Management control system's influence on a team's ability to innovate

A study on direct controls and innovation in a large established firm within the transport sector

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Sammanfattning

Denna masteruppsats undersöker hur styrsystem påverkar en innovationsgrupps förmåga att innovera inom ett stort, etablerat företag i transportsektorn. Studien fokuserar på direkta styrmedel, specifikt handlings- och resultatstyrning, och deras inverkan på innovationsaktiviteter. Innovation är en avgörande drivkraft för konkurrensfördelar och värdeskapande, men att hantera det är en komplex utmaning för många företag.

En abduktiv metod användes, inklusive semistrukturerade intervjuer med anställda och chefer över olika divisioner, observationer av möten och dagliga operationer samt analys av relevanta dokument. Intervjuerna genomfördes i tre faser; en innovationsgrupp ansvariga för att utveckla och anpassa organisationens produktutbud vilka kommer att kallas DAPO, mellanchefer och ledningen.

Resultaten visar att samspelet mellan handlings- och resultatstyrning påverkar gruppernas innovationspotential. Handlingsstyrning, som inkluderar specifika processer och beteenden som anställda måste följa, begränsar ofta kreativitet och flexibilitet. Resultatstyrning, som fokuserar på resultaten snarare än metoderna, kan dock motverka detta genom att ge grupperna incitament att innovera om de uppnår uppsatta mål. Studien visar att när dessa styrmedel inte är väl anpassade leder det till konflikter och ineffektivitet, särskilt för DAPO. För att bättre förstå hur resultat- och handlingsstyrning påverkar varandra och en grupp, utvecklades ett ramverk med stöd av resultaten som representerar effekterna. Ramverket visar hur en grupp, som DAPO, inte kan uppfylla sitt syfte i organisationen på grund av brist på handlings- och resultatstyrning inom gruppen. Istället måste de koppla samman med en annan grupp för att uppnå detta, vilket ofta inte överensstämmer med den gruppens upplevda syfte, vilket leder till konflikter.

För att hantera dessa utmaningar diskuterar uppsatsen en bättre integration av handlings- och resultatstyrning med hjälp av DAPO för att säkerställa att de kompletterar snarare än motverkar varandra. Denna strategi kan balansera kontroll med flexibilitet, vilket gör det möjligt för grupper att innovera samtidigt som de säkerställer att de är i linje med organisationens mål.

Denna studie bidrar till den teoretiska förståelsen av styrsystem och innovation, och ger praktiska insikter för chefer som söker att förbättra innovation i etablerade företag. Dessutom kan resultaten vara användbara för organisationer som har en grupp, liknande DAPO, som inte hanteras med handlings- och resultatstyrning.

Nyckelord: Styrsystem, Innovation, Direkta styrmedel, Handlingsstyrning, Resultatstyrning, Transportsektorn

Abstract

This master's thesis examines the influence of management control systems (MCS) on a team's ability to innovate within a large, established firm in the transport sector. The study focuses on direct controls, specifically action and result controls, and their impact on innovation activities. Innovation is recognized as a crucial driver of competitive advantage and value creation, yet managing it remains a complex challenge for many firms.

The research methodology involved an abductive approach, including semi-structured interviews with employees and managers across different divisions, observations of meetings and daily operations, and analysis of relevant documents. The interviews were conducted in three phases, capturing perspectives from an innovation team responsible for developing and adapting the organizations product offering that will be referred to as DAPO, mid-level managers, and top management.

Findings indicate that the interaction between action and result controls significantly affects the teams innovation potential. Action controls, which include specific processes and behaviors that employees must follow, often restrict creativity and flexibility. However, result controls, which focus on the outcomes rather than the methods, can counterbalance this by providing teams with the incentive to innovate if they achieve set targets. The study revealed that when these controls are not well-aligned, it leads to conflicts and inefficiencies, particularly for DAPO. To better understand how result and action controls affect each other and a team, a framework was developed with support from the findings that represent the effects. It shows how a team, such as DAPO, is not able to fulfill their purpose in the organization due to lack of action and result controls on their team. Instead, they must connect with another team to achieve this, which often misaligns with that teams perceived purpose, leading to conflicts.

To address these challenges, the thesis discusses a better integration of action and result controls with the help of DAPO to ensure they complement rather than conflict with each other. This approach aims to balance control with flexibility, enabling teams to innovate while ensuring alignment with the organization's goals.

This study contributes to the theoretical understanding of MCS and innovation, providing practical insights for managers seeking to enhance innovation in established firms. Additionally, the findings could be applicable to organizations having a team, similar to DAPO, that are not managed with action and result controls.

Keywords: Management Control Systems, Innovation, Direct Controls, Action Controls, Result Controls, Transport Sector.

FOREWORD

List of abbreviations

Case company X	Anonymized company used as the case study in the thesis
MCS	Management Control Systems
MC	Management Controls
DAPO	A team / innovation team responsible for Developing and Adapting the Product Offering
Division A	Anonymized division (DAPO's division)
Division B	Anonymized division
Division C	Anonymized division
Division D	Anonymized division

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1 INTRODUCTION

This chapter will describe the theoretical background, the research setting and why it is suitable. It will also describe the purpose and limitations of this thesis.

1.1 Background & Problem

Innovation has become a central part of the competitiveness of many firms, leading to development in new products and services and superior business performance (Lawson & Samson, 2001) This is why innovation should play an important role in each firm since innovation is also a mechanism for creating new market spaces for the firm to operate within (Hererra, 2015). But implementing an idea without managing it may not lead to the expected outcome since managing innovation is challenging and poses a key strategic issue (Baregheh et al, 2009). This means that an innovation team is important but might face challenges if not managed correctly. The theory of management controls (MC) is one of the mentioned ways to deal with this as it could become the engine for innovation that forces people into certain actions (Mouritsen & Revellino, 2015).

Research suggests that it is important to understand the interaction between MCs, rather than individual controls or packages of controls (Grabner & Moers, 2013; Chenhall & Moers, 2015). If managers implement different MC, in so called management control systems (MCS), and lack knowledge of the consequences, the outcome could harm innovation (Lill et al, 2021; Curtis & Sweeney, 2017). Davila (2000) early concluded that MCS are complex and affect performance but not why. According to Davila (2009a), established firms are more complex and therefore need more research on MCS. More specifically, the aim of this master thesis is to provide new insights regarding three complex fields: MCS, established firms, and innovation.

1.2 Research setting

The research setting was in an anonymous Swedish large sized firm working with complex products within the transport sector, used by a variety of people. The firm employs over 5000 people and are heavily focused on the sustainability issue discussed within this sector. As the company is anonymous it will be referred to as "Case company X" throughout the report.

Case company X is affected by a multitude of stakeholders as well as operating within a stagnant industry, contributing with complexity to their operations. Recently, they have faced challenges due to Covid-19 with its decrease in travelling highly affecting their profitability. Even though Case company X have a significant environmental responsibility, their main task is to successfully operate the company and deliver profits. With this business-driven perspective in combination with the past year's bad results, one group particularly is affected by this in their daily work that will be generalized as a team Developing and Adapting the Product Offering (DAPO). They will be used as the foundation of the empirical study but will always be referred to as DAPO.

DAPO, a team defined as an innovation team, is currently responsible for developing and adapting their product offering.. Customer needs and insights are one important aspect of this as well as preparing for the future and understanding what might be of importance. They describe themselves as "lobbyists" as they, most of the time, try to influence the different projects spread across the organization both within the same division as DAPO but also within other divisions. The name "lobbyists" is also based on them having almost no decision power. The issue is that the business-driven perspective is currently on the upper hand limiting their ability to contribute with, from their perspective, necessary change. This is creating growing frustration within the group as their ability to create value for the organization is limited. Meanwhile, the top management is

empathizing with the importance of DAPOs work, creating a conflict in relation to a business-driven culture.

Given the lack of control that DAPO faces in relation to their perception of their responsibility and how customer insights play a significant role of innovation. This poses an excellent opportunity to deeply understand the role of DAPO.

1.3 Purpose

This research provides a better understanding of MCS within established firms while also relating it to innovation. It will generate new insights on how a team that could be decribed as DAPO is affected by operating amongst other teams strongly affected by MCS. As suggested, innovation is an issue for firms and MCS is complex leading to a definitive need for organizations to better understand this. While this research is based upon an established Swedish large size firm with the transport sector, this study will provide valuable insights that contribute to the theory of managerial implications as well as navigating through those being an innovation team.

1.4 Delimitations

As the master thesis is a time limited project, certain limitations had to be defined. The focus of this thesis could not be on the whole organization of Case company X. Instead, the focus had to be narrowed down to focus on one division with input from another. Additionally, as Case company X is operating within the transport sector, it naturally limits the thesis and might only be applicable to similar sectors. Lastly, this thesis aims to explain the situation and contribute to the understanding of it rather than develop a solution, a potential solution will however be discussed briefly.

To be able to understand the situation of DAPO, relevant literature on Innovation and MCS is discovered.

2.1 Management control systems

One of the earlier definitions of MCS was made by Anthony (1965, p.27) where he stated that MCS is "the process by which managers assure that resources are obtained and used effectively and efficiently in the accomplishment of the organization's objectives". Lately, this concept has been developed, and a literature study by Straub and Zecher's (2012) where they conducted an email survey with accounting academics of the top ranked books covering MCS was done. It showed that there are three main books that were most popular being Merchant and Van der Stede (2003), Anthony and Govindarajan (2007) and Simons (2000). Another literature review by Lill et al (2021) where they reviewed literature regarding MCS in relation to innovation activities concluded that two concepts of MCS represented most articles. Those were Merchant and Van der Stede, and Simons. Based on this, Merchant & Van der Stede, and Simons was decided to be the focus of this frame of reference.

2.2 Two sides on MCS

Merchant and Van der Stede (2003) argue that before any MCS is set in an organization, both the objective and the strategy need to be decided. After that is the creation of MCS. They are also separating strategic control with management control as if management control is dealing with an employes behavior. When describing their perspective on MCS, Straub and Zechers (2012, p.245) stated "Accordingly, the reason for and therefore the overall objective of control in the framework of Merchant and Van der Stede (2003) is human behavior, which as to be controlled in order to avoid divergence from set objectives". This aligns with the understanding that "[...] it is people in the organization who make things happen" (Merchant and Van der Stede, 2007, p. 8). This view shows that for an organization to work, you need to control the employees since they are doing the actual work. This perspective is similar to Abernethy and Chua (1996) where they state that if all the employees were to act in the best way for an organization all the time, there would be no need for MCS.

In contrast to this view, Simons (1995, p.5) is not using MCS as a form of only controlling the behavior of the employees, instead he is suggesting that MCS is "the formal, information-based routines and procedures managers use to maintain or alter patterns in organizational activities". While Merchant and Van der Stede want to make sure that the employees are aligned and work with the chosen strategy, Simons is opening the ability to re-influence the strategy depending on the given situation.

In this thesis, the framework of Merchant and Van der Stede will be used. Previous research warns about studying specific MCS elements individually (Chenhall, 2003). Simultaneously, studying MCS as a package is challenging as it is complex which creates difficulties for future research (Malmi & Brown, 2008). This implies that only researching one type of control could be misleading. However, researching the whole MCS as a package would be too complex. Therefore, in this thesis, both action and result controls will be investigated more.

2.3 Action & Result controls

The framework from Merchant and Van der Stede (2007) presents four types of controls; action controls, result controls, personnel controls, and cultural controls. Action controls are designed to ensure that employees undertake activities or follow specific processes that align with organizational goals. They typically include behavioral constraints, preaction reviews, action accountability, and redundancy. Behavioral constraints involve limiting the actions available for employees, for instance, by restricting access to resources or systems. Preaction reviews mandate that specific actions receive management approval before being implemented, ensuring that they align with strategic objectives. Action accountability holds employees responsible for behaviors, and redundancy involves having multiple individuals or systems complete the same task to prevent errors.

Result controls focus on outcomes rather than specific actions. They rely on establishing clear performance targets and measuring actual results against these standards. This type of control gives employees the autonomy to determine how to achieve these goals but holds them accountable for the outcomes. Result controls are often coupled with rewards and penalties to motivate performance. This mechanism requires clear and precise target setting, performance measurement, and the establishment of appropriate rewards.

As MC is mentioned as becoming an engine for innovation that forces people into certain actions (Mouritsen & Revellino, 2015). The subject of innovation must be further explained.

2.4 Innovation

Innovation is commonly defined as the implementation of new ideas, processes, or products that significantly improve outcomes. According to Crossan and Apaydin (2010, p.1155), innovation encompasses the "production or adoption, assimilation, and exploitation of a value-added novelty in economic and social spheres; renewal and enlargement of products, services, and markets; development of new methods of production; and establishment of new management systems." Similarly, Schumpeter and Swedberg (2021) define innovation as the creation of new combinations, which can manifest as new products, new methods of production, new sources of supply, new markets, and new ways to organize business. In this study, the full definition of innovation is not necessary and will only make it more complex. Instead, the important parts of the definitions above are the creation of new products, novel solutions, or new markets. These will be what is referred to when mentioning innovation.

Innovation is often seen as the outcome of well-managed organizational processes rather than as random events that occur occasionally (Bisbe and Malagueño, 2015; Davila, 2005). With innovation recognized as a primary driver of value creation (Bisbe and Malagueño, 2015) and a key source of competitive advantage (Crossan and Apaydin, 2010), managers continually seek tools and solutions that both stimulate innovative responses (Chenhall and Moers, 2015) and effectively manage the associated processes.

Understanding customer needs is important for driving innovation as the needs represent the problem, desires, and requirements that customers have. A deep understanding of customer needs can inspire innovative solutions. Focusing on what customers truly need encourages the development of unique and creative products (Von Hippel, 1986). It can also increase long-term business success as customers that are satisfied will have increased loyalty (Cooper, 1999). One method widely used that empathizes on the impact of understanding the customer needs is design thinking (Brown, 2008). It proves the role customer needs can have in innovation. How customer

needs are used within different methods are different, but they all provide insight on the importance of them (Osterwalder et al, 2015; Richardson, 2010).

2.5 Measuring innovation

One downside of innovation is its challenge to predict (Tushman et al, 1986). However, researchers are suggesting that while innovation might be hard to predict, measuring innovation is crucial for organizations aiming to enhance competitiveness and ensure sustainable growth. Innovation measurement allows firms to assess the effectiveness of their strategies, identify areas for improvement, and allocate resources efficiently. This quantitative basis for decision-making facilitates better management of innovation activities and alignment with strategic goals (Davila et al, 2013).

Additionally, understanding the impact of innovation through measurement can lead to increased innovativeness by enabling organizations to benchmark their performance against industry standards and competitors. Innovation metrics foster a culture of continuous improvement and experimentation, encouraging creative problem-solving and idea generation (Richtner et al., 2017).

2.6 Innovation & MCS

Historically, accounting and management control systems were viewed as hindrances to innovation. Traditional control was perceived as limiting the freedom, creativity, experimentation, and flexibility needed for innovation (Christner and Strömsten, 2015; Davila et al., 2009a). Management control systems were regarded as tools to enforce compliance, dampening enthusiasm (Ouchi, 1979) and contradicting the requirements for innovation (Davila et al., 2009a, 2009b). Traditional control mechanisms prioritized efficiency, so innovation, with its high failure probability, was seen as an inefficiency to be minimized (Davila et al., 2009a).

In contrast to the more traditional belief that MCS constrained or, at least, were detrimental to innovation, the consensus nowadays is that these systems can play a vital role in it (Bedford, 2015). Now, literature has established bridges between innovation and MCS (Henri, 2006; Bedford, 2015). This underscores the significant role that MCS can play in fostering innovation while also emphasizing the fact that innovation is not random and therefore needs to be controlled. According to Bedford (2015), MCS can affect innovation by providing strategic direction, enhancing communication and coordination, balancing control and flexibility, and facilitating resource allocation, all of which contribute to a structured yet dynamic environment that nurtures innovative activities.

2.7 Summary

The literature on MCS and innovation highlights several complexities. MCS, as described by Anthony (1965), ensures efficient use of resources to achieve organizational goals. This concept has evolved through works by Merchant and Van der Stede (2003) and Simons (2000), who emphasize controlling employee behavior and organizational activities, respectively.

Two perspectives on MCS are notable. Merchant and Van der Stede (2003) focus on aligning employee actions with strategic goals, while Simons (2000) advocates for adapting strategies based on changing circumstances. This thesis uses the framework of Merchant and Van der Stede, concentrating on action and result controls. This is due to the complexity of studying MCS as MC

affect each other and therefor can be too challenging to fully understand MCS with multiple MC (Chenhall, 2003; Malmi & Brown, 2008).

