



Cross-functional challenges – a case study of a project in a Swedish retail company

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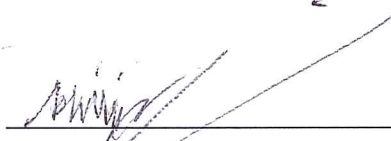
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Abstract

It has shown to be a challenge for many actors in the retail industry to adapt to the constantly changing consumer behavior. This challenge is argued to partly be caused by the industry's pattern to work in silos. Cross-functional projects are the opposite of silos because they involve project members from several different departments that come together to work towards a common goal. Cross-functional projects promote knowledge sharing and are frequently used in development projects to adapt to a constantly changing business environment. This study aims to identify and understand some of the challenges that hinders actors within the retail industry to meet the constantly changing consumer behavior the industry is facing by doing a case study of a development project (Project A) with a cross-functional character in a large Swedish retail company (Company A). 11 interviews were conducted with various project members and several findings were made of the different challenges Project A had faced. One of the challenges was related to the project members struggle to balance their regular work with the work in the project which lead to low motivation from the project members to contribute to the project. Another finding was the challenge to synchronize the different activities in the project. However, the main finding of this thesis is that many of the challenges that occurred were due to Company A's lack of project competence. How project competence has a direct influence on the project outcome is the theoretical contribution of this thesis to the existing literature and for this a revised model is proposed.

Keywords: project management, cross-functional projects, coordination, cooperation, project competence

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1. Introduction

1.1 Background

Companies and organizations are today operating in a highly competitive environment and are constantly striving towards becoming more efficient in order to stay competitive. In the strive for efficiency the use of teams is a common tool companies are implementing (Proehl, 1996). Research has shown that it is very challenging, if not impossible, for single individuals to handle the complexity of large modern companies. A well-functioning team is therefore, by some, described as the primary unit of performance in a company, since a team consists of several individuals that can complement each other's strengths and weaknesses and overcome the complexity of a large organization (Katzenbach and Smith, 1993). Projects are used in all kind of settings, the characteristics of different projects can therefore vary a lot (Morris, Pinto and Söderlund, 2011). However, cross-functional projects are an effective tool used by companies in order to adapt to a changing business environment and to improve the organizational structure and thus improve the performance of the company (Proehl, 1996). This is because cross-functional projects have members from different departments within a company and undertake a task together with a shared objective (Ford and Randolph, 1992; Tabrizi, 2015). Cross-functional projects are therefore often used in development projects because the cross functional character naturally creates an environment where knowledge is thoroughly exploited and explored between project members with different expertise areas which enhance new ways of thinking (Proehl, 1996; Tabrizi, 2015).

Even though research has shown that cross-functional projects can be very beneficial for a company, these types of projects can also be very challenging to carry out successfully (Proehl, 1996; Tabrizi, 2015). Studies have shown that up to 75% of all cross-functional teams are dysfunctional (Tabrizi, 2015). The fundamental challenge in cross-functional projects is to get project members with diverse backgrounds, expertise and prioritizations to come together and work towards a common goal (Ford and Randolph, 1992; Gaston, Gomes and Holland, 2000). The retail industry is known for working in silos with little interdependence between the different departments which by some is argued to be the roots to some of the challenges the industry currently is facing (Guy, 2018), and this leads us into the problem statement of the thesis.

1.2 Problem Statement

Large companies within the retail industry often consist of a wide variety of departments that are known for working independently in silos within their specific expertise area (Guy, 2018). Over the last couple of years, the retail industry has experienced major changes in consumer preferences and behavior; therefore, many actors in the industry have made efforts to adapt their business after the new climate in order to stay profitable and competitive. However, due to the industry's pattern to work in silos it has been a struggle for many actors to adapt their business to the new climate (Guy, 2018; H&M, 2018). It can therefore be argued it is in the best interest of the retail industry to overcome the old pattern to work in silos and start to integrate the different departments activities in cross-functional projects in order to adapt to the changing business environment.

To investigate this challenge that many actors in the retail industry currently are facing, a case study will be carried out on a development project with a cross-functional character at Company A that is a large Swedish company within the retail industry. Company A has over the past years experienced an annual decrease in market share and several improvement areas have therefore been identified to stop the negative trend. In the process of improving the identified areas an increased need for cross-functional collaboration has occurred. The implementation of cross-functional projects in the company has shown to be very demanding. In the past, cross-functional collaborations between departments occurred very rarely at Company A. Therefore, these projects are quite new for the company and it has shown to be a struggle to carry out them efficiently due to the new nature of cross-functional projects in Company A. The existing guidelines on how to carry out such projects successfully are quite brief and have not yet been fully optimized.

1.3 Purpose

This study aims to identify and understand some of the challenges that hinder actors within the retail industry to meet the constantly changing consumer behavior the industry is facing. This will be done by doing a case study of a development project with a cross functional character at Company A, that operates in the Swedish retail industry.

1.4 Research Question

Which were the main challenges Company A faced in Project A and why did they occur?

2. Theoretical Framework

The following chapter will explore existing literature and theories in the area of the research. First the different project characteristics are presented and then the problems cross-functional projects face in relation to project management are divided in coordination problems and cooperation problems. The literature will then be discharged into an analytical framework which builds the foundation for the analysis of the data that has been collected.

2.1 Project Management

There is no clear definition of project management and the term was not used until the 1950's in the US defense aerospace sector. Project management grew from the challenge of coordinating activities in complex environments. The term project management is a social construct and our understanding of the subject is continuously evolving. All projects are unique and therefore peoples experiences of managing them are different. The complexity and multiple agendas of different projects make the existing normative models and guides of best practices in project management questionable as to whether or not they can assure success if they are followed (Morris, Pinto and Söderlund, 2011). However, researchers have agreed upon that both social skills and technical competencies are required for project success (Morris, Pinto and Söderlund, 2011).

Project success and project failure can be dependent on many different aspects and different theories have different explanations. However, a project competence framework provided by Söderlund (2005) attempts to explain why certain companies are better than others at carrying out successful projects. Project generation, project organizing, project leadership and project teamwork are all crucial aspects to develop a strong project competence in the company. It is argued that these aspects are developed through organizational learning from different types of projects. There exist different perspectives on project management that stem from different theoretical foundations and therefore, the different theories focus on diverse areas of project management and give altering solutions and explanations to specific problems. However, even though there exist a wide range of theories with different approaches to problems that arise in project management, all problems can eventually be categorized under the theoretical framework of coordination and cooperation (Morris, Pinto and Söderlund, 2011). It is important to understand both the coordination and cooperation theories because these theories have different approaches to how individuals are motivated, the rationality and why projects fail. A solution to a coordination problem might lead to several problems in cooperation and vice versa (Morris, Pinto and Söderlund, 2011).

2.1.1 Cross-functional Projects

Morris, Pinto and Söderlund (2011) describe how there are different types of project structures that are more or less suitable for different types of projects. Cross-functional projects have a type of project structure that is suitable for development and transformation projects (Tabrizi, 2015). Furthermore, they are also suitable in companies that operate in an environment with high demand on speed and adaptability, evaluating and optimizing the organizational structure to improve the performance of the company (Proehl, 1996). This is because development and transformation projects often need to exploit and explore expertise from several different departments in a company in order to reach the project goal (Lindkvist, Söderlund and Tell, 1998; Tabrizi, 2015). A cross-functional team is therefore suitable for such a project since a cross-functional team is composed of people from different functional areas in the company that work together in order to reach the common goals (Daspit et.al, 2013).

Even though projects with a cross-functional structure have different characteristics than other projects, and are created for different reasons, all projects have in common to realize complementarities and bring together individuals to a common goal which naturally creates integration challenges that have the roots from either coordination or cooperation challenges (Morris, Pinto and Söderlund, 2011).

2.2 Project Characteristics

There is a wide variety of different types of projects with different characteristics and in order to carry out a project effectively it is crucial to adapt the project after the task at hand (Eisenhardt and Tabrizi, 1995; Lindkvist, Söderlund and Tell, 1998; Morris, Pinto and Söderlund, 2011; Söderlund, 2011). The theoretical foundation of the Contingency School can help us understand the similarities and differences of different projects (Söderlund, 2011). Lindkvist, Söderlund and Tell (1998) provide a contingency influenced framework for different project management logics depending on the type of complexity and error problematic the project is facing. This makes it possible to adapt the project design and structure after the specific character of the project to reach the best possible outcome.

		Type of Complexity	
		analyzable	systemic
Type of Error Problematic	error detection	Scheduling logic	Coupling logic
	error diagnostics	Separating logic	Semi-coupling logic

Figure 1. A Typology of Project Logics (Lindkvist, Söderlund and Tell, 1998).

The model from Lindkvist, Söderlund and Tell (1998) argue that the complexities in projects can be categorized either under analyzable or systemic complexity. A project that is analyzable has the characteristics of being quite straightforward and departments operate independently from each other. In result, the activities of every functional unit can quite easily be separated from the rest and analyzed separately. In contrast, projects with systemic complexity have the characteristics of having strong interdependencies between the departments which leads to a difficulty in separating the functional units from each other (Lindkvist, Söderlund and Tell, 1998). The other dimension Lindkvist, Söderlund and Tell (1998) use in their model is the type of error problematic the projects are facing; error detection or error diagnostic. Error diagnostic refers to a project context where it is easy to identify an error and error solving requires a high degree of deep and special knowledge. Therefore, errors diagnostic is mainly about exploring new possibilities and acquire new knowledge (Lindkvist, Söderlund and Tell, 1998). The other type of error problematic is error detection and it refers to projects with a high degree of interdependence between the functional departments that face problems that are rather easy to solve but hard to predict. Therefore, the problems that arise can often be solved through knowledge exploitation within the project, but since these types of problems are hard to predict it is important that the different functional units have a high degree of interaction to be able to reach a system wide error diagnostic and identify and solve problems that are unforeseeable quickly (Lindkvist, Söderlund and Tell, 1998).

Based on the complexity and error problematic projects can be divided into four different logics:

Coupling logic: Coupling logic has a systematic complexity and an error problematic of detection error. A project with a coupling logic is therefore a project that requires a high degree of interdependence between the functional units and face errors that are unforeseeable but rather easy to solve.

