, and increasing the enthusiasm and creativity by providing a more flexible frame. These are benefits that are considered beneficial for Skanska. Also, keeping mind the above conclusions, the strategy maps can be used as a tool for clarifying the decision roles and to visualize the focus areas in the current strategy process.

9.2 CONTRIBUTIONS OF THE THESIS

The overall contribution and result of the thesis have been summarized in the evaluation framework. The framework was developed in a sequence of steps, as described above, going through theoretical review, comparative study and a case study. The recommendations regarding what actions Skanska needs to take are presented in the next chapter, but the aim of this discussion is to present ideas of a more generalized character, of how multidivisional corporations can utilize the findings and the implications of the developed framework. The applicability of the contribution and thus relevance of the result for other companies are presented below, but first the evaluation framework is presented.

9.2.1 THE FRAMEWORK

The purpose of the master thesis was to develop a framework for evaluating what should be the contribution of an organizational level in the strategy process in multidivisional corporations. The theoretical review suggested a framework based on four areas, for evaluating what should be the contribution of an organizational level in the strategy process in multidivisional corporations. The areas of the framework were: Organization, Concretization, Roles and responsibilities and Communication. Each of the areas of the framework corresponds to a research question and this division between the areas has presented the main frames for the presentation of the findings and the analysis throughout the thesis. This was visualized through the matrix representation of the framework, in which each area can be followed from research question, to theoretical hypothesis, through verification of the hypothesis with practical examples from the comparative study. The final evaluation framework is presented in Figure 30.

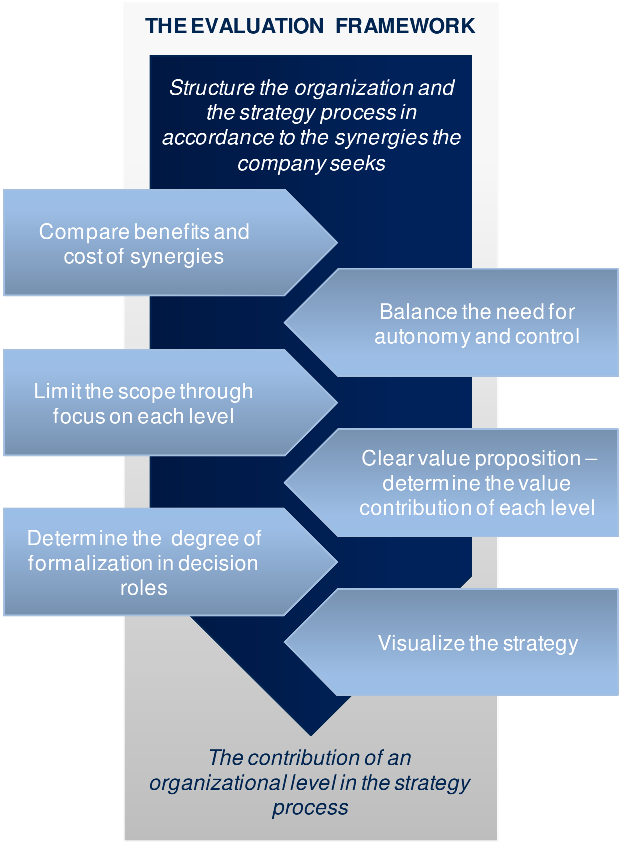

Figure 30 The evaluation framework

What the evaluation framework is communicating is that the cortex in answering the purpose is the organizational structure, which should be structured in accordance to the synergies which the company seeks to gain through the strategy process. To support this, the possibility of creating synergies and what the possible gains are should be compared with the cost of pursuing it. In the pursuit of synergies, through coordination and centralization of decision making there needs to be a balance between the need for autonomy in the individual organizational units compared with the control exerted by the levels above. Finding the balance of the two first steps can come from looking into the third step, focus. Focus implies that the scope of each level in the strategy process should be limited. Possibilities for focus should therefore be investigated, avoiding overload in the process and raising performance at the level. Moreover, the value contribution of each level should be clear and clearly stated. Further, the degree of formalization of the decision roles within the organizational level should be determined, to find out if there is a potential to raise performance by assigning clear decision roles. The strategy should finally be visualized to facilitate successful communication in the strategy process.