Innovation is crucial for value creation and competitive advantage (Bisbe and Malagueño, 2015; Crossan and Apaydin, 2010). It is driven by well-managed processes and understanding customer needs (Von Hippel, 1986; Cooper, 1999), though it remains difficult to predict (Tushman et al., 1986). Recent studies suggest MCS can facilitate innovation by balancing structure with flexibility (Bedford, 2015; Henri, 2006). By understanding MCS better, and ensuring that it is well managed, innovation could be enhanced and therefore lead to competitive advantages and help an innovation team to create value.

Researchers suggest that despite the unpredictability of innovation, measuring it is vital for enhancing competitiveness and sustainable growth. Innovation metrics help firms evaluate strategy effectiveness, pinpoint improvement areas, and allocate resources efficiently (Davila et al., 2013). Moreover, these measurements enable benchmarking against industry standards, fostering a culture of continuous improvement, experimentation, and creative problem-solving (Richtner et al., 2017). Which in relation to result controls becomes important as the aim of result controls is to measure the output of a team, which for an innovation team is innovation.

Despite these insights, there is a gap in understanding how specific controls like action and result controls impact an innovation team's innovation in large firms. This thesis aims to explore this gap and provide practical insights by answering the following research question:

> *How do management controls such as action and result controls affect an innovation team's ability to innovate within a large established firm?*

The following chapter will describe the research methodology and framework used to conduct this thesis.

3.1 Research method

This thesis is a qualitative study to allow a rich in-depth understanding of the research question. Eisenhardt (1989) highlights that qualitative case studies, by examining detailed empirical data, provide researchers with the ability to identify patterns and generate new theoretical insights. This approach is essential for developing theories that are deeply rooted in real-world observations. Yin (2018) underscores the significance of studying subjects within their real-life context. Qualitative research methods enable us to explore how and why things happen in specific settings, providing a holistic view that quantitative methods might not show (Yin, 2018). Allowing us to discover other interesting areas that might be of importance as well. Eisenhardt (1989) notes that qualitative studies are particularly useful for exploratory research. They enable the investigation of poorly understood issues, thus laying the groundwork for further studies and hypothesis testing (Eisenhardt, 1989). As the area of MCS is complex, understanding patterns is crucial to provide new insights and the overall knowledge required to fully understand it.

3.2 Literature study

During this thesis work, various pieces of literature were gathered throughout the research process. As the thesis was of an explorative nature, the initial literature search was limited. Instead, the understanding of Case Company X continuously evolved during the interview stage, shaping the direction of the literature as insights were gained. The literature consisted of journal articles, books, and other online sources and was searched through databases like Google Scholar. Additional input from past lecturers with PhDs was received in the search for literature.

This approach exemplifies an abductive research strategy. Abductive reasoning, as described by Timmermans and Tavory (2012), allows researchers to move iteratively between empirical data and theoretical frameworks. This approach is particularly useful in exploratory studies where the research questions and theoretical insights evolve alongside data collection. Dubois and Gadde (2002) also emphasize that abduction enables researchers to refine their understanding and develop theories by continuously comparing observations with existing literature. This iterative process is crucial in shaping a nuanced and well-grounded thesis, as it integrates emerging empirical insights with theoretical concepts.

3.3 Data & Data collection

The data collection was conducted through different methods such as interviews, observations, documents, and informal meetings.

3.3.1 Interviews

To answer the research question, the interview stage is divided into three phases. As illustrated in figure 1 it will explore the company from inside and out, starting with DAPO. The reason for this is to first understand DAPO's perspective and gradually build on that by adding first middle management and then top management perspective as the understanding of the organization is formed.

Figure 1. Interview phases, "inside and out"

An overview of the three phases as well as how DAPO, Middle management and Top management are related to the organizational structure can be seen in figure 2.
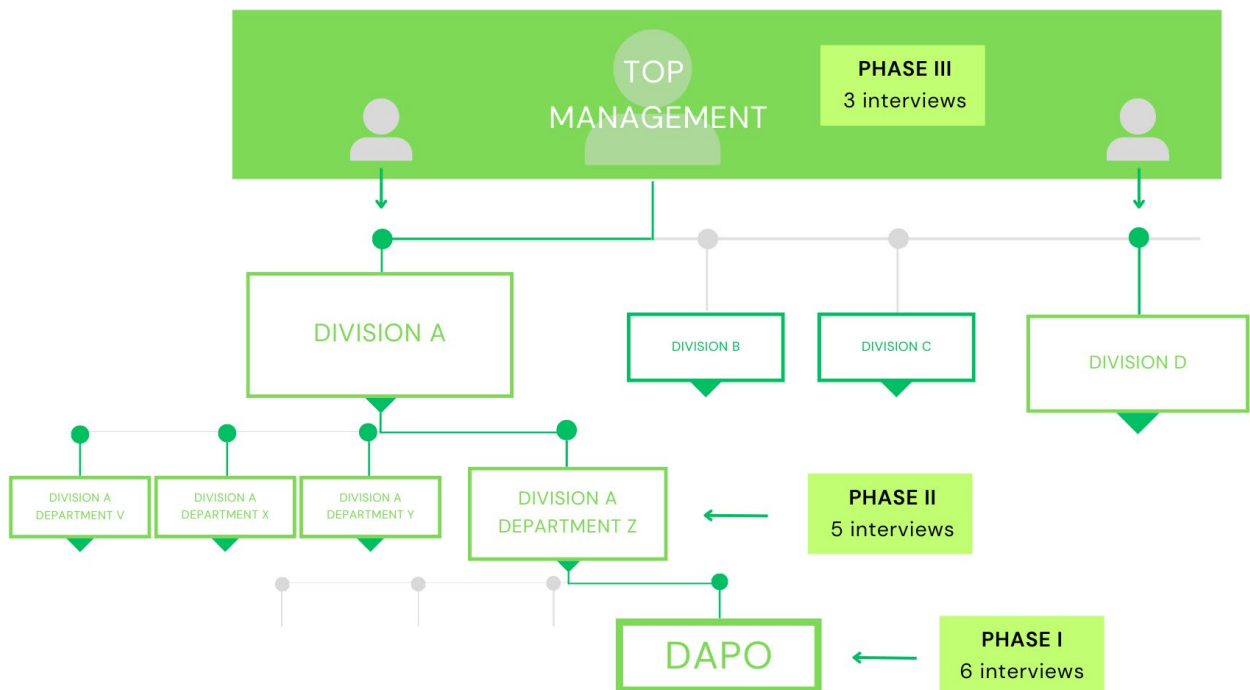
Figure 2. Organizational structure

3.3.1.1 Phase I - Team DAPO

The first phase of the interview study was conducted with DAPO, involving six semi structured interviews. The aim of these was to gain preliminary insights into how the group operates within Case company X, as well as to understand their general working practices. The interview guide was designed to cover several key areas, such as the interviewees background, assigned role, the case company in general and examples of successful and non-successful projects/initiatives. This guide is provided in Appendix A. Additionally, the supervisor at Case company X informed all the six interviewees about this study and the specific areas of interest beforehand, which enabled them to prepare and provide a more valuable introduction. However, the interview guide was used only when needed.

This first phase was of an open nature and was used to decide which direction phases II and III should take. It was important to give the interviewee an opportunity to fully elaborate on different topics as this phase would determine the study's future direction. The interviewees and the assigned time for each interview can be seen in Table 1.

Table 1. Interviews phase I

Interviewee	Date	Time [min]
A	February 6th	58
B	February 7th	53
C	February 7th	56
D	February 9th	55
E	February 12th	53
F	February 13th	59

3.3.1.2 Phase II – Mid management

Following phase I, phase II did cover one layer above the DAPO group, including their manager and other managers at the same middle management level within the same division. Four different managers were interviewed using a semi structured interview guide, developed, based on insights from the Phase I data analysis (see Appendix B). The interview guide was divided into areas such as background, collaboration, and development, to provide additional information and broader perspectives to the insights in phase I.

However, the last interview was with an employee with great insights into the innovation and vision work at the case company that complement interviewee H. This stage's purpose was to understand the managers' point of view of the organization and how they work within the entire division with innovation, vision, and daily operations. If phase I describes the outcome of whichever strategy is used, phase II will focus on why it occurs and how other managers work with their teams. The interviewees and the assigned time for each interview can be seen in Table 2.

Table 2. Interviews phase II

Interviewee	Date	Time [min]
G	February 19th	52
H	February 20th	48
I	February 20th	56
J	February 26th	57
K	February 27th	59

3.3.1.3 Phase III – Top management

The final phase of the interviews, phase III, focused on top management's views on the organization's objectives and chosen strategies to achieve them, including interviews with two division managers and the CEO. These interviews were semi-structured and based on data from phase I and phase II analysis, literature regarding MCS and more specific direct controls. The interviews covered topics such as decision making, responsibility, and cooperation. Additionally, the second interview in this phase was informed by insights from the first interview.

The last interview with the CEO was shorter due to schedule constraints, which influenced the content and areas of focus. Consequently, CEOs interview guide was more concise, emphasizing the future and innovation. All the interview guides are shown in Appendix C. The interviewees and the assigned time for each interview can be seen in Table 3.

Table 3. Interviews phase III

Interviewee	Date	Time [min]
L	March 28th	66
M	May 2nd	61
N	May 6th	31

3.3.2 Observations

Another part of the study consisted of observations from various meetings across the entire organization, which people from DAPO attended. This part ran concurrently with the other parts of the study. This part's purpose was to gain insights into their actual work compared to their stated ones and to understand the internal discussions within the organization. Additionally, this was done to obtain insights from individuals beyond those who were interviewed. To organize and store the data from these observations, an excel sheet was created with descriptions of each meeting. Table 4 describes the meetings used for the study.

Table 4. Observations

Observation number	Date	Time [min]	Participants	Description
4	February 5th	60	DAPO	Sprint meeting, follow-up on how it is going for everyone, if there is someone that needs help or want to discuss something. It is a session made to meet and solve problems together.
5,6	February 9th	60	DAPO	Presentation of a project within DAPO.
1,2,3	February 15th	120	DAPOs ,division A and division D	A meeting between the two divisions to exchange information about ongoing projects, find synergies through discussions, and learn from each other.
7	March 28th	-	-	During one lunch, a note regarding a certain upcoming seminar was noted at the office.

3.3.3 Documents

The last data source that was used in this study is several types of documents. These were gathered through the data collection we had access to at the company. As most of these documents are strictly for internal use, their use was handled with care. The documents were typically decided based upon the information received in the interviews. When an interviewee referred to a certain document of interest, the specific document was tracked and analyzed.

3.4 Data analysis

The data analysis will describe how the different data sources were analyzed. To provide an overview, the multiple data sources, their focus and content and their use in the analysis are further described in table 5.

Table 5. Data analysis

Data sources and collection	Focus and/or content	Use in analysis
PHASE I: Interviews with DAPO (Conducted in early February 2024) 6 semi-structured interviews with employees from the same DAPO team. Each interview lasted about one hour and took place at the office or on Teams. All interviews were recorded.	The aim with these interviews was to get an introduction to the company and to gather the teams' perspectives on the situation at Case company X. The interview guide covered topics such as the interviewees backgrounds, their assigned roles, an overview of Case company X, and examples of successful and unsuccessful projects/initiatives.	*Main data* In combination with interviews from phase II and phase III to understand the situation of Case company X in relation to management controls and innovation as well as other related aspects.
PHASE II: Interviews with Business Managers (Conducted in late February 2024) 4 semi-structured interviews were conducted with business managers division A. Additionally, one complementary interview was conducted with an employee of one of the business managers. Each interview lasted about one hour and took place at the office or on Teams. All interviews were recorded.	The aim of these interviews was to gather more insights, obtain a broader view, and gather other perspectives on the situation at Case company X. The interview guide was based on the data gathered from the phase I interviews and covered topics such as their team dynamics, roles within the team, strategy, vision, and the collaboration with other teams.	*Main data* In combination with interviews from phase I and phase III to understand the situation of Case company X in relation to management controls and innovation as well as other related aspects.
PHASE III: Interviews with Division Managers (Conducted in late March 2024) One semi-structured interview was conducted with the manager of division A. Another semi-structured interview was conducted with the manager of division D. The interviews lasted just over one	The aim of these interviews was to broaden the view further and include perspectives from top management. The interview guides were based on data gathered from phase I and II, as well as observations and information from documents. It covered topics such as decision-making	*Main data* In combination with interviews from phase I and phase II to understand the situation of Case company X in relation to management controls and innovation as well as other related aspects.

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hour, were held at the office, and recorded. One last interview was conducted with the CEO on Teams for about half an hour.	process, budget allocation, organizational culture, strategy, innovation initiatives, and the purpose with the divisions. The interview guides were customized for each interview.	
Observations (Conducted in February – March 2024) Observations were made by attending various meetings across the entire organization, which included attendees from DAPO, as well as observations made at the office. This data was collected through notes in an Excel sheet.	This was done to gain insights into their actual work compared to their stated roles and to understand the internal discussions within the organization.	*Supporting data* Used as a complement to the interviews by providing examples during daily operation that also validated the main data.
Documents (Conducted in February – April 2024)	Dependent on information gathered from interviews which directed what documents to be analyzed.	*Supporting data* Used as validation of the information that the interviewees brought up in Phase I, Phase II and Phase III. Also provided more complementary information.

3.4.1 Interviews

After conducting the interviews, a transcript of each interview was generated through Microsoft word transcript feature (Microsoft, n.d.). The reason for this was that any transcript program requires the share of the recording and Microsoft is the only provider that the case company accepts.

To analyze the material, inspiration was taken from Attride-Stirling (2001). By following her framework, the first step was to code the interview by extracting important quotes and sentences from each interview, an example of this first assortment can be seen in Appendix D. Secondly, different themes were identified with support from the code from the interviews and an example of this second assortment can be seen in Appendix E. Lastly, a coded tree was generated from the second assortment and an example of this from Phase I can be seen in Appendix F. The code tree from Phase II can be seen in Appendix G and from Phase III in Appendix H. As a guidance in this, MCS and innovation was used as a background theme during the analysis. As the abductive approach resulted in the theory simultaneously being created, Phase I was more open and naturally got narrowed down more towards MCS and innovation during the later phases. To guide the thesis in what direction it should go during phase I, focus was on the innovation part of the research question and therefore analyzed the outcome of whatever strategy or tools Case company X uses. In contrast to phase I, phase II was analyzed a bit differently and focused on both how the managers steer their teams and the outcomes of that as phase I only described the outcomes from DAPO. Lastly, phase III focused on the objective of Case company X and the chosen strategy.

These analyses were not done at the same time as the various stages needed input from the previous, to enable this, the data collection and analysis were done in parallel.

3.4.2 Observations

The main data source of the thesis will be the interviews, the observations will instead be of a supporting nature that will help validate certain data (Miles & Huberman, 1994). As mentioned earlier, the observations were structured in an excel sheet and will only be used in relation to other data that was brought up in the interviews. Therefore, all the observations will not be used to analyze the data, instead the relevant ones will be presented.

3.4.3 Documents

The specific documents analyzed are presented in table 6. Due to secrecy, the description of the content is brief.

Table 6. Documents

Document	Content
Business plan (5-year)	Included all the information about different areas that should be the focus of the following 5 years. It also included the vision, strategic focus points, their business and potential risks associated with the above.
Operational plan (1-year)	Consisted of a 1-year plan related to some areas from the business plan that should be the focus of the following year.
Quarterly plan (3-months)	3-month planning that is based on the operational plan. Includes the following 3 months' activities.
Team presentations	Included information about the different teams and could describe certain projects or initiatives.

3.5 Methodological evaluation

The following subchapter will describe how this thesis is ensured to be reliable, valid and transferable.

3.5.1 Reliability

Reliability in qualitative research refers to the consistency of the research process and findings. To ensure reliability in this study, high transparency was prioritized. Interviews were recorded and transcribed, interview guides were written down, and empirical results are based on interview quotes. Observations are systematically documented in an Excel spreadsheet, capturing details such as date and time. Data analysis is presented with a clear coding tree and themes directly linked to quotes from the data. According to Gioia et al. (2013), such structured and systematic approaches enhance the reliability of qualitative research findings by ensuring transparency and consistency.

3.5.2 Validity

Validity in qualitative research measures the accuracy and truthfulness of the findings. This study enhances validity by triangulating multiple data sources. Interviews are compared with documents and observations to validate the data. This approach aligns with strategies suggested by Gioia et

al. (2013) to ensure the trustworthiness of qualitative research through data triangulation and the use of multiple data sources to confirm findings. Additionally, as employees at the same level might have similar opinions within a company, the inclusion of participants from various levels within the company ensured a more diverse group of interviewees, supporting a more comprehensive understanding of the subject (Halcomb et al., 2007).