Semi-coupling logic: The semi-coupling logic is characterized by systematic complexity and error diagnostic. Therefore, projects with a semi-coupling logic require knowledge expertise in specific areas but also require a degree of interdependence between the functional units to solve the problems the project is facing

Scheduling logic: The scheduling logic has the characteristics of a low complexity which makes it analyzable and the errors that occur in such projects are rather easy to solve with the existing competence and knowledge within each department. The work-activities are easily decoupled from each other and the need for communication and interaction between the functional units is therefore low.

Separating logic: The separating logic has the characteristics of having an analyzable complexity and error diagnostics. In comparison to coupling logic, a project with a separating logic has a low degree of technical interdependency between the functional units, each functional unit work quite independently which makes it easy to analyze each functional unit independently and identify how much it has contributed to the project. The error problematic of projects of this nature is therefore to solve problems that require deep specific knowledge which can be described as exploration of new knowledge (Lindkvist, Söderlund and Tell, 1998).

Instead of focusing on error problematics and types of complexity to categorize projects into different logics as Lindkvist, Söderlund and Tell (1998) does, Eisenhardt and Tabrizi (1995) highlight the degree of certainty and predictability of the project. According to them, predictable projects should have a structure of being very well planned and focus on overlapping the different activities with each other. Furthermore, Eisenhardt and Tabrizi (1995) argue that an experiential strategy is suitable for projects with a high uncertainty and therefore it is argued that extensive planning is not an effective way of carrying out such projects. Instead the focus should be put on fast decision making over the projects timeframe through testing and being aware of how the project develops (Eisenhardt and Tabrizi, 1995). Both Lindkvist, Söderlund and Tell (1998) and Eisenhardt and Tabrizi

(1995) highlight the importance of being aware of the contingencies in the projects and adapt the project structure and strategy after this in order to reach the best possible outcome.

2.3 Coordination in Project Management

Even though different projects face different challenges, all challenges originate from the same sources which are either coordination or cooperation (Morris, Pinto and Söderlund, 2011). For coordination, the challenge is to synchronize the project members activities and actions and for cooperation the challenge is to get the project members to come together and work towards a common goal. As previously mentioned, it is important to acknowledge the differences in coordination and cooperation because a solution to a coordination problem might lead to several problems of cooperation and the other way around (Morris, Pinto and Söderlund, 2011).

The fundamental coordination problem in projects is to synchronize the project members activities so they have a common understanding of which activities should be prioritized and when and how they should be carried out. These coordination problems originate from task interdependence and task uncertainty and it is argued that without these challenges there would be no need for a project structure (Morris, Pinto and Söderlund, 2011). The challenges of coordinating a project in terms of synchronizing and prioritizing activities are considered to be affected by the communication (Pinto and Pinto, 1990) and the knowledge integration within the project (Morris, Pinto and Söderlund, 2011).

2.3.1 Synchronize and Prioritize

The synchronizing and prioritization of activities is the main problem that originates from coordinating a project (Morris, Pinto and Söderlund, 2011). How a project can overcome this coordination challenge depends on the character of the project and different project logics provided in figure 1 on page 5 that can serve as a tool for how the project should carry out the activities to overcome the challenge (Lindkvist, Söderlund and Tell, 1998). Furthermore, Lindkvist, Söderlund and Tell (1998) argue that the use of deadlines, milestones and feedback can affect how a project is coordinated. Projects where the different departments deadlines and milestones are presented and discussed in front of the entire project group help the project members understand their part in the project and how their actions affect the rest of the project (Lindkvist, Söderlund and Tell, 1998).

2.3.1.1 Communication

Communication has been defined as crucial for building and maintaining a productive link between different functional teams and units. When the communication is lacking between members in the team, this can create problems affecting the whole project. Communication has also been documented as the driving force and pillar stone in the success of implementing new projects and for the development of a company (Pinto and Pinto, 1990). There are two definitions of communication in workplaces relevant in cross-functional projects and those are informal and formal communication. Communication that occurs between members of the cross-functional team is considered informal (Fay, 2011). The communication existing between the team members and the project leader is considered formal. Both informal and formal communication is necessary components for a highly functional team (Darawong, 2015).

Research has shown that managerial skills such as interaction, monitoring, allocating and organizing which are necessities when handling new developments become operationalized by communicating efficiently inside the team (Pinto and Pinto, 1990). Furthermore, Hedman and Valo (2015) point out that there can arise several difficulties between members of the group that can arise when working closely in teams such as cultural differences, time management differences or personal issues. These factors can also be the result of poor communication in teams.

Since teams operate in a complex and co-dependent environment the demand for competent communication is strong. Hedman and Valo (2015) also describe the challenge of having equally distributed participation in the team. Having the skill to discuss problems that might be outside the comfort zone or appear difficult is a key in communication in teams and this is something that not all individuals in the team might be comfortable with. Hedman and Valo (2015) further argue that especially in meetings, it can be a challenge for individuals to really speak up and express an opinion. Instead they share information in an informal setting in smaller groups after a meeting. This can lead to problems for the team as a whole since it leads to incompetent team communication (Hedman and Valo, 2015).

2.3.1.2 Knowledge Integration

Morris, Pinto and Söderlund (2011) state that you can achieve knowledge integration by “constructing, articulating and redefining shared beliefs.” (p.464). Knowledge integration is

also argued to be achieved through a common knowledge focus which helps the project to achieve tacit knowledge together (Toyama and Konno, 2000). Knowledge can be seen as a competitive advantage and to those who possess the right knowledge it can be a source of power within a company. Knowledge sharing is regarded as necessary for members of a team in order to achieve the set goals and to get a diverse ground for challenges imposed in the team (Morris, Pinto and Söderlund, 2011). Cross-functional collaboration promotes knowledge sharing due to the fact that it is used as means in pursuing common interests within the team. Whilst knowledge sharing is regarded as necessary for effective collaborations it is important that the knowledge becomes integrated in a synergic solution rather than just being shared knowledge that is never integrated by the members of the project (Carlile, 2004). Furthermore, Ghobadi and D'Ambra (2012) describe effective knowledge sharing as something that requires both the outing of knowledge by the source agent and then being applied into learning by the recipient. By this integration, the success of effective knowledge sharing lies within the changes made after the understanding of the knowledge from the recipient (Ghobadi and D'Ambra, 2012).

Ghobadi and D'Ambras (2012) findings describe that the key lies in how managers understand how they should integrate effective knowledge sharing. Their findings implicate that there are three dimensions that are crucial for cooperation and these are: task orientation, communication and interpersonal relationships and that these dimensions are connected positively and directly with the behaviors in effective knowledge sharing. Another important aspect that Pinto and Pinto (1990) stress is that research have indicated that when teams successfully integrate the right knowledge in the project, this leads to higher levels of cooperation in the cross-functional team and in the end, that these teams achieve higher results than teams with low knowledge integration.

However, due to the wide variety of characteristics of different projects there is a need to adapt the knowledge integration processes dependent on the specific project. The type of complexity, errors, level of uncertainty (Eisenhardt and Tabrizi, 1995) that will arise through the projects timeframe are crucial characteristics that are important to consider when selecting an appropriate knowledge integration process. Projects with high interdependence and errors that require expertise from several different departments to solve require intense knowledge integration and projects with a low interdependence is less

dependent on having a tight knowledge integration process between the project members (Lindkvist, Söderlund and Tell, 1998).

2.4 Cooperation in Project Management

Cooperation problems originates in the challenge for individuals that come together and work towards a common goal and can be linked to people's selfishness to prioritize their individual needs, goals and concerns over what is best for the project. That kind of behavior in a project is called opportunistic behavior and stems from the lack of motivation by the project members to contribute to the project in a productive way (Morris, Pinto and Söderlund, 2011). How motivated individuals are to contribute to a project can be linked to their social affiliation and feeling of togetherness towards the rest of the project and Gaston, Gomes and Holland (2000) explain this by analyzing if the project members identity are social or individual.

2.4.1 Goals

The challenge in getting all project members to work towards a common goal can be linked to conflicting goals within a project. Conflicting goals can especially be problematic in cross-functional projects that consist of different departments that have their own set of goals and therefore it can become problematic when the wide variety of goals are not correlating with each other or with the goals of the project (Tabrizi, 2015).

2.4.2 Motivation

Motivation can be described as the driving force that gets people to act and react in a certain way. Solomon (2013) describes motivation as a state of tension or excitement which stems from an unsatisfied need that in turn leads to an unbalance in the person's psychological mind. Underlying assumptions of motivation are: people being able to take responsibility for their actions, having high level of ambition to continue the learning process and being able to learn new things and to achieve results at work (Ankli and Palliam, 2012). According to Morris, Pinto and Söderlund (2011) motivation can be enhanced by earning group recognition such as a reward. Furthermore, motivation comes in both positive and negative form. Positive motivation can be described as a force of encouragement and striving to feel content whilst negative motivation can be described as avoiding certain situations and is connected to feelings of unease. As Dimas, Rebelo and Lourenco (2015) show in their conceptual model, the work motivation of the members in the team is mediating between the

learning conditions of the team and what leads to individual member satisfaction. Clark (2003; Dimas, Rebelo and Lourenco, 2015) define work motivation as the process that start and maintains performance that is goal-oriented. The findings of Dimas, Rebelo and Lourenco, (2015) have shown that the influence of motivation on effectiveness of teams is crucial, when it comes to satisfaction of the members.

