

Stockholm School of Economics
Master of Science in Business & Management
Master's Thesis
Fall 2020

Self-Managing Organizations: Reimagine the Way We Work

A case study of employees' perceptions of radical decentralization of authority

Abstract: A majority of today's organizations are structured according to powerful cognitive and social forces that reinforces hierarchical organizational designs. Recently however, organizations that depart from the managerial hierarchy and radically decentralize authority have become increasingly apparent. The term Self-Managing Organizations (SMOs) was introduced in scholarly literature by Lee and Edmondson (2017) and "*capture efforts that radically decentralize authority in a formal and systematic way throughout the organization*". Current literature on SMOs indicates how employees vary in their perceptions of SMOs and radical decentralization of authority. Therefore, to reach a deeper understanding of how employees perceive a context without managerial authority this thesis investigated the following research question: how do employees at a large complex organization perceive radical decentralization of managerial authority? To find explanations, this thesis employs a single case study at a multinational pharmaceutical corporation currently implementing SMO theory and practices. Recorded in-depth interviews were conducted with 27 employees about the positive and negative aspects of the change. By means of the findings in this thesis it can be concluded that although radical decentralization was perceived by employees to bring about coaching leaders, information transparency, collaboration and meaningful work, transforming an existing hierarchical organization to adopt SMO structures and practices comes with great challenges. Two necessary conditions for radical decentralization to occur were identified, (1) CEO beliefs that supports such a transformation and (2) a purpose-driven culture. Overall, this thesis provides future research and practitioners with an initial theoretical framework for understanding employees' perceptions of radical decentralization of authority.

Keywords: Self-managing organizations, organizational change, employee perceptions

Author: Erika Markör (23874)

Supervisor: Per Andersson

Acknowledgements

Throughout the writing of this thesis I have received a great deal of support and assistance.

I would first like to thank the case company which has contributed to making this thesis possible and express my gratitude to all respondents for their valuable time and for providing me with their personal perceptions about radical decentralization of authority. I would also like to thank Christopher Kummelstedt, PhD student at Stockholm School of Economics for our numerous discussions and his valuable insights into SMO theory.

Finally, I would like to thank my supervisor Per Andersson for his guidance and support during the thesis writing process.

December 6th, 2020

Erika Markör

Table of Contents

1 Introduction	1
1.1 Background	1
1.2 Problem Discussion	2
1.3 Research Question, Purpose, and Contribution	3
2 Theoretical Frame of Reference	4
2.1 Literature Review	4
2.1.1 Prior Research on Less Hierarchical Ways of Organizing	4
2.1.2 Recent Real-World Experiments of SMO	6
2.2 Self-Managing Organizations Defined	7
2.2.1 Bureaucracy Whereas Radical Decentralization of Authority	9
2.2.2 Comparing Prior Research to the SMO Definition	12
2.3 Individual-level Consideration Within Prior Research	13
2.4 Research Gap	14
2.5 Organizational Change Research	14
2.5.1 Individual-level Consideration Within Organizational Change Research.....	14
2.5.2 Employees' Perceptions of Organizational Change	15
2.6 Theoretical Framework	17
2.7 Critical Discussion of Theoretical Framework	18
3 Methodology	18
3.1 Philosophical Positioning	18
3.2 Research Approach	19
3.3 A Single-Case Study	20
3.3.1 Case Selection.....	20
3.4 Data Collection	21
3.4.1 Interview Sample.....	21
3.4.2 Interview Process.....	21
3.4.3 Interview Structure.....	22
3.5 Data Analysis	23
3.6 Quality Considerations	24
3.6.1 Credibility.....	25
3.6.2 Transferability	25
3.6.3 Dependability.....	25
3.6.4 Conformability.....	26
3.7 Limitations	26
4 Empirics	27

4.1 The Case Company and SMO Initiative.....	27
4.2 The SMO Change Method.....	29
4.3 Differences in Work Tasks Amid Business Units	30
4.4 Leadership and the Role of Managers	31
4.5 Information Flows	32
4.6 Job Descriptions	33
4.7 The Global Matrix Structure	34
4.8 Compensation and Budgets.....	35
4.9 Corporate Strategy and CEO Support.....	37
5 Discussion.....	38
5.1 Work Execution	38
5.2 Managing and Monitoring Work	39
5.3 Organization and Work Design.....	39
5.4 Work and Resource Allocation	40
5.5 Personnel and Performance Management	41
5.6 Firm Strategy	42
5.7 Conditional Factors	42
5.8 Theoretical Framework and Summary of Findings.....	44
6 Conclusion.....	46
7 Contribution and Future Research	47
7.1 Practical Implications	47
7.2 Theoretical Contribution	47
7.3 Future Research	48
8 References.....	49
9 Appendices.....	55
9.1 Appendix 1: Bureaucracy Whereas SMO	55
9.2 Appendix 2: Interview Sample	56
9.3 Appendix 3: Semi-structured Interview Guide	57

Glossary

ADVICE PROCESS: First introduced by Aaron Dignan (2019). In a radically decentralized organization decision rights are not granted to specific people in the organization, anyone can make a big decision but first they must seek advice from colleagues who have experience with or will be affected by the decision – this is called the advice process.

CLOU: “Colleague letter of understanding” – an agreement at Morning Star constructed by each employee in consultation with colleagues charting the employee’s role as well as key metrics for evaluation.

HOLACRACY: In 2007 Brian Robertson introduced a new self-management system named Holacracy where authority is decentralized to self-managing teams rather than being vested in managerial hierarchy.

LEAD LINK: In Holacracy, lead link is the role responsible for assigning other roles and allocating resources. In this respect, the lead link has some characteristics of a traditional manager.

TEAL ORGANIZATION: First introduced by Laloux (2014) and represent an organization designed to allow for “whole” individuals (not narrow professional selves) to self-organize to achieve an organic organizational purpose (determined by a bottom up approach).

Cited definitions are taken from Bernstein et al. (2016)

1 Introduction

1.1 Background

Managerial hierarchy is the most predominant organizational design today and it emerged during the late 19th- and early 20th-century featuring multiple levels of authority (Gruenfeld & Tiedens, 2010; Pfeffer, 2013). The definitions and conceptualizations of the organizational hierarchy are many. According to Blau and Scott (1962), a hierarchy establishes, maintains, and formalizes differences among members of an organization. A hierarchy can be based on any difference, but the notion is that members are ordered in terms of their value to the organization. The key element of the managerial hierarchy is the hierarchical relationship between the manager and subordinate, specifically emphasizing underlings' obedience to their managers (Burns & Stalker, 1961). Hierarchy per definition encompasses both formal authority and informal authority. The formal authority can be represented by organizational charts where authority and information run from top to bottom (Weber, 1946). In contrast, the informal authority cannot be portrayed in organizational charts, as it is represented by perceived notions and actions of employees and achieved despite an official job title (Anderson et al., 2012; Detert & Edmondson, 2011).

Ever since its emergence, the managerial hierarchy has proven resistant to change. The institutional belief of modern organizational life believes in the hierarchical relationship of managers and subordinates as the fundamental mechanism for ensuring optimal performance (Lee & Edmondson, 2017). Although predominant, the appropriateness and effectiveness of the managerial hierarchy in organizations have been questioned by researchers. The limitations of the managerial hierarchy can be summarized as only effective in stable conditions, with known and routine tasks without the need of rapid change (Adler, 2001; Burns & Stalker, 1961; Hamel, 2007; Heckscher & Donnellon, 1994; Mintzberg, 1979). The shortcomings of the managerial hierarchy further include its prohibition of human growth and development, because of its reinforcement of status differences (Kegan, 1998).

Over the last half-century, research on less hierarchical forms of organizing have become increasingly apparent (Lee & Edmondson, 2017). Lee and Edmondson (2017) refer this increase to three recent trends in business and society. First, the faster information flows, rapid technology developments and quickly changing customer needs, which threaten the rigidity of managerial hierarchies. Second, the increase in knowledge-based work where managers rarely have the full expertise to solve all organizational problems. Third, with the entrance of millennials in the workforce, there is a trend towards organizations becoming a place for personal fulfilment and meaning. These trends have in turn given rise to new approaches to organizing, for example self-managed teams, participatory management, empowerment, Holacracy and the emergence of "organic" organizations (Bartölke et al., 1982; Burns & Stalker, 1961; Hinings et al., 1974; Robertson, 2015).

A broad range of researchers have studied less-hierarchical ways of organizing. In an attempt to specify and improve theory, Lee and Edmondson (2017) reviewed relevant literature and introduced the term Self-Managing Organizations (SMOs). SMOs “*capture efforts that radically decentralize authority in a formal and systematic way throughout the organization*”. (Lee & Edmondson, 2017). SMOs deviate from hierarchical ways of working and erase the idea of a manager and an underling. Self-managing *teams* have been discussed since the 1950s (Trist & Bamforth, 1951). However, recently organizations have started to apply self-managing theory and practices to entire organizations (Bernstein et al., 2016).

1.2 Problem Discussion

SMO represents an extreme case of the evolution towards less hierarchical organizational designs. Due to its recent introduction in scholarly literature few studies have been conducted on the individual subjective experience of SMOs. This line of inquiry refers to how the changing nature of SMO affects how individuals experience their work (Lee & Edmondson, 2017). Current literature on SMOs indicates how employees vary in their perceptions of radical decentralization of authority (Bernstein et al., 2016; Hamel, 2011).

At Zappos, one of the companies so far to implement Holacracy, a method of decentralized authority and organizational governance, the effectiveness of the method was questioned among employees. Zappos offered severance packages to all employees for whom SMO was not a good fit, and 18% took the package whereof 6% explicitly blamed Holacracy. In exit interviews, employees referred to the ambiguity and lack of clarity around progression, compensation, and responsibility. Although several employees supported the holacratic system because of increased empowerment and personal influence, a number of employees had not had the same experience (Bernstein et al., 2016). Another example of decentralized authority is Morning Star, the world’s largest tomato processor. While employees at Morning Star eloquently and passionately spoke about the advantages of decentralization of authority, for example increased initiative-taking, flexibility and collegiality, employees also recognized how everyone is not suited to Morning Star’s model. Employees that have spent years working in a hierarchical organization have difficulty adjusting. The president of Morning Star, Chris Rufer, estimates that on average it takes a new employee about a year to become fully functional in the decentralized environment (Hamel, 2011).

To date, existing literature of SMO is mainly centered around the aggregate, organizational level (Lee & Edmondson, 2017), and have not considered the micro, individual level. This neglect appears problematic as above real-world examples suggest that employees’ perceptions of radical decentralization noticeably vary. Moreover, organizational change literature suggests that employees' perceptions during change significantly impacts whether employees will accept or resist change (Oreg, 2006). Hence, the individual perspective has a major influence on the success of SMO implementation, and needs to be further explored (Lee & Edmondson, 2017).

1.3 Research Question, Purpose, and Contribution

The general lack of SMOs as defined by Lee and Edmondson (2017) has complicated research on the topic of radical decentralization of authority. On the other hand, its rarity in existing literature as well as its growing appearance among organizations, makes it an interesting topic and a valuable research gap to address (Lee & Edmondson, 2017). Previous accounts have suggested that individuals vary in their perceptions of radically decentralized organizational systems (Bernstein et al., 2016; Hamel, 2011). However, the individual subjective perspective of SMO has up until now been insufficiently explored within scholarly literature.

The present thesis aims to contribute to SMO theory by investigating how employees at a large complex organization perceive a change towards radical decentralization of managerial authority. By conducting a case study, this thesis will explore on a micro-level the individual subjective experience of radical decentralization. An understanding of how individuals perceive a context without managerial authority may yield important insights about how employees experience different workplace contexts, and the challenges they face when coping with this new way of working (Lee & Edmondson, 2017). To investigate this, the following research question has been stated:

How do employees at a large complex organization perceive radical decentralization of managerial authority?

SMO and radical decentralization of managerial authority is still a nascent phenomenon. To answer the research question above a theoretical framework based on both existing SMO research as well as research within the broader range of organizational change has been developed. Specifically, Jones et al.'s (2008) three categories of employee perception during organizational change and Lee and Edmondson's (2017) six domains of managerial authority, will be used as framework for data analysis. Jones et al. (2008) provide a valuable framework to understand the resultant employee responses to radical decentralization. Together with Lee and Edmondson's (2017) framework, employees' perceptions of radical decentralization will be explored across six domains of managerial decision authority.

The expected contributions of this thesis are threefold. First, this thesis will contribute to practitioners looking to radically decentralize hierarchical organizations to work more in accordance with SMO theory and practice. As the perception of employees has a major impact on the success of change implementation an understanding of this micro-level perspective can help change agents cope with and abbreviate resistance of radical decentralization (Oreg, 2006). Secondly, by utilizing frameworks from both organizational change research and SMO research the author attempts to link two today separate streams of research, thereby contributing to both. Third, by investigating the currently neglected individual and subjective experience of radical decentralization, this thesis contributes to SMO literature by extending the level of analysis to incorporate micro level considerations.

2 Theoretical Frame of Reference

This chapter is structured to provide the reader with a thorough understanding of SMO and radical decentralization of authority. First a literature review depicting previous research on less hierarchical organizing and three real world examples of SMO are provided (2.1). Thereafter, SMO is defined (2.2) and compared to bureaucratic practices (2.2.1) and prior research (2.2.2). The investigation is then brought down on a micro level exploring individual-level considerations within previous research (2.3). Finally, the identified research gap is addressed.

2.1 Literature Review

2.1.1 Prior Research on Less Hierarchical Ways of Organizing

As early as in the 1960s researchers recognized the existence of flatter organizational structures (Burns & Stalker, 1961). In their book *The Management of Innovation*, Burns and Stalker (1961) distinguish between the “mechanic” management system appropriate to stable conditions, and the “organic” form appropriate to changing conditions. The organic form has a network structure and authority is taken by whoever shows herself most informed and capable, thus promoting fluid roles. The organic and decentralized form of organizing emerged as an answer to rapidly changing environments for which the mechanic system was found less appropriate. In light of decentralized organizing, Torbert (1974) outlined a framework of organizational development based on stage-theory. The framework evolves in stages from “predefined productivities”, to that of “openly chosen structures”. Predefined productivities are organizations characterized by stabilized roles, structural closedness and rigid bureaucracies. In contrast, openly chosen structures have the ability to play with the boundaries, the underlying control is collaborative, and the primary emphasis is on horizontal rather than vertical role differentiation. The openly chosen structure becomes what Torbert (1974) defines as a learning organization, better equipped to take on and learn from new opportunities and changes.

Further elaborating on the idea of horizontal rather than vertical authority, Kellogg et al. (2006) introduced a coordination structure of cross-functional teams to reflect a new postmodern world, where economies are based on flows of information rather than on materials. Additionally, Volberda (1996) explored in detail what organizational forms lead to success in hypercompetitive markets and argue that bureaucratic vertical forms of organizing severely hamper the ability to respond to quickly changing markets. Volberda (1996) proposed instead a flexible form of organizing dominated by nonroutine technology, organic structure and innovative organizational culture. Organizational culture is defined here as the set of implicit beliefs and assumptions commonly held by, and shared by, employees throughout the organization (Bate, 1984; Hofstede, 1980). Volberda (1996) contradicts the innovative culture to that of a conservative culture. An innovative culture has a heterogenous identity with a broad scope, leaders typically apply a delegative leadership style and a high tolerance of ambiguity. In contrast, a conservative culture consists of a strong and homogeneous identity with a narrow

scope, there is a low tolerance of ambiguity and leaders typically apply a directive leadership style (Volberda, 1996).

The literature mentioned above is theorizing organizational models of decentralized authority intended to spur organizational flexibility, responsiveness and learning (Burns & Stalker, 1961; Kellogg et al., 2006; Torbert, 1974; Volberda, 1996). In line with this, Turco (2016) studied a social media marketing company encouraging all of its employees to speak up. This “conversational firm” was rethinking bureaucracy by decentralizing voice rights, thereby increasing workforce engagement. On a more radical note, Foss (2003) studied the company Oticon, a Danish hearing aid technology company also known as the “spaghetti organization”. Any individual who had a new idea was free to assemble a team, attract sufficient resources and then act as project leader. In such, the spaghetti organization represents a radical attempt to decentralize authority down to an individual level. However, a decade after its introduction Oticon had given way to a more hierarchical matrix organization. The underlying reason for its retreat lies in how delegated authority was frequently meddled by managers (Foss, 2003). These findings resonate with prior research showing how a stable and successful environment facilitates maintaining decentralization, however when conflicts and crises arise, managers and organizations tend to fall back in centralization and concentration of authority (Edmondson & Smith, 2006).