9.2.2 RELEVANCE OF THE RESULTS FOR OTHER COMPANIES

To investigate what the contribution of each organizational level should be in the strategy process the authors created a framework. It is believed that this framework can be applied at other multidivisional companies too, that are faced with the same problem of having a vague and unclear level in the strategy process. This is since the framework was developed through not only a case study, which has low possibilities for generalization, but also through a comparative study. In this way relevance for other companies was raised. In order for other companies to understand the case specific conditions at Skanska were the strategy process at Skanska described in a more detailed level than the other companies.

The analysis of the comparative study resulted in verification of the hypotheses from the theoretical review, and additions were made where the empirical study could identify needs to adopt the theories to reality. By this, it can be argued that a part of the contribution of this thesis is in form of a replication of the findings of the previous researchers, in the way that their findings were proven applicable to other contexts than the context they were first developed within. The contribution of the thesis is further in the proposed, case specific adjustments that have been made when adopting the theories to the context of Skanska, through the answers to the research questions.

Additionally, during the research an aim emerged to spread knowledge between strategy professionals in Sweden. This was based on the impression of the researchers that shared knowledge and experiences between these professionals could be of benefit to the Swedish industry. Many of the professionals that were encountered during this study sought some kind of exchange of ideas with strategy professionals from other companies and there seems to be an increasing need for this type of interaction. Networks for strategy professionals can be useful for sharing experiences among people in a similar role, regardless of the industry that the individual is active within. Therefore, this study have tried to deliver a high level of detail and accuracy about the companies involved in the study, with the hope that even if the importance of the single detail passed the researchers by, it might have a stronger meaning for the trained eye. A suggestion on how this can present a value is to serve as a basis for discussion during strategy network interactions.

9.3 SUGGESTIONS FOR FUTURE RESEARCH

The above mentioned need for knowledge sharing between strategy professionals in different industries presents an opportunity for future research. It is the belief of the researchers that the case study approach in combination with a comparative study can be utilized for the purpose to enhance knowledge within strategic management and of strategy professionals of how the theories available are practiced in companies today.

Further, as mentioned in the Delimitations chapter, it was because of scarce resources decided that the thesis would not investigate the purpose in the light of Leadership theory and Organizational knowledge theory. Therefore, would the researchers suggest that further research could be applicable and used to enhance the developed framework.

Other interesting research ideas are the possibilities to view the issue of an organizational level´s contribution in the strategy process from a different perspective. This research has been aimed at developing a framework that would be applicable in many different industries. An opportunity that is interesting to investigate is to perform the same comparative study, but within, for example, only companies in the construction industry.

10. RECOMMENDATIONS TO SKANSKA

This chapter presents the recommendations given to Skanska.

- ✓ **Full cooperation between the organizational levels should not be strived for**
  Because of the opportunity cost, full cooperation between the organizational levels, that is the branches of operations and regions, should not be strived for. A limitation in the level of cooperation is also important in order to increase creativity and motivation of the employees due to loss of autonomy. However, regarding coordination mechanisms, Skanska is recommended to further investigate the need to redesign its reward systems. Also Skanska is recommended to look into how a strategy function could be designed and used.

- ✓ **Achieve a higher level of focus in the strategy process**
  Focus in the strategy process will raise performance by narrowing the number of issues that are dealt with on each level in the strategy process. This implies a selection of strategic focus areas for each of the levels; corporate level, BO level and region level. Positioning the strategy areas Green construction and Productivity at the BO level will facilitate a focus in the below levels.

- ✓ **Make sure that the value potential of BO in the strategy process is realized**
  BO is suited to function as a filter to the regions, so that they only receive actions that are applicable to their circumstances. Further, BO shall make sure that the expertise of the region and district managers are utilized to create shared knowledge and an operational focus. BO shall also promote shared learning and best practice regarding customer relations, forming opportunities for coordination between the regions. Finally, BO shall facilitate communication in the strategy process.

- ✓ **Implement formal decision roles in the product groups**
  A potential has been identified to achieve a positive effect by clarifying decision roles with regards to the work that is conducted in the product groups in the BO. This will clarify decision lines and ensure that what is decided in the product groups is implemented.

- ✓ **Include strategy maps in the business plans**
  The strategy map would present the strategy in a more easy, visual and communicative way, but also provide the link between actions and goals which would increase the understanding of the strategy and motivation in the process. The maps would further increase the visibility of the role and contribution of each level.