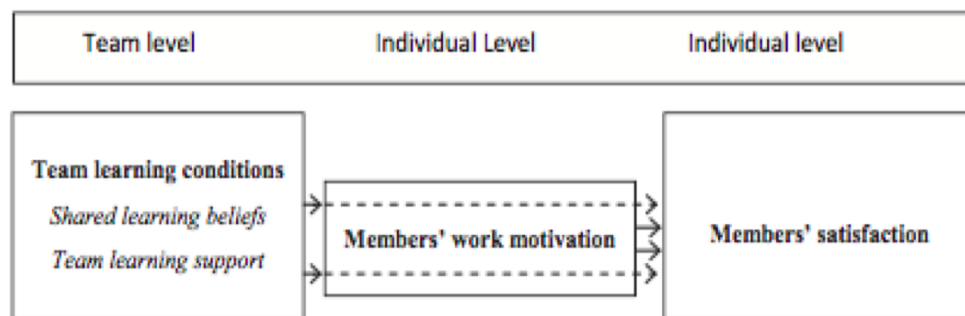


Figure 2. Conceptual model (Dimas, Rebelo and Lourenco, 2015)

2.4.2.1 Social and Individual Identity

Individual identities mean that the project members do not identify themselves with the other members of the project and this creates an increased likelihood to act in their own self-interest. Research has shown that there is a negative correlation between individuals' performance in teams and projects and individual identity (Gaston, Gomes and Holland, 2000). To achieve social identity, the project members need to be motivated to prioritize the common actions and a behavior that is in line with the project goals (Morris, Pinto and Söderlund, 2011). However, it is important to note that opportunistic behavior can often be linked more frequently to individuals in projects than to the rest of the company's operations (Morris, Pinto and Söderlund, 2011). Projects are established with the intention to eventually die in contrast to the conventional company that is designed as an ongoing concern. The temporary view of the project creates a clear understanding among the actors that the project is intended for termination which creates a cooperation challenge for the project due to risk of opportunistic and selfish behavior among the actors. A challenge in many projects is therefore to get the project members to work towards the stated project goals (Morris, Pinto and Söderlund, 2011).

Cross-functional projects often struggle more with obtaining a social identity because the project members often have different, even competing social identities and have a tendency

to identify more with their position in the work outside of the project than with the project. The goals of the project members ordinary work activities can sometimes be conflicting with the project goal. Members in cross-functional projects have therefore a more social affiliation, affection and psychologically higher comfort level towards their own department than towards the project (Pinto et al., 1993, Randel and Jaussi, 2003).

However, even though Gaston, Gomes and Holland (2000) argue that projects perform better when the project members have an individual identity it is important to note that it can be very time consuming and costly for a company to obtain an social identity in a project since it requires intense interaction and communication (Randel and Jaussi, 2003). A solution to this cooperation problem might lead to a coordination problem (Morris, Pinto and Söderlund, 2011). Therefore, it is important to consider the pros and cons when investing heavy on achieving a social identity because different companies might be more or less dependent on projects (Söderlund, 2005). A company's value creation comes from different types of activities and it can therefore be argued that if a certain type of project is crucial for the company it is important to invest heavily in that area even though some other parts of the company might suffer (Söderlund, 2005)

2.4.2.2 Deadlines, Milestones and Feedback

Lindkvist, Söderlund and Tell (1998) describe milestones, deadlines and feedback as important factors in projects with members from different functional units. Frequent milestones for each functional unit are important because it helps the project to keep track of the overall progress towards the common project goal. However, in projects with a high interdependence between the functional units it is important for each unit to understand that their work is affecting the work of other units. To obtain this understanding among the functional units Lindkvist, Söderlund and Tell (1998) argue that feedback on milestones and deadlines in public places can serve as an effective tool. If all the functional units involved in the project get together and present how their work is progressing towards the milestones and deadlines it becomes clearer how a delay of one unit affect the work activities of the other units. Since the feedback takes place in publically the problem one unit is facing in the project is more likely to be seen as a problem for the entire project instead of an isolated problem that only concern the specific unit and therefore the motivation to contribute to the project will increase (Lindkvist, Söderlund and Tell, 1998). Therefore, each functional unit gets a stronger connection to the other functional units and the entire project. This can be

linked to Gaston, Holland and Gomes (2000) description of how social identities among project members have positive correlation to performance and mitigate opportunistic behavior and conflicting goals.

2.5 Analytical Framework

Figure 3 illustrate how the characteristics of the project affect the coordination and cooperation challenges that occur in the project and this framework will be used when analyzing the data collected for this research. It was evident in the reviewed literature that even though all projects are unique and created for different reasons, all projects realize complementarities and bring together individuals with a common goal which creates challenges that originates from either coordination or cooperation (Morris, Pinto and Söderlund, 2011). Coordination problems occur because of the challenge of the project members to have a common understanding of which activities that should be prioritized and when and how they should be carried out. This creates synchronization and prioritization problems in the project (Morris, Pinto and Söderlund, 2011). Activities that are related to the coordination challenge of synchronizing and prioritizing the different activities in the project are communication (Pinto and Pinto, 1990) and knowledge integration (Ghobadi and D'Ambra, 2012). Cooperation problems in projects on the other hand, originate from individuals struggling to come together and collectively work towards a common goal (Morris, Pinto and Söderlund 2011). Factors that affect a projects ability to obtain effective cooperation include the project members motivation to contribute to the project (Solomon, 2013) and the projects ability to get the project members to work towards a common vision and goals (Morris, Pinto and Söderlund 2011).

The diversity of projects makes it evident that there is not a correct way to carry out a project, but instead the project should adapt to the certain characteristics at hand in order to carry out the project in the best possible way (Eisenhardt and Tabrizi, 1995; Lindkvist, Söderlund and Tell, 1998; Morris, Pinto and Söderlund, 2011; Söderlund, 2011). A framework provided by Lindkvist, Söderlund and Tell (1998) suggest four different project logics dependent on the error problematic and type of complexity of the project.

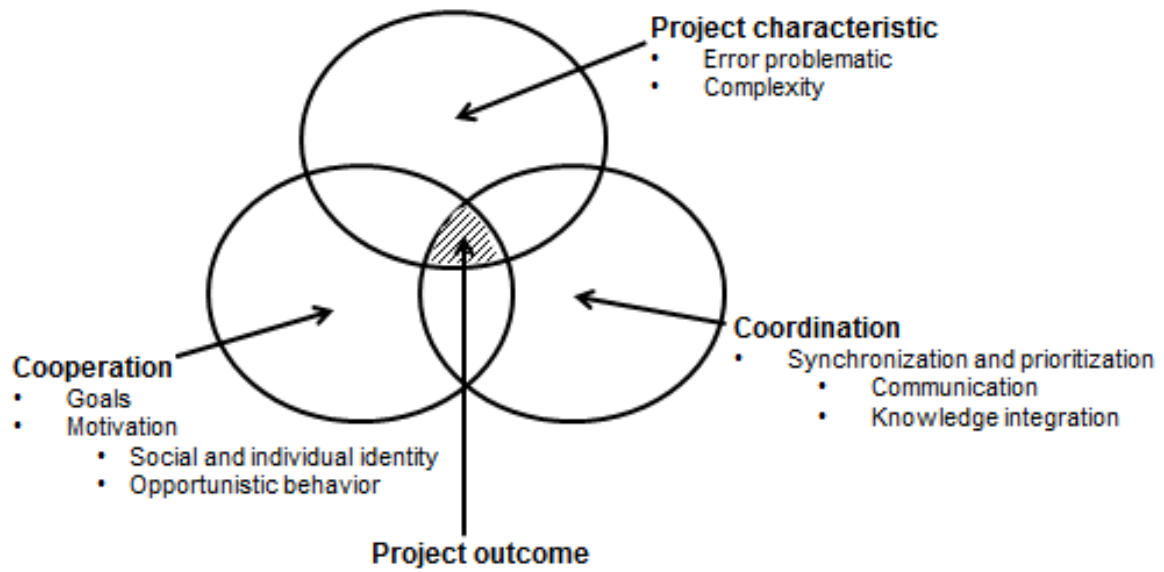


Figure 3. Analytical framework. Source: Made by the authors

3. Methodology

In the following chapter the research design of this thesis will be presented together with the choice of strategy for collecting the data. The strategy used is of a qualitative nature and the data collections include semi-structured interviews, a summary of previous documents from the project and a preparatory interview. Thereafter, the qualitative data analysis process is explained and lastly the trustworthiness of the research is discussed as well as the ethical considerations and limitations of this study.

3.1 Research Design and Strategy

In order to answer the research question and to achieve the purpose of the study, a qualitative case study design became the choice of method for this thesis. The choice of a qualitative research method instead of a quantitative is based on what Bryman and Bell (2011) argues; that when doing a qualitative research, the focus is put on words rather than numbers. In accordance with the purpose and research question of this thesis rather than getting data in numbers, the emphasis was put on the words of the respondents interviewed instead.

The goal with the selected method was to be able to collect data in three steps. First, documents from the previous stages of the cross-functional project was gathered and read and then a preparatory interview was done, lastly semi-structured interviews were made with members of the project. To analyze the data collected from the semi-structured interviews in the most suitable way for this thesis a combination of an inductive method with elements of an abductive approach was chosen. In line with choosing to take an inductive approach with elements from an abductive, it enables a richer interpretation of the empirical data with the theoretical chapter as a basis and gives the means to have a more flexible structure of this thesis.

3.1.1 Case Study

In order to investigate why it is a challenge for Company A to carry out this new development project of cross-functional character there is a need to understand the complex social phenomena within such a project. Therefore, a case study was carried out on Project A. Project A is a new development project carried out at the headquarter of Company A that is a company within the retail industry in Sweden, a description of the case can be found in

section 3.1.1.1. Yin (1994) argues that a case study is suitable when focusing on contemporary events and when the boundaries between occurrences and context are not obvious which is in line with the characteristics of Project A. The project consists of ongoing activities and the focus is to analyze the interplay in the project which is complex of the nature because cross-functional collaborations makes it hard analyze which activities had which effect on the project's outcome because of the interdependence of the activities (Gaston, Holland and Gomes, 2000).

A case study makes it possible to get a holistic view of the case and understand the life cycles of the events that occur. Furthermore, a case study also enables the researchers to deal with a wide range of evidence from everything from documents to interviews (Yin, 1994). Yin (2003) and Saunders, Thornhill and Lewis, 2009) state that a case study is suitable if the goal is to reach a rich understanding of a specific context. In order to answer the research question of this thesis it was important to get a holistic view and rich understanding of Project A and therefore a case study was deemed suitable.

3.1.1.1 Description of the Case

Project A is a cross-functional development project carried out at the headquarter of a Swedish retail company. The project has taken place over the course of around 18 months with the goal to develop four new modules that are to be implemented across Sweden in Company A's physical stores. This study has been made during the last 5 months with approximately 1 month remaining of the project when this thesis is finalized. The objective of Project A is to create new concepts and implement them in the physical stores. Several different departments and teams are involved in the project; purchasers responsible for different goods, the strategic purchasing team, the concept department, the logistics department, the business development team and representatives from a consumer association. The interplay of all these people from different departments and teams the study is focusing on is in accordance with Yins (1994) argument that to understand a complex social phenomenon a case study is suitable.