3.5.3 Transferability

Gioia et al. (2013) emphasizes the importance of providing transparent documentation to enable readers to determine the applicability of findings to other settings.

Transferability refers to how much a study's findings can be applied to other contexts. Achieving transferability in this study is challenging due to the anonymity of the company and the semi-structured nature of our interviews, which do not always lead to the same questions and answers. However, this thesis facilitates transferability by clearly documenting the decision-making process regarding participant selection and maintaining high transparency including the purpose of it. It also generalizes the results to indicate under what circumstances our findings might be applicable to other contexts.

By integrating these methodologies and strategies, this study aimed to ensure high standards of reliability, validity, and transferability, thereby contributing valuable insights to the field of qualitative research.

The following chapter presents the results gathered using the described method. It consists of the same subheadings as in the methods chapter to connect the various sources of data gathering to the empirical results. The main data source was the interviews, and the empirical results are presented according to the different interview phases ending with the observations used.

4.1 Interviews phase I

The first phase of the interviews, with individuals in DAPO, resulted in one global theme, Innovation barriers. The global theme consists of two organizing themes, Culture and Decision and implementation power, which in turn are divided into basic themes and are shown in table 7. Additionally, the understanding of DAPO was gathered from these interviews.

DAPO have several new employees within the group and are currently undergoing change both in their way of working internally within the group but also within the division. DAPO have diverse backgrounds, both academical and previous jobs, and different areas of responsibilities within the group that they try to move away from. There is a slight ambiguity about their work for some employees. Further, DAPO are trying to balance how much they work towards the daily operations as well as towards the future, but they tend to get stuck working with what is important right now. They are product managers, working with maintaining and developing the product offering.

Table 7: Themes Interviews phase I

Global theme: Innovation barriers		
Organizing theme	**Basic themes**	**Number of interviewees**
Culture	Pleased with current state	Interviewee A Interviewee B Interviewee C Interviewee D Interviewee E Interviewee F
	Tunnel vision	Interviewee A Interviewee B Interviewee C Interviewee D Interviewee E Interviewee F
	Working with different perspectives	Interviewee A Interviewee B Interviewee C Interviewee E Interviewee F
Decision & implementation power	Stretched lead times	Interviewee A Interviewee B Interviewee C Interviewee D
	Timing	Interviewee A Interviewee C Interviewee D Interviewee E

	Mandate / No mandate	Interviewee A
		Interviewee B
		Interviewee C
		Interviewee D
		Interviewee E
	Present and future	Interviewee A
		Interviewee B
		Interviewee C
		Interviewee D
		Interviewee E
		Interviewee F

4.1.1 Culture

A common theme brought up by the interviewees correlates with the culture at Case company X, encompassing how they work, their mindset, and their vision for the future. This organizing theme could then be divided into three basic themes repeated by most interviewees. These are presented below.

4.1.1.1 Pleased with current state

One of the interviewees brought up the market and competitors by stating:

> *"We are Fat and Happy here; we have 80% of the market"* - D

and claims that Case company X therefore gets comfortable and loses the drive for innovation. The interviewee continues by questioning if Case company X understands the potential benefits of innovation and concludes with:

> *"We are probably not experiencing any sense of urgency here besides the need of our product next week, otherwise we lose money"* - D

Another interviewee stated their concern about the conclusions employees at the company drew when case company X had a presentation about a future competitive technology. The interviewee said:

> *"They concluded that they will never be a threat and we were like "ohhh" we have to do something about this mindset"* - C

How Case company X is pleased with the current situation is shown when interviewee D talked about an idea where a physical service should be swapped for a digital one, the idea was met with:

> *"There are parts of this organization that states "Physical services are necessary; we have had that in our industry for a long time""* - D

When talking about what they are working with, interviewee F concluded that:

> *"We work a lot with small improvements, we should as a team work much more with what's ahead"* - F

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At the same time, the same interviewee also expressed its gratitude towards a colleague in a project. Interviewee F was performing the daily operational tasks but had to also have a perspective towards the future. Another colleague helped her with this, and they worked together on the project.

> *"It works good for me when we can combine. I do not have the strength to look into the future but that is me. Someone else might be able to work with daily operation as well as towards the future. I am not able to do that. But I prefer to work with someone that can do that for me, to combine our strengths" - F*

Another topic regarding pleasure is the general opinion about ideas. When interviewee A tends to bring up ideas, it often feels that it is something that no one listens to.

> *"It becomes something you stop and take notes on but then you continue working with the ordinary work. It is not something that someone brings with them" - A*

However, when working with a colleague from another division the same interviewee concludes that whenever an idea is brought up, the interviewee and the colleague tend to themselves conclude that those things will never happen. Another interviewee describes a similar feeling, see table 8.

Table 8. Quotes: Ideas

Interviewee	Quote
A	*"Then we raise our eyebrows a bit and just go, well, but that is never going to happen. So, it is kind of that vibe, really."*
D	*"It is rare to hear 'We can do this!"*

4.1.1.2 Tunnel vision

This basic theme was kept separate from pleased with current state even though they were similar. They are comparable but with different perspectives.
One reason that Case company X is stuck with daily work according to one interviewee is that the industry does not allow them to be innovative. They concludes that:

> *"One is responsible that everything is working, there is a supplier, everyone is always late, it's significantly over budget, and that leads to tunnel vision and a lack of innovation. One doesn't dare to make the uncomfortable decisions that could lead to a 3-month delay and 40 million over budget." - A*

At the same time, the interviewee explains that it might be easier to acknowledge when an idea should be implemented when you do not have the budget requirement:

> *"We need to do this. It will make a difference, while we stand a bit on the outside and sort of fly over everything, avoiding the nagging budget issue. So, it might be a bit easier to be the one monitoring." - A*

Expanding on the idea topic. Interviewee A further explains that there are only a few areas in which Case company X can be innovative. The reason is that there are so many regulations, fire safety issues, costs, and internal discussions about who should budget for it. The end of this statement was:

"I can also say that I reacted so much on this when I started here at case company x, then I became narrow-minded" - A

Another interviewee brought up that while everyone is stuck with working with daily operation, no one cares to look up and focus on something else, no one has the energy to listen:

"Everyone is focused on; how should we get out of this shit? [...] No one has the energy to listen, no one has the energy to do anything with it"- F

Case company X is compared with another organization by interviewee D that worked more regarding innovation:

"That is what is giving it a sense of innovation, that you are able to think outside the box. Here, it is more like "how can we really think inside the box?"" - D

The same interviewee also explains what affects its way of thinking while working for Case company X. The interviewee describes a previous project that was one of its first at the Case company X that took a lot of resources and energy:

"That set foundation that "Ok, if we are going to change something it will be this difficult" and I always compare anything with that [...] We are supposed to have a high tolerance and widen our team as much as possible but it's easy to just get stuck with your thought whenever you test something and realize how many you affect and how many that wants to affect you" - D

At the same time interviewee C and E see ways of dealing with this situation, have patiance and use other means and words when presenting something, see table 9.

Table 9. Quotes: Ways of dealing with the current situation

Interviewee	Quote
C	*"There is resistance for sure, but I do not think that you can change these things over a night. I think that it is about semantics. Having the same content, same decision, same business case but the word does not sound as frightening."*
E	*"We don´t use the term innovation very often. Perhaps we would like to use it a bit more, but we try to tone it down and talk about other things instead. I think it is a matter of timing, right now it is wise to use other words"*

4.1.1.3 Working with different perspectives

Interviewee B explains the separate roles that the mid management and top management have and that they have their own interests that affect their role. At the same time, the interviewee argues that this is how it should be within an organization.

"It is clear that people have different perspectives, but that is how it should be. [...] It is not that it leads to impasses, but obviously, people do not have the same opinion." - B

However, Interviewee C expresses that even though DAPO have changed their way of working by proposing ideas differently, the mid management is still comparing it to the amount of money they could earn by not implementing it. Resulting in that the business-driven perspective often wins. The interviewee then gives a made-up example of how it typically works.

> *"[...] when we get to the mid management, they are just like, "Yeah, great, but now we're making 15 million more by not implementing X." - C*

And then empathizes the importance of being able to work with two thoughts simultaneously, especially when they are such a large organization.

> *"I believe we are an organization large enough that we should be able to have two thoughts in our heads at the same time. [...] Large organizations actually have both the capacity and the opportunities if one truly prioritizes." - C*

An example of the outcome when one perspective rules according to interviewee A is when a team in another division initiated a project out of nowhere when that project should have got input from DAPO before that. The interviewee explains why that might have happened:

> *"I believe the team has a schedule, and then they perceive that "this is our clear mission," and then they start something, but in reality, they have no idea what they are supposed to do since it is us who come in with the customer perspective" - A*

This example was brought up by interviewee E:

> *" [...] This is an example of why we would need a bit more transparency and a bit more oversight on the developments happening elsewhere outside our division." - E*

Interviewee A also describes that they previously worked in that team and experienced an ambiguity from DAPOs division, what they want from them.

> *"It was very unclear for us. How soon do you want it? What do you want with that question?" - A*

When talking about this with interviewee F, they explained that DAPO must make room for the unknown.

> *"We need to build products where we create conditions for unknown technology. "Don't just install one cable, install 20" because we might need that in the future" - F*

One example of an initiative to work with multiple perspectives is brought up by both interviewee A & B. Interviewee B explains that it wanted to structure the work by implementing a project steering group.

> *"The purpose of the project steering group is to streamline the work on an ongoing basis, ensure that we are working in the right direction, redirect if we go off course, and make sure that we get all the input we need. The project steering group includes, among others, some of the division's managers and key personnel to access resources such as IT" - B*

Later, the same interviewee explains that they also sometimes have to bring in experts within this project steering group to give input about things that the project steering group itself does not have knowledge about. Both interviewee A and B brought up the steering group as something important and positively, see table 10.

Table 10. Quotes: Steering group in projects

Interviewee	Quote
A	*"There was a project steering group that was good, which should be included in all these projects that have been decided not really to be necessary. This should be implemented again"*
B	*"In the end, we must prevent developing something that then doesn't work from any perspective."*

Interviewee A further explained that sometimes when there is a decision to be made, the project steering group might ask people outside of the group.

> *"What does everyone outside the steering committee think? It somewhat depends on the connections and personal contacts that the steering committee has. In my case, I work closely with a business manager with whom I have numerous discussions, and I have expressed my views to that person. There were others who shared the same opinion, and that person then takes those perspectives to the steering committee." - A*

4.1.2 Decision & Implementation power

The second organizing theme identified is regarding decision & implementation power discussed by all the interviewees through different basic themes that will be presented below.

4.1.2.1 Stretched lead times

Most of the interviewees mentioned the stretched lead times in this sector as a limitation, see table 11.

Table 11. Quotes: Stretched lead times

Interviewee	Quote
D	*"Another thing that I believe limits our innovation work here is that things take so damn long, it's completely insane."*
B	*"What's always easy is the theoretical level, but then I have to take it all the way to implementation. [...] It is not difficult, but it takes time to make it work."*
C	*"We won't gain any credibility in the initiatives we pursue if we don't consider feasibility, which is one of the hardest things in this organization. Things take so damn long."*

Interviewee D mentioned why things take time:

> *"There are loads of regulations that must be followed, personnel rules, unions, and safety representatives that can halt things. Numerous risk assessments also need to be made" - D*

One example of this is when DAPO wanted to implement a certain solution that already exists but in a different context.

> *"If we take Project X as an example, there we wanted to take a concept/solution that we already have and just copy it to another offering where we saw a need for this. But then we still needed to redo all these analyses." - D*

The frustration about the same example is further developed by the interviewee:

> *"I mean, I work with this all the time, day in, day out, and I will continue to do so. But the result will kind of be the same even though it requires this much time and people to deliver exactly the same thing." - D*

An example from another interviewee is regarding taking a solution (X) that exists outside of the organization and putting that into their own product that they are developing:

> *"It's so much more complicated than you think to integrate X into our product. It sometimes feels like going to space." - A*

The outcome of this is then further explained by the same interviewee:

> *"As time went on, it became harder and harder to integrate X into our product because the longer time passes, the more technical aspects are set around the product and the fewer spaces are available" - A*

4.1.2.2 Timing

One example mentioned by interviewee A is the tender process when a certain new product should be bought. The interviewee explains that when a certain producer wins the tender, it might only be that 20% of the intended design from the case company is doable, the other aspects will then be a discussion back and forth between the case company and the producer that won the tender. The outcome according to the interviewee A is that:

> *"It doesn't become a particularly innovative process. The manufacturer just wants to get this through as easily as possible and to make it look good enough, so the question is, where does the innovative thinking come in? It must come in early and happen before the tender process. Which requires us to spend both time and energy on it as well." - A*

Another interviewee that also talked about timing is interviewee D by giving an example of why it is problematic.

> *"It's all about the timing, like when you bring in customer insights. Some of them we have been too late with. For example, a huge customer insight project was done with our new product. But since it had already progressed quite a bit, the team got really nervous when we came with customer insights and tried to make changes" - D*

The same interviewee also explained how they can approach this.

> *"We need to understand that we don't always have unlimited leeway to change everything that's already been done. So, we need to keep that in mind when we bring in customer insights and there's a rush." - D*

Interviewee C added to this topic by stating that they are at the end of most current projects regarding their new products making it hard to change, even if the interviewee might want to change it.

> *"Right now, we're busy. We are in the final phase of most projects, and changing anything is not an option, even though I would like to turn everything upside down. I would have needed to come in 2 years earlier." - C*

Instead, they try to work around this by doing what is possible and the same interviewee gives an example of this. It is about the decision on a certain product that would cost a lot of money. Currently, DAPO want it in one way, but the management team argues for the other. However, there are conditions right now not allowing the management team to implement their solution leading to the following:

> *"Since we technically right now can't implement what the management wants, we take the opportunity to test our proposal instead, to have the chance to show in the meantime what can be done with our proposal" - C*

Interviewee E added to this view by empathizing the need for involving other people early in the development phase and that it would lead to a better understanding.
.

> *"We need to ensure that we involve people early in the development work. [...] Just to quickly bring people to an understanding a bit earlier. What is the main issue here, really? But it should not require participation in the exploratory part because that could be a significant qualitative effort requiring several hundred hours. But to gain increased understanding, I think we can improve on that." - E*

When asked about how the interviewee is perceived by its colleagues when presenting initiatives the interviewee states that it depends on where in the phase the project is. The interviewee also presents why it is sometimes problematic to hand over initiatives to others.

> *"I've initiated quite a few new things, and people are generally a bit curious. When you are in the exploration phase, it is not real yet and does not hurt. But I can start to feel that when it comes to implementation, it gets tougher. Partly because the person you might hand it over to may not have the necessary resources then." - E*

4.1.2.3 Mandate / No mandate

To have a decision in favor of what DAPO is arguing for, interviewee B said that the best way is to present a business case to the project steering group.

> *"There was a project with a project steering group, and the best way to highlight it was to create a business case that shows revenue and that this is such an important customer need, that it strengthens our product and the number of users of our product" - B*

At the same time, the same interviewee stated that it is hard to make such a calculation regarding revenue from potential customers or users.

> *"It's difficult to make such a calculation. What is the inherent value of having a specific solution? [...] Does that revenue cover the increased cost? [...] It easily becomes very hypothetical" - B*

A method to motivate their ideas/initiatives more successfully was brought up by interviewee C:

> *"With this sweet spot model, where we actually show understanding for those who need to deliver figures and that we also need to do so, we have come further in these discussions than we did a year ago" - C*

One reason behind this new model that was pushed by several of the interviewees is to have more impact and move away from only talking about soft values.

> *"We've pushed this sweet spot model to get things through with more impact; we can't just talk about what some call customer fluff. We can't just talk about soft factors; then, we won't make any impact." - C*

However, when explaining how it works right now, interviewee B stated that it is important to have two perspectives as a company, but it is often that DAPO must give up with their soft values. Interviewee A does also mention that it is quite challenging to separate and show the actual value of soft values because it is another one with financial values together with the budget. And that this separation is somewhat unique, instead of one being responsible for soft values, financial values and the budget. See table 12 for quotes regarding this.

Table 12. Quotes: Soft values

Interviewee	Quote
B	*"It's a struggle, but I think it's good for a company that there are two perspectives and that they meet. But I believe our team feels some frustration and that we often must yield with our softer values"*
A	*"For product X, it means we lost a certain part of the revenue. [...] Then I have to stand there like, 'it's better for the customer.' Now, we have a very good cooperation, but it is quite challenging to separate the soft values in that way, even though we try to talk more about money and economics on our side to show that we also own that issue. But it's a problem within the company that might be somewhat unique, I would say."*

Interviewee C continued by explaining that the business-driven perspective has been the priority for a while and that the customer experience has been prioritized down.