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APPENDIX 1 - INTERVIEWEES EMPIRICAL FINDINGS COMPARATIVE STUDY

The information in chapter 4 is based on information collected in interviews with the following people

Christer Bergagård	Quality Manager for manufacturing within Renewable Business Unit, SKF. Bergagård is highly involved in the strategic work concerning manufacturing at SKF. Personal contact. The interview was held 2012-02-28.
Maria Duron	Vice President Strategy Processes, SCA. Duron works within Strategy Process and Development, the central strategy function with responsibility for supporting and developing the strategy process. Contact was established through Leif Åhman. The interview was held 2012-04-19.
Jan Greisz	Vice President Strategy, Vattenfall. Greisz is responsible for the staff function strategy and was interviewed the 2012-03-13. Contact was established through Pia Schantli, student responsible at Vattenfall, and Jan Greisz´ assistant Bernie Andersson.
Susanne Hägglund	Strategy Management Officer for SKF Strategic Industries. Hägglund has been involved in developing the strategy processes and methods for the division and is now assisting the implementation. Contact was established through Christer Bergagård. The interview was held 2012-04-10.
Patrik Myrelid	Strategi och affärsutveckling. Lantmännen. Myrelid is responsible for the staff group Strategi och affärsutveckling and was interviewed 2012-03-15. Contact was established through Daniel Aglöv, HR Consultant Lantmännen and a contact of Peter Samuelsson’s, Ingela Hedlund Haag.
Leif Åhman	Research and Material Innovation Director, SCA Global Hygiene Category. Åhman works actively with the strategic questions within the division. Contact was established through Chalmers. The interview was held 2012-02-23.

APPENDIX 2 - INTERVIEWEES EMPIRICAL FINDINGS CASE STUDY SKANSKA

The information in chapter 6 is based on information collected in interviews with the following people.

Peter Samuelsson	Development Manager, several interviews conducted between 2012-01-09 and 2012-04-10
Åsa Ekenstierna	Development Manager Building and Construction, several interviews conducted between 2012-01-18 and 2012-04-10.
Mikael Hammarfjord	District Manager Hus Göteborg - Bostad 2. Interviewed 2012-03-27
Anders Erlandsson	Region Manager Hus Göteborg. Interviewed 2012-04-03
Alexandra Lauren	District Manager Stockholm Bostäder - Södermanland. Interviewed 2012-04-19
Jörgen Larsson	Region Manager Hus Väst. Interviewed 2012-04-16
Martin Löwstedt	PhD Construction Management, Chalmers University of Management. Interviewed 2012-01-17.

APPENDIX 3 - SKANSKA'S STRATEGY

The table below presents the strategy of Skanska Sweden.

Employees	We have the best and the most dedicated staff in each role.
Safety	Industry leading in safety for injury-free worksites.
Customer	We prioritize business that give us greater profitability and win customers by acting with a big heart and great knowledge.
Green Construction	Industry leading in green construction and developing the industry toward zero environmental impact.
Productivity	Industry leading in project management and productivity.
ONE Skanska	We use and develop Skanska's combined expertise and resource base.

APPENDIX 4 - INTERVIEW TEMPLATE COMPARATIVE STUDY

Organisationsstruktur

- Hur är organisationen strukturerad?
  - Vad finns det för olika divisioner?
  - Hur är ni organiserade? (ev. fokusera på en division)
    - Diskutera kring:
      - Produkt
      - Kund
      - Geografi
      - Värdekedja
      - Teknologier
      - Omsättning
- Resultatansvar
  - Vertikalt eller horisontellt?
  - Vad är det man mäts på?

Strategiprocessen

- Vad är företagets strategi?
  - Finns det en koncernstrategi och i så fall, hur detaljstyrd är divisionerna av den?
- Hur ser strategiprocessen ut?
  - Vilka nivåer är involverade?
  - Hur går arbetet till rent praktiskt? Ex. affärsplaner, åtgärder och styrkort
- Med vilket tidsperspektiv lägger ni fram er strategi?
  - Hur sker uppföljning av strategin och hur ofta?
  - Hur säkerställer ni att strategin förverkligas?
  - Vad vill ni uppnå genom att organisera strategiprocessen på detta sätt?
  - Vad har företagets specifika kontext för påverkan på strategiarbetet?