Figure 4 illustrate the project organization of Project A and points out the different departments that are involved in the project. In the white boxes, the eleven different respondents who participated in the study are listed under their specific department with their

title. The steering group has the final say in all major decisions in Project A with the responsibility to secure that the project is progressing in the right direction and consist of people high up in the hierarchy. The management team of the project consists of six people who are managers from the departments that are involved in Project A, the project leader of project A is also present in the management team. During the course of the project there has been four different project leaders. However, the project leaders have not been involved in the project at the same time but during different stages of the project. The management team's responsibility is to guide the project in the right direction, make key-decisions and to allocate the necessary resources for the project. A reference group is also present in Project A and serves as a resource to discuss different decisions and consisted of people from a wide range of expertise areas within Company A. The rest of the boxes (inside the circle) represent the project group where the day to day activities take place. The project group consist of employees from these four departments; format, purchase and category and logistics. A consumer association is also present in the project group. Because the format and purchase and category departments are the most involved departments in Project A, both have allocated a project leader that is responsible for the departments activities in the project.

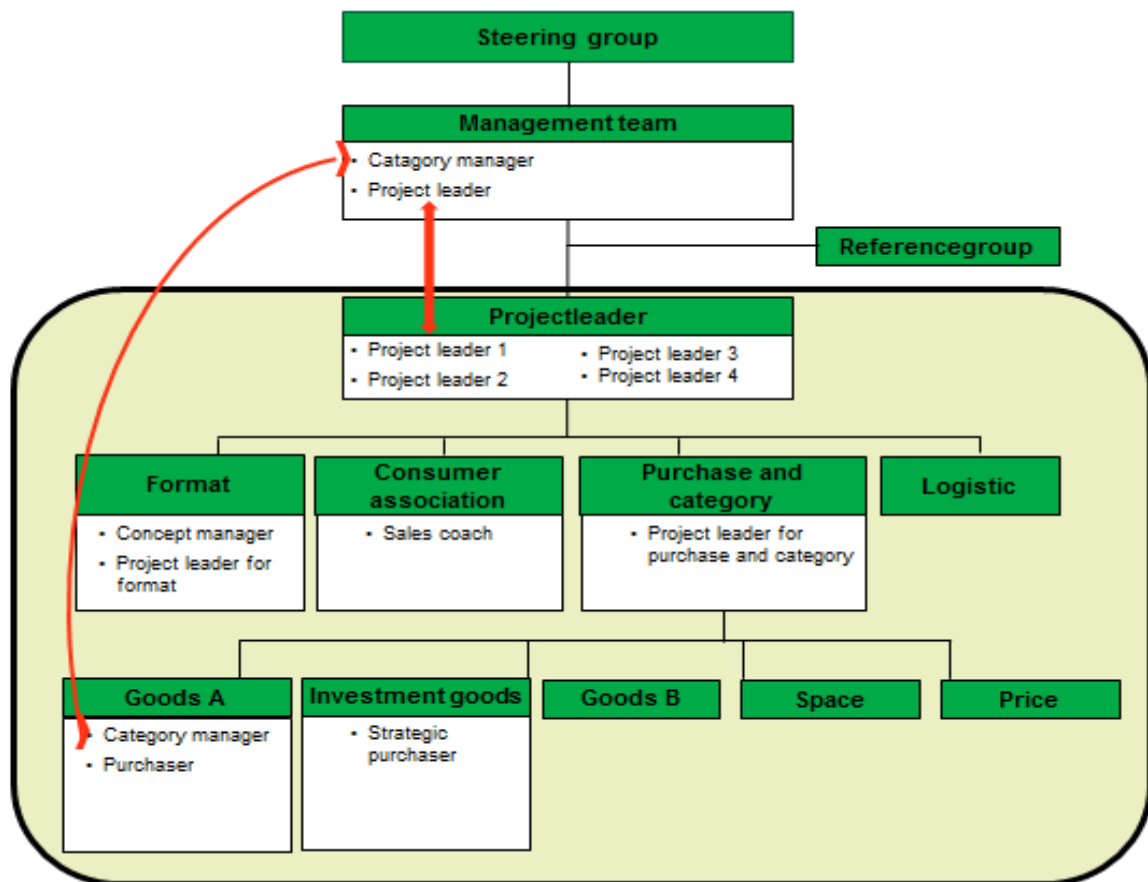


Figure 4. Project organization of Project A with the interviewed respondents. Source: The authors interpretation based on the documents provided by Company A

3.2 Data Collection

Primary data can be defined as data collected firsthand through, for example, interviews for a specific purpose of the research (Salkind, 2010). The primary data for this thesis was collected through semi-structured interviews with members of Project A. Documents from previous stages of the project were reviewed and a preparatory interview was made in the early stages of this research. The documents provided background information to the different steps of the project and an insight of the timeline of Project A. The preparatory interview served as a tool to understand the complexity of the project and to understand which individuals that played an important role in the project. Ten semi-structured interviews were carried out with key persons in Project A. Furthermore, a complementary interview was done after the other interviews in order to get a more in depth understanding in certain areas that the other interviews did not provide. This is further explained under section 3.2.1. To be able to analyze verbal and non-verbal responses, measurements were contextualized in an operationalization process (Appendix 2). Yin (1994) argue that a suitable way for establishing interview questions for a case study is by combining the theoretical concepts with background information gathered about the case. The interview questions had a linkage to the theoretical framework but also a relevance to the specific case at hand which laid the ground for the opportunity to analyze the data collected from the interviews in line with the theoretical framework. The interview questions and operationalization table are presented in Appendix 2.

3.2.1 Selection Process

This thesis used snowball sampling which is often used when looking for people that meets the criteria to be chosen for the interviews (Bryman and Bell, 2011). This is a suitable method when confidentiality and anonymity is important and when the focus is on one specific company and a specific project within that company. This sampling method was utilized by having the preparatory interview to distinguish which people in the project were most relevant to interview. The decision to do the preparatory interview with the category manager came from informal discussions with other people in the project that recommended this person on the basis that the person had the best sense for the project as a whole.

A list was then conducted of which departments, teams and people that had been involved in the project. Ten people that represented all the different departments were then selected from that list. The people selected were ranging from managers to employees lower in the company hierarchy to be able to get a broad view on how all the people and departments involved had experienced working in Project A. The list of the ten people was then presented to an operative manager from the steering group that provided feedback of which people would be relevant and might not be relevant to interview. After some adjustments in which people to interview were made in agreement with one of the operative managers, the list was finalized and e-mails were sent out to the chosen individuals. All the chosen persons agreed to be a part of the study and participated in the interviews. After the empirical data from the interviews had been analyzed, a complementary interview was done with respondent eleven. This interview was made in order to fill in the gaps from some of the previous interviews regarding the transitions of project leaders and to get a better grasp of how the finalizing stage of the project. This interview followed the same structure as the other interviews with the questions being more of a checklist than followed in exact order and was also transcribed in the same manner as the other interviews.

3.2.2 Semi-Structured Interviews

The primary data has been gathered by the use of semi-structured interviews with members of Project A. Barriball and While (1994) state that semi-structured interviews are very efficient for the explorations of the perception and opinions of the respondents in the means of discussing sensitive problems. This suits this study since the focus is to investigate the challenges in Project A through the understanding of complex relations and situations this can be argued to be done efficiently when the respondent has the opportunity to elaborate beyond the specific question. The use of semi-structured interviews therefore made it possible to ask follow-up questions in order to get a more elaborated and accurate answer to the initial question.

The aim was to do all interviews face-to-face with the respondents but since two of them were geographically located far away and one was on maternity leave, three interviews were made by phone. The rest of the interviews were done face-to-face and a recording device was used during all the interviews in order to be able to go back and listen to the material again during the transcription process. All respondents were given the question if they gave their permission to letting the interview be audio recorded. All the respondents had Swedish as

their native language, the interviews were therefore conducted in Swedish to assure that the respondents could express themselves in an outright way. The interview questions were therefore translated from English to Swedish in a systematic and thorough way to ensure an equivalent understanding of the questions in Swedish. The questions asked may not be in the same order as in the Appendix 1 but they will be asked in a similar tone and way in order to reach a consistent form. Appendix 1 presents a list of the conducted interviews that contributed to this thesis excluding the preparatory interview. The interviews lasted between 26-60 minutes.

3.2.3 Documents

Access was granted to all documentation that had been done throughout the project consisted of a wide variety of documents including a presentation of the project structure, time plans, agendas from project meetings and documents of the projects progress. Project A had been going on for a relatively long time, therefore, the documents served as a tool to follow the project from day one and see the development of the project over time. The documents were seen as a means to further strengthen the credibility of the thesis because they gave a full assessment of the timeline of the project and the activities that had occurred before the start of this study. The documents, together with the preparatory interview, served as background information since the interviews only capture each individual's understanding and experience in the project. Because of the turnover among the project members and the relatively long timeline of the project it could not be guaranteed that each individual had the insights and understanding of the projects entire lifetime. The documents have not been included in the empirical material due to their large volume and since the focus of the analysis is on the primary data which came from the semi-structured interviews, the documents served more as a tool for understanding the timeline of the project.

3.2.4 Preparatory Interview

A preparatory interview was carried out with a category manager that has had a key role in Project A since the start of the project. This interview was carried out under informal circumstances and did not follow a specific interview schedule due to the fact that the aim was just to get this managers view on the previous activities in the project. The interview served as an effective tool to identify the background to the project, special happenings, and key persons to interview in Project A. This preparatory interview with the category manager served as a compliment to the documents and explained the underlying reasons why the

project developed the way it did which was harder to capture in the documents, the interview also helped to identify which members of the project to interview.

3.3 Qualitative Data Analysis

The data collected through the semi-structured interviews was analyzed using a thematic analysis to search for themes in the transcripts made after the interviews. When using semi-structured interviews as primary data, the interviews are normally audio recorded and after that they are transcribed from audio into written words (Bryman and Bell, 2011) and this is in line with how the data from the interviews in this thesis were processed. Half of the interviews were transcribed using the data program NVivo and the other half were manually transcribed. The interviews that were automatically transcribed in NVivo were then listened and looked through a second time to make sure everything was transcribed accurately. Saunders, Thornhill and Lewis (2009) state that when transcribing data from interviews, it is crucial to not just emphasize on what the respondents say but also on how they say it. When the interviews were being transcribed the tone in which the respondents answered the questions was carefully taken into consideration. The interviews were, as previously stated, done in Swedish because of the fact that it made for easier communication and to get more in depth responses and they were also transcribed in Swedish, quotes for the empirical chapter were translated from Swedish to English.