In contrast to the literature discussed above, a disparate stream of research within less hierarchical forms of organizing focus on humanistic management. Under this category lies articles with an intent of fostering employee participation through employee empowerment and self-managing teams (Lee & Edmondson, 2017). Conger and Kanungo (1988), studied employee empowerment as both a relational concept (the process by which a leader or manager shares his/her power with subordinates) and motivational concept (rather than only delegating, also enabling motivation of task accomplishments and develop a strong sense of personal efficacy). In their article, Conger and Kanungo (1988) advocate for empowerment programs as formal systems of sharing authority which, in combined fashion with other informal practices, increase employees’ sense of self-efficacy and in turn sense of empowerment. On the topic of empowerment and fostering employee participation, Trist and Bamforth (1951) introduced the idea of self-managed teams already in the 1950s. Self-managed teams can be described as groups of interdependent individuals, with task relevant expertise, who self-regulate the tasks they perform (Hackman, 1986). Hence, self-managed teams should not be mistaken for that of employee self-management (Manz, 1986). An application of employee self-management only allows for self-influence regarding *how* to complete a task, but not in terms of *what* should be done and *why* as in the case of self-managed teams (Manz, 1992).

Evident from the scholarly literature of less hierarchical ways of working is the focus on employee empowerment and flexible organizations ready to take on changing conditions. In addition to this, some researchers introduced the term “industrial democracy” (Lee & Edmondson, 2017). Derber (1970) was among some researchers, during a time of rapid industrialization, calling for an improvement of work conditions and an improvement of labor-

management relations. Within the same line of inquiry, Collins (1995) studied a manufacturing facility changing from authoritarian rule to democracy by implementing a Scanlon-type gainsharing system that allowed for employee involvement in decision making processes.

The studies elaborated on above can according to Lee and Edmondson (2017) be categorized in terms of *Post-bureaucratic organizations*, *Humanistic Management* and *Organizational Democracy*. Table 1 below provides a summary and an overview of the different streams of research within the topic of less hierarchical ways of organizing.

	Post-bureaucratic organizations	Humanistic management	Organizational democracy
Underlying reason for decentralization	Decentralization is made to provide high organizational flexibility and spur innovation.	Intend to encourage employee satisfaction, performance and motivation. Also covers self-managing teams.	Improve employee circumstances and the relationship between employees and management.
Sources	Burns and Stalker (1960), Foss (2003), Kellogg et al. (2006) Torbert (1974), Turco (2016), Volberda (1996)	Conger and Kanungo (1988), Hackman (1986), Manz (1986 & 1992), Trist and Bamforth (1951)	Collins (1995), Derber (1970)

Table 1 - Overview of Prior Research Within Less Hierarchical Organizing (Lee & Edmondson, 2017)

2.1.2 Recent Real-World Experiments of SMO

Recently, organizational experiments with less hierarchical forms of organizing have become increasingly apparent (Lee & Edmondson, 2017). Three real world cases have gained scholarly attention for their decentralized organizational structures, moving beyond self-management on a *team* level to applying SMO to the entire organization.

First, Zappos an online retailer adopting a system called Holacracy (Bernstein et al., 2016). Zappos's holacratic organizational structure is not characterized by departments and business units as in more traditional organizational structures. Instead, holacratic ways of organizing are

characterized by fluid teams, and teams are created depending on the task at hand. Bernstein et al. (2016) define such organizing as “*plug-and-play*”, creating ad hoc teams throughout the organization. Employees at Zappos are not directed by managers, they have the power to decide what roles to fill and are given high levels of autonomy (Bernstein et al., 2016).

Secondly, Morning Star a tomato processing company which have decentralized authority by introducing Colleague Letters of Understanding (CLOU) (Gino & Staats, 2014; Laloux, 2014). CLOU originated from the idea to let each employee have the authority to decide which key activities to accomplish and what key indicators to measure and be evaluated on. When the key activities are determined, key indicators are set, and the time of commitment is defined, colleagues sign off on the CLOU, and thus an agreement has been reached (Hamel, 2011).

Lastly, Valve an American video game developer (Puranam & Håkansson, 2015). Valve developed a self-managing system where each employee can decide what games should be developed and what games to work on. The Valve organization's flat structure removes organizational barriers and no red tape is stopping employees from making their own decisions regarding how to best serve their customers (Lee & Edmondson, 2017).

Studying the three cases mentioned above, Bernstein et al. (2016) found that SMOs typically share three characteristics: (1) *teams* are the structure, (2) teams design and govern themselves, and (3) leadership is contextual, meaning that leadership is distributed among roles, not individuals and leadership responsibilities continually shift depending on the work at hand.

2.2 Self-Managing Organizations Defined

Research on new cases like Zappos, Morning Star, and Valve as well as existing literature on less hierarchical ways of organizing have up until recently not been thoughtfully distinguished from each other (Lee & Edmondson, 2017). In their paper, Lee and Edmondson (2017) review the literature on less-hierarchical organizing together with the real-world experiments above mentioned. Based on these accounts Lee and Edmondson (2017) draw a distinction between radical and incremental approaches to less hierarchical ways of organizing and introduced the term Self-Managing Organizations (SMOs). SMOs are defined by Lee and Edmondson (2017) as “*efforts that radically decentralize authority in a formal and systematic way throughout the organization*”. Hence, the definition of SMO embodies three components (1) radical decentralization of authority, (2) a formal system, (3) being organization wide.

The first component, and the core element of SMOs is their way to radically depart from a predominant managerial hierarchy and simultaneously eliminate the manager-subordinate authority relationship. In today's managerial hierarchy managers typically hold decision authority over six domains: (1) work execution, (2) managing and monitoring work, (3) organization and work design, (4) work and resource allocation, (5) personnel and performance management, and (6) firm strategy (Hackman, 1986; Puranam et al., 2014). By contrast, in SMOs, these decision authorities are fully or partly decentralized, making decision rights

granted for all employees including non-managers. Decision authority in SMOs is either offered through democratic models, constrained by clear boundaries or temporarily held (Lee & Edmondson, 2017). In section (2.2.1) below the difference of hierarchical/bureaucratic decision authority and radically decentralized decision authority is further explored.

The second component of the SMO definition emphasizes the need of a formal and explicit set of rules and principles of decentralization (Lee & Edmondson, 2017). The handbook at Valve is such an example (Bernstein et al., 2014). Hence, decentralization cannot only be established through informal arrangements, nor through low power distance cultures (see Gruenfeld & Tiedens, 2010; Hofstede, 1980). The formal requirement is a necessity as powerful cognitive forces of institutionalized hierarchy tend to increase the risk of reverting to hierarchical modes of organizing (Lee & Edmondson, 2017). Lastly, the third component of the SMO definition stresses how decentralization must be organization wide. The formal rules must apply to all employees within an organization, at the junior-, mid-, and senior level. Organization wide decentralization does not mean that authority is equalized, individuals may still have roles counting for more responsibility than others, however these roles appear fluid and are not fixed to individuals. Moreover, an important factor to consider in SMOs is the power of informal authority. A conversion to SMO does not eliminate informal influence, hence inequities still exist within SMOs (Lee & Edmondson, 2017; Maier, 2013).

SMO seems to offer a new and different way to structure an organization compared to more traditional alternatives such as the Weberian bureaucracy and Mintzberg's adhocracy (Martela, 2019). However, just as researchers have recognized the limitations of managerial hierarchy, the boundary conditions of SMOs have been discussed as well. Martela (2019) identified three factors that likely influence the success of SMO implementation. First, the relative interdependence between units is argued to affect the success of SMOs. In an organization with independently working teams with very little need for mutual coordination, decentralization of authority is claimed to be relatively easy. However, as interdependencies increase between units and work tasks, the implementation of SMO practices seems difficult. Secondly, in organizations where the output takes the shape of highly standardized products, bureaucratic models of task separation and process optimization serve a purpose. However, in terms of products tailored to customer needs, radical decentralization of authority is more appropriate to allow for each team to make the decisions necessary to best serve their customers (Martela, 2019). Lastly, as decentralization of authority involves less monitoring of employees by superiors, organizations need to rely on the expertise and self-motivation of the employees to serve the organization's purpose. Therefore, Martela (2019) argues that SMOs are more suitable in organizations where expertise, motivation, and work ethic are high.

2.2.1 Bureaucracy Whereas Radical Decentralization of Authority

The following section will explore the difference between bureaucratic practices and radical decentralization across the six domains of decision authority: (1) work execution, (2) managing and monitoring work, (3) organization and work design, (4) work and resource allocation, (5) personnel and performance management, and (6) firm strategy. A summary of this discussion can be found in appendix 1. Based on the six dimensions of decision authority Lee and Edmondson (2017) have analyzed the three real-world cases of Zappos, Morning Star and Valve. Figure 1 below summarizes this analysis showing how they are more or less decentralized in each of the decision authorities defined.

	More likely to be decentralized			Less likely to be decentralized		
	Work execution	Managing/monitoring work	Org/work design	Work/resource allocation	Personnel/performance management	Firm strategy
Valve	(F)	(F)	(F)	(F)	(P)	(P)
Morning Star	(F)	(F)	(P)	(P)	(P)	(N)
Zappos	(F)	(P)	(F)	(P)	(N)	(N)
Managerial Hierarchy	(P)	(N)	(N)	(N)	(N)	(N)

(N) Not decentralized	(P) Partly decentralized	(F) Fully decentralized
------------------------------	---------------------------------	--------------------------------

Figure 1 - Decentralization Across the Six Domains of Decision Authority
(Lee & Edmondson, 2017)

Decisions of work execution regulate *how* tasks are to be completed (Lee & Edmondson, 2017). In a classical bureaucracy, managers are considered the experts and provide their subordinates with instructions of how tasks shall be accomplished in order to achieve organizational goals (Martela, 2019). Managers typically utilize a directive leadership style (Volberda, 1996), and are perceived by subordinates as micromanagers who laser in on details. Every decision needs to pass through the manager's recommendation, in turn prohibiting employees to think and decide on their own (Mishra et al., 2019). On the contrary, in SMOs decentralization of decision-making power gives individuals and teams the ability to decide, on their own, how tasks are to be executed. In SMOs there are no managers, only coaching leaders (coaches)

without hierarchical power. The role of a coach is to not direct work but rather assist employees in achieving their goals as well as make sure individual goals are in line with company values and purpose (Laloux, 2014). Lee and Edmondson (2017) view full decentralization of work execution a prerequisite for SMOs. Accordingly, at Zappos, Morning Star and Valve authority of work execution is fully decentralized (Bernstein et al., 2016; Hamel, 2011; Puranam & Håkonsson, 2015).

Managing and monitoring work involves determining when work shall be completed, whether work has been assessed in a sufficient manner and the provision of information (Lee & Edmondson, 2017). In a bureaucracy, managers are responsible for monitoring the actions and/or outputs of their subordinates. Information is perceived as power and only released on a need-to-know basis. Bureaucracies tend to lean towards a “predict and control” approach and sticking to the plan is the rule; deviations from the plan must be explained and gaps closed (Martela, 2019). By contrast, SMOs work in fast iterations without a predefined plan and rather than trying to predict the future SMOs focus on “sensing and responding” to its environment (Laloux, 2014). Employees are primarily accountable for and monitored by each other. Key information is made transparent to ensure each employee's capability to make decisions that benefit the organization as a whole (Martela, 2019; Laloux, 2014). At Zappos, authority of managing and monitoring work is only partly decentralized as a lead link has the overall responsibility for monitoring work completion and developing metrics. At Valve and Morning Star, responsibility for monitoring and managing work is fully decentralized and made by individuals to their peers through transparent targets and progress (Lee & Edmondson, 2017). Eliminating managers as a formal role in SMOs does not mean managerial work is devoid, the work of monitoring progress towards organizational goals remains vital to the effectiveness of SMOs, but the monitoring is made by peers not managers (Lee & Edmondson, 2017).

Decisions of organization and work design determine how the organizational structure should look like to achieve organizational goals (Lee & Edmondson, 2017). A bureaucracy is generally organized in a hierarchical pyramid or matrix structure, whereas SMOs embrace a flat organizational structure of self-managing teams (Martela, 2019; Laloux, 2014). At Morning Star, the negotiated CLOUs determine the organizational design, but some broader design issues are decided by the CEO, making organization and work design only partly decentralized. Zappos and Valve on the other hand, have a fully decentralized work design. At Zappos a formal governance process enables any employee to make decisions with regard to organization and work design. At Valve, teams are the structure and emerge organically, creating temporary role structures (Lee & Edmondson, 2017).

Work and resource allocation pertain to decisions regarding who does what, and decisions regarding budget allocation to various teams and individuals. In a bureaucracy, work allocations are assigned by managers to their subordinates in a top-down manner, and a prevailing silo mentality is common. Authorization of resource allocation is linked to levels in the hierarchy and investments budgets are typically steered by senior executives (Martela, 2019; Laloux, 2014). In SMOs work allocations are fluid, emerging from the interaction between employees. Employees have considerable authority to choose projects and/or roles to

fulfill. In terms of resources, any employee can spend any amount provided the advice process is respected. At Valve work and resource allocation is fully decentralized and employees have full autonomy to choose what projects to work on. In contrast, at Zappos work and resource allocation is made by the lead link but individuals have the authority to vacate an allocated role at all times, making authority only partly decentralized. Similarly, at Morning Star work allocation is partly decentralized as employees enter CLOUs by their own preference but do so within certain boundaries of role expectation (Lee & Edmondson, 2017).

Personnel and performance management involves decisions of how employees shall be compensated, and the hiring and firing of employees (Lee & Edmondson, 2017). Bureaucracies tend to focus on individual performance and appraisals are established by the hierarchical superior. In contrast, SMOs focus more on performance on the team level and bonuses are often determined through a peer-based process (Martela, 2019; Laloux, 2014). Looking at Valve, their peer-driven evaluation of performance has partly decentralized personnel and performance management decisions. On the contrary, Zappos have not decentralized decision authority in this dimension and leave a majority of personnel and performance decisions to a HR specialist group as well as senior members (Lee & Edmondson, 2017).

Firm strategy, that is decisions of the overall direction and goals of the company is the domain least likely to be fully decentralized in SMOs (Lee & Edmondson, 2017). In a bureaucracy the strategic course of the company is chartered by top management. In SMOs the organizational strategy emerges organically from the collective intelligence of self-managing employees and teams (Martela, 2019; Laloux, 2014). At both Zappos and Morning Star annual goals and market growth plans are set by the CEO, hence firm strategy decisions are not decentralized and rely on the hierarchy. Valve has a partly decentralized voting system where employees decide the company game portfolio, but market entry decisions are made by executives (Lee & Edmondson, 2017).

Although Zappos, Morning Star and Valve are all characterized by Lee and Edmondson (2017) as SMOs, figure 1 above demonstrates how they substantially differ in their patterns of radically decentralized authority. The dissimilarities of SMOs put them on different ends of a spectrum, some are more decentralized in a particular dimension and others less so. Lee and Edmondson (2017) make an important contribution to research on less hierarchical ways of organizing as they define a spectrum of radical whereas incremental decentralization and a distinction between: not decentralized, partly decentralized and fully decentralized.

2.2.2 Comparing Prior Research to the SMO Definition

In a comparative research study, it was concluded that SMO represents a new paradigm of organizing (Martela, 2019). To further conceptualize the definition of SMO, a distinction from that of prior research is appropriate (Lee & Edmondson, 2017). Prior research on less hierarchical ways of working encompasses both radical and incremental decentralization of authority. The “Organic” form presented by Burns and Stalker (1961) is described as an attempt to decentralized authority, although not a radical attempt. Within organic organizations, hierarchical control still persists, and managers tend to overrule subordinates, although less frequently than in “mechanic” organizations. On the contrary, the “spaghetti” organization studied by Foss (2003) as well as the “openly chosen structure” explained by Torbert (1974) are both examples of radically decentralized authority.

In line with Torbert’s (1974) framework of organizational development based on stage-development and integral theory, Laloux (2014) introduced the idea of Teal Organizations. Under the aegis of *Reinventing Organizations*, Laloux (2014) describes how as humans evolved through history so did the society (going from family bands, to tribes, to states), and the economy (going from horticulture, to agriculture, to industrialization). With every new stage in human development and consciousness also came a breakthrough in our ability to collaborate, bringing about new organizational models. Teal is the latest paradigm shift in organizational development and displays organizations that decentralize decision-making and build a system of distributed power. Teal organizations fully decentralize decisions-making in all areas, empowering each employee to sense what might be called for or what change is needed. Hence, Teal is a radical attempt to decentralize decision making and share the characteristics of SMOs as defined by Lee and Edmondson (2017).