Konkretisering

- På vilket sätt blir strategin tydligare på varje nivå i strateginedbrytningen?
  - Diskutera kring:
    - Produkt
    - Kund

        - Geografi
        - Teknologi
        - Värdekedja
- Finns det några kriterier för vad en nivå ska bidra med i strateginedbrytningen för att existera? Exempelvis, öka resultatet med 10 procent.

Roller och Ansvar

- Vilka frågor beslutas om på respektive nivå?
    - Specifika ansvarsområden?
    - Hanteras alla frågor på alla nivåer?
- Hur fattar ni strategiska beslut på respektive nivå? (Har ni tydliga roller/mandat?)
    - För strategiska beslut, vem/vilken nivå är det som:
    - Kommer med förslag (på åtgärder) (R)
    - Behöver vara med på förslaget, har vetorätt (A)
    - Konsulteras för input och fakta (I)
    - Är den slutgiltiga beslutsägaren (D)
    - Genomför beslutet och ser till att förslaget drivs igenom (P)

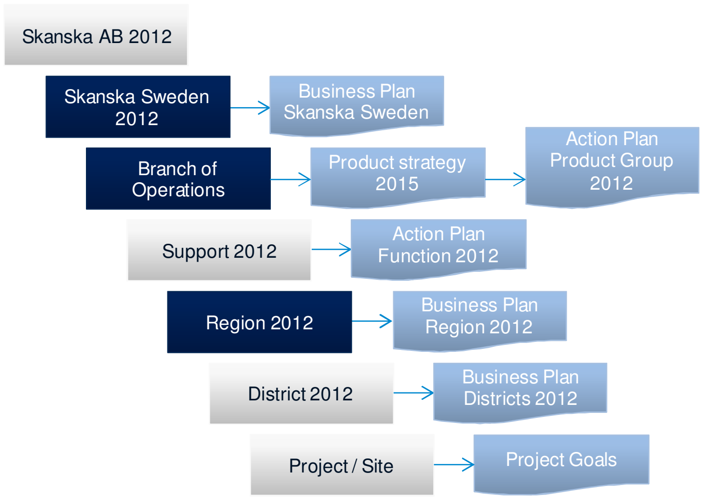
Kommunikation

- Hur sker kommunikationen i strategiprocessen?
- Hur hanteras flödet av information? (Undviker overload)

APPENDIX 5 - INTERVIEW TEMPLATE CASE STUDY

Skanskas Strategiprocess

Detta är vår bild över strategiprocessen, stämmer den överrens med hur Ni uppfattar den?



Strategiprocessen

- Berätta om Er roll inom VG, vilka grupper tillhör Ni?
- Beskriv strategiarbetet som Ni är delaktig i inom VG och regionen.
    - Input från Skanska Sverige/Output till regionerna.
    - Input från VG/Output till distrikten

Koncern-/Affärsområdesstrategi

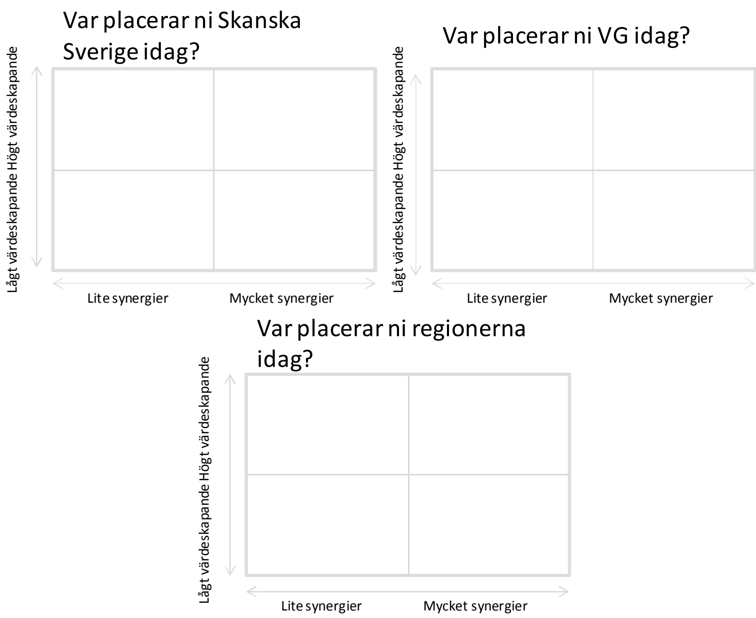
- Vilket värde skapar Skanska Sverige i strategiprocessen, jämfört med om VG eller regioner skulle varit självstyrande.
    - Anser Ni att det finns en koncernstrategi för Skanska Sverige? Vad är den?
    - Hur styrda är VG, regionerna & distrikten av den?
- Vilket värde bidrar VG med i strategiprocessen?
- Vilket värde skapar regionerna i strategiprocessen?
- Kopplat till respektive strategiområde (mål, åtgärder och aktiviteter)
    - Vilka frågor är gemensamma (Skanska Sverige), verksamhetsgrensspecifika (VG hus), regionspecifika?
        - Fyll i tabell nedan med exempel
        - På vilken nivå ligger majoriteten av frågorna för respektive strategiområde?