Bryman and Bell (2011) state that a theme is most likely identified when a phenomenon occurs several times throughout the process of coding. There are no certain guidelines on how to determine a theme and therefore the authors have used their own assessment when deciding the themes seen in the empirical data. When exploring the themes which have been identified, certain aspects are seen as more valuable in connection with the research question and this leads to a patterned response within the data that has been collected. The focus of the data analysis has been to discover clear patterns in relation to the theoretical framework. The main themes which lead to the defined challenges from the empirical data are Project Characteristics, Coordination, Cooperation and Lack of experience. These themes were based on the operationalization made and then after the interviews had been transcribed the data was color-coded in order to place the respondents answers under the correct theme. When coding the material with an inductive thematic analysis approach Mills, Durepos and Wiebe (2010) argue that it reduces the risk of premature closure on the case. The thematic analysis approach was used to make sense of the data and for reducing and handle large volumes of

data without losing the context and to help the research focus the interpretation of the data itself (Mills, Durepos and Wiebe, 2010).

3.4 Trustworthiness of Research

Bryman and Bell (2011) argue that a weakness of qualitative studies can be that it can be hard to interpret and replicate research that has been affected by the perceptions and certain bias of the researchers towards the empirical data produced. Trustworthiness and transparency of the research is considered to be two of the most crucial aspects of a qualitative study. With doing research of a single case in a single company, as is the case here, Yin (2003) and Saunders, Thornhill and Lewis (2009) argues that when doing a single case study, there need to be a strong justification for this choice and that multiple case studies are preferable and that could in turn lead to a lack of legitimacy. A single case study was chosen for this thesis due to the necessity of managing the work within the given timeframe and also to get a richer understanding of the case and not just touch upon the subject. In the case of this thesis, there have been suggestions from the steering group of the cross-functional project on which path they would like the study to go. In accordance with the need for this study to be as unbiased and have as much transparency as possible this has not been taken into consideration aside from the agreement on which respondents that were the most suitable to interview from the project.

In order to reach credibility, people from different departments of company A have been interviewed to gain different insights. Using a thematic analysis could also increase credibility since credibility is connected to the ability of the researchers to identify themes and patterns in order to draw relevant conclusions from the empirical material (Bryman and Bell, 2011). In this thesis, the purpose was to identify which challenges company A have been facing in a new development project with a cross-functional character and why they occurred. The challenges identified in the empirical findings of this thesis is in regard to the interviewed employees experiences and may not be applicable on all projects with a cross-functional character and this should be taken into consideration regarding the credibility aspect. The aim of the researchers has been to be as unbiased as possible. When conducting this research the authors personal values have been put aside as much as possible and attempts to sway the interviews in the favor of the research have tried to be avoided. As Bryman and Bell (2011) argue, complete objectivity is impossible to achieve in business research but in order to avoid

influencing the respondents and to show transparency, an operationalization process was implemented.

3.5 Ethical Considerations

There are a number of ethical factors that have been considered when conducting this research. One of the most important is to refrain from the lack of informed consent (Bryman and Bell, 2011). They further argue that there are some steps to take into consideration when conducting interviews and one that has been crucial in this thesis is to ensure confidentiality and anonymity of the informants and these steps were done by email. First the question was asked if they gave their consent to partake in the interview and to further strengthen this they also received the topics of the interview beforehand but not the actual questions hence deception was avoided. It was also stated that the participation in the interview was voluntary. Since the answers given in the interviews could contain sensitive information about the cross-functional project, challenges within the project and its members, the name of the company and the respondents were kept anonymous. This was discussed with Company A before the research started.

3.6 Limitations of the study

A limitation of this study is that it is limited to one company and one specific project in this company. Therefore, it may be hard to generalize the findings of this thesis to all cross-functional projects in the retail industry. However, it can still be argued that the findings give an indication of the challenges similar projects face within the retail industry. The findings from this thesis can therefore lay the ground for further research that can complement the findings and make it more reliable to generalize the findings to the rest of the retail industry. As mentioned, the respondents were members of the project and were part of different departments in the company which may have made some of the respondents biased to the company and their own department and therefore not wanting to give an objective outlook on the project. The interviews were done in Swedish but then translated into English after the transcription process was done. When doing the translation from Swedish to English there is a risk that important information gets lost in the process which can affect the interpretation of the empirical data. Lastly, another limitation of the study is that an operative manager from the steering group of the project had a say in which employees to interview which made have caused a biased angle of the interviews respondents. However, given the circumstances it can

be argued that this was still the most appropriate method to select the respondents for the thesis.

4. Empirical Data

This chapter presents the empirical data that was collected through the semi-structured interviews. The questions from the semi-structured interviews were not asked in the same order in every interview, but were more used as a checklist when conducting the interviews. This chapter however has the structure following the different themes that laid the foundation for the theory connected to the questions. The main themes that lead to the defined challenges from the empirical data are Project Characteristics, Coordination, Cooperation and Lack of experience.

4.1 Project Characteristics

4.1.1 Error Problematic

When the respondents were asked about what kind of error problematic they have experienced throughout the project it is evident that it has varied a lot. The project had some work activities they knew would be challenging even before the project started but a lot of new challenges came up during the project that they could not predict in advance. Below are some examples of predictable and unpredictable challenges that respondent 10 and 3 state.

“One challenge we knew before we started working with the project was that we did not have IT-support to build these kind of combination offers.” (Respondent 10)

“There were a lot of unpredictable things that appeared during the project that I had to adjust to. One example was when we hired a concept bureau and their deliveries were not in line with what we expected and then we had to mobilize and arrange some discussion meetings with the bureau to get them to understand what we were looking for.” (Respondent 3)

4.1.2 Complexity and Interdependence

A general theme among the respondents was that Project A is and has been quite a complex project that included many different departments and that the degree of interdependence

between the departments is relatively high. Respondent 9 argued when asked about how closely she worked with the other departments when carrying out her work activities in Project A:

“I have worked more with the other departments than with my own. In these kinds of projects I have frequent meetings with suppliers, investment goods and the category.” (Respondent 9)

Even though a common theme among the respondents was that they thought they had to collaborate with the other departments in order to carry out their work activities, it also became evident that the need for collaboration between the departments varied and some work activities could be carried out quite independently. Respondent 2 explained it like this:

“A little of both, some work activities could be carried out by a single person as an isolated task. But there were quite a few activities that required a collective collaboration in order to move forward.” (Respondent 2)

4.2 Coordination in Project A

Many of the respondents stated that they thought the coordination in Project A had worked well and Respondent 8 even argued that Project A is one of the most successful cross-functional projects Company A has experienced. However, this was not evident in the interviews with some of the other respondents who emphasized several challenges related to coordination that Project A has faced which will be presented below.

4.2.1 Communication

During all interviews, the communication within Project A was discussed thoroughly by the respondents which made it possible to point out how the communication has taken place and which areas related to communication that the respondent found problematic. Project meetings have taken place once every other week on average which many of the respondents saw as an opportunity to catch up on what has been going on in the project. However, a common theme among the respondents is that the majority of the communication took place in other channels during than during the project meetings:

- Through emails
- One to one or smaller meetings
- Informal communication

4.2.1.1 Lack of Communication

One challenge that many of the respondents highlighted was the struggle to organize the project in terms of allocating the necessary resources that were needed. Respondent 3 state that the format department managed to allocate the necessary resources for the project without any major issues but the purchase and category department have experienced some communication issues regarding this.

“Format had it very clear who was responsible and “person x” took full responsibility for the areas where format was involved, and they really did that and they had time to do that. But purchase and category had some struggles in the beginning. Who? How much time? What is the reasoning here? And the reason for that was that my manager at purchase and category had a discussion above me with other high managers about the allocation of resources but that discussion was not anchored in a correct way. “Person y” that actually sits on those resources had not been a part of the discussion. It was just a theory on a piece of paper but it was never anchored the whole way.” (Respondent 3)

At one point during the project, information reached Respondent 7 that things were being decided that were within Respondent 7 area of responsibility without the respondents involvement. Respondent 7 spoke up and eventually got involved in the questions but the respondent argued that a common theme in Project A is that people just take for granted that a decision is made and do not question it even if they acknowledge that the decision will hurt the project in the long run.

“I feel like people in this company often think that a decision is made and just accept it. That can be really foolish. The decision is made and then you just let it happen. People don’t have the fortitude or the guts to question the decision, you don’t want to intrude on other people’s area of responsibility.” (Respondent 7)

Respondent 2 also highlight a lack of communication between project members and that most of the communication goes through the project leader as a kind of mediator.

“The communication between them has been very deficient. I experienced that if they wanted to communicate with each other they often communicated through me. I think that is because they don’t feel ownership over the work task or a desire or interest to really solve the task at

hand in the best possible way from a project perspective. Everybody is more in their own box.” (Respondent 2)

4.2.2 Synchronize and Prioritize

Project A consist of project members from several different departments and there has been a large amount of activities that has been going on simultaneously that eventually had to be prioritized and synchronized in order to move forward with the project. Project plans that listed the different activities were used for this purpose. The plans showed the person responsible for the activity and the deadline. However, Respondent 4 argue that it is not always so efficient to go forward with a group that is this big because there are so many questions that you need to deal with or dive into that some members of the project might not even be affected by. Respondent 4 further explains that if they had the opportunity to start over, the project should consist of a much tighter workgroup that you work with all of the time and then you can have another workgroup that if necessary comes in and supports.

In the finishing phase of Project A Respondent 11 experienced a lack of synchronization between the different deliveries. One example of the lack of synchronization became evident when the selected products was delivered from purchase and category and the interior design was delivered from the format department. Respondent 11 experienced a lack of connection between these deliveries even though the deliveries were heavily dependent on one another which resulted in the deliveries not matching up to 100%.