Self-managed teams (see Hackman, 1986; Trist & Bamforth, 1951), although defined as a radical attempt to decentralized authority, decision authority is limited to a *team* level. Hence, self-managed teams are not an organization wide attempt to decentralize authority (Lee & Edmondson, 2017). Moreover, empowerment programs (see Conger & Kanungo, 1988) are neither radical, organizational wide, nor a formal system of decentralization. Gainsharing systems (see Collins, 1995) allow committees to decide on production related improvements but managers continue to call the shots, hence implementation of such a system is not a radical attempt to decentralize authority.

The examples elaborated on above, are all attempts to attenuate hierarchy and simultaneously decentralize authority, however as explained all of them do not satisfy the three requirements of SMO as stated by Lee and Edmondson (2017).

2.3 Individual-level Consideration Within Prior Research

Some researchers argue that prior studies tend to exaggerate the benefits of less-hierarchical ways of organizing (Lee & Edmondson, 2017). However, research on flattening hierarchies and specifically that of self-managed teams highlight both positive and negative experiences among employees. Given that SMOs represent a novel and radical case of the evolution towards less-hierarchical organizing, few studies have been conducted on the individual subjective experience of SMOs. However, within the research category of humanistic management (see Table 1), the individual consideration has been further explored.

Bartölke et al. (1982) found that within organizations fostering employee participation and empowerment, employees experienced a higher sense of control and mutual respect. In another study, Cordery et al. (1991) investigated the attitudinal and behavioral effects of autonomous groups. They found that the implementation of autonomous work groups resulted in employees reporting more favorable work attitudes than those under traditional work structures (Cordery et al., 1991). While Cordery et al. (1991) studied autonomous groups, Cohen and Ledford (1994) studied the effects of self-managed teams. Cohen and Ledford (1994) used a one-tailed t-test to assess the effectiveness of self-managing teams at a telecommunications company. Their statistical significance proved the higher quality of work-life outcomes in self-managing teams as compared to traditionally managed groups. Self-managing teams reported higher levels of job-, growth- and social satisfaction (Cohen & Ledford, 1994).

While some research in accordance with the above argue that self-managed teams increase employee engagement and performance (e.g. Wall et al., 1986), others suggest the opposite. Barker (1993) studied employees' response to a managerial change from hierarchical managerial control to that of concertive control in self-managed teams. Concertive control is defined as a normative, value-laden type of control enforced by peers. In this study, Barker (1993) found that concertive control increased pressure by peers, which led to high stress levels and burnout over time. Some of this peer pressure can be explained by employees' concerns about interpersonal risks at the workplace, arising in the fear of not achieving one's goals. Organizational research has identified psychological safety as an important factor in mitigating interpersonal risks and promoting team learning and behaviors such as speaking up (Edmondson & Lei, 2014). A psychologically safe environment is characterized by acceptance, interpersonal trust and mutual respect (Edmondson, 2004).

2.4 Research Gap

The literature introduced above outlines that scholarly research has investigated a broad range of less hierarchical ways of organizing. However, the majority of those articles studied models such as self-managed teams which are not radical attempts to decentralize authority. Because of its recent introduction in scholarly literature, little research has studied SMOs as defined by Lee and Edmondson (2017). Although, a growing interest within literature of SMOs can be found (e.g. Bernstein et al., 2016; Dignan, 2019; Hamel, 2011; Laloux 2014). Among the existing scholarly literature of SMOs, a majority are centered around aggregate and organizational-level investigation, ignoring the micro, subjective level of human agency. Moreover, of those organizations that have adopted SMO, few are large and complex organizations (Lee & Edmondson, 2017).

Therefore, a gap appears within scholarly SMO literature, both in terms of investigating large complex organizational attempts to radically decentralize authority as well as at the level of analysis, investigating how individuals disposed to this change perceive it. This thesis aims to fill this gap by focusing on the individual subjective perception of radical decentralization of authority at a large and complex organization and identify how employees perceive radical decentralization across the six domains of decision authority.

2.5 Organizational Change Research

Building upon the identified research gap, this section elaborates on the importance of individual perceptions for the success of organizational change and why an organizational change framework was appropriate for answering the research question (2.5.1). Thereafter, the chosen organizational change framework by Jones et al. (2008) is portrayed (2.5.2).

2.5.1 Individual-level Consideration Within Organizational Change Research

Evident from previous discussions is the lack of individual subjective consideration within SMO research. However, within a broader range of organizational change, the individual perspective has been examined by researchers. Even though change is implemented to bring positive outcomes, employees often resist change efforts (Jones et al., 2008). Employee resistance and negative reactions have been largely explained by the increased pressure, stress and uncertainty organizational change entails (Armenakis & Bedeian, 1999; McHugh, 1997). Employee resistance and lack of support to change have in turn caused a numerous of organizational change initiatives to fail (Piderit, 2000). While the failure to successfully implement change can be attributed by many factors, it has been argued that few issues are as critical as employees' attitudes to change (Miller et al., 1994).

A majority of organizational change literature has focused on employees' readiness for change. Armenakis et al.'s (1993) definition of change readiness is found to be the most accepted and widespread in organizational change literature. Armenakis et al. (1993, p. 682) identify change readiness as "*beliefs, attitudes, and intentions regarding the extent to which changes are needed and the organization's capacity to successfully undertake those changes*". In order to avoid resistance of organizational change, the creation of change readiness is necessary (Armenakis et al., 1993). Creating readiness for change refers to the initiation phase of a project, or as defined by Lewin's (1951) classical model of change the unfreezing step of organizational change. Hence, creating readiness for change entails establishing a psychologically safe environment prior to the implementation of the change initiative (Lewin, 1951). Readiness for change can be created in multiple ways and a number of factors have been identified to affect change readiness, and in turn the beliefs, attitudes, thoughts and emotions of employees. The most recognized factors identified to affect change readiness are communication (Vakola, 2013), participation in decision-making (Rafferty, et al., 2013), support by executives (Holt et al., 2007), leadership style (Herold et al., 2008) and organizational culture (Drzensky et al., 2012).

Alternative lines of inquiry within micro-level organizational change literature has investigated employees' difficulty in letting go of the status quo and making sense of the change occurring (e.g. Amiot et al., 2006; Gioia & Thomas, 1996). Amiot et al. (2006) found that employees have trouble disengaging from old and highly valued methods, structures and rules. When individuals face an ambiguous event such as change, they experience a gap between the unknown and known and thus enter a sensemaking mode to understand how they should respond. How employees make sense of a change plays an important role in how they will later react to the change process (Weick, 1995).

The organizational change literature above clearly states the importance of investigating individual-level beliefs and perceptions of organizational change. As this study aims to explore employees' perceptions of radically decentralized authority, the aforementioned studies seem adequate to serve as a theoretical explanation for this investigation. SMO is interpreted as an organization wide change (Lee & Edmondson, 2017), which allows for the use of frameworks from organizational change literature to discuss the findings.

2.5.2 Employees' Perceptions of Organizational Change

Research suggests how employees' perceptions of organizational change significantly impact whether they will accept or resist the change (Oreg, 2006). Oreg (2006) developed a resistance to change model building on the definition of resistance as a multidimensional attitude comprising three components. First, an affective component reflecting how an employee feels about the change (e.g. angry, upset). Second, a cognitive component reflecting how an employee thinks about the change (e.g. is it necessary? Will the outcome be positive or negative?). Third, a behavioral component reflecting the actions and intentions to act in

response to the change (e.g. trying to be involved or complaining). Oreg (2006) found that anticipated change outcomes such as prestige and intrinsic rewards, were associated with the cognitive and affective components of resistance. All three components were then also significantly linked to the actual organizational outcomes. Hence, Oreg's (2006) findings show the value employee perceptual models have for anticipating organizational change outcome.

While Oreg (2006) took a quantitative approach, Jones et al. (2008) conducted a case study where employees were in the middle of experiencing a large-scale organizational change. The aim of the study was to investigate employees' perceptions of organizational change. Jones et al. (2008) completed 61 in-depth interviews and argued that such a qualitative approach with open-ended interview questions provide deeper insights and does not limit the respondents' discussions. The study was conducted at a large metropolitan hospital in the midst of moving into a new hospital building. In their study, Jones et al. (2008) recognized three general themes of employee perceptions:

- *Emotional and attitudinal issues*
- *Process issues*
- *Outcome issues*

The *emotional and attitudinal issues* refer to employees' attitudes and feelings towards the change. This category covers employees' negative and positive attitudes about the change as well as the relationship between staff, uncertainty, conflicts, power/politics and values. In terms of uncertainty, both structural, strategic and job-related uncertainty were found (Bordia et al., 2004). Due to downsizing of staff, job-related uncertainty such as job-security was the most frequently mentioned in Jones et al.'s (2008) study. Additionally, in line with Virtanen's (2000) findings, participants in the study of Jones et al. (2008) were concerned with the threat of change to organizational values. In response to this, Jones et al. (2008) further highlights, with reference to Martin et al. (2005), how values can act as a coping resource that might aid positive responses to organizational change.

The *process issues* refer to employees' perceptions of the implementation process of change. This category identifies employees' perceptions regarding challenges to implementing the change and covers themes of planning challenges, participation/involvement, communication and leadership. Lastly, *outcome issues* refer to the perceptions of change outcomes, including structure, services, and staff. This category also covers perceived *desired outcomes* of change. Because of the qualitative approach of this thesis and the broader focus on employee perceptions, not merely employee resistance, Jones et al.'s (2008) framework was preferred to Oreg's (2006) resistance to change model.

2.6 Theoretical Framework

Due to the current research gap within SMO literature, in order to investigate how employees perceive radical decentralization, the development of a theoretical framework was necessary. The theoretical framework in this thesis is represented by a 3x6 matrix combining Lee and Edmondson's (2017) six domains of managerial decision authority and Jones et al.'s (2008) three categories of employee perceptions. Jones et al. (2008) studied a large-scale change at a metropolitan tertiary hospital which would result in downsizing of staff, a reduction in beds and patient numbers and the implementation of multi-disciplinary teams. The radical decentralization of authority under investigation in this study does not entail downsizing. The goal of SMO is rather to empower each individual and allow for participative decision-making. Hence, although SMO is also an organization wide change, it is quite different in nature compared to the one studied by Jones et al. (2008). Therefore, Jones et al.'s (2008) framework only serves as an indication of issues that might be found in this thesis. Due to the explorative character of the study, other themes and categories may be found. Table 2 below presents the theoretical framework developed in this thesis.

	Work execution	Managing/ monitoring work	Organization /work design	Work / resource allocation	Personnel / performance management	Firm strategy
Emotional and attitudinal issues – Refer to people's attitudes towards radical decentralization.						
Process issues – Refer to issues regarding the implementation of radical decentralization.						
Outcome issues – Refer to perceptions about the most important outcomes of radical decentralization. Also covers desired outcomes.						

Table 2 - Theoretical Framework

2.7 Critical Discussion of Theoretical Framework

In this section the author would like to acknowledge the limitations of the theoretical frame of reference provided above.

This thesis relies heavily on Lee and Edmondson's (2017) article. SMO was introduced as a new way of organizing and the term was developed by comparing and contrasting prior research on less hierarchical forms of organizing and organizational "outliers" like Zappos, Valve and Morning Star. It is important to acknowledge how deeply relying on Lee and Edmondson's (2017) theory and model of SMO has affected the findings of this thesis. It has limited the study to solely focus on employee perceptions of radical decentralization according to SMO theory and the six domains of decision authority as presented by Lee and Edmondson (2017). Therefore, incorporating other theories and relevant literature may have generated different categories and an altered conclusion of this thesis. Moreover, the SMO theory by Lee and Edmondson (2017) is new and introduced in scholarly literature as late as in 2017, it can therefore be argued that this newly developed theory lacks appropriate validation.

3 Methodology

This chapter outlines the methodological approach in general and the specific methods in particular. First, the interpretivist perspective of the researcher is addressed (3.1). This is then followed by discussing the choice of an abductive research approach (3.2), the choice of a single case study as well as the selected case company (3.3). Thereafter, how data was collected, the interview process and structure is accounted for (3.4), followed by a depiction of the data processing method used (3.5). Finally, quality considerations in terms of credibility, transferability, dependability and conformability (3.6), as well as the study's limitations (3.7) are discussed.

3.1 Philosophical Positioning

Every researcher and every piece of research has underlying philosophical assumptions. According to Pring (2000), without an explicit formulation of the philosophical background, researchers may remain unaware of how their own knowledge of reality, that is their worldview, have implications for how research is conducted and interpreted. Wilson (2009) further argues that research rigour can be strengthened if the philosophy that underpins the justification of the chosen research methodology is made transparent to the reader. Consequently, before embarking on this research project, the author made sure to answer two questions:

1. The ontological question:
"What is the form and nature of reality and, therefore, what is there that can be known about it?" (Guba & Lincoln, 1994, p.108).

2. The epistemological question:
“What is the nature of the relationship between the knower or would-be knower and what can be known?” (Guba & Lincoln, 1994, p.108).

The author of this study embraces an interpretivist perspective. The author believes that social reality is locally and specifically constructed *“by humans through their action and interaction”* (Orlikowski & Baroudi, 1991, p.14). Humans impose perceptions into the world, thus creating reality (Morgan & Smircich, 1980). The author recognizes that understanding employees' perceptions of radical decentralization requires an understanding of how practices and meanings are formed by the language and tacit norms shared by employees (Orlikowski & Baroudi, 1991). As an interpretive researcher, the author aims to provide a deep insight into the lived experience of radical decentralization, from the employees' point of view.

3.2 Research Approach

This thesis aims to study how employees perceive radical decentralization of authority. SMO theory was introduced in scholarly literature in 2017 (Lee & Edmondson, 2017). Although the number of SMOs in the field are growing, the relative paucity of SMOs poses great challenges for researchers to study this new phenomenon (Lee & Edmondson, 2017). When studying a new phenomenon, either addressing a gap in existing research or because of unanticipated findings in the field hypothesizing should be avoided. Instead, a qualitative research approach with interviews, open-ended questions and observations are appropriate methods working within the field of nascent theory (Edmondson & McManus, 2007). Moreover, an understanding of employees' perceptions requires a deep understanding of individual subjective meanings, for which qualitative research is especially relevant (Fossey et al., 2002).

Employee perceptions of SMO and radical decentralization of authority (1) cannot be studied outside of its natural setting, (2) it focuses on a real-life contemporary phenomenon, (3) control of or manipulation of individuals was not necessary, and (4) the theoretical knowledge of the phenomenon under investigation is limited and not yet mature. Therefore, the case study method was a suitable choice for this thesis (Benbasat et al., 1987). Because of the immature nature of SMO theory, a theoretical framework combined from both SMO literature and organizational change theory was developed. The theoretical framework evolved from the non-linear process of going back and forth between theory, empirical results and analysis, also known as the systematic combining approach of theory development (Dubois & Gadde, 2002). Dubois and Gadde (2002) argue that systematic combining, grounded in an abductive logic, is especially suited when the objective of the researcher is cross-fertilization between existing theory and new concepts derived from empirical observation. Therefore, the abductive approach was suitable for investigating employee perceptions in this study as the goal was not to confirm existing theory, but to discover new ones (Dubois & Gadde, 2002).

At the beginning of this study, a thorough review of both practical and scholarly literature of SMOs revealed how employees experiencing SMO change and radical decentralization perceived it quite differently (e.g. Bernstein et al., 2016; Hamel, 2011). As the perceptions of employees have shown to be critical to the success of organizational change (e.g. Miller et al., 1994), this sparked an interest in the author to enhance the understanding of employees' perceptions in terms of radical decentralization of authority. Initially a preliminary theoretical framework composing the three categories of Jones et al. (2008) and the six dimensions of decisions authority defined by Lee and Edmondson (2017) was developed. Over time, according to what was discovered through the empirical fieldwork as well as through analysis and interpretation, the framework was extended to include a fourth dimension of themes discussing some conditional factors for radical decentralization to be achieved (see section 5.7). Such a vertical expansion of the theoretical framework was possible by dint of the nonlinear-path-dependent process systematic combining entails, stating the value of the chosen research approach (Dubois & Gadde, 2002).