> *"But at the same time, the company has for many years prioritized down the experience more than just the basics because the business perspective has prevailed [...] But this is also why it's difficult" - C*

Another aspect, brought up by interviewee D, was that customer insights often can be turned down. One argument sometimes brought up by others, according to interviewee D, was that these insights are only based on 30-40 customers,

> *"There are many things that can override the customer insights we receive. Because if it does not suit a specific person or team, if it is not to their liking, you can just say, 'So what? It was just like 20 people who said that, or just 40 people who said it.'." - D*

When it comes to the importance of knowing people in relation to being able to influence a decision, several interviewees gave their opinion about this. Everyone explained the importance of making contact and a good impression with people at the company, see table 13.

Table 13. Quotes: Importance of knowing people

Interviewee	Quote
B	*"I believe that to make progress, it's good to be a bit out and about, talk to people, and have some contacts, lobbying in both formal and informal meetings."*
E	*"It's not just about the knowledge and insights one has. It is also about who you are and the relationships you have built."*
A	*"In my case, I work closely with a business manager […] and then I've said that this is what I think […] then they take it to the steering committee"*

A critical aspect lacking in the organization, brought up by interviewee E, crucial for driving development, is the ability to make quick decisions.

"[...] a development-driven culture also relies on the ability to make quick decisions, otherwise, it becomes cumbersome and difficult to carry out development." - E

4.1.2.4 Present & Future

When it comes to balancing the present and the future, interviewee E said that they always try to balance it but sometimes they get stuck working with what is present.

"We try to balance the present and the future as best as we can, but maybe that's where we get a bit stuck in the present. The present box always trumps the future box." - E

The same interviewee continued by giving examples of how they are trying to improve:

"Yes, but maybe we've been too caught up lately in putting out fires, so we've tried to create a roadmap that looks a bit further ahead, elevate the vision work that also looks more forward. To dare to talk about future visions and understand what's relevant for our customers and others in the organization." - E

Another interviewee also experiencing barriers with working towards the future was interviewee F.

"We get caught up a lot in constant small improvements. As a unit, we should be much more forward-thinking, but it is difficult because somewhere we have what we call 'product responsibility'" - F

The same interviewee also said:

"And somewhere you feel like, yes, yes, we'll let it go for a few weeks, so maybe the tough period will be over, but you can bet that something else will come up that we have challenges with. We'd like to work forward, but there's a restraining force all the time." - F

Adding to this, interviewee C gave reasons why it is important to think about the future as well:

"Yes, we might be able to improve the results in one, maybe two years, by removing a bunch of features and services or making constant small improvements. But if we are aiming for this, then we need to see the bigger picture" - C

Interviewee B explained the current situation with that there has been so much that should have been done, that does not have been done resulting in backlogs focusing on catching up with what already exists. Generating new ideas for new projects and needs has not been on the agenda. The interviewee concluded that with:

> *"Operation eats strategy for breakfast, meaning if you have things that are here and now that need to be done where someone is shouting, then that gets taken care of first." - B*

The same interviewee also mentioned another probable reason for that:

> *"I think we are too few to handle the whole spectrum and really think forward and innovatively." - B*

Both interviewee C and F argued for the importance of handling diverse perspectives simultaneously within such a large organization, including both daily operations and future ambitions, see table 14.

Table 14. Quotes: Handling diverse perspectives simultaneously

Interviewee	Quote
C	*"I think that we are such a large company that we must be able to hold two thoughts in our heads at the same time."*
F	*"Even from the management, they just say 'solve the basic delivery.' Absolutely, but we also have to allow ourselves or someone else to let go of that and be out there scanning, like, what is ahead of us? We need to spend time on that too."*

There was an example when an organization came up with a creative idea to collaborate with the case company given by interviewee D. The idea could change the way their product could be used and would put it in a bigger perspective and follow the customer better during the customer journey. This was turned down because it was not prioritized.

> *"They contacted us wanting to collaborate on this. They came in and pitched, and I got it on my desk and thought, wow, how exciting, this is innovation by changing how our product is used in a new way. [...] then we need people who can prioritize this, but here you always get the answer that 'no, it's not a priority right now'" - D*

This problem regarding prioritization was brought up by interviewee E as well.

> *"It's this old story that we've prioritized our stuff, which looks a bit different from what others have prioritized in execution, and then, of course, there are clashes because that bucket is already full. Meanwhile, we have a completely different bucket and try to pour it into an already full one, and then it easily overflows" - E*

Lastly, interviewee A feels that the decision-making is not always carried out by the right individuals in all questions, experiencing an imbalance in power within the organization.

> *"But I have felt that it's difficult, meaning I have to convince person X before I can get my decisions through. [...] It is about feeling that the right people are making the decisions, and I have not always thought that, depending on the issue as well. [...] For me, it is like a little skew in the balance of power. Who does what? Can another division say no, and are we just supposed to accept that?" - A*

4.2 Interviews phase II

The second phase of the interviews, with individuals from mid management, resulted in three organizing themes, which in turn are divided into basic themes and are shown in table 15.

Table 15. Themes Interviews Phase II

Organizing theme	Basic themes	Number of interviewees
Culture	"Our product is the future"	Interviewee G Interviewee I Interviewee J
	Work with two perspectives	Interviewee H Interviewee I Interviewee J Interviewee K
Decision	Budget	Interviewee G Interviewee I Interviewee K
	Priorities	Interviewee H Interviewee I Interviewee J
	Push decisions down in the organization	Interviewee G Interviewee H Interviewee J Interviewee K
	Affect	Interviewee G Interviewee H Interviewee I
Work towards the future	Strategy	Interviewee H Interviewee I Interviewee J
	Working with what is current	Interviewee G Interviewee H Interviewee I Interviewee K
	Thinking outside the box	Interviewee G Interviewee H Interviewee I Interviewee J Interviewee K

4.2.1 Culture

The first organizing theme is culture. It consists of two basic themes that are described below.

4.2.1.1 "Our product is the future"

Two of the interviewees express that their product is the future and cannot see how that could change, see table 16.

Table 16. Quotes: Their product is the future

Interviewee	Quote
G	*"Nothing super revolutionary is going to happen, no, I don't really see that. I mean, the core of what we offer, there it will probably be the same."* *"I don't know why it would differ very much in 15 years, it takes a very long time to build new capacities."*
I	*"Our product is so self-explanatory because I think there's an idea somewhere that as long as we have a range, we sell and we have the dominant position in the market."*

When continuing this topic, interviewee I concluded that they still must work with the market to sell and that they have to work in a direction to achieve this without losing the market.
Interviewee J adds to the conversation by explaining that earlier in time, you did not think this product, that has existed for over 50 years, would still be considered the future. But currently, it is still seen as the future and therefore will continue to be that. Simultaneously, the competitors, according to interviewee J will not be able to compete with this.

4.2.1.2 Work with two perspectives

Interviewee I mentioned the importance of a structure for long-term development since there will be a lot of short-term development soon. They need to work with both perspectives and long-term strategies to help with that.

> *"I think it's going to be like this for a while, and therefore I think it's important that we still manage to hold on and we need structures for long-term development, that it can't just be about the here and now, because I think that can be dangerous. And then I think that these, like, long-term strategic plans and business plans that are for 5 years help one. [...] But at the same time, there's always something." - I*

At the same time, the same interviewee described the importance that something happens rather than something big.

> *"The main thing is that something happens. It does not have to be a big bang. You don't need to gather everyone and do something big." - I*

Interviewee J explained that you always have to stay relevant with the current time but also prepare for what's ahead. Furthermore, they explained that they historically have been a part of the development and are able to continue with that:

> *"One must always stay relevant with one's time, like, and also be ahead and I think we should keep in mind that we have been a big part of the development historically and we can really continue to be so." - J*

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In addition to this the same interviewee also talked about the competitor's role regarding this area and they have increased leading to pressure on Case company X to perform.

> *"One should always be worried about competitors, one should always be. Then we can become sharper because we do not want them to be better than us. So competition is, it is good. It makes you better. You can't just lean back." - J*

One example brought up by interviewee K on how they tried to gather a bigger perspective together with the whole organization and that later was presented among various parts of the organization. The outcome was that they forced input from other departments helping their teams work regarding their roadmap and vision.

> *"Then we had yes, but it was like that, we did year after year that we gathered all different operations and like this. Oh, what do you see for channel needs and then we packaged it neatly and tried to get consensus and that everyone understands that a lot had to be done and your thing might not get done. It was like that, but then finally we just said. No, we must take a broader approach. We need to talk about the future customer experience in a digital world, that everyone looks even further forward that we do it together with other divisions." - K*

Interviewee H described how they work with development as a triangle with three layers and the layers are described as "hygiene", "good", and "WOW-feeling". When working with innovation they explain that they lay highest in the triangle, on the "WOW-feeling" level, and that the other layers must be fulfilled to work on that level. This interviewee admits that they have not been able to work with innovation the last two years due to a platform change but before that they worked a lot with innovation and especially before the covid-19 pandemic. To be able to reach that level again, the interviewee describes that conditions need to be created, otherwise it will not happen:

> *"You know how one needs to create conditions, because often it's just that if everyday life just takes over then it's everyday life one tends to do, so I absolutely think we need to gather around like a common, like either some type of initiative or vision about that we're going to do this and think about how to ensure that time and resources are allocated for it. Otherwise, it doesn't happen." - H*

4.2.2 Decision

The second organizing theme was decision. It was discussed with all the interviews and sorted into four basic themes.

4.2.2.1 Budget

When talking about budget, interviewee G begins the conversation by stating that since they are working in a matrix, budget is challenging.

> *"But it is generally tricky when you work in a matrix." - G*

How that should be handled is then later explained by the same interviewee that states that collaboration with others is a key factor to succeed with the budget. Interviewee I said the same thing, see table 17.

Table 17. Quotes: Collaboration

Interviewee	Quote
G	*"Based on how we are organized, it is important to talk to people because so many are affected and you don't always sit with the budget. So you have to involve those needed around it."*
I	*"It depends on the level and investment grade it has. If one has a budget that is covered then I think that then you do what you want with it since they are the ones with the best judgment to decide how the money makes the most benefit. But if it affects other parts of the organization or requires investment from other units, then you need to talk to them."*

One example brought up of how this is handled was an internal idea within the interviewees' team.

"An example of this was when we had a great idea that, however, affected another team and their budget. Then I was like, let's produce a presentation on what we want to do and then we present it in the management group right there where it has an impact. Then you can get a directional decision that you can have an impact with."
- I

On the other side of the problem of prioritizing the budget, interviewee K explained that many other teams often reach out with promising ideas to them but since they do not have the largest budget, they must prioritize what they can do.

"Often there are 1000 great ideas out in the operation about what we should do in our team, but we are not Spotify. We do not have the world's largest budget to work with this development. It is very sad but then we stand there and say "great idea but we do not have time right now, come back in six months". There is not always the strength, time or money to develop there and then." - K

4.2.2.2 Priorities

According to interviewee J, the leadership team are always trying to have goals and objectives to show what is a priority right now. The reason for this, according to the interviewee, is to make sure that these are always remembered across the organization.

"It is our responsibility in the management then to make sure that we set those goals so that our employees can work towards them and that we continuously highlight the prioritizations we need to make to reach the overarching goals. So that one does not forget them when one has finished them just before the turn of the year and then works on so we look at them again then when the year is over, but we return to them all the time." - J

In turn, this will result in a much easier decision process according to the same interviewee.

"But it is very much, all those daily decisions, you have to take on your own hand like that. [...] No, but what is required is that they feel secure with where we are headed, that we have developed this direction together here. But we know that this is what the concepts look like, we need to drive sales in this way, we need to build the brand in this way, and if we have helped to set it from the beginning, then it becomes much easier than if I were to sit with all the knowledge and distribute it a little bit at a time. But it's like this, we do this together and then I support from behind." - J

Interviewee I agreed with interviewee J that the priority must be discussed with those affected by it and that you always must remind yourself of them.

> *"There we work together with the other divisions and make common priorities. So, here we need to go, what do we need to do in other divisions to get there? And I think always reminding that we are not just here for ourselves but the whole company."* - I

The same interviewee also explained that sometimes these priorities must be reconsidered.

> *"Sometimes you also have to step back. Speaking of the long-term and say like this, Okay but where are we going? Is this the right thing to do based on the goals we have in our plan?"* - I

One reason to prioritize according to interviewee H and I is the lack of resources, see table 18.

Table 18. Quotes: Lack of resources

Interviewee	Quote
H	*"Sometimes you might end up in the situation that: No, there are no resources right now for this. But is it a good enough idea if one sees that it will have an effect that also contributes to us achieving our operational goals? Yes, then no one will ignore it. It may not be done right now but maybe you can queue for it and take it in a month."*
I	*"And so, one reason for this might be that I want to develop something in my system and someone else instead wants to do something else with the resources required. Then some need to be able to evaluate where to prioritize, for we do not have infinite resources."*

One insight shared by interviewee H regarding not always prioritizing their own work is that sometimes you have to think about the whole organization and not only your team and responsibility. Interviewee J confirmed that you sometimes must prioritize what creates the most value and that the planning occurs every second week, see table 19.

Table 19. Quotes: Prioritizing what creates most value

Interviewee	Quote
H	*"Sometimes it is so that even if we have our own idea about what we want to accomplish, we are part of the larger context that is the whole company and sometimes maybe some bigger efforts are needed to get the company to work. Then even we as a team need to do these things first before we continue with ours."*
J	*"But then we take it into our planning, because we do a planning every other week, so we build a sprint plan. Then we allocate time for it and then maybe something else needs to be prioritized away. It is always about working with the things that create the most value and then that is one of those that maybe cannot be prioritized away."*

4.2.2.3 Push decisions down in the organization

Many interviewees brought up the aim to push decisions further down into the organization, see table 20. This is to give the responsibility to the people that knows the things best, have the most knowledge about the question and therefore is considered to be able to make the best decision.

Table 20. Quotes: Pushing decisions down

Interviewee	Quote
H	*"We are an organization where those who know the stuff best should decide what should be done while I should be more of an umbrella."*
K	*"The baseline we have had to set with us is that the team should be responsible for the decisions. It is not a bunch of managers who decide but they should own the entire effect themselves."*
J	*"I try as much as possible to let the teams decide themselves, otherwise, I become a brake block because I'm not sitting with the daily things all the time. It is more about me deciding how much we should invest in a certain area but then they make the decisions themselves and ask me for help if needed. All those daily decisions I let them take on their own."*
G	*"The ambition is to push the decisions down as far as it goes."*

4.2.2.4 Affect

To affect a certain decision, several interviewees bring up the need for personal connection and relations.

Interviewee G argued that there is a need for a certain personality to achieve these connections.

> *"If you work in this context, you must have a certain personality and you need to talk to people and need to be quite flexible and so on." - G*

Interviewee I however, explained that it is comfortable when you have been working in the organization for a while since it is easier to ask around when talking about getting a decision through.

> *"So, it's nice when you've been working for a while, even if it might not be right, you go around asking." - I*

Lastly, interviewee H stated that you must have respect for other responsibilities and if you want to affect it, you must discuss that with them and what you want to achieve. You cannot come with orders.

> *I believe, and it applies in all kinds of collaborations, that one must respect that there are many people in the entire organization who have different responsibilities. If one wants to influence it, one must somehow have a dialogue about what one wants to achieve. You cannot just come with orders 'Now I think we should do it like this,' it will never work." - H*

Another important aspect brought up by interviewees H and I is to show the value to the organization a certain idea has, see table 21.

Table 21. Quotes: Show the value

Interviewee	Quote
H	*"I believe that the idea could contribute to 1, making it easier for the customers or 2, that we sell more."*
I	*"It's about showing the value [...] To lift the gaze a bit what is the value of this? Both for the customer but also for internal customers; the employees."*

4.2.3 Work towards the future

The last identified organizing theme was work towards the future. It consists of three basic themes that are presented below.

4.2.3.1 Strategy

Regarding strategy, interviewee I stated that Case company X have a strategy plan that is stretched towards the year 2040 together with a business plan that is five years. They include more of a desired position and then they have an operational plan that is one year that is describing what value should be produced during that year.

> *"Yes, but they describe a desired state more, whereas in the operational plans we work more with 'what value are we going to create this year.'" - I*

Another interviewee that talked about the business plan and operational plan is Interviewee H that describes how these two are connected.

> *"It is connected to our business plan which is 5-year [...] I would say that the business plan is more about what one wants to achieve, what position one wants to have. There we talk a lot about, for example, wanting world-class digital channels, that is how it is formulated. It is very good to say and just by saying it you have to decide what we mean by world-class channels which then get broken down in the operational plan" - H*

The same perspectives as interviewee H and I is shared by interviewee J that described that the business plan is more about what position the case company should have rather than certain activities and that the operational plan instead is helping them achieving that position. The same interviewee also described that it is easy to follow the strategy and that you can see that everyone is delivering towards the same common goal.