“A theme among the different deliveries in Project A is that they are not synchronized which is a struggle for me when trying to close the project. The deliveries don’t match up with one another.” (Respondent 11)

Many of the respondents from purchase and category pinpointed the struggle to decide which persons and which departments were responsible for which activities. Respondent 5 argued that at one point in the project almost all actions were pushed over to the purchase and category department even though they were not supposed to be. Respondent 1 have a similar reasoning and pointed out that many of the actions fell between the different departments ordinary areas of responsibility which led to the actions falling into the lap of project members that should not be responsible for those actions.

“What we can improve is that purchase and category have gotten too much responsibility to solve the whole concept. Too many actions landed on purchase and category’s table that shouldn’t be there.” (Respondent 5)

Another challenge that came up during the interviews was the fact that there has been a lot of different project leaders, and this has slowed down the project. Respondent 4 explains:

“I feel that the project sometimes hasn’t had the forward movement it should’ve had. It is always fun to develop something but eventually you have to draw a line and narrow it down and actually do it. It’s very hard for me as a project leader to come in and finish every single action because I don’t have enough experience or expertise in those specific areas to do that.” (Respondent 4)

4.2.3 Knowledge Integration

The respondents argue that the knowledge integration within the project has been continuous. However, one thing that have been discussed in several of the interviews was the fact that the project had a change in project leaders several times and that the transition between these project leaders had negative effect on the project. It became evident that one of the transitions was done very abruptly with a very short transition period which made project fall behind.

Respondent 1 argue that efficient knowledge integration processes require intense interaction between people and this can sometimes be time consuming. Respondent 1 further argue that Project A have been slowed down due to a lack of expertise in certain areas which has led to many ineffective and time-consuming meetings. Therefore Respondent 1 suggests that in the future Company A should take in external expertise.

“If I would do this again I would take in an external resource that are good at implementing and have done these things before. We got caught up in many questions because we didn’t have the expertise, which have been very ineffective and time consuming. At one point we were 5 people talking for 2 hours about a spoon...” (Respondent 1)

However, even though Respondent 1 wanted more external expertise in the project there are other examples in the project when external expertise were used with negative results.

Respondent 3 argue that the use of a concept bureau resulted in a lack of understanding of what they should deliver which also resulted in time consuming meetings with the bureau.

4.3 Cooperation in Project A

4.3.1 Motivation

One specific theme that some of the respondents (respondent 1, 2, 3) emphasize is that sometimes there seems to be a lack of engagement in the group and that it required a lot of time and energy from the project leader to keep the level of engagement high within the group. Respondent 2 state that the biggest challenge was to motivate the members to contribute to the project in a productive way. The members acted like as if the project got in the way of the regular work tasks and there was a lack of emotional investment in the project. The respondent argues that it would be better if project members put more effort in than just an hour here and there and that this would in turn lead to a higher level of motivation.

“In my experience, I felt like the members were not motivated because the project got in the way of their regular work tasks. Another factor with the motivation aspect is that when you are in a project like this one it can be good if you are participating more than just one hour here and there because that might lead to you not getting the bigger picture and that you are not as emotionally invested in the project as you could be. I think it would be better to have a smaller core-team that works with this more continuously.” (Respondent 2)

Respondent 3 state that one challenge has been to keep the project members motivated and deliver their part. A big part of being a project leader has been to track people down and constantly remind them of what they have to do which have been very time consuming, Respondent 3 states.

“Part of the time goes to keep the level of engagement high within the group. Like okay, have you done this? How far have you gotten with these tasks? Just to point out that these tasks are your responsibility to get them done. You cannot just sit back and relax and think that a meeting will solve everything or that everyone is going to deliver in the same capacity. There is no such thing as a self-playing instrument.” (Respondent 3)

4.3.1.1 Deadlines

Respondent 1 argue that Project A's work with deadlines have changed over the projects timeframe. In the start of the project Respondent 1 experienced a lack of clearly structured time and activity plans, and even if such plans existed they were not communicated in an effective way to the project group. As a result, Respondent 1 experienced a lack of engagement from the project group because they didn't know what to deliver and when. However, as the project progressed Respondent 1 experienced that time and activity plans were better communicated to the project group which resulted in a greater engagement level towards the project.

"There were a lot of them that didn't know what to deliver and that didn't deliver on time. However, now there's rarely someone that misses a deadline and the participation and engagement in the project meetings have increased as well." (Respondent 1)

Respondent 10 also spoke about how the linkage between how less frequent meetings and checkups resulted in a decreased pace of the project and more missed deadlines from the project members.

"As long as we had meetings quite often it was good but as soon as the meetings started to occur more rarely, the project lost pace." (Respondent 10)

Another approach towards the deadlines in the project came from Respondent 7 who states that there had been a lack of transparency of the underlying reasons why the specific deadlines has been established and why the deadlines in certain cases had been pushed back. In contrast to Respondent 1, Respondent 7 did not experience an improvement in how the deadlines were communicated.

"I feel like the deadlines are unspecified and unclear, they are not properly communicated to everyone, those deadlines that I have noted have not really been a problem for me personally to achieve. But there is a lack of transparency I believe and the fact that the deadlines are always being pushed back." (Respondent 7)

4.3.1.2 Opportunistic Behavior

A common theme in the majority of the interviews was that the project has had a challenge in some members prioritizing their regular work activities much higher than their activities in Project A. The overall opinion from all the respondents were that the project members from the format department had allocated time to work with the project which also resulted in that they could prioritize Project A. The respondents lifted that the project members from the purchase and category department had the same amount of regular work they had had prior to the project and then the new work activities from Project A was just put on top of their already packed schedule. Respondent 3 further explains it.

“Purchase and category have fixed revision windows and super important supplier negotiations that can be critical. That is their daily work and you have to respect that. As a project leader you can’t just say “Hey, send that excel-document to me!” It just doesn’t work like that because they have many other things that go on simultaneously. On the other hand, “Person X” from format had a lot of time allocated for the project which was not done at purchase and category. “Person Y” from purchase and category had no suppliers taken away just because “Person Y” participated in the project.” (Respondent 3)

Respondent 3 explains that it became evident that many of the project members did not have time to prioritize the project because the respondent felt like the status reports that were sent out was not being read properly by the project members due to a lack of time. Respondent 7 stated he/she did not prioritize the project because of a lack of information what was going on in the project and therefore it would take the respondent a lot of time to understand of what is was going in the project.

Respondent 2 found it frustrating that people in the project did not deliver what they agreed on. Respondent 2 further explains how a meeting could take place and how they together agreed that a certain action would be carried out but how that action had not been completed by their next meeting.

“An agreement could be made that they would carry out a task or activity before the next meeting and often they had not even started by the time of the next meeting. If they had started they had sometimes done something we had not agreed upon and that has a lot to do

with the engagement and understanding of why it is important to that certain task.”
(Respondent 2)

4.3.1.3 Social and Individual Identity

Social identity within a project is achieved when the project members have a strong connection towards one another and act in a way that is beneficial for the entire project. The respondents expressed that they in general had a very good connection to the other people in the project. However, respondent 1 highlighted that it was evident that there was a difference of how tight the people in the project group worked. Respondent 1 continues and states that a group of about four to five people were the core of the project and worked very closely with one another but then the rest of the group was a little more anonymous and just showed up every now and then on project meetings. Respondent 9 continues that some people did not fully understand their role in the project.

“The big project group has been quite anonymous. In the smaller, tighter one I feel as though we’ve had a better connection there. In the big one not so much, there I just feel as though people have just come to the meetings because they have to, not because they genuinely wanted to. They haven’t had that much input or ideas to the project.” (Respondent 1)

“Some members of the project group don’t have the understanding for the whole picture of the project. Just because my tasks are smaller now it doesn’t mean that the other members don’t work as hard. They might still need support from me or the others and just because their task is done it doesn’t mean that the project is done. Everybody needs to have a better understanding of their own roles in the project.” (Respondent 9)

4.3.2 Goals

There are different departments involved in Project A that all are being measured on different things which can lead to a potential conflict when they are working together because of conflicting goals. This becomes evident as several of the respondents stated that there have been several situations where the opinions differ between project members from different departments. The departments have clashed because of the different visions and goals they have for that specific part of the project. As respondent 5 puts it:

It becomes very clear that format and purchase and category have two different visions because they represent different departments. “Format person X” says that he is measured on the customer experience and even expresses it in that way and then “Purchase and Category person X” says that; I want to do this because it increases sales.” (Respondent 5)

Respondent 1 gives an example of a conflict due to conflicting goals between purchase and category and format. Respondent 1 states that when a menu board was developed it became evident that the departments had different opinions on how it should look like. Purchase and category wanted format to customize the size of the menu board after the number of items they want to be included on the board. However, format had a different reasoning and argued that the menu board should be of a certain size with a specific font size on the letters in order for the menu board to look visually good. Respondent 1 then thought it became evident that purchase and category want a menu board to optimize sales and that format want a menu board that will increase the customer experience.

“A problem has been that the format department have chosen to design a smaller menu board that can’t fit all the items on the menu because it fits better visually. In my world I think we should be able to present 20 items we want on the menu to format and say: “Make a menu board”. That’s my opinion and we have had a lot of discussions about such things.” (Respondent 1)

In regards to how the different departments in Project A have carried out their different activities, respondent 11 highlighted that the different deliveries were not synchronized with one another. Respondent 11 saw a pattern that the activities were carried out in a way that they suited that specific departments needs.

4.4 Lack of experience

When asked about what challenges and problems the respondents have experienced in the project, it became evident that one of the challenges in this project for Company A is the lack of experience of working in a project with a cross-functional character. Several project members stated that they had little or no experience in working in similar cross-functional projects, which respondent 4 states as following:

“Within the project delivery area, a challenge is that people are quite unaccustomed to working in projects with a cross-functional character. They are used to having their specialist competence and the situation now is that a lot of the people that are involved need to work more project based and that requires a specific mindset.” (Respondent 4)

The respondents also highlight that Company A is in general not accustomed to work in such projects either.

“In general, you can say that Company A don’t have much experience of cross-functional projects even if a lot what is going on actually is cross-functional. We are simply immature in working in projects. We are immature in understanding and working in a structured project process with everything that comes with it, such as deliveries, time plans, purpose and goals and clear milestones/ part deliveries and in the creation of the project we are immature as well.” (Respondent 3)

However, several respondents state that there is a clear difference between the different departments experience and ability to work in projects.