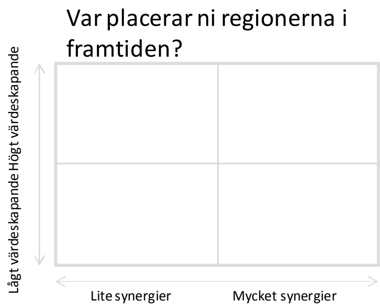
        - Ex. Medarbetare, 50 percent gemensamma frågor kopplat till mångfald och utbildning.
    - Om man ser till insatsen och effekten, på vilken nivå borde man jobba med varje fråga?
        - Lägger man idag för mycket/för lite på en övergripande nivå i en viss fråga?

	Medarbetare	Grönt Byggande	Säkerhet	Produktivitet	Kund	ONE Skanska
Skanska Sverige						
Verksamhetsgren						
Region						

Synergier

- Vad finns det för synergier att hämta på:
    - Koncernnivå
    - VG-nivå
    - Region-nivå
- Synergimatris att fylla i:





Strategiprocessen

- Hur ser Ni på tidshorisonten som den strategiska planen läggs upp på?
    - Vad borde vara fokus för koncernen, VG, regionerna, distrikten?
- Produktstrategier (kopplade till ombyggnad, byggservice, bostad och hus)
    - På vilken nivå borde produktstrategier tas fram?
    - Vilket värde kan de bidra med?
    - Hur ska regionerna relatera till dem?

Roller och Ansvar

- Vad upplever Ni är oklart kring roller och ansvar i strategiprocessen? På Er/respektive nivå. (Frågor/beslut)
- Varför tror Ni att oklarheter har uppstått (om Ni upplever att de finns)?
- Hur kan roller och ansvar tydliggöras?
- För strategiska beslut, vem/vilken nivå är det som:
    - Kommer med förslag (på åtgärder) (R)
    - Behöver vara med på förslaget, har vetorätt (A)
    - Konsulteras för input och fakta (I)
    - Är den slutgiltiga beslutsägaren (D)
    - Genomför beslutet och ser till att förslaget drivs igenom (P)

Kommunikation

- Hur sker kommunikation av strategin till medarbetarna på region/distriktsnivå?

- Vad är viktigt att nivån över Er kommunicerar till Er i strategiarbetet? (Ledning, VG, region)
- Hur kan man effektivisera kommunikationen för att få ökat genomslag och förverkligande av affärsplaner/strategin?

APPENDIX 6 – QUESTIONS TO HANDLE ON EACH ORGANIZATIONAL LEVEL AT SKANSKA

	Corporate	Branch of operations	Region
Employees	Bonus system Rules for ethics Employee satisfaction	Educational efforts Influence support functions/HR Access resources from corporate level	Attendance Development of employees Staffing
Green construction	Green turnover Set green targets “The Green map”- green management system	Target level percentage of green projects Tools Development projects with green targets	Find “green customers” Selling and developing green projects with customers
Safety	Shared rules and methods Set targets and vision	Branch specific education on risk managing Prioritization of safety initiatives	Risk survey Council for work safety Safe leadership Create right preconditions
Productivity	Develop Our Way of Working – management system Compensation construction workers Concepts	Shared production methods, standard elements, professional project management Developing concepts Right products and platforms in the concepts	Scorecards: content, targets, follow-up Planning Share experiences Productivity development in projects
Customer	Country wide customers Brand management	Shared business models Large customers	Customer meetings, customer satisfaction Partnering
ONE Skanska	Cooperation between the branch of operations Frameworks Preconditions to utilize the size of Skanska	Decide the direction of the support functions Influence (upwards) Linking support functions and line competence (operations)	Utilize the support functions, competences Operations