> *"It becomes much easier to see how everything connects up to the operational plan and especially the business plan, which is even further away, you don't think about it all the time. And that you also see that you are collectively delivering towards the same goals" - J*

The same interviewee also described that they interact with other divisions when pursuing the common goals of the case company.

> *"Then we also work with both division x and division y to more easily support and drive the company's common goals forward at the business area level" - J*

As well as that they also work closely with others within the same division.

> *"But then we also work closely together with ***team" - J*

Interviewee I, which is within the team that interviewee J aims to is also bringing up this collaboration and that a common goal is clear.

> *"The cooperation with *** works well, it's like a settled way and I think it's very clear that we have the same goals" - I*

When elaborating on the topic of having the operational plan and business plan, interviewee I added that it is important to have these plans to remember and look more towards the future. Especially when there is a lot of work right now with what is currently important.

> *"These strategic plans and business plans help one to remember and force one to think about it when it's time to look at them again and then you feel 'Yes, that's right, now we must lift our gaze.'" - I*

4.2.3.2 Working with what is current

They have a lot of current tasks that take up most of their time. One common thing brought up by several users was the digital platform change, see table 22.

Table 22. Digital platform change

Interviewee	Quote
H	*"Then we are involved in a huge platform change which means that right now you can't spend a lot of time on lots of new exciting things but then you relate very much to that. Forward next year maybe we can start to add a bit more that is new as well"*
K	*"We are in a huge project now called XXX which is our digital platform change and we look forward very much to the time after this. Then we have the agile teams ready that have the competencies needed to test things themselves and see what happens if we add this function for example which is an important part of innovation"*
I	*"But when it comes to development in general, we have this platform change and it's such that it takes up much or almost all digital development"*

Interviewee G stated that when talking about getting stuck in what is current, they have a lot of challenges due to several reasons and that they are not close to the revenue goals presented in the strategy work which leads to a troublesome situation.

> *"Everything is not running smoothly, we are having a very difficult time right now and the plan that we previously set we have not been able to keep either efficiency-wise or revenue-wise and it's clear that it leads to challenges in the daily work" - G*

One of the interviewees that explained that the digital platform change is taking a lot of time also states the importance of not only working with what is current but also having the power and energy to also test new ideas.

> *"We have had a pause now with it but the goal over time is to make sure that we work here and meet the requirements but also to have the strength and energy to actually now and then do some new things as well that just don't meet the basic requirements for our customers" - H*

At the same time, the interviewee clearly stated the following:

"We must ensure that the channels deliver on our sales goals, it must convert and become sales. That is the most important function and goal, otherwise, it is bad." - H

To achieve this, interviewee H continued to argue that to not get stuck and achieve what is stated above, it is important to have a conjoint gathering regarding this topic and have some sort of initiative or vision. In addition to this, time and resources are important.

"You must create conditions. For often it is so that if everyday life takes over, it is everyday life one tends to. So, I absolutely think one needs to gather around a common either initiative or vision about how we are going to do this and think about how to ensure the allocation of time and resources for it. Otherwise, it doesn't happen." - H

Interviewee K added to this:

"We must have the tools and resources to work quickly and get our experience of our offers out. [...] It would have been great if the app team themselves saw different ideas, but the problem is that sometimes the ideas don't come up and then you can't experiment and play with it if you don't get dedicated work time for it." - K

Another interviewee talked about the current problem of having a lot of current tasks:

"I think it will be like this for a while and therefore I think it's important that one can hold on and have structures for long-term development, that it can't just be here and now, for that I think can be dangerous." - I

4.2.3.3 Thinking outside the box

The interviewees talked about that the industry is limited in different ways such as stretched out lead times and that there is a need to broaden the view for new possibilities. One example of this is to look at the whole customer journey that is brought up by interviewee G and H, see table 23.

Table 23. Quotes: Customer journey

Interviewee	Quote
G	*"But as said, to make it a bit smoother for the customers, like (involve them more in the whole of the customer journey with services and products) there we could probably do a lot)"*
H	*"How could we think (about the whole more beyond how we interact with the customer right now, how can we get more involved in the customer journey where our product is used) [...] But that could be something that makes us build our channel a bit more competitive and then also strengthen our position as an important piece in some sort of complete journey. That is one of the things that is in our business plan, that we should look at."*

Interviewee J however explained another approach on how they are trying to think differently, they explain that it is about giving the customer the opportunities they have with their product and services as inspiration.

It is about finding the right way and describing the opportunities there are with our products and services. One also wants to create some desire so we also try to work a lot

with inspiration and inspiration can also be done in many different ways by lifting for example cooperations that we have" - J

The same interviewee continued explaining how competitors might affect the company's performance directly after talking about how they try to think outside the box.

"Then we can become sharper because we don't want them to be better than we are. So, competition is good. It makes you better. You can't just lean back"- J

Adding on this, interviewee H explained how they are compared with Apple or Google when it comes to their digital channels and how that adds to the perspective when working.

"In our digital channels for example, there we are compared not only with other similar companies but with companies like Apple and Google and everyone who is very good and who have loads of resources, compared to us. So that's a good perspective to have when we work." - H

However, when talking about how to make sure that something happens, several interviewees gave their opinions on this. Interviewee K concluded that time and budget are important to allow this to happen. Interviewee J explained the importance of connecting recent technology to the organization such as AI instead of having them as a floating filter limiting them in what they can do. Lastly, interviewee I instead thought that the main point is that something happens, see table 24.

Table 24. Quotes: Make sure that something happens

Interviewee	Quote
K	*"Then I think that we as an organization maybe then need to remind, ensure that it happens, create space, both that they get budget space, not just to work with management but that they have time and number of developers enough in their teams to also work with new things."*
J	*"But if we take AI for example, what are we going to do with AI just yes, wait a minute now, but we have these goals. We want to develop our customers in this way. How can AI help us there? You must connect it with our business so that it is not like all the technologies just lie on top of us and then no one knows"*
I	*"The main thing is that something happens. It doesn't need to be a big bang."*

At the same time, interviewee I pointed out the challenges with measuring value beforehand when creating new relations with the customer for example.

"What does it create for value has been my question? It can create value in that it creates the relationship. It is difficult to grasp." - I

4.3 Interviews phase III

The analysis of the third and final interview phase resulted in five organizing themes, shown in Table 25.

Table 25. Themes Interview Phase III

Organizing	Number of interviewees
Cooperation	Interviewee L

	Interviewee M
Decision	Interviewee L
	Interviewee M
Responsibility	Interviewee L
	Interviewee M
	Interviewee N
Affect	Interviewee L
	Interviewee M
	Interviewee N
Innovation	Interviewee L
	Interviewee M
	Interviewee N

4.3.1 Cooperation

Interviewee L highlighted the importance of the cooperation between their division and division D, represented by interviewee M.

> *"It is absolutely crucial. It does not really work otherwise. I mean, we are expected to provide some form of outside-in perspective." - L*

On the other hand, interviewee M emphasized the fact that they have several internal stakeholders to cooperate with and that the goal is that every stakeholder should be satisfied and that they try balancing all the opinions. The interviewee visualized this by drawing an internal project stakeholder map on the board, which is illustrated in figure 3.
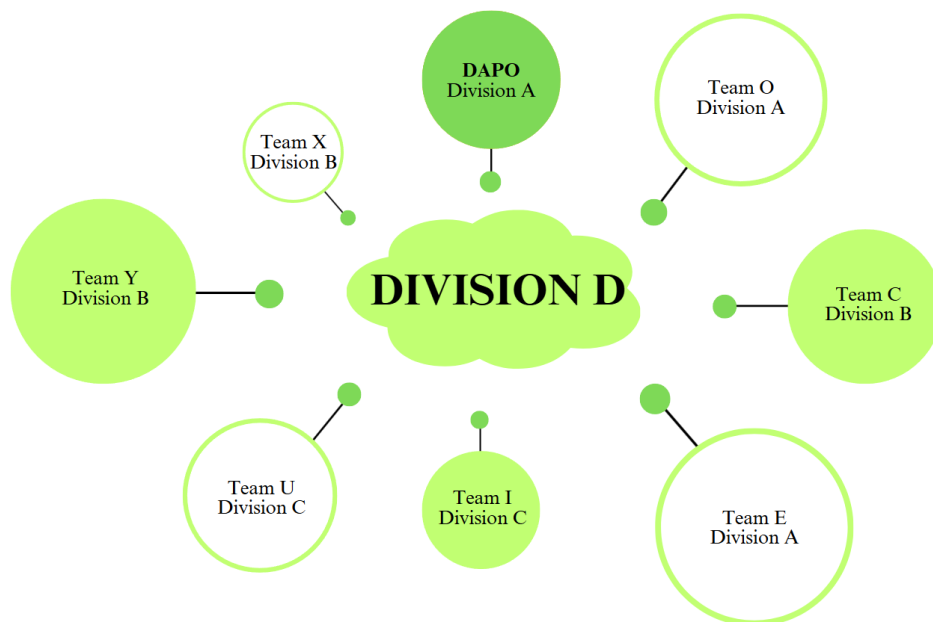
Figure 3. Stakeholder map

Interviewee L continued by adding that Case company X is a company where everyone is helping each other making it a great place to work at. However, at the same time, everyone understands that the customers are paying their salary and by that also keeping that in their minds when cooperating with each other:

> *"We have a really nice time, it is a nice company to work for and very good in that way. People try to help out and they try to help each other. I think that is an important part. Then it is also the case that people understand that the money comes from our*

4.3.2 Decision

When talking about decisions, interviewee L stated that the decisions are mostly financially based but they are trying to push the decisions down as far as possible. It is also important to have reasons or a basis for any decision before financially deciding it but as far as the daily decisions go, they are trying to give that responsibility to the ones most suitable.

> *"If you take it formally, you could say they are quite financially set. [...] However, the practical decisions in everyday life, I would say that we try to make them where they best belong." - L*

When mentioned the hypothetical situation where a certain decision was made but lost due to some reason, interviewee L explained that to avoid these, it is important to have a follow up meeting such as quarterly planning meetings or co-planning together with other teams and/or divisions. It is at these meetings where the different activities to be done are presented and then they realize these. However, if the situation still occurs, interviewee L concludes they must investigate why it occurred by looking back in time and figuring it out.

Interviewee M is mostly concerned about slow decision making. They bring up that nothing will ever be 100% perfect and that decisions must be made either way. Sometimes 80% of the intended outcome might be "good enough" which might be challenging to accept for others. Interviewee M continues by adding that the world is always changing and that there will always be topics up for discussion. One example brought up is the current debate regarding AI. However, according to interviewee M, you cannot discuss these forever as new topics will arise. Sometime, the decision to move forward must be made. Lastly, interviewee M compared it with ordinary schoolwork in groups:

> *"You probably recognize this from your own group projects. Once you have decided that this is how we are going to do it, things can move quickly. But before that, it can feel like you are treading water, and nothing is happening." - M*

4.3.3 Responsibility

Both interviewee L and M explained what their respective main responsibility is.

Interviewee L concluded that their main task is to make sure that people use their products, which in return will generate the company money. Interviewee M instead stated that their main responsibility is to make sure that their products are safe to use. Both interviewees are adding other aspects of this, but these are their main responsibilities. They also talked about balancing their responsibilities, including other aspects than those explained above.

Interviewee M explained that when working on a project of their main product that their division has the responsibility for, their main task, besides safety, is to balance all the stakeholder's interests and that the product should fulfill all the laws and regulations. This means that you cannot maximize one stakeholder request and ignore someone else, it is about balance which is sometimes challenging.

> *"What I want is for it to work and for these stakeholders to be reasonably satisfied, and for us to comply with laws and regulations. But that means it is not possible to*

maximize; one cannot get everything while another gets nothing. Rather, it is about finding a balance, and that is what I think is challenging in this." - M

Interviewee L stated that it is about balancing the financial aspect and the value delivered to their customers. Based on the budget that interviewee L acquired, the aim is to make it as good as possible for the customers.

> *"The goal, based on the money that I have available, if I generalize, is to make things as good as possible for our customers and, of course, also for the employees. But now we are primarily talking about the customers, so given the resources we have, we try to optimize." - L*

When it comes to the responsibility within the projects regarding their main product. Interviewee L stated that the team DAPO is the main interface between their division and Division D. They should use their insights from the customers and apply that information in the projects. Interviewee M explained that they perceive it as DAPO are responsible for the customer related development and that they are the interface between DAPOs division and Division D. However, as explained earlier, interviewee M empathized that there are many other stakeholders for Division D to manage.

Interviewee N feels responsible for creating sustainable value for their stakeholders and society. Simultaneously, they need to create value for their employees as well as economic results as they are dependent on those to continue their growth.

> *"The core of our organization is to enable people to sustainable transportation" - N*

4.3.4 Affect

There are many rules and regulations that Division D must consider that affect the difficulty and amount of work. There is also a frustration connected with giving input to Division D late into the projects, which is something that both Interviewee L and M concludes, see table 26.

Table 26. Quotes: Frustration connected to input

Interviewee	Quote
M	*"Generally speaking, in all this work with different stakeholders and development where people want different things, there's friction that arises when someone wants to change direction and do something else. Discussions arise. It is fine if this happens at the right time, early in the project. The real heat comes when it happens at the wrong time, too late."*
L	*"Of course, it can also be perceived as a disturbing factor for those who just want to deliver their products now, and then some come in and say, 'we absolutely need these attributes and these things here.' At the same time, it is incredibly important to balance this."*

However, both interviewee M and L argue that sometimes you must change something, and it is impossible to always avoid that. It will lead to consequences, but that might be necessary. Interviewee L says it is better to be brought up than not.

Interviewee M states that it is important to understand that most of the decisions have to be made early in the project as they need to deliver a functions specification to the supplier of the product before the supplier begins the design work to fulfil those. Although mentioning that it is impossible

to think about everything in the beginning and that changes might be necessary, the interviewee empathizes with the fact that you, (as a stakeholder) must not interfere, even though that might be challenging:

> *"So, some changes will come, but keeping hands off can be difficult, yet it is also the most important thing." - M*

Another aspect brought up by interviewee M is the importance of the supplier. The supplier is deciding on how a certain function is fulfilled and doing most of the design work. Therefore, it is important to have most or all the desired functions early on. They often look at the previous products together with the inputs from the stakeholders and feedback from the supplier before making the decision to send the full specification. When this decision is made, it marks when the project transforms from fully changeable to challenging to change.

Besides this, interviewee M also explains the tactical aspects of the project. The suppliers are supposed to fulfill certain functions and have agreed to do that according to the contract. If the decision to change a function or interfere with the design work the supplier is doing. It might lead to the supplier saying that "This will then take 3 months to fix and cost this much". The problem with this, according to interviewee M, is that it gives the opportunity for the supplier to use this against the case company whenever they have calculated the project wrongly beforehand. The situation given by the interviewee is that if the supplier is already 2 months late, and then they request a change in the design. This change might only require 1 month of work from the supplier but since they are already late, they instead state that it will take 3 months. The consequence of this is:

> *"It requires something serious to actually pull the handbrake and change something" - M*

Interviewee M admits it does not require everyone else to understand this; instead, it hopes that others can rely on division D to make that decision and respect that and not try to always affect it.

When it comes to affecting the product projects. Interviewee M states that you must be on time and give input early on the projects as mentioned before. When situations occur that might need changes later, it might cause friction and regardless of the outcome the decision must be respected.

Another perspective brought up by Interviewee N is that case company X is affected by others leading to that their work is a part of a bigger system of others.

> *"It will not be enough for us to work on our shortcomings; the whole system needs to change. [...] However, we can influence it. So, I think that for us to achieve success, we must influence our environment. Both politics and other companies. So that might be one of the more important tasks we have ahead of us. But it is like we are indirectly working to improve the conditions for ourselves." - N*

4.3.5 Innovation

When talking about innovation, interviewee M said that they must prepare for the future early in the projects. They do this by discussing topics such as AI and how that could help them create better and smarter products. It is important that they make room for this early on, as it is challenging to change it later, as mentioned earlier.

Interviewee L explained the need but also the possibility of being more innovative. The case company has been in a tough situation for a while and has lost massive amounts of money while

also investing a lot in their new products. Interviewee L added that resources have been used to work with daily problems or new products with the goal of getting them out on the market as quickly as possible.