“Format is more experienced in working in projects because that’s how they work most of the time. You identify the demand and then you develop, document and implement and that’s how format work. The Purchase and Category department have a lot more fixed worked tasks.” (Respondent 4)

Several respondents explained that a challenge that frequently occurred in projects in Company A was that the projects often do not get implemented efficiently in the daily business operation which respondent 6 also thought would happen to Project A in the start of the project.

“In the past many projects we have carried out have turned into desk products with very little practical connection. A lot of focus is on creating presentations and other documents that includes tons and tons of information but very little focus is put on how we practically can carry out and implement these ideas. I saw this in this Project A in the beginning and then you have to go talk to them and say: Stop! Don’t go that way, skip that.” (Respondent 6)

Another challenge related to Company A's inexperience in working in projects was the struggle to allocate the resources in a sufficient way in Project A. The general theme was that the project members from the format department had been given allocated time especially for Project A but the purchase and category department felt that the time they spent on Project A was just laid on top of their already packed schedule. Respondent 1 describes it like this:

"I think the project would have looked differently and turned out more effectively if the project in an early phase would identify how much time each person need to spend on the project and allocated time based on that. If I would have known from the start how much time I would spend on the project it would have been easier for me to plan my time. Now it has turned out that I have to work 150% to be able to have time for my other work-activities. I have got the role in the project and then it has expanded. The format department has on the other hand very clear time allocated for the project." (Respondent 1)

However, Respondent 2 highlight that because these kind of projects are new for the company it was very hard to know how much resources the projected needed and Respondent 5 had a similar reasoning and point out that it has been a lot of learning by doing.

5. Analysis

In this chapter, the empirical data will be discussed and analyzed with help of the analytical framework. The analysis chapter will follow a similar structure to the empirical chapter but with the different parts being implemented in the overall theme. This was done in order to highlight the different themes that has been emphasized by the respondents answers in a more logical and focused manner.

5.1 Project Characteristics

The characteristics of Project A are, based on the respondents answers, quite complex with a demand for a high interdependence between the different departments for the majority of the project activities. However, some activities in Project A were of such nature that they could be carried out independently by a single individual without much interaction with the rest of the project group. Because of the new nature of this project in Company A, the challenges that occurred were quite unpredictable. The above description of Project A defines it as a project with a coupling logic, see figure 1 on page 5 (Lindkvist, Söderlund and Tell, 1998). It can however be determined that the entire project group did not achieve a coupling logic and possible explanations for that can be:

- The big project group. Some of the respondents highlighted that the relatively big project group made some of the project members quite anonymous.
- Lack of allocated time for the project. A theme among the respondents that represented purchase and category was that they had not been allocated time to work with the project which naturally hinders them from spending a lot of time on the project.

However, it was evident in the empirical data that figure 1 on page 5 from Lindkvist, Söderlund and Tell (1998) did not match Project A to a hundred percent. This is because the respondents often had a hard time to generalize the characteristics of their activities in Project A due to the variety of them. The respondents highlighted activities that can be positioned under all four different logics (Lindkvist, Söderlund and Tell, 1998) but the theme in the interviews was still that the majority of the respondents highlighted activities that fit a coupling logic. The literature covered state that it can be costly and time consuming for a company to organize a project with a coupling logic (Randel and Jaussi, 2003) and therefore it can be suggested that a company has to carefully way the pros and cons if they should

create a project with a coupling logic. The identified characteristics of Project A suggest that the project should have a coupling logic but what is missing by only looking at figure 1 on page 5 by Lindkvist, Söderlund and Tell (1998) is: what is the cost and consequences of that action? It is easy to draw the conclusion that a project with tons of resources and members with a lot of time to spend on the project will more likely be successful than a project with very little resources. But the fundamental economic theories of scarce resources and opportunity cost make it evident that it is more complicated than just allocating tons of resources to a project. The people from the purchase and category department have a work type that include crucial supplier negotiations and other activities that a project leader need to consider when moving forward with the project. Which Respondent 3 experienced because the respondent had to be careful of how much pressure that could be put on the project members from purchase and category to prioritize the project.

It can therefore be suggested that figure 1 on page 5 from Lindkvist, Söderlund and Tell (1998) can serve as a guide when structuring a development project. However, careful consideration must be made of the costs and other consequences (Randel and Jaussi, 2003) on the project as well as on the rest of the company in order to find a solution that is optimal for the company as a whole.

5.2 Coordination

The majority of the respondents had the impression that the coordination in Project A had worked very well and Respondent 8 even argued that Project A was one of the most successful cross-functional projects Company A had experienced. However, respondent 1 and 11 did not agree with respondent 8 and experienced a lack of synchronization between the different activities. Worth noticing is the different periods in time when the interviews were conducted. 10 of the interviews were conducted three to four months prior to the determined deadline of the project but the interview with respondent 11 took place only one month prior to the deadline. Respondent 11 was in the process of closing the project when the interview was conducted and had therefore insight in all the final deliveries that were delivered by the different departments and project members. This may be one possible explanation to why respondent 11 had a different view of the coordination in Project A than many of the other respondents. The covered literature gives alternate explanation to why these kinds of problems can occur and one is deficient or a lack of communication between the project members in the group (Pinto and Pinto, 1990). Lindkvist, Söderlund and Tell (1998) further

build on that argument and argue that if the project members only have focus on their own specific activity and do not have an understanding of other activities, a lack of understanding of how different activities affect each other can occur. This can be linked back to the need for a high interdependence between the different departments in the majority of the activities in Project A and how the lack of communication therefore can result in unsynchronized deliveries.

Another challenge Project A experienced was the struggle to allocate resources to the project which resulted in a confusion in the beginning of the project of who was supposed to participate in the project group and how much time that should be allocated to the project. Respondent 3 argued that this was a result of a lack of communication from the managers down in the company of what had been decided, which goes in line with Pinto and Pinto's (1990) argument of the demand for effective communication to reach a common knowledge base. One of the project leader also highlighted the struggle of the complicated process of allocating personnel to the project because of the many managers that had to be involved in the discussion which can also be a possible explanation to the challenge anchoring the "allocation of resources" decision in the correct way in Company A.

Respondent 7 highlighted that a struggle in Project A was that the project members, in some situations, accepted a decision without questioning it even if they knew it was a poorly made decision. Respondent 7 further continued that this was a result of the project members not wanting to intrude on the other people's remit of responsibility which caused a lack of communication and therefore a coordinating challenge. Hedman and Valo (2015) argue that it is crucial to have an open climate in a project and be able to discuss problems that might be out of the comfort zone. This can be linked to social and individual identity. Project members that have a social identity have a strong social affiliation among one another (Pinto et al., 1993) and therefore, a possible explanation to this challenge in Project A is the lack of a social identity within the project group.

Sufficient knowledge integration is crucial in projects with high interdependence between different departments (Toyama and Konno, 2000). The respondents were in general positive to how the knowledge integration between the different departments had worked in the project. However, it was evident that the frequent change of project leaders (four times) in Project A can be linked to some challenges that faced Project A. Respondent 10 emphasized

that the project fell behind the time plan and lost pace due to the abrupt change of project leaders. One of the project leaders argued that a big part of the respondents work was to constantly follow up and make sure the project members did their work. Another project leader expressed how the respondent many times agreed with a project member to do a certain activity before a certain date but when that date came the project member had many times not even started to carry out the activity. Furthermore, one of the project leaders also highlighted that the respondents inexperience in working in similar projects created challenges. What all these statements from the project leaders have in common is related to how they have been forced to learn over time of how to lead Project A. Therefore, it not surprising the project lost pace because of the frequent change of project leader because each project leader had to pretty much start from scratch. Even if some of the project leaders got transition time with the previous project leader it is not surprising that knowledge and information went missing in the transition process. This can be explained by the fact that lots of the knowledge the project leaders of Project A possessed was tacit knowledge which Toyama and Konno (2000) argue is best transferred through intense interaction over a long period of time.

A similar explanation can be made to the challenge that occurred when the external concept bureau was used in Project A. The argument can be made that the bureau had trouble in delivering what the project expected because they had not possess all necessary knowledge to do so due to their lack of interaction with Project A (Toyama and Konno, 2000)

5.3 Cooperation

Respondent 11 highlighted that in the final stage of Project A a lack of synchronization between the different deliveries became evident. However, respondent 11 emphasized that the deliveries separately were good but many of them were customized to fit the needs of the individuals that had carried out the activity and not to fit the needs of the entire project group. This can be linked to Respondent 1's statement that the cooperation in Project A has been affected by the different and sometimes conflicting goals of the different departments. This goes in line with Lindkvist, Söderlund and Tell (1998) who argue that a high level of interaction is necessary between the different departments in a development project so compromises can be done so the finished product can fulfill the needs and goals of every department in the project. The end product then has the best opportunity to meet the overall goal of the project.

A lack of motivation among the project members have been a common theme in the interviews with all four project leaders. Respondent 2 and 3 emphasized how the lack of motivation showcased when some of the project members had to be constantly reminded and held under their watch to deliver in a productive way to the project. However, it became evident in the interviews that there was a clear difference in how the two main departments in the project: the format department and the purchase & category department approached Project A. According to the interviewed project leaders the representatives from the format department was overall self-going and motivated to contribute to the project, the main challenge was instead to obtain a motivated behavior from the purchase and category department. The members from the purchase and category experienced in general that the work related to Project A was laid on top of their already packed schedule and respondent 2 thought this had a direct effect on their performance in the project because they neither had the time or motivation to prioritize Project A. Respondent 3 also emphasized that many the project members, from purchase and category, had work activities outside of Project A that were critical and naturally had a higher priority than Project A. Morris, Pinto and Söderlund (2011) describe opportunistic behavior when individuals chose to act in their own self-interest instead of having the motivation to contribute and do what is best for the project. In this case the self-interest is the work activities outside of Project A and the whole problematic can therefore be linked to that the project members did not feel that Project A was as important as their regular work.

The temporary view of a project creates a clear understanding among the project members that the project is a temporary cooperation intended for termination. This can create a cooperation challenge for the project itself due to risk of opportunistic and selfish behavior (Morris, Pinto and Söderlund, 2011). A possible explanation to why the project leaders experienced a better commitment from the members from the format department, beside that they had more allocated time to the project than the purchase and category department, can be that their work outside of Project A is almost exclusively carried out in projects. This creates a clear difference in how the format department approaches their other work outside of Project A because almost all their activities are temporary.