3.3 A Single-Case Study

Easton (1995) argues that deeper and wider explanations are to be preferred in order to promote theory development. In that sense, Easton (1995) suggests multiple case studies to generate more systematic generalization. However, Easton (1995) also recognizes that in those areas where existing theory is limited, then a single-case study can be enough for theory creation. Flyvbjerg (2006) continues this discussion, arguing that one of the major misunderstandings of case study research is that one cannot generalize on the basis of one individual case. Flyvbjerg (2006) states that formal generalization is overestimated as a source of scientific development, whereas the “force of example” of single-case studies is widely underestimated. The results and contribution of this thesis is based on a single-case study. Because of the limited number of existing SMOs, finding comparable case study objects is to date a challenging act. In accordance with Flyvbjerg (2006) and the “force of example” the author argues that investigating a single case has gained a detailed understanding of employees' perceptions, as well as the depth necessary to adequately and scientifically answer the research question stated above.

3.3.1 Case Selection

Eisenhardt (1989) advocates that the random selection of cases is neither necessary, not even preferable. Instead, purposive sampling, that is when the case selected is the most appropriate with respect to the research question, is justified (Patton, 2002). In order to answer the research question of this study, the appropriateness of the organization depended on two criteria: (1) the organization needed to be in the change towards becoming a SMO, (2) the organization needed to be large and complex. The case company chosen, fulfilled the criteria stated above and is introduced in detail in the empirics section (4.1). The case company asked to be anonymous in this thesis, to ensure confidentiality the author signed a non-disclosure agreement. Due to this,

some information about the company and the interviewees has been deducted and the company appears in the thesis under the pseudonym “the case company”, to provide the confidentiality requested. However, it is argued here that the information provided in this thesis is sufficient for the reader to get a deep enough understanding of the company, context and employees’ perceptions of radical decentralization.

3.4 Data Collection

3.4.1 Interview Sample

As in the selection of case, purposive sampling was used to select interviewees as well. Two selection criteria were developed to ensure that the interviewees were able to answer the questions in a way that is of insight and use to the research (Saunders et al., 2012): (1) interviewees had to be affected by the SMO change, (2) interviewees had to represent employees from across the hierarchy and different business units. Following the two criteria would ensure that the interview sample represented a broad range of views and experiences of radical decentralization of authority.

In total the interview sample includes 27 main interviews and 18 follow-up interviews. This can be considered a sufficient number in order to draw comprehensive conclusions (Bazeley, 2013). After having conducted in total 45 interviews, the author decided to end the interview process as no supplementary data were being found to further develop categories within the theoretical framework. The choice of interviewees was made in consultation with the Project Leader at the case company. Hence, there is a risk that respondents were chosen to emphasize a certain perception of the case company. However, as the author was also involved in the selection of respondents, this reduced the selection bias that would occur if the Project Leader alone would have selected the interviewees. Altogether the number of interviews has provided a deep understanding of the change process itself as well as related employee perceptions of radical decentralization.

3.4.2 Interview Process

The empirical gathering and interview process started already in March the year of writing. An introductory letter, introducing the author and explaining the purpose of the research was sent via e-mail to potential interviewees prior to the interview. A majority of employees accepted to participate; interviews were then scheduled per their convenience. Researchers argue how interviews shall be conducted in a physical manner to provide a deep understanding of the responses of the interviewees (Bryman & Bell, 2011). The initial intent of the author was to conduct interviews physically, however due to the Covid-19 pandemic ethical considerations were taken into account; interviews were carried out via Cisco Webex, a solution for video conferencing. To only record the spoken word alone often does not justify the answers of the respondents (Bryman & Bell, 2011). By virtue of the camera function used in each interview,

the author could document body gestures and mimics that continuously changed depending on the content of the narration. It is therefore argued here that the Webex solution was sufficient to reach a thorough enough understanding of how employees perceived radical decentralization of managerial authority.

Due to the systematic combining approach and the evolving theoretical framework aforementioned (Dubois & Gadde, 2002), follow-up interviews with some interviewees were necessary to fully understand their perceptions of radical decentralization. The main interviews lasted between 80-90 minutes, and the follow-up interviews about 40-60 minutes. Interviews were conducted on an individual basis to reduce the influence of group effects (Frey & Fontana, 1991). Moreover, to ensure confidentiality all interviewees appear anonymous in this thesis, this was highlighted by the author before conducting the interviews, and a necessity to ensure honest responding (Woods & McNamara, 1980). Confidentiality was achieved through the use of abbreviations of interviewees full names. To provide the reader with some context, abbreviations were given depending on their role in the SMO change or their job title: NM refers to non-managers, M refers to managers and ET refers to executives. All interviews were recorded after permission from respondents and transcribed within 72 hours from completion. Table 6 in appendix 2 displays an overview of the interviews conducted in this thesis.

3.4.3 Interview Structure

The appropriate design of an interview depends on the degree of complexity of the subject under scrutiny (Arthur & Nazroo, 2003). The purpose of the interview was to get in-depth responses about employees' perceptions, opinions, feelings and experiences of SMO change and radical decentralization of authority. Researchers argue that when exploring complex notions such as employee perceptions of organizational change, that are both dynamic and multi-faceted, semi-structured interviews are appropriate (Barriball & While, 1994). A semi-structured approach with open-ended questions encourages employees to provide comprehensive answers that may reveal attitudes (Grummitt, 1980). Hence, the author used a semi-structured data collection technique, which was complemented with a standardized thematic guideline of inquiry topics. Semi-structured interviews provided the flexibility necessary to study the dynamic nature of SMO (Saunders et al., 2012).

The purpose of the thesis was to understand employees' subjective perception, which required the author to be attentive and empathic to what the employees were saying or implying (Bryman & Bell, 2011). The chosen interview design allowed the author to use the concept of probing, as well as alter or fine-tune the questions along the course of the interview, bringing about a deeper exploration and understanding of employees' perceptions (Bryman & Bell, 2011). Due to the non-linear research approach (Dubois & Gadde, 2002), the interview guide and standardized thematic guideline used in the interviews was revised during the interview process. As the semi-structured approach makes allowances for departing from the structure depending on the responses of the interviewees, some questions were developed as the course of the interview progressed and are not presented in the interview guide in appendix 3. The interview guide used in this thesis is structured in order to get a thorough understanding of

employees' perceptions, attitudes and concerns regarding SMO change and radical decentralization of authority within each dimension of decision authority as defined by Lee and Edmondson (2017). As the case company was in the beginning of change during the time of writing this thesis, the data collected is based on both a reflection of what had occurred in terms of the SMO change, but also a more forward-looking discussion of what radical decentralization at the case company would entail. Hence, the data collected is both reflective and predictive in nature.

3.5 Data Analysis

The coding method used in this thesis was inspired by the grounded theory (GT) methodology created by Glaser and Strauss (1967). The aim of GT is to generate “*new categories and their properties, instead of being forced to use received concepts*” (Glaser, 1988, p.133). This is achieved through the method of constant comparison, which aligns well with the chosen research approach of this study. However, as argued by Glaser and Strauss (1967) the concept of GT is to not rely on existing theory but rather let theory develop through the collection and analysis of data. This thesis uses the systematic combining approach introduced by Dubois and Gadde (2002) and relies on systematically comparing new findings and existing theory; hence it should be stated that the GT methodology was not used in this thesis, only the method of interpreting the data (that is the coding method of the thesis) was inspired by Glaser (1978) including: open coding, selective coding and theoretical coding. The author first used open coding by splitting data into code segments irrespective of current theory. Glaser (1978) describes this process as “*coding the data every way possible*” (p 56). At first, the codes typically entailed words quoted from the respondents, which is called *in vivo* and helped to minimize the influence of literature (Elliott & Higgins, 2012).

Each quote and the corresponding codes were then grouped into categories, raising the analysis from a descriptive to a more abstract form, Glaser (1978) defines this type of grouping selective coding. As a last step the quotes were connected to the relevant theoretical framework developed, defined as theoretical coding (Glaser, 1978). Table 3 on the next page displays one example of how the coding method was used in this thesis. The last step required the author to be especially reflective and to refrain from forcing categories to fit the existing theories, in order for theory development to occur. In doing so the initially developed framework was extended to include a fourth dimension of issues, defined as *conditional factors* (see section 5.7).

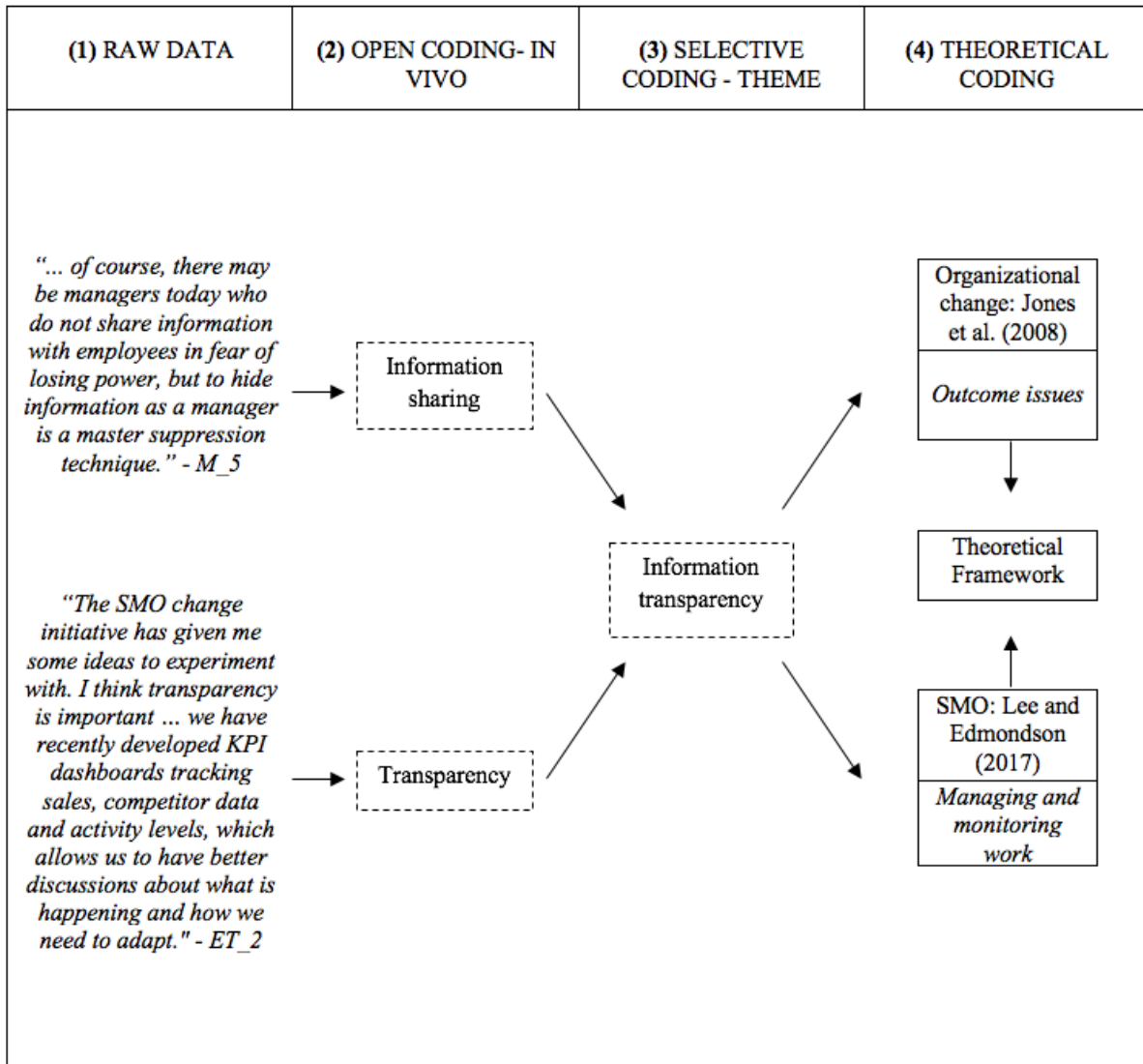


Table 3 – Coding Method

3.6 Quality Considerations

Yin (1994) has proposed validity and reliability as criterion for evaluating the quality of a case study. However, Yin’s (1994) criteria are not adopted in this thesis for evaluating the proposed methodology, because these criteria are measures only suitable for positivist quantitative research, and not suitable for qualitative interpretative research (Golafshani, 2003). Instead, Lincoln and Guba’s (1985) criteria: credibility, transferability, dependability and conformability, are adopted as they are designed for qualitative interpretative research.

3.6.1 Credibility

Credibility refers to whether research has been conducted to correctly identify the subject under examination (Lincoln & Guba, 1985). In this thesis the “subject” refers to both employees and the case company selected. The credibility in this study was enhanced by interviewing multiple employees from various departments and hierarchical levels which gave a wider view of employees’ perceptions at the case company. The author then used the respondent validation technique proposed by Bryman and Bell (2011) and allowed participants to check the quotes. Moreover, the author had a fairly prolonged involvement with the case company from March to November. Due to the Covid-19 pandemic, employees at the case company were working at home at the time of writing and the main communication channel for the SMO change was via a Teams chat, to which the author was invited. By monitoring the conversations in the Teams chat the author gained valuable insights and a deeper understanding of employees’ perceptions, creating triangulation and in turn further enhancing the credibility of findings in this study.

3.6.2 Transferability

Transferability refers to whether the findings can be generalized to other situations (Lincoln & Guba, 1985). Generalization in qualitative interpretive research is not a deduction from small samples to large populations, but rather to show how certain findings can obtain the same results when they are transferred to other contexts with similar properties (Bryman & Bell, 2011). Transferability was achieved by providing the reader with rich information about the context in which this study was conducted. The empirics section (4.1) provides the reader with a thick description of the SMO change, its method and process. A description of the case company and the context in which the company operates is also provided in section (4.1) to make the reader aware of the delimitations in terms of other contexts.

3.6.3 Dependability

Dependability refers to whether the research process is systematic and well documented and can be traced (Lincoln & Guba, 1985). In the methodology section above it has been stated how data was collected and the accuracy of the data selected. To ensure dependability of this study the researcher has had another researcher and the supervisor, examine the processes of data collection and data analysis as well as the result of the research study. This inquiry audit was done to confirm the accuracy of the interpretations and conclusions and ensure that the findings are supported by the data collected.

3.6.4 Conformability

Conformability assesses whether the findings emerge from the data collected from cases and not from preconceptions (Lincoln & Guba, 1985). According to Bryman & Bell (2011) the researcher should make sure to not allow his or her theoretical or personal biases and values intrude when collecting data and analyzing findings derived from it. By documenting the procedures of how data has been collected and demonstrating the steps of the analysis leading to extraction of the results, the researcher has been able to check and recheck the data throughout the study. Moreover, by using the inquiry audit technique the researcher has let other researchers act as devil's advocates with respect to the results to make sure that the potential biases and values of the researcher has not affected the findings in this study.

3.7 Limitations

The theoretical framework of Jones et al.'s (2008) used in this thesis is originally provided to study organizational change processes. In this thesis Jones et al.'s framework is used to study employees' subjective experience of radical decentralization in the six dimensions of managerial decision authority as defined by Lee and Edmondson (2017). Hence, one could argue that a limitation of the study is the combination of a process-based framework and a static framework of six dimensions. However, to address this issue the author has made sure in the data collection to capture employees' attitudes towards radical decentralization of authority in each dimension as if it were a process. This has been done by for example asking about the potential issues regarding implementation of radical decentralization in each dimension of managerial authority. Because the case company in this thesis was at the outset of change during the time of writing, most of the change had not yet occurred and therefore one limitation of the study is the predictive rather than reflective character of the data collected. The future of radical decentralization at the case company is still uncertain. Thus, there is a need to repeat the study via a longitudinal case study, which will be further discussed in section (7.3).

4 Empirics

This chapter presents the empirical findings of the study. In the first two sections (4.1) and (4.2) the case company and SMO change initiative are described to provide the reader with an understanding of the context. The sections thereafter discuss employees' perceptions of radical decentralization in relation to (4.3) work tasks, (4.4) leadership and managers, (4.5) information flows, (4.6) job descriptions, (4.7) organizational design, (4.8) compensation and budgets and (4.9) corporate strategy.