Looking towards the future, interviewee L thinks they will have a better capacity to look further away at employee resources and financial means. It is however clear that the interviewee understands that innovation needs to be accelerated:

> *"I would say that some of that innovation, we need to get it going again." – L*

Regarding the development of the products, interviewee M explained that customers will not know if some features have been discussed a lot or not when the product is out for use, the customer will appreciate whatever choice was made. The interviewee continues with:

> *"I think that in this area, one must follow some form of direction and then accept the decisions that have been made. You have to accept that you might have done it differently if you did it from the beginning. It is easy to complicate things quite a bit here, which can make it heavy and difficult to work." – M*

When specifically asked about budget and development. Interviewee L explained that there is no separation between maintaining a product and developing something new. There is also no specific measurement connected to development of products or level of innovation for division A. There are however measures such as customer satisfaction to support the development of products, within division A. Interviewee M explains that Division D do not have any measurements connected to new innovations or products and explains that from their point of view, their measurements are good enough. Additionally, they do not have any specific budget for development, instead they assign it according to the potential of each case.

Interviewee N explains that they are investing a lot of money in innovation and development and that it is a condition to create economic return. Simultaneously, interviewee N concludes that *"We need new ways to solve old problems."* When talking about conditions to achieve innovation, interviewee N is talking about both mandate and culture.

> *"One condition to achieve development and innovation if innovation is to solve old problems in new ways is not only digitization but also to build culture and behaviors" – N*

> *"I think that to find other paths forward and simplify, we have to delegate more mandate besides working with our culture and behaviors to stretch is as far out in the organization as possible" – N*

Lastly, interviewee N explains that they currently are working with leadership and culture by implementing a new initiative that involves mid management and is currently ongoing.

4.4 Observations

The following chapter will present the results of different observations through meetings. They are presented as observation 1, observation 2 and so on.

When attending a meeting that was initiated recently between DAPO together with their division and another division, several observations were extracted. The different participants are divided into three groups for them to stay anonymous, see table 27.

Table 27. Participants group

Group number	Participants
1	Individuals from DAPO
2	Individuals from the same division as DAPO
3	Individuals from another division

4.4.1 Observation 1

One conclusion made by an individual in group 3 was that there is no process to implement a project at the case company. Several attending people agreed and added that they used to have a process that did not work, and no one used.

Another one added that they have processes, but they have a bad record of accomplishment when used.

4.4.2 Observation 2

When an individual from group 1 tries to interact with the others by asking why we cannot do this, why cannot we do that, the immediate reaction to that by someone from group 3 was:

"That doesn't work within our industry" - Group 3

4.4.3 Observation 3

The meeting was discussing the use cases of sound within one of their products and group 1 stated that this gives possibilities for the future if they implement stereo sound. The reaction to this by group 3 is shown in table 28.

Table 28. Quotes

Group	Quote
3	*"That doesn't work"*
3	*"We can't deal with that"*
3	*"We need something more specific"*

Group 3 elaborates that they need something specific to work with and that Group 1 should do that work. At the same time, group 1 argues that they have mentioned this earlier and asked group 3 to look at this but now group 3 is putting it back to group 1 again. Group 1 ends the discussion with the fact that they do not have the competence to fully specify what they need and therefore need group 3 in order conclude something. Group 3 is denying discussing this more now.

4.4.4 Observation 4

During a follow-up meeting where only group 1 participated, they discussed how everyone is according to their time plan and schedule and if anyone wants help with something. One project was brought up by two individuals that was unexpected and took a lot of their time. When discussing this project, they concluded that this project should be escalated upwards as it according

to group 1 was initiated wrongfully by group 3. They stated that they (Group 1) should have been contacted before the project was initiated and that the current time and budget plan is unrealistic.

4.4.5 Observation 5

When a project was presented within group 1, the group concluded that to make changes to one category of products they must do it now, otherwise they must wait until 2030. They cannot make changes later because all the technical aspects are decided soon and the product in this case is already being produced and there will not be a new order or restoration until 2030.

4.4.6 Observation 6

The last observation was from the same occurrence as the last observation. It was regarding the end of the project presentation, one task that was necessary for the whole project could hardly be done. The task was a test that would either confirm or deny the potential benefit this specific project tried to present. The group concluded that without the contacts that the project's presenter had with group 3, the test could never have been done and that they were necessary to perform the test.

4.4.7 Observation 7

One observation during lunch at the office was a seminar to be held for the employees. The title cannot be displayed but it was regarding a topic that is commonly discussed as a potential in the future but according to the title not suitable for Case company X.

This chapter, undertakes a comprehensive analysis of the current situation within the organization, focusing on the roles and responsibilities of the DAPO division and its interactions with other parts of the organization. It will examine the challenges and conflicts that arise. The analysis will highlight key issues such as resource dependencies, the impact of economic decisions on innovation, and the dynamics of result and action controls. By exploring these aspects, it aims to provide a clear understanding of the underlying factors influencing the organization's ability to meet both current operational demands and future customer needs.

5.1 Current situation

Before being able to answer the research question, an explanation of the situation of DAPO and other teams is necessary to give a deeper understanding of the analysis that is presented. The answer to the research question ends with the introduction of a new framework.

5.1.1 Situation for DAPO

DAPO is responsible for ensuring a comprehensive perspective on the supply of their products and services within a division that holds the ultimate responsibility for the company's profitability. DAPO plays a crucial role in identifying current customer needs while also ensuring future demands are met. As customer needs are an important driver for innovation (Cooper, 1999; Von Hippel, 1986) and could create value, new market spaces and be a competitive advantage, DAPOs role is particularly important (Bisbe and Malagueño, 2015; Crossan and Apaydin, 2010; Hererra, 2015). Currently, DAPO operates with minimal oversight and a small budget, only allowing for exploratory work related to current and future customer needs. They lack their own result metrics and are not directly accountable for specific outcomes. However, the division they belong to is responsible for customer satisfaction indices and financial metrics. DAPO feels a strong duty to ensure both daily operations and the development of future products to prepare for future customer needs.

At present, DAPO works with adapting and developing their product offering and, upon identifying necessary corrections or implementations, prepares materials to present to the relevant part of the organization. This could be within or outside their division. Since DAPO lacks the authority or budget to independently develop and implement ideas, they rely on close collaboration with the concerned teams. Given that these ideas can impact all parts of the organization, it is challenging for DAPO to stay informed about the situations within these groups. DAPO uses the Sweet Spot model to present ideas, focusing on customer value, economic aspects, and feasibility. This approach comes from difficulties in getting their proposals accepted, which has caused frustration within the group as they feel the company does not listen to them.

5.1.2 Situation for other parts of the organization

Other parts of the organization feel a significant responsibility to ensure daily operations during a period of turbulence, influenced by numerous factors like the COVID-19 pandemic. Each team or division also has clear individual responsibilities. For instance, Division D bears significant safety responsibilities related to Case company X's main product. It is evident that various parts of the organization take their specific tasks very seriously. Decisions are typically made based on how they will affect current operations and whether there is room within the budget to support them. These teams are also heavily influenced by the results they are expected to deliver, which can include financial results and timelines. For example, Division D must deliver a new product within a certain budget and timeframe, creating pressure to justify any decision that might increase costs

or delays. This shows that they are affected by both action accountability and boundaries, mentioned as action controls and different result controls that are presented as measures. These are brought up by Merchant and Van der Stede (2017) as different controls that will direct decisions.

5.2 How do management controls such as action and result controls affect an innovation team's ability to innovate within a large established firm?

Based on the data gathered, direct controls are partly affecting the firm's ability to innovate. It is important to first determine the reasons for this and what the consequences are to fully understand it. Within this section, the following three conflicts will be analyzed:

- *DAPO wants to ensure that the future customer needs are met – While the rest of the organization focuses on daily operations, ensuring it works.*

- *DAPO cannot independently develop ideas – Instead, they rely on other teams' resources to make that possible.*

- *DAPO cannot make decisions – Making them dependent on decisions from other teams.*

5.2.1 Decision-making process

Decisions are linked to the responsibility a team senses for their own tasks. This means that when making a decision, one does so from their own perspective, often driven by a strong sense of responsibility to ensure daily operations. Action accountability is discussed in Merchant and Van der Stede's theory, suggesting that it influences decision-making in a way that aligns with the company's direction. This confirms the reason certain decisions have been made, due to the proven effect action accountability can have. There are also other responsibilities tied to individual teams or divisions, such as Division D, which has significant safety responsibilities related to the company's main product.

Another relationship identified was the connection between decision-making and how clearly these decisions were directed towards the metrics they were measured against and expected to deliver. These metrics were often related to costs or time. From our data, we observed that descriptions of decisions frequently highlighted the economic consequences of these decisions without specifically asking about it. It showed that the result controls are guiding the teams and/or divisions on what decision should be made.

5.2.2 Action Controls

When decisions are strongly linked to a department's perceived responsibilities, DAPO's efforts to initiate change can create frustration. An example is a current project, where both Division D and Division A express that external input feels disruptive and shows a lack of trust in their ability to manage their own responsibilities. The conflict is based upon the different views on how to act in the organization's best interest which is the fundamental reason of how action controls according to Merchant and Van der Stede (2017) is affecting a team. When there is a different view on this, the different action accountabilities both senses require one of those to give way. Division D is accountable for the near future, while DAPO feel accountable in the way that they

can affect the future in a positive way with their input. Which results in the team or division without the resources are the ones not making the decisions, most of the time DAPO.

5.2.3 Result controls – Innovation

One reason it is difficult to work with two perspectives is that the organization is currently focused on ensuring daily operations run smoothly. With two perspectives, meaning managing daily tasks while also looking ahead to the future. Many acknowledge the importance of maintaining both perspectives, yet they realize that this might not be the case right now. This indicates there must be a reason for this situation. We argue that Case company X operates in alignment with what they are measured on, a point also mentioned in several articles. As a result, since innovation is not included in any of their metrics, it is particularly challenging for DAPO to push through what they believe will be crucial for driving innovation and challenging the industry. Consequently, DAPO, with a clear future vision for Case company X's customer journey, cannot assist the organization in adopting a dual perspective, even though it is explicitly requested. Thus, the result controls of Case company X negatively impact DAPO's ability to innovate.

5.2.4 Economic decisions – Innovation

Demonstrating the value of innovation is challenging, making it hard for DAPO to influence decision-makers. As a result, DAPO has adopted the Sweet Spot model, which balances economy, customer value, and feasibility, to better highlight the value of their proposals and increase the likelihood of acceptance. However, because predicting the value of innovation is difficult (Tushman, 1986), there is a risk that ideas are dismissed prematurely due to the need for clear value justification.

In a sector with long lead times, small decisions can have significant financial implications, leading to a focus on continuous small improvements. However, this short-term perspective contradicts the industry's nature, which requires long-term thinking. Merchant and Van der Stede's (2007) theory on tight and loose controls is relevant here; tight controls are appropriate when the company performs poorly, as in the case of Case company X with lower-than-expected results, arguing for strict result management. In contrast, in an unpredictable industry with limited knowledge of decision outcomes, tight controls can stifle creativity and the setting of appropriate metrics. Showing the challenging part of result controls when acting towards the unknown in a stressful situation as a company.

5.2.5 Economic decisions – Handover

Merchant and Van der Stede's (2007) result controls suggest that individuals should influence the results they are measured against through their decisions. The problem arises when DAPO relies on others' decision-making, leading to a lack of accountability for the results that DAPO pressure others to deliver. This undermines Merchant and Van der Stede's control theory, causing DAPO's purpose to diminish, affecting the product offering in the organization.
Economic decision-making creates discomfort in taking risky decisions due to potential project delays or budget overruns. Without clear value demonstration, decisions tend to favor a single perspective.

One example brought up was a decision that was made regarding a change to their main product that would lead to Case company X better fulfilling their customers' needs. DAPO was a part of the discussion regarding this but was not the one implementing the change. A decision was made to go with what DAPO proposed and was handed over to Division D. As time went on, Division D, due to several reasons did not implement this and decided not to continue with this. This shows that even though DAPO does not have any implementation power and mandate to make decisions

on their own, decisions that are made can also be shut down in this form of result-action control set up.

5.3 Result-Action framework

As mentioned by Grabner & Moers (2013) and Chenhall & Moers (2015), there is a need to understand the interplay between different controls rather than the individual effects they have.

To help the understanding of this, a conceptual framework, showed in figure 4, was developed to gain insights into how they interact that was based on our findings from the gathered data. By understanding Case company X, it was clear that decisions could be made by teams and/or divisions that would not align with their own team goal.

The core of the framework is visually explaining how action and result controls are affecting decisions based on the data from Case company X combined with Merchants theory. As action controls, explained by Merchant and Van der Stede are used to ensure that employees act in the organizations' best interest, we see it as a spectrum of multiple different decisions that could be made by a team. The width of the spectrum is decided by several factors that were seen in Case company X. That could be the accountability one senses for the overall function of the daily operations, that sometimes might not align with the measures one has. It could also be the budgetary boundaries that constrain the different available decisions also narrowing the spectrum down. As seen in Case company X, how to act in the organization's best interest is also viewed differently between, for example, DAPO and Division D, therefore it cannot be a single direction.

When talking about decisions that have been made, it was however clear to us that those were often made in relation to the deliveries and measures that one team or division has, and the cost was often mentioned. This is also similar to Merchant and Van der Stedes' theory about results controls and that it makes employees concerned about the consequences a decision has, especially regarding the financial side. At the same time, when talking about those decisions it did not bother them and was instead viewed as something that directs the decisions. Therefore, the result controls are visualized as points that the teams are aiming for. An important aspect is that you should be able to also control what you are measured on. This was brought up by the interviewees as well as in merchants' theory. Therefore, these points must be reachable within the spectrum the actions controls provide.
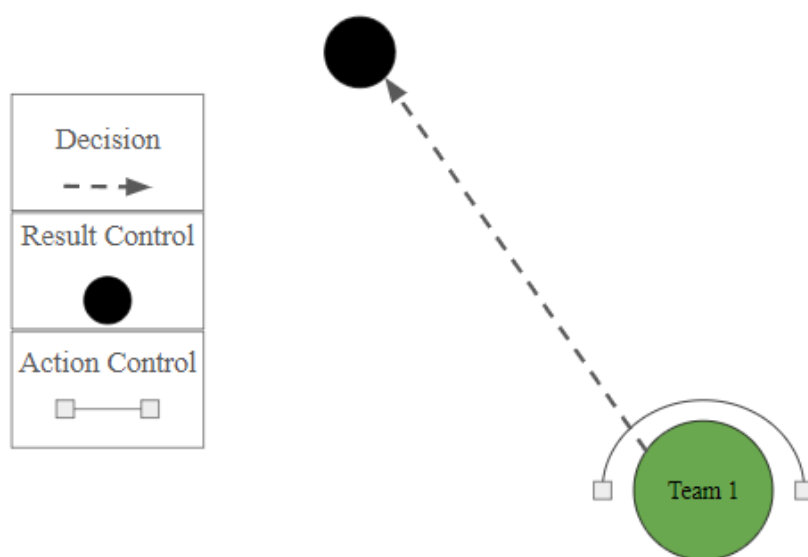

Figure 4. Result-Action framework step 1

When another team is added to this, as explained by Case company X, and suggested by theory, these action controls and results controls are affecting each other. This was mentioned by several interviewees that "you are mostly in control of your measures", but other decisions could also affect them, and you must accept that. This implies that even though it is important that you are in control of your results, it is impossible to be in total control, meaning there is a dynamic to this. Figure 5 shows what could happen when another team is added to the framework. Team 1's decisions are affecting a measure that Team 2 is also aiming towards. Simultaneously Team 2's decisions are affecting Team 1's measures.
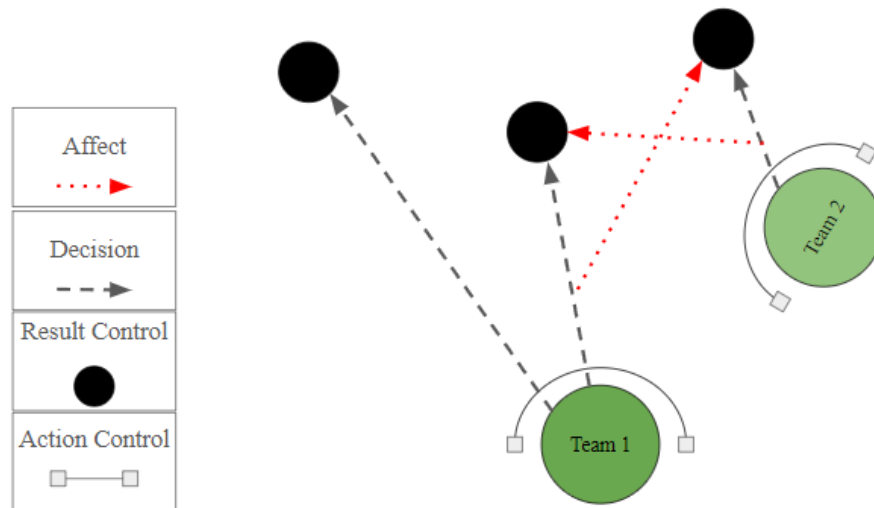
Figure 5. Result-Action framework step 2

However, as mentioned before, sometimes a decision is made that is not connected to the measures one team has, the reason for this is that according to the team, it might be necessary to do this for the company to achieve its goals. This means that what the company wants, the so-called business plan and operational plan sometimes play a role in this. What is interesting is that according to the data, how to get there is interpreted differently between some teams leading to that most of the time, those decisions are made to get the daily operation to work. All the decisions that are based on the result controls also touch upon the organization goals. For example, achieving a certain profitability is related to the measure of how much money is spent on a certain product. This is represented in figure 6.

Figure 6. Result-Action framework step 3

The problem, that has been explained earlier is that since DAPO tend to view the organization's goals differently when DAPO is placed in this space of teams with mandate and clear deliverables, the challenge brought up earlier is easily represented in this framework. A team without any action controls to perform any decision and no deliverable, they become just a dot without any power, see figure 7.

Figure 7. Result-Action framework step 4

This requires DAPO to always attach themselves to another team to achieve their purpose in the organization. Leading to another team having to make a decision that might not be positive for a result control or be aimed towards something that the team is not as concerned about. Such as the future customer, which teams understand is important, but their picture of it is standardized and instead the daily operation is much more important to affect. The outcome is presented in figure 8.
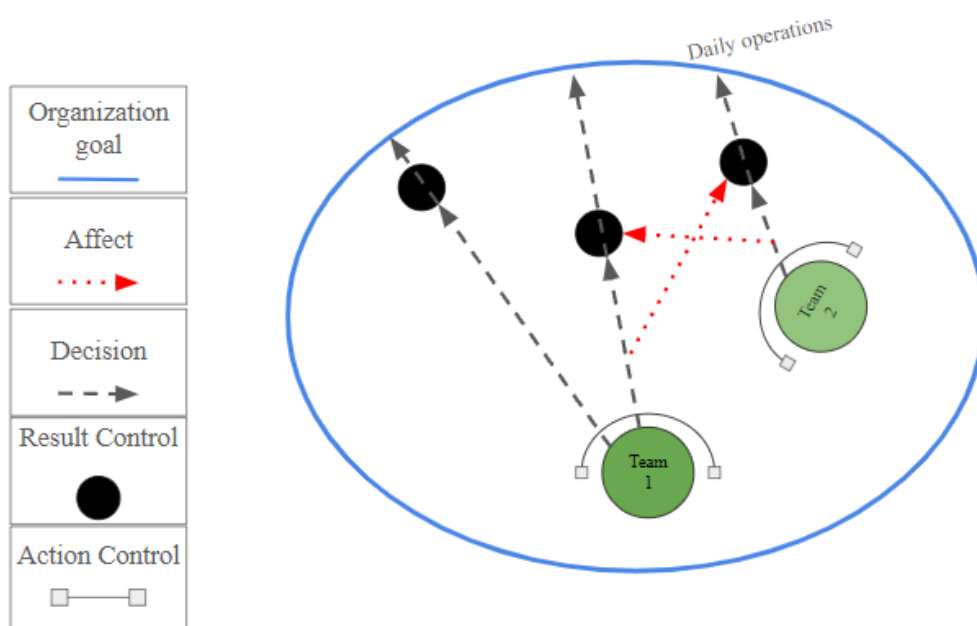

Figure 8. Result-Action framework step 5

The following chapter will discuss topics outside of our provided research question that are still relevant to understand. It will consist of discussing the structure of the company, the misconception about the future and how a potential solution could be implemented and visualized with our proposed framework.

6.1 Organization structure

Division As' main responsibility is to generate revenue for the company, manage products and customer relationships. This task affects more than just those within the division itself, as it involves taking a holistic perspective on the customer, which is affected by other divisions as well. Division A is measured, for example, by the customer satisfaction index, which means how satisfied the customers are with the overall experience. This is something that all the different divisions have influence on and therefore Division A is indirectly measured by what all divisions deliver or fail to deliver. However, according to this research, the biggest problem is that if you are responsible for the holistic perspective, you must also be able to influence it. But the current structure at Case company X means that all divisions are on the same level, even though Division A is supposed to represent the whole customer journey. At the same time, this is not a problem for every team under Division A since many teams are not dependent on other divisions but have both mandate and budget to make decisions and do things that do not affect or are affected by other teams.

While Division A represent the holistic perspective of the customer journey and therefore some sort of core in the organization, neither the Division D manager nor the CEO describe them this way, and instead, the main product/service that Division D is responsible for is described as the core. The Division D manager describes it as all bringing input to Division D, which stands at the center, and their task is to take in all the different stakeholders' input and balance it: "Yes, there are many different stakeholders, and you should try to satisfy all of them." At the same time, the Division A manager describes the collaboration with Division D as crucial, and Division D sees them as a small piece of the puzzle. This indicates that the problem lies in that Division A is directly affected by Division D, while Division D is not affected by Division A when it comes to delivery, and at the same time, these are at the same level within the company. Also, DAPO is responsible for the collaboration with Division D, meaning the small team DAPO is supposed to be compared with the large Division D. This creates an automatic imbalance of power compared to responsibility. We believe this could be problematic beyond action and result controls. Currently, Division D has controls, Division A is dependent on Division D, and team DAPO, which is supposed to be responsible for this, has nothing to offer in the form of power.

As previously mentioned, Division D is controlled by a delivery that must be held within a timeframe and budget, while the industry is not the easiest. They are already in a pressured situation where they have their goals and direction, and when team DAPO comes up with insights and suggestions that do not positively impact the delivery here and now, they are not considered by Division D.

For DAPO, this means that their timing plays a significant role when they present something and try to synchronize with another team. If they come in too late with insights into the other divisions, they are no longer receptive to considering what DAPO has to say. The different divisions start from a five-year business plan when setting their own directions and plans, which is something that also synchronizes between some divisions. After this, their work towards the set goals and deliveries begins. DAPO is responsible for ensuring the customer experience throughout the entire customer journey and setting the direction. The problem with this is that it entails a risk

that DAPO will come in too late, as, for example, Division D has already started working in a direction and is not open to listening to what DAPO has to say about the customer experience, which is also not a direct part of their delivery. If Division A is to represent a form of holistic perspective and primarily DAPO is responsible for customer experience and customer offering, their input should be presented and delivered before the other divisions set their directions and goals, not in parallel.

One example that clearly highlights this problem:

A division in the organization was tasked by management to reduce costs. The division reviewed itself and assessed where it is most appropriate within the division to cut costs, and the decision ended in cutting down a team. From DAPOs perspective, this is viewed critically as their customer insights indicate that the group chosen to be cut down on has significant customer value. By deciding to cut down on this group, it means that the customer will suffer. This shows that DAPO's work can easily be overlooked even if, in this case, it should have formed the basis for reducing costs elsewhere. It also shows that DAPOs work is constantly affected by others' decisions but not vice versa.

At the same time, DAPO has research showing that another product/service highly valued within the company, is expected by the customer because it has historically existed, does not generate any customer value today. If DAPO could influence this by allocating this budget to the group chosen to be cut down on, the money would have been spent on what gives the highest results in customer value. This is also a clear example of the result of working so separately in divisions, which primarily affects DAPO, who try to work with a comprehensive approach. Both from the management and the other divisions' perspective, they have made the right decision, but they miss the whole picture.

6.2 The different perspectives on the future

During the thesis, the future was a commonly brought up topic. One notable thing was the two different perspectives on the future that were discovered. DAPO was clear about how the future will affect how Case company X will operate and to be a part of the future, Case company X must adapt and work with what DAPO is doing to make sure that they are a part of the future. However, the understanding amongst many of the other employees was a bit different. As Case company X has been a part of the history and has been "the future" for an extended period, the conception is that they will continue to be that, if they only continue to operate. This poses a risk as it gives the impression that they assume they will be the future by only continuing to operate. However, there are multiple reasons why this is problematic for an organization such as Case company X. As a majority felt that they already are a part of the future, it may lead to underestimating competitors and other products that could fulfill the same need. It might not be possible currently for other products to do this but as the future is unknown, something groundbreaking might come and perform better than the core product of Case company X. Also, innovation for example is relatively new for organizations if compared with the lifetime of Case company X, therefore, it might be necessary to innovate and reach for something more as time has shifted and many organizations work with innovation.

6.3 Two potential solutions

This chapter will discuss two different solutions and what potential implication they could have.

6.3.1 Give DAPO mandate to implement measurements for other teams

Three problems that must be addressed are the lack of mandate of DAPO, the separate view on action accountability between ensuring the daily operations and the future and the lack of results connected to innovation.

To help Case company X to enhance their innovation across the organization, we found that both action controls and result controls could be helpful if used correctly. Since the transport sector comes with its limitations, the way of using action controls and result controls must be adapted. In Case company X, the teams and/or divisions have their respective focus, therefore becoming experts on those. This was also reflected in the organization's innovative ideas, often only connected to individual teams and/or divisions. The solution could not be to give DAPO the mandate to decide for them, becoming a centralized hub. Instead, the expertise required to operate in this sector should instead be controlled. By giving DAPO, the mandate to implement new result controls for other teams, they could help the organization to better incorporate the customer needs across the organization. This would provide the different divisions and teams with the necessary incentive to include the customer perspective in their development while using their expertise within their respective part.

This solution could also be applied to the presented framework, see figure 9. If DAPO would implement result controls that would guide the other teams in a direction that insights from DAPO have gained. That would enable those teams to have the chance to work towards these without the interruption midway from DAPO. At the same time, DAPO would also have a clear deliverable, to implement measures for other teams and/or divisions and could also be measured on those. That would ensure that DAPO are setting realistic measures.
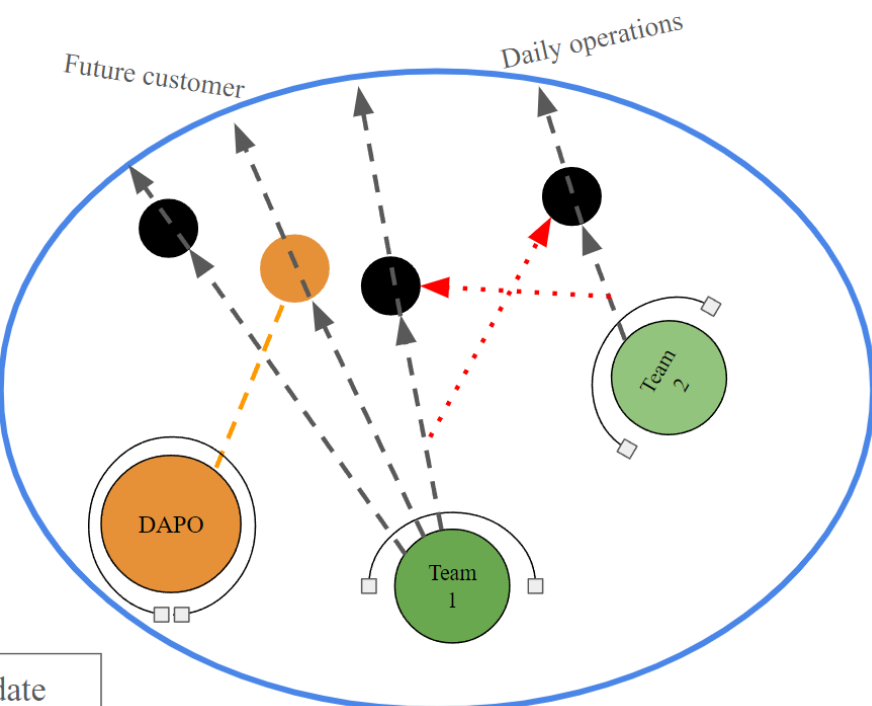

Figure 9. Result-Action framework – solution 1

If this were used as the solution, it would give DAPO the mandate to perform decisions on what other teams should be measured on. It would also inject the perspective about the future into teams that might not work as much towards that with these measurements as well as giving DAPO the responsibility to make sure that these measurements are achieved and could be something that DAPO themselves are measured on. To make sure that they are not forcing teams to leave too much of their current work towards what DAPO wants, instead it should be balanced and totally separate as it currently is.

6.3.1 Spread DAPO across the organization

Another potential solution could be to instead spread the knowledge of DAPO by moving individuals to different departments and divisions. The reason for this could be the argument that their knowledge is important and therefore should be spread in the organization. This will however be affected by the already strong force that action and result controls have on decisions. As the force from these controls was high, this solution, based on our research, should not be taken. The risk is that the outcome will be that the purpose of DAPO will completely diminish as these individuals from DAPO would be affected by the current direct controls that were seen. Meaning that there will not be a team as DAPO that will try to influence decisions to develop and adapt their product offering. The outcome of this can be seen in Figure 10 if visualized in the developed framework.
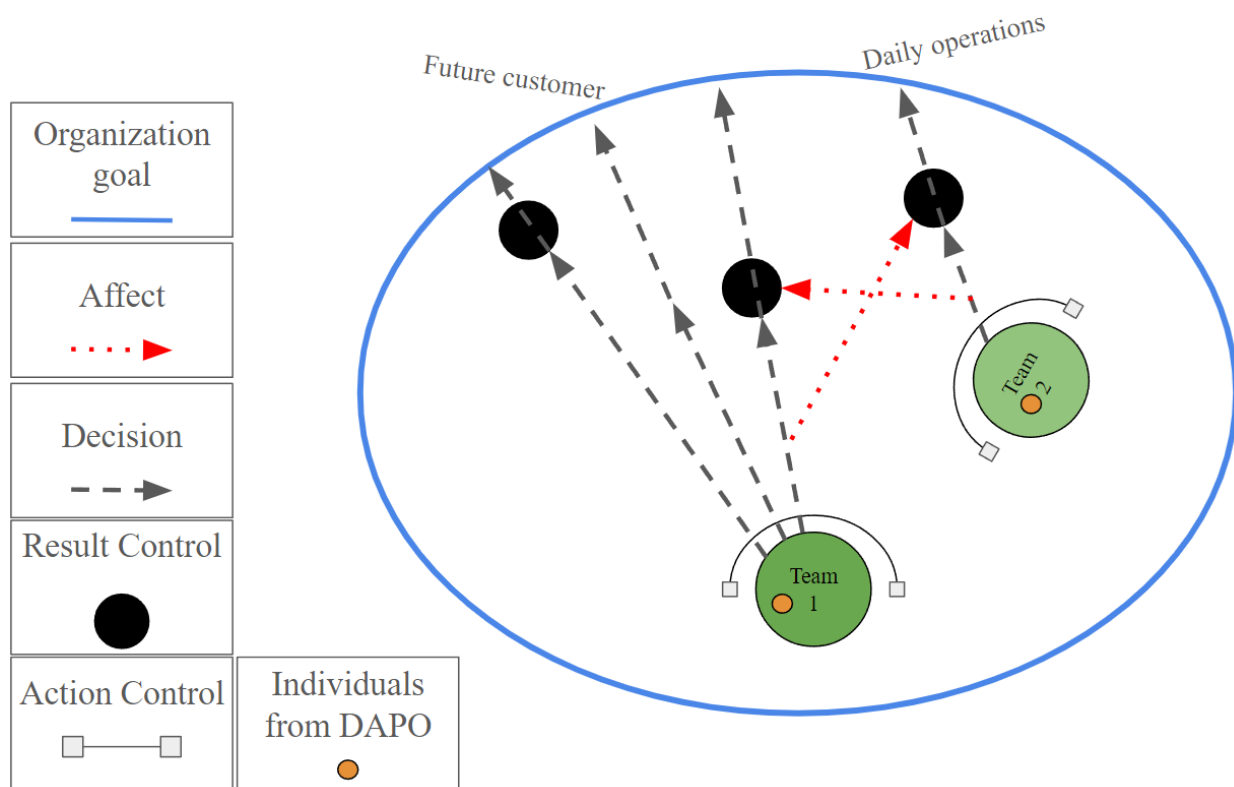

Figure 10. Result-Action framework – solution 2

If such a solution is however favorable due some other reason, Case company X would have to make sure that the importance of understanding the customer, working with innovation and exploring new possibilities, as DAPO currently is doing, is forced onto the teams in their controls, otherwise there is a potential risk that Case company X will underestimate the value of it.

7 CONCLUSION AND FUTURE RESEARCH

The following chapter will present the conclusion for the thesis as well as presenting potential future research.

7.1 Conclusion

As innovation is crucial for a firm to be competitive and create value, an innovation team such as DAPO naturally becomes important. Based on the study, there were several aspects of direct controls that affect such a team's ability to innovate.