4.1 The Case Company and SMO Initiative

The case company in this thesis is a multinational pharmaceutical corporation organized in a matrix conglomerate with manufacturing centers, research centers and sales organizations reaching across the globe. This thesis will specifically focus on the Swedish market company (subsidiary) where approximately 170 employees work with information, sales and follow-up of pharmaceuticals and treatment areas. The Swedish market company is divided into a commercial business and an enabling business. The commercial business unit departments are responsible for sales within different therapeutic areas and are represented by managers and field representatives who target a group of different customers and aim to develop long-term relationships with key players to increase the company's access on a local level. Outside of the commercial business, enabling functions such as Human Resources, Legal, Finance and Information Technology provide professional services internally. Employee turnover is low, and a majority of employees have worked at the case company for more than 10 years. As an explanation for their continued stay, employees emphasized the culture and values at the case company as well as the purpose to achieve "breakthroughs that change patient's lives". The culture is described as an open, inviting and including culture that celebrates individuals and foster opportunities for personal growth and fulfillment.

"I believe we have an understanding, warm and inclusive culture that celebrates individual needs and drives. I think a majority of employees find true joy in their work and share compassion and dedication to the patients we are helping." - M_4

"We have clear values and ground rules today and the values are incorporated in everything we do, I would say it is because of these values I have stayed here for so long. It is important to continue living these values. We are purpose driven today and we often go back to discuss the purpose in my team." - M_3

The Swedish market company had been mandated by their global headquarters to make changes in how they work, to empower employees and create meaningful work. The focus on empowering employees at the case company comes from a set of values, or by employees referred to as "bold moves", stated to guide the company in achieving its purpose. The first bold move claims to "unleash the power of our people". The others include delivering first-in-class science, transforming their go-to-market strategy, winning the digital race in pharma and to lead the conversation to focus on patient centered care. In this spirit, SMO was introduced

as a way to create an even more effective company where power, responsibility and decisions are shared equally between managers and staff. A draft of a vision for the SMO change initiative was stated as follows:

“(The case company) is represented by curious, responsible and goal-oriented employees who lead and are being led without hierarchies. Everyone keeps and fulfills their promises, no one uses power to control or to decide over our resources - neither individuals nor property.”

Historically, a number of initiatives to enhance wellbeing and create a great work culture at the company had been initiated. Straight talk, dare to try, mindfulness, simplicity for growth, head, hearts and guts, and emotional intelligence are some mentioned. Employees perceived the SMO change initiative to be in line with the company’s culture, and prior change initiatives were believed to have created a great foundation for radical decentralization of authority. The CEO further emphasized how SMO was perceived as a natural progression on their journey of empowering employees to reach their full potential.

“I think the initiatives taken prior to this change, only in the last couple of years, have made us feel that SMO fits well here, but if you had started with this change five years ago then I think the concern of employees and especially managers would have been greater. I would say we already have a fairly flat organization even though we are still operating within a formal hierarchy, we do not see each other as managers and subordinates, we see each other as equal colleagues where everyone has a big role to play, we trust each other.” - M_5

“When we came in contact with the SMO theory, it felt like a natural progression of our journey and an opportunity to unleash the power of our people and reimagine the way we work.” - CEO_1

Employees discussed how operating within the pharmaceutical industry comes with great responsibility to always put the patients first and provide them with safe and effective medicines that improve patient outcomes. Employees acknowledged how financial success comes as a consequence of fulfilling their purpose well, and if the case company were to focus on anything other than creating value for its patients, the financial blowback would be almost immediate.

“One reason that it is easier to self-manage in a pharmaceutical company compared to another organization, for example within fast fashion or banking, is that ethics and financial value are well aligned. When you have products, which rely on a professional intermediary, who has the end user’s best outcome at heart, the reputation of the firm as a rigorous and honest stakeholder in a patient’s well-being is fundamental. Any deviation from these norms would result in an almost immediate financial blowback.” - ET_4

4.2 The SMO Change Method

The initial preparation for the SMO change started with recruiting an external consultant and an internal Project Leader who could support the change. SMO was first introduced to the executive team and thereafter to all managers. At a two-day virtual organizational conference, the SMO change was later introduced to all employees both within the commercial affair and enabling functions. Early in the process, the Project Leader announced how enthusiasts who felt inspired by the SMO idea could sign up to be part of a group named *Pioneers*. Participation in the *Pioneers* group was voluntary and involved reading up on theory and practices as well as being part of driving the SMO change through experimentation. After the two-day virtual organizational conference, a total of 40 employees had volunteered to be part of the *Pioneers*.

“I think it's amazing that so many colleagues have joined as pioneers and started experimenting, it shows how the idea of SMO fits well here.” - Project Leader

The method for driving the SMO initiative was inspired by Aaron Dignan's *looping process* described in the book *Brave New Work* (2019). The method is a new approach to organizational change based on the idea of continuous participatory change. It is continuous because it does not treat change as a one-time thing, and it is participatory because it breaks the habit of centralized, top-down change.

“Instead of having a centralized plan, we let this change grow organically by letting employees experiment.” - Consultant

Each loop in the looping process contains three stages: sensing tensions, proposing practices and conducting experiments. The first stage, sensing tensions, involved asking employees, what is stopping you from doing the best work of your life? Once a tension was identified, employees were asked to look for ways to probe it, which is stage two of the looping process. This second stage involved asking employees to propose new practices and novel ways to approach the identified tension. With an identified tension and a sound practice in mind the third and last stage was conducting an experiment. Any employee had the mandate to initiate an experiment as long as they followed the defined *advice process* comprising some key questions the experimenter needs to answer before conducting an experiment:

- *What is your tension?*
- *What do you propose we try?*
- *Who will be involved?*
- *How long will the experiment last?*
- *How will we know if it was beneficial or harmful?*
- *What do you need in order to conduct the experiment in terms of resources, space, supplies, funding etc.?*
- *What kind of support or consent do you need to make this safe to try?*

With these answers in hand, an individual or team can propose their experiment and seek consent. The consultant describes this method of experiments as a slow process based on individual needs and perspectives, where an experiment is conducted and only if proven successful this change is scaled. No one is forced to experiment, only those with the energy and drive enough to make a change in how they work will conduct experiments. The change grows slowly and organically from a core of volunteers until eventually everyone is on board. In contrast to decision making in a traditional organization when designated people decide and there is an emphasis on top-down roll out, decision making in a SMO put emphasis on experimentation from bottom to top.

“SMO change is not a rollout from top to bottom, instead the emphasis is put on experimentation from bottom to top, and what matters is collaboratively defined over time, if a solution works others may be attracted to try it, creating a ripple effect throughout the organization.” - Consultant

The last step of the advice process is perceived by employees as an important one, that is to identify where decentralization of decision authority is safe to try. While all employees had the mandate to initiate an experiment, some areas where action could cause serious damage to the company, was perceived to be in need of explicit consent from others. A waterline was defined by employees in order to distinguish between different areas of experimentation. The waterline was again inspired by Dignan (2019) and is a particularly powerful metaphor to use. On a boat, a hole in the hull above the waterline is survivable, but a hole below the waterline could sink the boat. In a company context, holes represent mistakes and some mistakes are hard to recover from. To prevent mistakes in areas that could cause severe damage to the company, consulting and permission from others is needed to impose safe experimenting.

“Defining the waterline is important, it gives an indication of where employees perceive decentralization of authority to be safe to try.” - Consultant

4.3 Differences in Work Tasks Amid Business Units

A majority of employees stressed how the commercial team consists of many experts with specialist knowledge in their respective therapeutic areas, but managers are typically generalists. Because of their more general business knowledge, managers typically give employees a high degree of freedom in how to execute tasks, making employees within the commercial teams work rather independently. Within the enabling functions however, employees recognized that radical decentralization of authority may cause greater challenges for employees as work is perceived to be of more interdependent character. Against this background, employees reasoned SMO to be more easily achievable in the commercial business compared to enabling functions. These perceptions were later confirmed by the Project Leader who recognized how employees within the commercial business had perceived the SMO change initiative in a more positive light, compared to employees within enabling functions.

“If you work in an organization where you have many specialists in many different areas then I think you are driven in this direction, it may not come out in the same way if you are in an organization where the manager is actually also the one who has the most knowledge and experience. I think SMO fits there as well, but perhaps with a greater risk to get stuck in a traditional hierarchy. But if you have like us managers who are generalists, then I think SMO is a good fit.” - ET_4

“I think there is a big discrepancy between how positive employees are and how committed and stimulated they are by SMO and it probably depends a lot on your tasks and how you already today experience autonomy in your work, I think there are great variations of this within our company. If your job is to increase sales then you are probably more inclined to work according to SMO and want a mandate to experiment on your own, but if you have a job that is more diversified with more interdependencies then I believe you do not experience the same enthusiasm ... it can be a bigger challenge in those teams.” - ET_1

“There is quite a big difference amongst what we call commercial and what we call enabling functions. After the two-day conference I received a lot of positive e-mails and SMS from the commercial business and we got 17 new pioneers, but as for enabling functions there I got no e-mails and only two new pioneers. It can worry me a little that we have such a big difference between the two groups.” - Project Leader

4.4 Leadership and the Role of Managers

When discussing leadership and the role of the manager, employees expressed how the manager is currently acting as the bridge between different business units and functions in the organization. Employees recognized meddling by managers as a devastating act and explained how the role of the manager is to act like a sounding board for employees' opinions and concerns and give guidance to employees without impeding on their autonomy.

“I would not want my manager to tell me how to do my job. For me it is important that my manager trusts my abilities and competence and does not question those. I only go to my manager when I need advice or want to evaluate ideas and opinions.” - NM_5

“I believe in the SMO idea of shared responsibility between managers and subordinates, and to give employees the freedom to shape their own work.” - M_7

While a majority of employees perceived the case company as fostering non-bureaucratic behaviors, the present leadership among managers substantially differed. Some managers showed considerable evidence of actualizing their formal authority, while others tended to give substantial leeway in how work was to be executed. This difference in current leadership among managers was perceived as causing challenges for the implementation of radical

decentralization and SMO. Moreover, meddling by managers was perceived by some employees to be particularly demonstrated during critical times, such as the Covid-19 pandemic.

"The success of this change will depend on whether we can align leadership to not be about micromanaging, but to rather be supportive. I believe some managers today already have this more supportive style, but others do not." - NM_4

"It became very clear now during the Covid-19 outbreak that SMO may only work until it gets tough, there are some leaders who are very strong, and they do not think so much about SMO but rather run their own agenda. So, I ask myself if SMO will just be something we talk positively about, but which will not be fully integrated in our way of working." - M_2

As employees discussed the role of the manager, a majority recognized how managers today have an important role to play in ensuring compliance with policies and procedures. The pharmaceutical industry is heavily regulated with a number of rules and regulations enforced by the government. Therefore, compliance is a critical part of the operation and employees typically seek advice by management on such matters. Compliance systems and processes were identified as situated below the waterline.

"Some areas I believe need to be below the waterline to protect patient safety and to comply with regulations... at the end of the day our business is highly regulated, therefore specific systems to comply with regulations need to be kept below the waterline." - M_4

"You have to remember that different industries and organizations have different conditions for implementing SMO. What we work with here is one of the world's largest companies with 100 years of history. We operate in a very regulated industry, so maybe we have more to lose if things go wrong compared to other industries." - ET_4

4.5 Information Flows

When discussing the role of compliance and regulations, employees also addressed their stance on information. Employees reasoned that managers concealing and withholding information from their subordinates is a master suppression technique, therefore information shall be transparent and accessible to everyone. In regard to this, one team within the commercial business started an experiment to increase transparency. The team developed Key Performance Indicator (KPI) dashboards to make communication in the team more transparent and employees perceived it as a positive change.

“... of course, there may be managers today who do not share information with employees in fear of losing power, but to hide information as a manager is a master suppression technique.” - M_5

“The SMO change initiative has given me some ideas to experiment with. I think transparency is important ... we have recently developed KPI dashboards tracking sales, competitor data and activity levels, which allows us to have better discussions about what is happening and how we need to adapt.” - ET_2

Another attempt to increase transparency at the case company was the replacement of two-way communication to that of networked based communication on platforms like Yammer and Teams. One employee initiated an experiment to increase the usage of Yammer. The experiment was later turned down due to lack of participation and employees kept using two-way communications such as e-mails. Employees further emphasized how making all information transparent poses challenges of information overload. Employees recognized that for complete transparency to be effective, information technology tools that sorts and provides the employee with relevant information are necessary.

“I experimented with an idea to increase communication on Yammer, we do not really use this channel today, so me and some colleagues wanted to increase activity and the quality of communication there. We increased the activity by a little bit but then decided to end the experiment, employees were not so keen on using Yammer. I could send a message in Yammer and later got an e-mail back.” - NM_1

“Transparency regarding information sharing and communication is necessary for good decision making, but an explosion of new information can make it difficult for employees to understand what information is ‘need to know’, and what is ‘nice to know’.” - NM_3

“Making everything transparent and having open information flows would require some kind of coordination to not lead to chaos, you would need a tool that tracks what is relevant to you.” - ET_1

4.6 Job Descriptions

A majority of employees emphasized how the case company was currently suffering from a silo mentality among business units. Employees expressed how teams and departments often derive their status from their respective team and shared knowledge, limiting collaboration across teams and departments. Against this background, employees reasoned that experimenting with role descriptions and task division could bring about cross-pollination across the organization and make employees feel a greater sense of belonging to a wider organization. One employee mentioned the idea to experiment with an internal gig marketplace, inspired by the gig-economy. The employee explained how the case company

should veer off from formal job descriptions, and instead create a more liquid workforce based on individual competencies and needs.

“There are a lot of silos today making it difficult to cooperate and work across functions.” - NM_2

“Experiments should focus on improving the way we make use of our competencies and collaborate. I believe in a future where we have veered off from specific job descriptions and instead focus on what we would like to accomplish and create teams thereafter. A focus on individual competences instead of solely job-descriptions would make better use of our internal competencies. I am thinking of an internal marketplace of competencies ... like the gig-economy.” - NM_8

“I see in front of me how SMO makes us work more dynamically and across borders, how you create teams not depending on who you report to, often you need other people in the organization, and how employees are more curious and dynamic when they create teams to solve a specific issue and make use of all that competence we have within the organization. My vision is employees who feel confident that they can run initiatives without constantly having to tune up in the organization.” - CEO

As an attempt to spur cross-functional work, one employee experimented with developing a platform for the commercial business. The experiment addressed the prevailing silo mentality by creating a platform with the main purpose of facilitating the everyday life for field representatives and create an opportunity to collaborate, inspire and support each other. Both in terms of how they work internally in different therapeutic areas and how they work externally towards customers.

“I believe that what (name) does with building a platform across borders in our commercial business is in line with what we want to accomplish with the SMO initiative. It is the first time that something is done on such a large scale across business units and which is an initiative that comes from employees themselves. All previous initiatives have come from above.” - Project Leader

4.7 The Global Matrix Structure

The international matrix structure became very prevalent in the interviews and appears as a high barrier to start working in accordance with SMO theory and practices. Accountability and reporting outside of Sweden is believed to complicate a change towards radical decentralization of authority. Employees expressed a high degree of uncertainty regarding decentralization of such a complex matrix structure. Employees further accentuated the risk of a cultural clash, due to cultural differences internationally when it comes to the perception of hierarchies.

“My fear relates to the fact that we are operating within a global organization with 100,000 employees where we work a lot in teams that are not geographically gathered, so there are cultural challenges, our organization does not live in a small cocoon, that cocoon is very large and has tentacles out in many different markets and areas. Some colleagues, even if they have their base here in Sweden, have scattered teams internationally that have never heard about SMO, that is a challenge.” - ET_4

“The thing is that this change clashes with the international organization, we have some business areas where it is extremely hierarchical, and no one is allowed to take any initiatives themselves and everyone must follow order. There will be a huge collision when some business units remain very hierarchical due to international controls and others in Sweden move more towards SMO.” - ET_1

“It is devastating if you are being micromanaged, the best projects are created if you let go of control. I think the Swedish market company is quite different from the global organization. Things that come from the global team are not always bearing on reality here... they need to let go of us.” - NM_7

Although the formal structure internationally was perceived to remain as is, employees emphasized how decentralization on a local level was desirable and might still be achieved. Employees spoke of how today's managers in Sweden can act as ambassadors, without managerial authority, for the local teams. The ambassador gets new instructions from foreign managers and the local teams then find the best way to enact those instructions using the implemented advice process.

“What has been even more difficult than I thought it would be is how some of our managers today report to other countries and have a difficulty adopting SMO, but then we have come to the realization that they may not have to prioritize this as long as their staff does... managers today can act as ambassadors in that way.” - Project Leader

4.8 Compensation and Budgets

Employees explained how changes to the current bonus system had for long been desired at the case company. As a result of the SMO initiative, the Swedish market company had started to experiment with a value-based evaluation system that aligns performance with the company values. A majority of employees interviewed expressed positive feelings towards value-based evaluation made by peers and believed it to be in line with prior initiatives such as “speak up”.

“We have already started to change our performance management systems, today we have a bonus based on individual-, team-, and company performance, both in terms of financial and individual goals. In the future, employees should also be

evaluated on the values that exists today, the idea is that everyone should be evaluated by colleagues based on how they live up to the company values.” - ET_3

“I am positive to peer-based evaluation, it would make sure that everyone does their best and open up for a discussion regarding how well employees fulfill company values... it aligns well with our ‘speak up’ initiative.” - NM_3

However, some of the employees reasoned how compensation based on peer evaluation would act as a conflict trigger. Employees further recognized how peer-based evaluation may feel intrusive and increase pressure among peers. Participants argued that peer-based evaluation requires a safe environment and mature individuals who master constructive and professional feedback.

“If we were to radically decentralize and introduce a peer-based process for performance evaluation and compensation I think this would not be done without conflicts, financial discussions are grounds for bad conflicts.” - M_2

“I have experience of peer-reviews with a previous employer where employees gave colleagues bad reviews for their own gain so I think it is a risk of implementing such a system, it might feel intrusive for employees. A peer-based process would require mature employees and a work environment where you feel safe and have respect for others, and employees who can provide others with constructive feedback.” - NM_9

In terms of budgeting and investments employees believed that decisions regarding resource allocation require a sufficient understanding of the overall business. A lack of organizational wide understanding may cause employees to prioritize short-term wins over long-term investments. Employees also recognized how the allocation of capital is decided on a global level, enforcing fierce centralized control and creating rigid and unresponsive budgets, which limits the ability for employees at the Swedish market company to make changes on a local level.

“I am skeptical about decentralizing decisions regarding budgets and investments. I think in order to make decisions of investments one must have a helicopter perspective of the business and I am not sure all employees have this. In my experience it is difficult for employees working as specialists to prioritize between long term initiatives and short-term wins.” - NM_9

“Decisions regarding investments and budgets are taken on a global level today, so it is not very flexible in that sense. I always let employees in my team have a say in how the budget should be distributed, but we are all restricted by the budget given by global authority.” - M_10

4.9 Corporate Strategy and CEO Support

The case company is described by employees as an experimental organization in constant change and employees emphasized how the pharmaceutical industry is dynamic. Employees believed that the SMO change initiative could spur new thinking among employees and evoke further innovation. However, in terms of setting the long-term strategy for the case company, employees expressed mainly negative attitudes towards radical decentralization of authority. The long-term strategy was identified as one of the areas situated below the waterline, and the strategic course is currently charted by top leadership globally.

“The pharmaceutical industry itself is very dynamic because we lose patents, so it moves all the time. I think what will happen and what has already happened is that we have become more of an innovation company rather than relying on some great products. To continue to be innovative I think it will be important that employees are trained in innovation and trained in daring to think new, the SMO change and experiments come in handy here.” - NM_1

“Without executives taking responsibility for the long-term strategy this might not be done as employees are generally specialists and have never done this before. I do not think this is the first area to start experimenting with.” - M_5

“As strategy is set on a global level, I do not really see how we would be able to decentralize those decisions, of course all employees here in Sweden can bring new strategic ideas on the table but we are still restricted by global authority.” - ET_1

The CEO is trusted and respected among employees and perceived as supporting non-bureaucratic structures and behaviors. Employees reasoned that the support from the CEO is a necessity for the implementation and success of radical decentralization.

“You have to remember that it is important to have a leader like our CEO who points out that this is what the future looks like and who believes in SMO, if our CEO were to leave tomorrow and we get someone with perhaps a completely different way of thinking then I am not sure if this would continue, I do not see this happening now but it is an obstacle that could suddenly appear.” - ET_5

5 Discussion

After having identified employees' perceptions of the SMO initiative and radical decentralization of authority, the following sections will analyze these findings in relation to the theoretical framework. The six dimensions of managerial decision authority will be discussed: (5.1) Work Execution (5.2) Managing and Monitoring Work, (5.3) Organization and Work Design, (5.4) Work and Resource Allocation, (5.5) Personnel and Performance Management, and (5.6) Firm Strategy.

5.1 Work Execution

In terms of emotional and attitudinal issues as defined by Jones et al. (2008), both *positive and negative attitudes* of radical decentralization of work execution was found among employees. More specifically, it was found that employees within the commercial team were mainly positive towards radical decentralization of work execution, while the majority of employees within enabling functions expressed negative attitudes. The difference in attitudes could in part be traced back to the differences in work tasks between the commercial teams and the enabling functions. The commercial teams are represented by field representatives who are specialists within their therapeutic areas and work rather independently. Managers are typically generalists, making expertise within the commercial teams not represented by levels of hierarchy, instead a kind of reversed hierarchy of specialist knowledge is present. This specific context was perceived as particularly appropriate for radical decentralization as specialists primarily rely on their own expertise in work execution. On the contrary, within enabling functions work is of more interdependent character causing employees to reveal more negative attitudes. These perceptions are in line with Martela's (2019) discussion of how an increase of interdependencies in work makes radical decentralization of authority more difficult to achieve.

In line with Jones et al.'s (2008) study, *leadership* was found as an issue affecting the implementation of radical decentralization of work execution, and therefore categorized under the general category of process issues. Although the majority of employees perceived the case company as fostering empowerment and non-hierarchical behaviors, employees also acknowledged how current leadership styles substantially differed among managers. Some managers are described using what Volberda (1996) defined as a directive leadership style, micromanaging their employees. The meddling by managers was seen to be especially demonstrated during critical times such as the Covid-19 pandemic, which aligns with the logic of Edmondson and Smith (2016) of how organizations tend to centralize during a crisis, impeding radical decentralization of authority. On the contrary, some leaders are perceived as demonstrating a more supportive leadership style, in line with what Laloux (2014) described as coaching. Employees claimed that micromanaging hinder employee empowerment, which resonates with previous findings by Mishra et al. (2019). Therefore, a transition from managers to *coaching leaders* (see Laloux, 2014) was identified as a desired outcome of radical decentralization and categorized under outcome issues as defined by Jones et al. (2008).

5.2 Managing and Monitoring Work

Radically decentralizing the managing and monitoring of work at the case company brought about both *positive and negatives attitudes* among employees. In terms of the negative attitudes employees expressed how the pharmaceutical industry is highly regulated to protect the health and well-being of the public. Therefore, compliance systems and processes are believed as critical parts of the operation. Compliance processes were identified as situated below the waterline and employees reasoned that managers are important to uphold compliant behaviors. Hence, employees opposed radical decentralization in the area and argued for the managing and monitoring of work to stay vested in hierarchical rank, supporting bureaucratic practices as discussed by Martela (2019). Employees made a comparison to that of other industries and reasoned that the case company may have more to lose compared to other industries, if decentralizing authority would result in non-compliant behaviors. Therefore, *corporate compliance* was perceived by employees to impose great challenges to the process of implementing radical decentralization of managing and monitoring work and is categorized under the general category of process issues as defined by Jones et al. (2008).

The positive attitudes in terms of radical decentralization of managing and monitoring work were found as employees discussed their stance on information. Employees reasoned how active distribution of information is necessary to ensure each employee's capability to make decisions that benefit the organization as a whole, which align well with SMO theory and practice (e.g. Bernstein et al., 2016; Laloux, 2014). Hence, *information transparency* was found as a desired outcome of radical decentralization of managing and monitoring work and categorized under the more general category of outcome issues as defined by Jones et al. (2008). However, some employees recognized that for transparent information flows to be effective, information technology tools such as internal social networks and knowledge repositories that sorts and provides the employee with relevant information are needed. These perceptions support previous arguments of Laloux (2014) on how information technology can play a critical role in steering clear of unnecessary structures, especially when companies grow larger and people are spread throughout different locations.

5.3 Organization and Work Design

The case company is currently operating within a matrix conglomerate reaching across the globe. Radical decentralization of current organization and work design generated both *positive and negative attitudes*. Employees expressed a high degree of uncertainty, regarding decentralization of such a complicated matrix structure, which can be categorized as *structural uncertainty* according to Bordia (2004). Although the Swedish market company had been mandated to make changes in how they work, radical changes to the organizational structure were by employees perceived unattainable due to global authority - not to say it was not desirable. Employees communicated how the matrix structure sometimes inhibits them from doing their best work, and how orders from global authority need adjustment to the local level

in order to be relevant. Moreover, employees expressed how employees at the Swedish market company are good at solving problems on a local level and rarely wait for global initiatives. These expressions support a perceived development of symmetrical rather than subordinate relation to the parent organization, which Torbert (1974) define as a characteristic of an “openly chosen structure”, in turn supporting radical decentralization of organization and work design.

Perceptions regarding culture are discussed in multiple ways and contexts by the interviewees. The majority of employees believed that SMO theory is in line with the generally perceived non-hierarchical and democratic Swedish culture. However, employees at the case company believed that radical decentralization may be perceived quite differently in other countries and cultures. Employees recognized the culture in the U.S., Germany and Finland to be more hierarchical and directive compared to the culture in Sweden. Hence, *geography and cultural backgrounds* were found as imposing challenges to the implementation of radical decentralization and categorized as process issues as defined by Jones et al. (2008). Applying the definitions discussed by Volberda (1996), Sweden is perceived by employees as embracing an innovative culture. Challenges of radical decentralization would therefore originate because of differences between the international conservative cultures and the Swedish innovative culture.

Although the formal structure on a global level at the case company is perceived to remain as is, employees emphasized how decentralization on a local level in the Swedish subordinate might still be achieved. Employees spoke of how today's managerial role could be transformed into an ambassadorship, where decision authority is decentralized on a local level, but managers keep acting as representatives responsible for communication and reporting outside of Sweden. In this way, the Swedish market company could foster authority on an individual and team level while simultaneously adhere to the global matrix structure. Hence, *ambassadorship* was found as a desired outcome of radical decentralization of organization and work design and categorized as an outcome issue in accordance with Jones et al.'s (2008) definition.

5.4 Work and Resource Allocation

In terms of work allocation employees expressed mainly *positive attitudes*. The most frequently discussed desired outcome of the SMO initiative was making better use of internal competencies and aid *cross pollination* between business units, which according to Jones et al.'s framework (2008) is to be categorized as outcome issues. Employees perceived how radical decentralization of work allocation could help erase the current business silo mentality and support a larger sense of belonging to a wider organization, rather than to one business unit or team. As a result of the SMO change initiative and the implemented advice process one employee within the commercial team initiated an experiment and created a platform to work across borders in the commercial business. This is an example of a bottom up initiative and an outcome possible because of decentralized authority at the Swedish market company. Moreover, as employees discussed job descriptions one employee mentioned the idea to

experiment with an internal gig marketplace, pursuant to Morning Star's CLOUs (see Bernstein et al. 2016; Lee & Edmondson, 2017). Such an emphasis on horizontal role differentiation rather than vertical role differentiation closely aligns with the SMO theory discussed by Lee and Edmondson (2017), as well as Torbert's (1974) theory of openly chosen structures. *Horizontal role differentiation* was therefore found as a second perceived desired outcome of radical decentralization of work allocation.

Concerning the radical decentralization of resource allocation, employees revealed mainly *negative attitudes*. Employees reasoned how radical decentralization of budgets and resources may cause employees to prioritize short-term wins over long-term investments due to current business silo mentalities and lack of organizational wide understanding. Hence, the prevailing *silo mentality* was perceived to create challenges for the implementation of radical decentralization of resource allocation and categorized as process issues, in accordance with Jones et al. (2008). The demonstrated negativity among employees was also bearing on the fact that budget allocation is decided on a global level, enforcing fierce centralized control. Therefore, in order for radical decentralization of resources to be achieved at the Swedish market company, support from management globally was needed.

5.5 Personnel and Performance Management

When discussing matters of compensation and performance evaluation employees expressed both *positive and negative attitudes* of radical decentralization of authority. As a result of the SMO initiative the case company had started to experiment with a bonus system where employees would be evaluated by colleagues based on how they live up to company values. Hence, a *value-based evaluation* system was found as an outcome of radical decentralization of authority and categorized under outcome issues as defined by Jones et al. (2008). A majority of employees expressed positive attitudes towards value-based evaluation made by peers and believed it to be in line with prior change initiatives. However, some employees in accordance with Barker's (1993) findings, recognized how peer-based evaluation may feel intrusive and increase pressure among peers. Moreover, some employees reasoned that discussions regarding compensations are ground for conflicts and decentralizing authority of such decisions would increase conflicts among peers. Therefore, *conflicts* and *peer pressure* were found as issues perceived as influencing the implementation of radical decentralization and categorized under process issues as defined by Jones et al. (2008). Some employees reasoned that a peer-based evaluation process would only be effective in a safe environment of mature individuals who master constructive and professional feedback. These perceptions resonate with what Lei and Edmondson (2014) describe as a psychologically safe environment, in turn signifying how psychological safety is an important factor to reduce peer pressure among employees.

5.6 Firm Strategy

In terms of emotional and attitudinal issues (Jones et al., 2008) towards radical decentralization of firm strategy, only *negative attitudes* among employees were found. Employees reasoned that executives with a thorough understanding of the overall business are in a better position, compared to specialists and field representatives, to set the strategic course of the business. Firm strategy was also one of the areas identified below the waterline, and employees acknowledged the value of keeping decision authority of firm strategy in the hands of managers and executives. In turn, supporting bureaucratic practices rather than the organically emerging organizational strategy in SMOs (Martela, 2019; Laloux, 2014). Because of the current superior-subordinate relationship between the Swedish market company and the global headquarters, employees further recognized that radical decentralization of firm strategy would require support from global authorities.

5.7 Conditional Factors

While the discussion above has revealed issues found in regard to each dimension of decision authority as defined by Lee and Edmondson (2017), some factors affecting all dimensions of decision authority and radical decentralization were also found.

As opposed to Jones et al.'s (2008) findings, respondents were not concerned with the threat of change to organizational values, rather the opposite. The company culture as well as the company value of “unleashing the power of our people” were perceived as supporting factors and in line with radical decentralization of authority. These findings support previous studies within organizational change research (e.g. Drzensky et al., 2011; Martin et al., 2005), suggesting how organizational culture and corresponding values are important factors affecting employees' readiness and perceptions of radical decentralization of authority. These findings also suggest that organizations may have different starting points in terms of decentralizing authority depending on the implicit beliefs and assumptions commonly held by and shared by employees. It appears as the change initiatives launched at the Swedish market company prior to the introduction of the SMO initiative, had built a great foundation and culture for radical decentralization to occur. The CEO explained it as a “natural progression” of their journey. Employees reasoned that without a culture supporting non-hierarchical behaviors the uncertainty and concerns of radical decentralization among employees, especially managers, would have been greater. In turn, this suggests that culture can act as a mediator of employee perceptions and radical decentralization of authority.

It appears as the pharmaceutical industry and the case company in particular may be better equipped to develop from a predefined structure (bureaucracy) to that of an openly chosen structure (SMO) as defined by Torbert (1974). This observation originates from the rather straightforward alignment between purpose, that is to achieve “breakthroughs that change patients' lives” and financial outcome at the case company. While a predefined structure leans on productivity and profitability, an openly chosen structure is purpose driven and there is no fundamental trade-off between purpose and financial outcome (Torbert, 1974). Employees

highlight the purpose-driven culture as they describe how their job is to put the patient first and help them live longer and better lives and departing from such a purpose would result in an immediate financial blowback. Hence, ethics, purpose and financial value is well aligned at the case company. Such alignment was by employees argued to be necessary if authority is to be decentralized and employees are given the ability to follow their own internal compass for what is ethical and simultaneously bring financial performance. One employee made a comparison to that of the fashion industry. Within fast fashion an organization is always better off selling faster and more, regardless if this is good for the planet or not. If employees at all levels were given the opportunity to actually assess the overall impact of the organization through radical decentralization of authority, they would quickly need to rectify the abysmal sustainability of the current market logic. This would surely entail different sourcing practices, higher prices and less quantity, resulting in declining profits in the short term. That is, shareholders and wider stakeholders are much more fundamentally misaligned than they are in the case of for example serious actors within healthcare. In turn, this suggest that the organizational purpose, and more specifically that of a *purpose-driven culture* has an important role to play when radically decentralizing authority.