Our study showed that the lack of mandate and budget of DAPO, together with the fact that decisions required either of those, resulted in that DAPO could not perform a decision on their own. This was problematic since their purpose of adapting and developing their product offering, often through innovative ideas, required DAPO to rely on other teams' decisions. As innovation is challenging to predict and to show the value of, it becomes challenging to provide the necessary arguments as an innovation team for the team performing the decision.

Action and result controls further complicated this by adding controlling factors affecting other teams' decisions as well. Action controls were shown to act as a spectrum for a team when making a decision by both controlling the decision itself with mandate or budget constraints as well as the obligation to act in the organizations best interest by directing decisions towards that. It was however clear that an innovation team's perspective on how to act in the organization's best interest was more focused towards the future while the rest of the teams were more focused on the present, ensuring daily operations.

Additionally, as other teams besides DAPO were controlled by measures, these measurements strongly affected the direction of the decisions which is the purpose of results controls. The problem is again that DAPO, as an innovation team, has to compete with the desire of the other teams to comply with those measures.

This shows the importance of understanding the effects of action and result controls, especially when an innovation team such as DAPO is lacking the mandate to perform decisions on their own. As action controls directs decisions towards acting in the organization's best interest, which is seen differently by an innovation team compared to other teams. And the fact that the other teams are measured on clear deliverables that they are pressured to comply with, this shows the incredible force direct controls have on decisions which ultimately undermines the purpose of an innovation team such as DAPO.

7.2 Future research

As the landscape of MCS and how different MC interact is overly complex, this research does not provide a full overview of how they interact and affect innovation itself. Instead, this study presents a framework on how action and result controls together act on a specific group that in this case could enhance innovation. This framework would need further testing, preferably in other settings, to understand its impact. It would be interesting to investigate a company where a group such as DAPO is controlled by action and results controls, and the consequences of that. That could add other dimensions to this framework, further developing it and provide a guide on how it preferably should be set up within a company. Additionally, this framework should also be tested on another type of company. Preferably not within the transport sector, to understand the application this framework could have. As cultural and personnel controls are a part of Merchant and Van der

Stede's theory, these would also be interesting to investigate and apply in the framework, if possible.

Lastly, the concept of the future and what affects it would be interesting to further research. Especially in an organization that is "supposed" to be the future and how that might affect their perception of innovation and whether it is needed.

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Bakgrund och Roll:

Kan du berätta lite om din bakgrund och din nuvarande roll?

Hur upplever du att andra ser på din roll?

Beskriv din grupps roll på företaget

Upplever du att alla vet vad ni gör?

Hur fördelas uppgifter inom teamet?

Projekt:

Hur initieras nya projekt i er grupp/inom företaget?

Vilka andra team samarbetar du mycket med i dessa projekt?

Vad fungerar bra/dåligt?

Innovation:

Hur skulle du beskriva företagets syn på innovation?

På vilket sätt bidrar du och ditt team till företagets innovationsprocess?

Vilka är de största utmaningarna/möjligheterna ni stöter på?

Övrigt:

Finns det något annat du skulle vilja tillägga som vi inte har täckt i denna intervju?

APPENDIX B: INTERVIEW GUIDE PHASE II

Bakgrund, Roll och Team:

Berätta lite om dig själv:

Hur länge har du jobbar på företaget?

Vad gör din avdelning på företaget?

Vad är din roll?

Samarbete:

Vilka avdelningar/divisioner jobbar ni mycket tillsammans med?

Hur samarbetar ni?

Kring vilka frågor/områden samarbetar ni?

Är vissa områden lättare/svårare?
Varför? - ge exempel

Hur påverkar det ert arbete?
Ge exempel

Hur fungerar samarbetet med DAPO?

Verksamhet inom teamet:

Hur säkerställer ni att ni jobbar framåt?

Hur jobbar ni med era produkter och tjänster idag? (Daily operations)
Ge exempel

Vart diskuteras detta?

Vart tar man beslut i dessa ärenden?

Vad finns det för hinder för att lyckas med detta inom ert team?
Ge exempel

Hur jobbar ni med era produkter och tjänster i framtiden?
Ge exempel

Vart diskuteras detta?

Vart tar man beslut i dessa ärenden?

Vad finns det för hinder för att lyckas med detta inom ert team?
Ge exempel

Verksamheten utanför teamet:

Vad har ni för gemensamma mål inom företaget?

Är det tydligt att ni jobbar tillsammans mot samma mål?
Om tydligt – ge exempel
Om otydligt – ge exempel

Hur säkerställer ni det idag, imorgon, i framtiden inom avdelningen?

Hur säkerställs detta idag, imorgon, i framtiden på företaget?

Övrigt:

Hur ser du på begreppet innovation och innovation på företaget?

Finns det något annat du skulle vilja tillägga som vi inte har täckt i denna intervju?

Verksamheten utanför teamet:

Vad har ni för gemensamma mål inom företaget?

Är det tydligt att ni jobbar tillsammans mot samma mål?

Manager of Division A

Roll & Ansvar:

Beskriv din roll

Vilket ansvar har du?

Vad mäts du/din division på?

Beslut & genomförandekraft:

Vilka faktorer avgör vem som får ta ett beslut inom divisionen?
Ge exempel

Vad avgör vems beslut som gäller?

Hur hanteras beslut vid överlämningar till andra divisioner?
Ge exempel

Vilka faktorer avgör vem som får ta ett beslut utanför divisionen?

Hur förhåller ni er till mjuka vs hårda värden?

Budget:

Hur går budgetarbetet till?
Från ledningen och nedåt?
Vad ska budget täcka?
Förvaltning vs utveckling?

Hur fungerar budget kopplat till ett utvecklingsinitiativ?
Ge exempel

Kultur och samverkan:

Hur skulle du beskriva kulturen på företaget?
På vilket sätt uttrycks det?

Hur samverkar ni med de andra divisionerna gällande utveckling av nya produkter och tjänster?
Hur hanterar ni de olika perspektiven och syften ni har?
Är det någon röst som är mer hörd?

Hur öppna är man för nya idéer på företaget?
På vilket sätt uppmuntras det?
Vilka möjligheter/begräsningar finns det för att driva en ny idé?

Innovation:

Vart i organisationen sker utvecklingen, vart skapas nya värden för kunderna?
Har ni någon specifik avdelning som ska driva nya idéer?

Hur har ni koll på den utveckling som sker i organisationen?
Hur säkerställer ni att den går i linje med er strategi?

Hur ser eran innovationsstrategi ut? (skapa nya värden: nya produkter, nya tjänster, nya arbetssätt osv)

        Vad bygger den på?

        Vilka har skapat den?

Strategi:

Hur sätts affärsplanen?

        Vilka gör det?

Förändras affärsplanen och/eller verksamhetsplanen?

Vad är er prioritet idag? (från koncernledningens perspektiv)

        Hur ser du att den kommer förändras närmsta tiden?

Ni hade tidigare en affärsutvecklingsenhet:

        Vart i organisationen sker affärsutvecklingen idag?

           Vem ligger det ansvaret på?

           Hur säkerställer ni den?

Syfte:

Vad är det huvudsakliga syftet för din division?

        Hur säkerställer ni att syftet är tydligt?

Hur vet man vad som förväntas av en grupp inom din division?

Vilka resurser är viktiga för att ert syfte ska uppfyllas?

Vad mäts er division på?

        På vilket sätt kan ni påverka det resultatet?

Vad finns det för begränsningar kring vad ni kan göra inom er division?

Manager of Division D

Beskriv kort din bakgrund

Beskriv din roll

Beskriv din divisions roll

Ansvar & Genomförande:

Idag

Vilket ansvar har ni i den dagliga verksamheten?

Hur ser ni till att den fungerar som den ska?
> Ge exempel

Förändras den något eller är den statisk?
> Ge exempel

Hur jobbar ni med att utveckla den dagliga verksamheten?
> Har ni ett uttalat ansvar att utveckla den?
> > Ge exempel

Hur ser du på ert ansvarsområde? Kan ni direkt påverka det ni ansvarar över eller är ni beroende av andra?
> Ge exempel

Ser du några problem med det ansvar ni har idag?
Hur mäts ni på detta?
> Anser du att dessa är rimliga?

I framtiden

Vilket ansvar har ni för att säkerställa framtidens verksamhet?

Hur ser ni till att den kommer att fungera?
> Ge exempel

Förändras den något eller är den statisk?
> Ge exempel

Hur jobbar ni med att utveckla den framtida verksamheten?
> Har ni ett uttalat ansvar att utveckla den?
> > Ge exempel

Hur ser du på ert ansvarsområde? Kan ni direkt påverka det ni ansvarar över eller är ni beroende av andra?
> Ge exempel

Ser du några problem med det ansvar ni har idag?

Hur mäts ni på detta?
> Anser du att dessa är rimliga?

Budget:

Hur går budgetarbetet till?

Vad ska budget täcka?

Förhållandet förvaltning vs utveckling?

Samarbete & Överlämningar:

Hur samarbetar ni med division A när det kommer till att utveckla befintliga eller nya produkter?

På vilket sätt funkar det bra?

Ge exempel

På vilket sätt funkar det mindre bra?

Ge exempel

Hur kan utvecklingssamarbetet förbättras?

Upplever du att ni jobbar mot samma mål i utvecklingsarbetet?

Vad avgör vems beslut som gäller?

Innovation:

Hur är din/er syn på innovation?

Har ni någon specifik avdelning som ska driva nya idéer?

Ja: Vad driver de för "frågor"?

Hur mäts detta?

Nej: Vem gör det? (sker det på något sätt?)

Hur har ni koll på den utveckling som sker i andra divisioner?

Påverkas ni av den?

På vilket sätt bidrar ni till innovation på företaget?

Sker detta i varje division eller är det gemensamma initiativ?

Övrigt:

Något vi inte tagit upp och något ytterligare du vill skicka med oss?

CEO

Kan du beskriva din roll som VD på företaget?

Givet de utmaningar ni haft, vad anser du är viktigt framåt?

> Vilken roll har utveckling & innovation i detta?

> > Är det aktuellt nu?

> > Om nej:
> > > När kan det bli aktuellt?
> > > Ser du några risker med det?
> > > Vilka anser du är viktiga för att detta ska ske?

> > Om ja:
> > > På vilket sätt möjliggörs detta?
> > > Ledarskap och kultur
> > > Hur säkerställer man då resurser & kompetens för det?

> Vilka anser du är viktiga för att detta ska ske?

Vad anser du är kärnan i er verksamhet?

> Vilket värde levererar kärnan?

Varför tror du att man som kund väljer ert företag?

> Vad tror du krävs för att fler ska välja er i framtiden?

På vilket sätt anser du att ni på företaget jobbar med Innovation?

AVSLUTANDE FRÅGA:

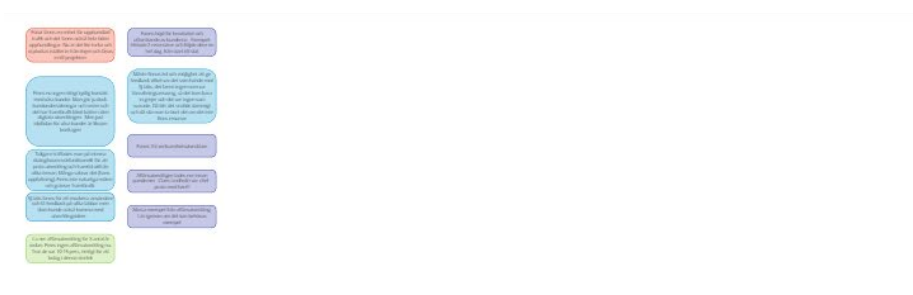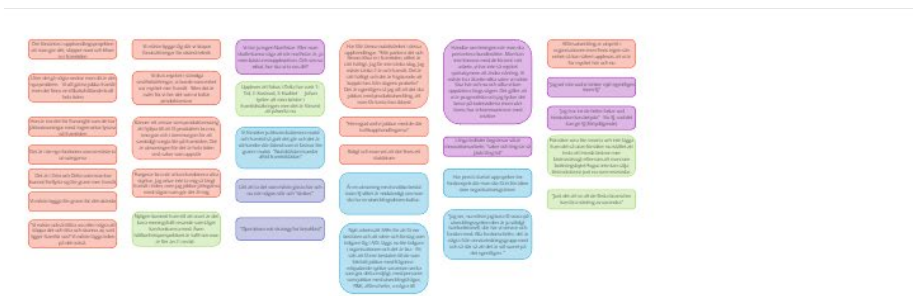> Något vi inte tagit upp som du tror är viktigt för vårt arbete? Något du vill addera?

APPENDIX D: FIRST ASSORTMENT - INTERVIEWS

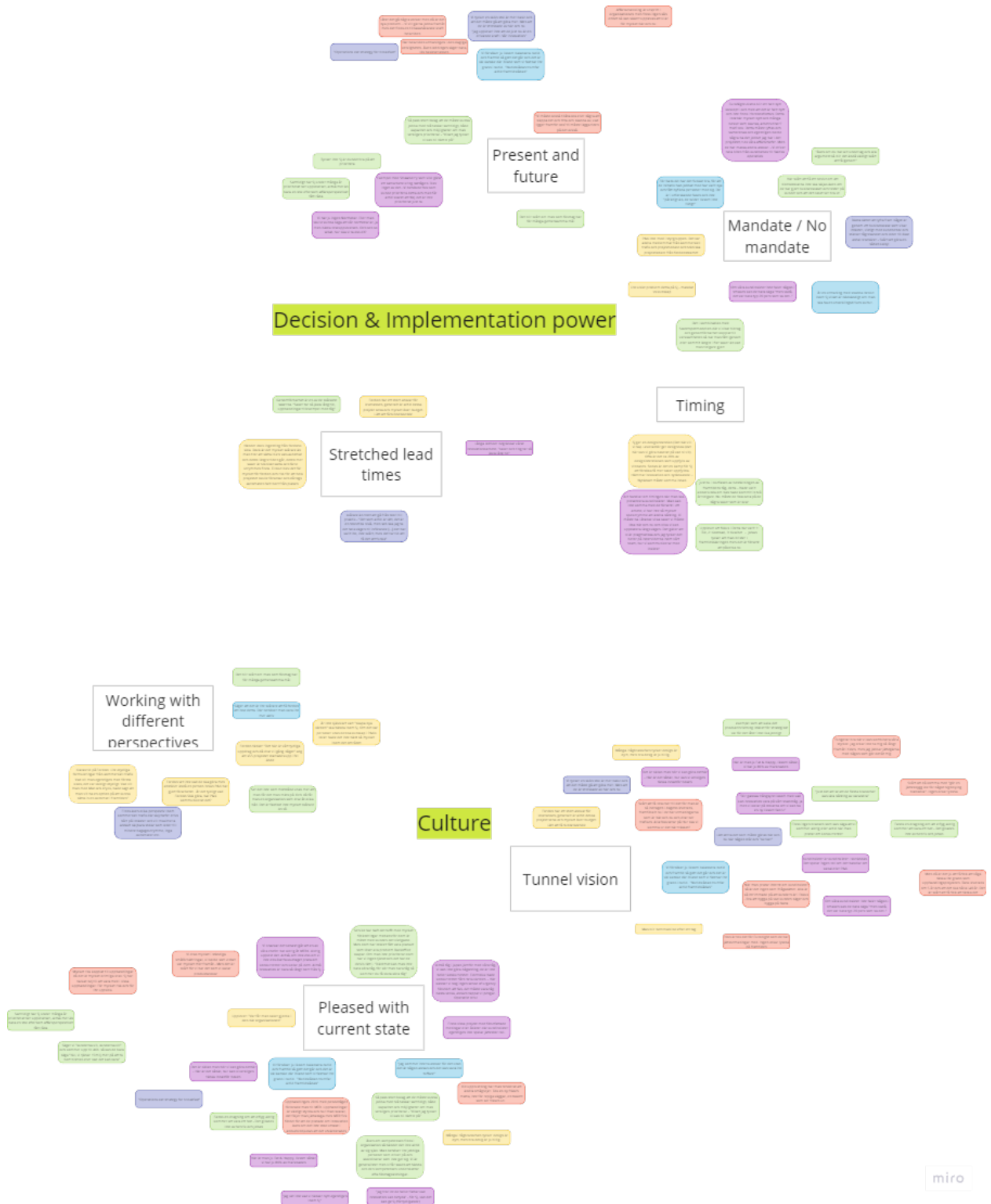*Example Phase I (Text not visible due to secrecy)*

APPENDIX E: SECOND ASSORTMENT – INTERVIEWS

Example Phase II (Text not visible due to secrecy)

Present and future

Mandate / No mandate

Decision & Implementation power

Timing

Stretched lead times

Working with different perspectives

Culture

Tunnel vision

Pleased with current state