Previous research within organizational change have found that the support of top leadership affects the organizational readiness for change (Holt et al., 2007). Correspondingly, in the theory of Teal organizations Laloux (2014) mention that in order to create a new organization with Teal principles, structure and practices the founder or top leader must be in support of the change. Similar perceptions were found among employees at the case company. This finding suggests that although SMO change is not a roll out from top to bottom, but rather originates from experimentation bottom to top, a supporting CEO is necessary for radical decentralization to occur and be fully integrated at the case company. Therefore, within an organization where the implicit and/or explicit beliefs of the CEO are in opposition of radical decentralization and instead support bureaucratic practices, the risk of reverting to bureaucratic practices is high. Hence, *CEO beliefs* supporting radical decentralization was found as a necessary factor for radical decentralization to occur.

5.8 Theoretical Framework and Summary of Findings

Building up from the empirical findings and preceding discussion, this section will demonstrate the theoretical framework developed and summarize the findings of this thesis.

As elaborated on above, the coding system revealed 14¹ issues classified under the more general categories of emotional and attitudinal issues, process issues and outcome issues in Jones et al.'s (2008) framework. In terms of the emotional and attitudinal issues and more specifically the negative and positive attitudes of radical decentralization, it was found that the perceptions among employees varied across the six domains of decision authority as defined by Lee and Edmondson (2017). Moreover, employees within the enabling functions revealed more negative attitudes compared to employees within the commercial affair, due to interdependence of work tasks. Overall, both positive and negative attitudes were found in regard to work execution, managing and monitoring work, organization and work design, work and resource allocation as well as personnel and performance management. However, only negative attitudes in terms of radical decentralization of firm strategy were found. Comparing these findings to the nature of current real-world examples of SMOs, it appears as the perceptions of employees are linked to the rationale of decentralization across the six domains of authority. While work execution is the most likely dimension to be radically decentralized in SMOs, firm strategy is the least likely to be decentralized (Lee & Edmondson, 2017). Taking into account how previous research has found that employees' perceptions of organizational change significantly impact whether employees will accept or resist the change (see Oreg, 2006), the only negative attitudes found in terms of firm strategy could serve as an explanation of why firm strategy is the least likely dimension to be decentralized in current SMOs.

In terms of process issues (Jones et al., 2008), it was found that differences in leadership style among managers, the upholding of corporate compliance, geography and cultural backgrounds, a prevailing silo mentality and an increase of peer pressure and conflicts due to a peer-based performance evaluation were all perceived to cause challenges to the implementation of radical decentralization of authority at the case company. Additionally, in terms of desired outcomes of the SMO initiative (Jones et al., 2008), the transition of managers to coaching leaders acting as ambassadors for the local team, increased transparency of information, cross pollination, horizontal role differentiation and value-based evaluation made by peers were found.

As a vertical expansion of the originally developed theoretical framework based on Jones et al. (2008) and Lee and Edmonson (2017), two conditional factors were revealed during the coding of data. The conditional factors are defined here as necessary conditions for radical decentralization to occur and represent CEO beliefs that support radical decentralization and a purpose-driven culture. These factors were discovered by refraining from forcing categories to fit existing theoretical frameworks and let theory development occur (see section 3.5). The extended theoretical framework, revealing employees' perceptions of radical decentralization of authority, is presented in Table 4 on the next page.

¹ Positive and/or negative attitudes were found in each dimension and represent one theme of issues.

	Work execution	Managing/monitoring work	Organization/ work design	Work / resource allocation	Personnel / performance management	Firm strategy
Emotional and attitudinal issues – Refer to people’s attitudes towards radical decentralization.	<ul style="list-style-type: none"> • Positive and negative attitudes 	<ul style="list-style-type: none"> • Positive and negative attitudes 	<ul style="list-style-type: none"> • Positive and negative attitudes • Structural uncertainty 	<ul style="list-style-type: none"> • Positive and negative attitudes 	<ul style="list-style-type: none"> • Positive and negative attitudes 	<ul style="list-style-type: none"> • Negative attitudes
Process issues – Refer to issues regarding the implementation of radical decentralization.	<ul style="list-style-type: none"> • Leadership 	<ul style="list-style-type: none"> • Corporate compliance 	<ul style="list-style-type: none"> • Geography and cultural backgrounds 	<ul style="list-style-type: none"> • Silo mentality 	<ul style="list-style-type: none"> • Peer-pressure • Conflicts 	<ul style="list-style-type: none"> • -
Outcome issues – Refer to perceptions about the most important outcomes of radical decentralization. Also covers desired outcomes.	<ul style="list-style-type: none"> • Coaching leaders 	<ul style="list-style-type: none"> • Information transparency 	<ul style="list-style-type: none"> • Ambassadorship (Globally) 	<ul style="list-style-type: none"> • Cross-pollination • Horizontal role differentiation 	<ul style="list-style-type: none"> • Value-based evaluation 	<ul style="list-style-type: none"> • -
Conditional factors – Refer to perceptions of necessary conditions for radical decentralization to occur.	<p style="text-align: center;">CEO beliefs</p> <p style="text-align: center;">Purpose-driven culture</p>					

Table 4 – Extended Theoretical Framework

6 Conclusion

A majority of today's organizations are structured according to powerful cognitive and social forces that reinforces hierarchical and bureaucratic organizational designs. In a world of rapid technology advancements and quickly changing customer needs, the rigidity of managerial hierarchy is threatened and as a result the phenomenon of radically decentralized organizations, also known as Self-Managing Organizations (SMOs) has risen. However, current literature on SMOs indicates how employees vary in their perceptions of SMOs and radical decentralization of authority. Therefore, to reach a deeper understanding of how individuals perceive a context without managerial authority the following research question was stated: *how do employees at a large complex organization perceive radical decentralization of managerial authority?*

By investigating employees' perceptions across the six dimensions of decision authority as defined by Lee and Edmondson (2017) both positive and negative attitudes towards radical decentralization were found. More specifically, both positive and negative attitudes were found in regard to work execution, managing and monitoring work, organization and work design, work and resource allocation as well as personnel and performance management. However, only negative attitudes in terms of radical decentralization of firm strategy were found. In line with prior research, the attitudes among employees partly depended on the degree of interdependence in work tasks. Moreover, employees highlighted a number of problematic issues in regard to the implementation of radical decentralization. By means of the findings in this thesis it can be concluded that although radical decentralization overall was perceived by employees to bring about coaching leaders, information transparency, collaboration and meaningful work, transforming an existing hierarchical organization to adopt SMO structures and practices comes with great challenges. Two necessary conditions for radical decentralization to occur were identified, (1) CEO beliefs that supports such a transformation and (2) a purpose-driven culture.

Finally, the Swedish market company in this thesis is a particularly interesting case as it is represented by a subordinate operating within an international matrix conglomerate. Due to global authority employees reasoned that radical decentralization in some dimensions, for example resource allocation and firm strategy, would be difficult to achieve. However, interestingly enough it seems like radical decentralization of organization and work design could be achieved on a local level while keeping hierarchical structures on a global level. This finding is of great importance as it challenges the organization wide component in the SMO definition (see Lee & Edmondson, 2017). It suggests that a distinction from that of a local level and global level in terms of radical decentralization of authority is necessary.

7 Contribution and Future Research

In this final chapter the practical implications of the study (7.1.), the theoretical contribution (7.2) and suggestions for future research (7.3) will be discussed.

7.1 Practical Implications

The findings of this thesis have a number of implications for change agents in that a wide variety of employee concerns during radical decentralization of authority have been identified. In particular, differences in leadership style among current managers and silo mentalities among business units are two issues perceived as causing challenges to the implementation of radical decentralization and need to be coped with. Another implication of the study is the need of developing psychological safety among peers to make peer-based evaluation effective. Moreover, the necessary condition of CEO beliefs is an important insight to change agents who wish to decentralize decision authority in an organization as the time and energy spent on trying to change may not be worthwhile if the CEO supports bureaucratic rather than decentralized decision authority. The method of driving a SMO transformation described in section (4.2) further provides change agents with a new way of driving change from a bottom-up perspective. The fact that the SMO change is driven by employees across all levels of the hierarchy implies that an initiative to transform an existing organization to become radically decentralized can come from any employee irrespective of current position in the hierarchy. Nevertheless, change can be initiated on a local level in an international matrix conglomerate as long as the local leader/CEO believes in such transformation.

7.2 Theoretical Contribution

This study investigated employees' subjective experience of SMO and radical decentralization of authority. Instead of focusing on an aggregate and organizational level of SMO as previous research (e.g. Lee & Edmondson, 2017), this study demonstrates the value of understanding micro-level perceptions among employees. By investigating the research gap of individual level consideration within SMO literature and developing a theoretical framework based on both current SMO theory and organizational change research, this thesis has created a link between two previously separate literature streams. The findings of this thesis suggest that employees have different thoughts and perceptions of radical decentralization which may have a major influence on how radical decentralization is implemented. The findings of this thesis further contribute to organizational change research by applying Jones et al.'s (2008) framework in a new contextual dimension of SMO change, and radical decentralization of authority. Moreover, the vertical extension of Jones et al.'s (2008) framework to incorporate themes of conditional factors is aiding future research in their understanding of employee perceptions of organizational change.

7.3 Future Research

The theoretical framework developed in this thesis provides an initial framework for research on employee perceptions of radical decentralization of authority. Other change researchers can confirm or expand on the themes reported in this study. Such results would advance our understanding of the subjective perceptions of employees undergoing SMO change and radical decentralization of authority. Moreover, as mentioned in the limitations of this thesis (3.7), conducting a longitudinal case study at the case company would have been of great value to understand how perceptions of radical decentralization develops over time and how perceptions later turn into behaviors and actions among employees as the change unfolds.

The case company in this thesis is operating within the pharmaceutical industry which has been suggested to be particularly suitable for radical decentralization of authority due to its close alignment of purpose and financial outcome. Hence, conducting the same study in another context, for example in the fast fashion industry where the purpose of shareholders and wider stakeholders may be more misaligned, could complement the findings of this study and enhance our understanding of employees' perceptions of radical decentralization of authority in a wider context. Moreover, this study found that geography and cultural background was perceived to impose challenges to radical decentralization of authority. Although, existing SMOs operate in different countries across the world, investigating how nationality and cultural backgrounds have an effect on employees' perceptions of radical decentralization will help us understand in what contexts SMOs are perceived as particularly appropriate.

8 References

- Adler, P.S. (2001). Market, Hierarchy, and Trust: The Knowledge Economy and the Future of Capitalism, *Organization Science*, 12(2), 215-234.
- Amiot, C.E., Terry, D.J., Jimmieson, N.L. & Callan, V.J. (2006). A Longitudinal Investigation of Coping Processes During a Merger: Implications for Job Satisfaction and Organizational Identification. *Journal of Management*, 32(4), 552-574.
- Anderson, C., Willer, R., Kilduff, G.J. & Brown, C.E. (2012). The origins of deference: When do people prefer lower status? *Journal of personality and social psychology*, 102(5), 1077-1088.
- Armenakis, A.A. & Bedeian, A.G. (1999). Organizational change: A review of theory and research in the 1990s. *Journal of Management*, 25(3), 293-315.
- Armenakis, A.A., Harris, S.G., & Mossholder, K.W. (1993). Creating readiness for organizational change, *Human Relations*, 46(6), 681-703.
- Arthur, S. & Nazroo, J. (2013) Designing fieldwork strategies and materials. In: Ritchie, J. & Lewis, J. (Eds.), *Qualitative research practice: A guide for social science students and researchers*. London: Sage Publications.
- Barker, J.R. (1993). Tightening the Iron Cage: Concertive Control in Self-Managing Teams, *Administrative Science Quarterly*, 38(3), 408-437.
- Barriball, L.K. & While, A. (1994). Collecting Data Using a Semi-Structured Interview: A Discussion Paper. *Journal of Advanced Nursing*, 19(1), 328-335.
- Bartölke, K., Eschweiler, W., Flechsenberger, D. & Tannenbaum, A.S. (1982). Workers' Participation and the Distribution of Control as Perceived by Members of Ten German Companies. *Administrative Science Quarterly*, 27(3), 380-397.
- Bate, P. (1984). The Impact of Organizational Culture on Approaches to Organizational Problem-Solving. *Organization Studies*, 5(1), 43-66.
- Bazeley, P. (2013). *Qualitative data analysis: practical strategies*. London: Sage.
- Benbasat, I., Goldstein, D.K. & Mead, M. (1987). The Case Research Strategy in Studies of Information Systems. *MIS Quarterly*, 11(3), 369-386.
- Bernstein, E., Bunch, J., Canner, N. & Lee, M. (2016) Beyond the Holacracy Hype. *Harvard Business Review*, 94(7-8), 38-49.
- Bernstein, E., Gino, F., & Staats, B. (2014). *Opening the Valve: From Software to Hardware (A)*, HBS No. 9-415-015. Boston, MA: Harvard Business School Publishing
- Blau, P.M. & Scott, W.R. (1962). *Formal organizations: a comparative approach*, Chandler, Oxford, England.
- Bordia, P., Hobman, E., Jones, E., Gallois, C. & Callan, V.J. (2004). Uncertainty during Organizational Change: Types, Consequences, and Management Strategies. *Journal of Business and Psychology*, 18(4), 507-532.

- Bryman, A. & Bell, E. (2011). *Business research methods*. Third Edition. Oxford: Oxford University Press.
- Burns, T. E., & Stalker, G.M. (1961). *The management of innovation*. University of Illinois at Urbana-Campaign's University Press.
- Cohen, S.G. & Ledford, G.E. (1994). The Effectiveness of Self-Managing Teams: A Quasi-Experiment. *Human Relations*, 47(1), 13-43.
- Collins, D. (1995). A Socio-Political Theory of Workplace Democracy: Class Conflict, Constituent Reactions and Organizational Outcomes at a Gainsharing Facility, *Organization Science*, 6(6), 628-644.
- Conger, J.A. & Kanungo, R.N. (1988). The Empowerment Process: Integrating Theory and Practice, *The Academy of Management Review*, 13(3), 471-482.
- Cordery, J.L., Mueller, W.S., & Smith, L.M. (1991). Attitudinal and Behavioral Effects of Autonomous Group Working: A Longitudinal Field Study. *Academy of Management Journal*, 34(2), 464-476.
- Derber, M. (1970). Crosscurrents in workers' participation. *Industrial Relations: A Journal of Economy and Society*, 9(2), 123-136.
- Detert, J.R., & Edmondson, A.C. (2011). Implicit Voice Theories: Taken-for-Granted Rules of Self-Censorship at Work. *Academy of Management Journal*, 54(3), 461-488.
- Dignan, A. (2019). *Brave New Work*. New York: Penguin Random House LLC.
- Drzensky, F., Egold, N. & van Dick, R. (2012). Ready for a Change? A Longitudinal Study of Antecedents, Consequences and Contingencies of Readiness for Change. *Journal of Change Management*, 12(1), 95-111.
- Dubois, A. & Gadde, L. (2002). Systematic combining: an abductive approach to case research. *Journal of Business Research*, 55(7), 553-560.
- Easton, G. (1995). Methodology for Industrial Networks. In K. Möller & D.Wilson (Eds.), *Business Marketing: An Interaction and Network Perspective* (pp. 1-36). Boston: Kluwer.
- Edmondson, A.C. (2004). Psychological Safety, Trust, and Learning in Organizations: A Group-Level Lens. In R. Kramer, & K. Cook (Eds.) *Trust and Distrust in Organizations: Dilemmas and Approaches*. (pp. 239-272). New York: Russell Sage Foundation, 239-272.
- Edmondson, A.C. & Lei, Z. (2014). Psychological Safety: The History, Renaissance, and Future of an Interpersonal Construct. *Annual Review of Organizational Psychology and Organizational Behavior*, 23-43.
- Edmondson, A.C., & McManus, S.E. (2007). Methodological fit in management field research. *The Academy of Management Review*, 32(4), 1155-1179.
- Edmondson, A.C., & Smith, D.M. (2006). Too Hot to Handle? How to Manage Relationship Conflict, *California management review*, 49(1), 6-31.
- Eisenhardt, K.M. (1989). Building Theories from Case Study Research, *The Academy of Management Review*, 14(4), 532-550.

- Elliott, N. & Higgins, A. (2012). Surviving grounded theory research method in an academic world: Proposal writing and theoretical frameworks. *The Grounded Theory Review*, 11(2).
- Flyvbjerg, B. (2006). Five Misunderstandings About Case-Study Research. *Qualitative Inquiry*, 12(2), 219-245.
- Foss, N.J. (2003), Selective Intervention and Internal Hybrids: Interpreting and Learning from the Rise and Decline of the Oticon Spaghetti Organization. *Organization Science*, 14(3), 331-349.
- Fossey, E., Harvey, C. McDermott, F. & Davidson, L. (2002). Understanding and evaluating qualitative research. *Australian and New Zealand Journal of Psychiatry*, 36(1), 717-732.
- Frey, J.H. & Fontana, A. (1991). The group interview in social research. *The Social Science Journal*, 28(2), 175-187.
- Gino, F. & Staats, B.R. (2014). *The Morning Star Company: Self-management at work*. HBS No. 9-914-013. Boston, MA: Harvard Business School Publishing.
- Gioia, D.A. & Thomas, J.B. (1996). Identity, Image, and Issue Interpretation: Sensemaking During Strategic Change in Academia. *Administrative Science Quarterly*, 41(3), 370-403.
- Glaser, B.G. (1988). *Doing grounded theory: Issues and discussions*, Mill Valley: Sociology Press.
- Glaser, B.G. (1978). *Theoretical sensitivity: Advances in the methodology of grounded theory*. Mill Valley: Sociology Press.
- Glaser, B.G. & Strauss, A.L. (1967). *The Discovery of Grounded Theory. Strategies for Qualitative Research*. Chicago: Aldine.
- Golafshani, N. (2003). Understanding Reliability and Validity in Qualitative Research. *The Qualitative Report*, 8(4), 597-606.
- Gruenfeld, D.H., & Tiedens, L.Z. (2010), *Organizational preferences and their consequences*. In Fiske, S., Gilbert, T. & Lindzey, G. (Eds), *Handbook of social psychology*, John Wiley & Sons Inc.
- Grummitt, J. (1980). *A guide to interviewing skills*. London: Industrial Society.
- Guba, E.G. & Lincoln, Y.S. (1994). Competing paradigms in qualitative research. In N. Denzin & Y. Lincoln (Eds.). *Handbook of Qualitative Research* (2nd ed., pp. 105-117). Thousand Oaks: Sage
- Hackman, J.R. (1986). The psychology of self-management in organizations. In M. Pallak, & R. Perloff (Eds.), *Psychology and work: Productivity, change, and employment* (pp. 89-136). Washington, DC: American Psychological Association.
- Hamel, G. (2007). *The future of management*, Harvard Business School Press.
- Hamel, G. (2011). First, let's fire all the managers. *Harvard Business Review*, 89(12), 48-60.
- Heckscher, C., & Donnellon, A. (Eds.). (1994). *The post-bureaucratic organization: New perspectives on organizational change*. SAGE Publications, Incorporated.

- Herold, D.M., Fedor, D.B., Caldwell, S. & Liu, Y. (2008). The effects of transformational and change leadership on employees' commitment to a change: A multilevel study. *Journal of Applied Psychology*, 93(2), 346-357.
- Hinings, C.R., Hickson, D.J., Pennings, J.M. & Schneck, R.E. (1974). Structural Conditions of Intra-organizational Power. *Administrative Science Quarterly*, 16(2), 378-397.
- Hofstede, G. (1980). *Culture's consequences: International differences in work-related values*. Sage Publications Inc.
- Holt, D.T., Armenakis, A.A., Feild, H.S. & Harris, S.G. (2007). Readiness for Organizational Change: The Systematic Development of a Scale. *Journal of Applied Behavioral Science*, 43(2), 232-255.
- Jones, L., Watson, B., Hobman, E., Bordia, P., Gallois, C., & Callan, V.J. (2008). Employee perceptions of organizational change: Impact of hierarchical level. *Leadership & Organization Development Journal*, 29(4), 294-316.
- Kegan, R. (1998). *In over our heads: The mental demands of modern life*. Harvard University Press.
- Kellogg, K.C., Orlikowski, W.J. & Yates, J. (2006). Life in the Trading Zone: Structuring Coordination Across Boundaries in Post bureaucratic Organizations. *Organization Science*, 17(1), 22-44.
- Laloux, F. (2014). *Reinventing organizations: A guide to creating organizations inspired by the next stage in human consciousness*. Brussels: Nelson Parker.
- Lee, M.Y., & Edmondson, A.C. (2017). Self-managing organizations: Exploring the limits of less-hierarchical organizing. *Research in Organizational Behavior*, 37(1), 35-58.
- Lewin, K. (1951). Field Theory in Social Science. In D. Cartwright (Eds.), *The Annals of the American Academy of Political and Social Science* (pp. 89-136). Harpers.
- Lincoln, Y. & Guba, E.G. (1985). *Naturalistic inquiry*. Newbury Park: Sage.
- Maier, E. (2013). *Case Study: Valve's flat hierarchy isn't for everyone*. Inc. Retrieved from: <https://www.inc.com/em-maier/i-drunk-the-kool-aid-valve-flat-management.html> (2020-08-31).
- Manz, C.C. (1992). Self-Leading Work Teams: Moving Beyond Self-Management Myths. *Human Relations*, 45(11), 1119-1140.
- Manz, C.C. (1986). Self-leadership: Toward an expanded theory of self-influence processes in organizations. *The Academy of Management Review*, 11(3), 585-600.
- Martela, F. (2019). What makes self-managing organizations novel? Comparing how Weberian bureaucracy, Mintzberg's adhocracy, and self-organizing solve six fundamental problems of organizing. *Journal of Organization Design*, 8(23).
- Martin, A.J., Jones, E.S. & Callan, V.J. (2005). The role of psychological climate in facilitating employee adjustment during organizational change. *European Journal of Work and Organizational Psychology*, 14(3), 263-289.
- McHugh, M. (1997). The stress factor: Another item for the change management agenda? *Journal of Organizational Change Management*, 10(4), 345-362.

- Miller, V.D., Johnson, J.R. & Grau, J. (1994). Antecedents to willingness to participate in a planned organizational change. *Journal of Applied Communication Research*, 22(1), 59-80.
- Mintzberg, H. (1979), *The structuring of organizations: a synthesis of the research*. Englewood Cliffs, N.J: Pearson.
- Mishra, N., Rajkumar, M., & Mishra, R. (2019). Micromanagement: An employers' perspective. *International Journal of Scientific and Technology Research*, 8(10), 2949-2952.
- Morgan, G. & Smircich, L. (1980). The Case for Qualitative Research. *The Academy of Management Review*, 5(4), 491-500.
- Oreg, S. (2006). Personality, context, and resistance to organizational change. *European Journal of Work and Organizational Psychology* 15(1), 73-101.
- Orlikowski, W.J. & Baroudi, J.J. (1991). Studying Information Technology in Organizations: Research Approaches and Assumptions. *Information Systems Research*, 2(1), 1-28.
- Patton, M.Q. (2002). *Qualitative research and evaluation methods*. Thousand Oaks: Sage Publications.
- Pfeffer, J. (2013). You're still the same: Why theories of power hold over time and across contexts. *Academy of Management Perspectives*, 27(4), 269-280.
- Piderit, S.K. (2000). Rethinking resistance and recognizing ambivalence: A multidimensional view of attitudes toward an organizational change. *The Academy of Management Review*, 25(4), 783-794.
- Pring, R. (2000). *Philosophy of Educational Research*. Continuum.
- Puranam, P., Alexy, O., & Reitzig, M. (2014). What's 'New' about new forms of organizing? *Academy of Management Review*, 32(2), 162-180.
- Puranam, P. & Håkonsson, D. (2015). Valve's Way. *Journal of Organization Design*, 4(2), 2-4.
- Rafferty, A.E., Jimmieson, N.L., & Armenakis, A.A. (2013). Change readiness: a multilevel review. *Journal of Management*, 39(1), 110-135.
- Robertson, B.J. (2015). *Holacracy: the new management system for a rapidly changing world*. Henry Holt and Company.
- Saunders, M., Lewis, P. & Thornhill, A. (2012). *Research Methods for Business Students*. Harlow: Pearson Education Ltd.
- Torbert, W.R. (1974). Pre-bureaucratic and post-bureaucratic stages of organization development. *Interpersonal Development*, 5(1), 1-25.
- Trist, E.L. & Bamforth, K.W. (1951). Some Social and Psychological Consequences of the Longwall Method. *Human Relations*, 4(3), 3-38.
- Turco, C. (2016). *The conversational firm: Rethinking bureaucracy in the age of social media*. Columbia University Press.

- Vakola, M. (2013). Multilevel readiness to organizational change: A conceptual approach. *Journal of Change Management*, 13(1), 96-109.
- Virtanen, T. (2000). Changing competencies of public managers: tensions in commitment. *The International Journal of Public Sector Management*, 13(4), 333-410.
- Volberda, H.W. (1996). Toward the Flexible Form: How to Remain Vital in Hypercompetitive Environments, *Organization Science*, 7(4), 359-374.
- Wall, T. D., Kemp, N.J., Jackson, P.R., & Clegg, C. W. (1986). Outcomes of autonomous work groups: A long-term field experiment. *Academy of Management Journal*, 29(1), 280-304.
- Weber, M. (1946) In Gerth, H., & Mills, C.W. (Eds). *From Max Weber: Essays in sociology*, New York: Oxford University Press.
- Weick, K.E. (1995). *Sensemaking in organizations*. Thousand Oaks: CA Sage Publications.
- Wilson, E. (2009). *School-based Research: A Guide for Education Students*. SAGE Publications Ltd.
- Woods, K.M. & McNamara, J.R. (1980). Confidentiality: Its effect on interviewee behavior. *Professional Psychology*, 11(5), 714-721.
- Yin, R.K. (1994). Discovering the Future of the Case Study. Method in Evaluation Research. *Evaluation Practice*, 15(3), 283-290.

9 Appendices

9.1 Appendix 1: Bureaucracy Whereas SMO

The table below contrasts bureaucratic decision authority to that of SMO and radical decentralization of decision authority. Sources cited by: Martela (2019) and Laloux (2014).

Decision authority	Bureaucratic Decision Authority	SMO Decision Authority
Work Execution	Managers identify <i>how</i> tasks shall be executed.	Fully decentralized, employees decide <i>how</i> to execute tasks.
Managing/ monitoring work	<p>Managers are responsible for monitoring the actions and/or outputs of their subordinates.</p> <p>“Predict and control”. Sticking to the plan is the rule, deviations must be explained, and gaps closed.</p> <p>Information is power and is released on a need-to-know basis. Strict task boundaries and precise instructions eliminate the need for distributing broad information.</p>	<p>Employees are primarily accountable for and monitored by each other (peer-based)</p> <p>“Sense and respond”. Working in fast iterations instead of in accordance with a predefined plan.</p> <p>Transparency of all key information. Active distribution of information to ensure each employee's capability to make decisions (advice process) that benefit the organization as a whole.</p>
Organization/ work design	Hierarchical pyramid organizational structure.	Flat organizational structure of self-organizing teams.
Work/ resource allocation	<p>Work allocation is allocated by managers to their subordinates in a top-down process. A silo mentality is created where every manager is king of their castle.</p> <p>Authorization of resource allocation is linked to level in the hierarchy. Investments budgets steered by top management.</p>	<p>Fluid work allocation that emerges from the interaction between employees. Employees have considerable authority to choose projects and/or roles to fulfill.</p> <p>Any employee can spend any amount provided the advice process is respected, including peer-based challenging of teams' investment budgets.</p>
Personnel/ performance management	Focus on individual performance and appraisals are established by hierarchical superior. Emphasis on monetary compensation.	Focus on team performance. Bonuses are often determined through a peer-based process. Emphasis on intrinsically rewarding work.
Firm strategy	Strategic course chartered by top leadership.	Strategy emerges organically from the collective intelligence of self-managing employees and teams.

Table 5 – Bureaucratic Decision Authority Whereas SMO

9.2 Appendix 2: Interview Sample

In total the interview sample includes 27 main interviews and 18 follow-up interviews. Abbreviations were given to employees depending on their role in the SMO change or their job title: NM refers to non-managers, M refers to managers and ET refers to executives.

Participant	Abbreviation	Interview date	Follow-up interview date
1.	<i>CEO</i>	<i>2020-09-21</i>	
2.	<i>Project Leader</i>	<i>2020-09-23</i>	
3.	<i>Consultant</i>	<i>2020-09-23</i>	
4.	<i>ET_1</i>	<i>2020-03-13</i>	<i>2020-09-24</i>
5.	<i>ET_2</i>	<i>2020-03-18</i>	<i>2020-09-16</i>
6.	<i>ET_3</i>	<i>2020-04-15</i>	<i>2020-09-23</i>
7.	<i>ET_4</i>	<i>2020-03-20</i>	<i>2020-09-18</i>
8.	<i>ET_5</i>	<i>2020-04-20</i>	<i>2020-09-25</i>
9.	<i>M_1</i>	<i>2020-03-25</i>	<i>2020-09-28</i>
10.	<i>M_2</i>	<i>2020-04-27</i>	<i>2020-09-28</i>
11.	<i>M_3</i>	<i>2020-04-22</i>	<i>2020-09-24</i>
12.	<i>M_4</i>	<i>2020-03-20</i>	<i>2020-09-30</i>
13.	<i>M_5</i>	<i>2020-03-17</i>	<i>2020-09-17</i>
14.	<i>M_6</i>	<i>2020-04-16</i>	<i>2020-09-22</i>
15.	<i>M_7</i>	<i>2020-03-27</i>	<i>2020-09-25</i>
16.	<i>M_8</i>	<i>2020-03-26</i>	
17.	<i>M_9</i>	<i>2020-05-04</i>	
18.	<i>M_10</i>	<i>2020-04-09</i>	
19.	<i>NM_1</i>	<i>2020-03-16</i>	<i>2020-09-29</i>
20.	<i>NM_2</i>	<i>2020-04-23</i>	<i>2020-09-29</i>
21.	<i>NM_3</i>	<i>2020-04-24</i>	<i>2020-09-21</i>
22.	<i>NM_4</i>	<i>2020-10-02</i>	
23.	<i>NM_5</i>	<i>2020-04-14</i>	<i>2020-09-21</i>
24.	<i>NM_6</i>	<i>2020-03-19</i>	<i>2020-09-18</i>
25.	<i>NM_7</i>	<i>2020-04-21</i>	<i>2020-09-16</i>
26.	<i>NM_8</i>	<i>2020-03-16</i>	
27.	<i>NM_9</i>	<i>2020-04-17</i>	

Table 6 – Interview Sample

9.3 Appendix 3: Semi-structured Interview Guide

Topic	Open-ended Questions (sample)
Personal background	<p>What is your background at the case company?</p> <p>What is your present position in this company?</p> <p>What are your main responsibilities?</p> <p>How many people are you responsible for managing?</p>
SMO (generally)	<p>When did you first hear about SMO?</p> <p>What did you think when you first heard about SMO?</p> <p>How does this change make you feel?</p> <p>What words come to mind?</p>
The waterline	<p>How would you describe the waterline at the case company?</p>
Work Execution	<p>How do you feel about decentralizing work execution?</p> <p>What challenges do you perceive with decentralizing work execution?</p> <p>What do you believe to be the outcome of decentralizing work execution?</p>
Managing/monitoring work	<p>How do you feel about decentralizing the managing and monitoring of work?</p> <p>What challenges do you perceive with decentralizing the managing and monitoring of work?</p> <p>What do you believe to be the outcome of decentralizing the managing and monitoring of work?</p>
Organization/work design	<p>How do you feel about decentralizing the organization and work design?</p> <p>What challenges do you perceive with decentralizing organization and work design?</p> <p>What do you believe to be the outcome of decentralizing the organization and work design?</p>
Work/resource allocation	<p>How do you feel about decentralizing work and resource allocation?</p> <p>What challenges do you perceive with decentralizing work and resource allocation?</p> <p>What do you believe to be the outcome of decentralizing work and resource allocation?</p>
Personnel/ performance management	<p>How do you feel about decentralizing personnel and performance management?</p> <p>What challenges do you perceive with decentralizing personnel and performance management?</p> <p>What do you believe to be the outcome of decentralizing personnel and performance management?</p>
Firm strategy	<p>How do you feel about decentralizing firm strategy?</p> <p>What challenges do you perceive with decentralizing firm strategy?</p> <p>What do you believe to be the outcome of decentralizing firm strategy?</p>

Table 7 – Interview Guide