Respondent 9 emphasized that another challenge in Project A related to cooperation was that some project members did not prioritized the project when their specific activity were done

even though respondent 9 felt like their participation was still important for the project as a whole. Respondent 9 thought this was because the project members did not understand their role in the project as a whole. This goes in line with Lindkvist, Söderlund and Tell (1998) argument how project members with a clear understanding how their work in the project affect the rest of the project will be more likely to understand the importance of their role in a broader context.

In order for a project to reach a high level of social identity the project members are suggested to work closely coupled with a high level of interaction and communication (Randel and Jaussi, 2003). Respondent 2 and 4 highlighted that it was problematic with having such a big project group and one of the reasons for this was that some project members did not prioritize the project and were relatively anonymous in the project meetings without contributing to the discussion (Respondent 1), which could be a result of a low social affiliation towards the project group (Gaston, Gomes and Holland, 2000).

5.4 Project Competence

The above analysis showcases a wide variety of challenges but the analytical framework provided in figure 3 on page 14 did not give the researchers the possibility to analyze the project competence in depth. However, the empirical material clearly showcased that many of the challenges that occurred in Project A can be linked to Company A's inexperience in working in cross-functional development projects. This inexperience can be linked to Company A's project competence which is described by Söderlund (2005) to be a type of indication why certain companies are better than other at carrying out projects. The respondents highlighted that Company A's inexperience in working in cross-functional project caused challenges related to:

- Hard for the project members to predict the problems that occurred in Project A because the problems were new to them.
- Difficulty in working in a structured project process with deliveries, time plans and milestones.
- Struggle to decide who is responsible for which activities because many activities were of a new character and do not go under any departments responsibility.
- The creation of the project.
- Implement projects.
- Allocation of resources to the project.

Söderlund (2011) argue that project competence can be developed through organizational learning from different types of projects. It can therefore be argued that Company A's lack of project competence can both be linked to their inexperience in working in similar projects but also due to a lack of knowledge sharing within the company between different types of projects.

6. Conclusion

This chapter concludes the analysis made and discusses what the prominent challenges in Project A were and why these challenges occurred. Furthermore, implications for theory and practitioners are given.

The conclusion that this thesis draw is that there have been several challenges that Project A has met and several reasons why they occurred. The main challenges and why they occurred will be presented below. One of the most fundamental challenges Company A has faced in Project A has been to balance the regular work activities of the project members with their work in Project A. This occurred because the project members from the purchasing and category department experienced that the project was put on top of their regular work activities which caused a bigger workload for them. It was evident that the project had a lower priority than the rest their regular work which caused a fundamental challenge for the project leaders in motivating the project members to prioritize the project. The project members from the format department managed to balance their work outside of the project with Project A more effectively due to that they had more allocated time to work with the project. The second fundamental challenge in Project A stemmed from the departments different ideas, goals and prioritizations, which contributed to unsynchronized deliveries. A lack of frequent interaction between the different departments in Project A can be one explanation for the unsynchronized deliveries. The lack of frequent interaction is due to development projects often having to compromise the needs and goals of the different departments to obtain an end product that fulfill the needs and goals of every department in the project.

Project A changed project leader four times during the project which caused several challenges. The project lost pace and fell behind the time plan as a result of the many changes of project leaders which can be linked to the information and tacit knowledge that went missing in the transitions between the project leaders. However, what was most evident throughout the whole empirical material was that a major factor that caused many

challenges was Company A's inexperience in working in cross-functional projects. The project had a difficulty in predicting the kind of problems that could occur during the project, it struggled to decide which people and departments that were responsible for which activities and overall had a challenge to handle the different parts that comprise a project such as deliveries, time plans and milestones. All these challenges can be linked to Company A's lack of project competence that is developed over time through experience and organizational learning from similar projects.

6.1 Implications for theory and practitioners

Figure 3 presented under the analytical framework on page 14 argue that the structure of the project should be adapted to the specific characteristics of the project in order to minimize the coordination and cooperation challenges to reach the best possible project outcome. However, figure 3 on page 14 do not include a company's project competence factor and how that may affect the outcome of the project. It became evident during the data collection in this thesis that many of the challenges Project A faced had roots in Company A's lack of experience and competence to work in similar projects. The theoretical contribution from this thesis is therefore the revised analytical framework presented in figure 5 on page 44 that integrate project competence with coordination, cooperation and project characteristics by showing the interdependence project competence has on the rest of the factors presented in the figure. The fundamental difference between figure 3 on page 14 and figure 5 is that figure 5 emphasize the importance of a company's project competence that figure 5 showcase has a direct effect on the project outcome.

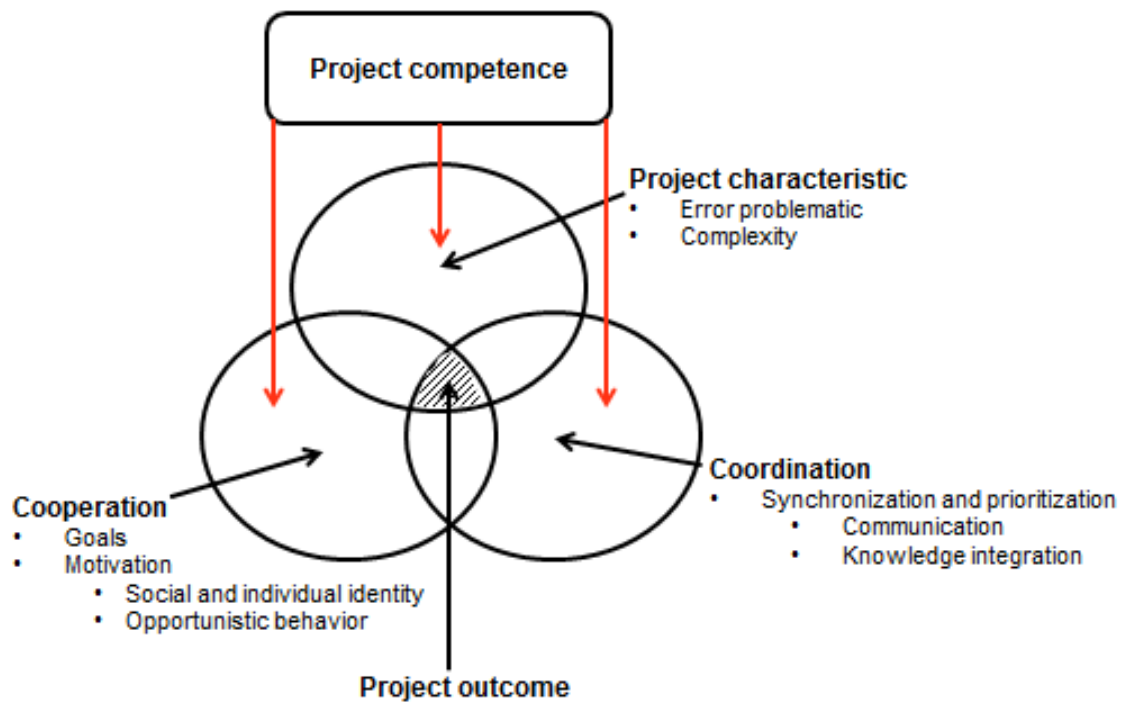


Figure 5. Revised analytical framework. Source: Made by the authors.

This study aims to identify and understand some of the challenges that hinder actors within the retail industry to meet the constantly changing consumer behavior the industry is facing by looking at a specific development project with a cross-functional character in Company A. The findings from this study can give an indication of what kind of challenges development projects with a cross-functional character that are carried out within the retail industry are facing. The authors of this thesis therefore encourage further research on development projects with a cross-functional character within the retail industry with a focus on project competence.

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Appendix 1. List of respondents in the conducted interviews

Respondents	Interview type	Length of interview	Date
Respondent 1	Face to face	32min	2019-03-28
Respondent 2	Phone	31min	2019-03-22
Respondent 3	Phone	38min	2019-04-01
Respondent 4	Face to face	32min	2019-03-22
Respondent 5	Face to face	48min	2019-03-21
Respondent 6	Face to face	32min	2019-03-28
Respondent 7	Face to face	31min	2019-03-21
Respondent 8	Face to face	26min	2019-04-04
Respondent 9	Face to face	47min	2019-03-20
Respondent 10	Phone	35min	2019-03-21
Respondent 11	Face to face	60min	2019-05-14

Appendix 2. Operationalization table

Theory	Interview questions aimed to examine the challenges in Project A	Link between question and theory
	<ul style="list-style-type: none"> Please introduce yourself and elaborate what you work with and what has been your role in <i>Project A</i>. 	
Project management	<ul style="list-style-type: none"> How long have you been apart of the project and how much of your time have you spent on the project in relation to your regular work-flow? <ul style="list-style-type: none"> Have you had the opportunity to spend the amount of time you were expected to in the project? 	<ul style="list-style-type: none"> Project structure Dual lines of authority
Coordination and cooperation	<ul style="list-style-type: none"> How have your experience been working in <i>Project A</i>? 	<ul style="list-style-type: none"> Coordination problems Cooperation problems
Coordination	<ul style="list-style-type: none"> Describe how you have carried out your work activities. <ul style="list-style-type: none"> By yourself? With your functional department? Together with various departments? 	<ul style="list-style-type: none"> Structure of the project Interdependence Complexity Communication Coupled/ decoupled logic
Coordination	<ul style="list-style-type: none"> In your work activities in project A, have you experienced any challenges/problems while carrying out your work and if so, what type of challenges/problems? <ul style="list-style-type: none"> Unforeseeable/ foreseeable Low complexity and could be solved with existing knowledge High complexity, needed deep knowledge-expertise in the area to overcome the challenges/problems 	<ul style="list-style-type: none"> Type of error problematic Task uncertainty Knowledge exploitation/ exploration

Coordination	<ul style="list-style-type: none"> How have you synchronized your work activities in project A with the other activities in Project A? 	<ul style="list-style-type: none"> Synchronize activities Prioritize activities
Coordination	<ul style="list-style-type: none"> Describe your understanding of the hierarchy within the project. <ul style="list-style-type: none"> In relation to the other authorities in the organization 	<ul style="list-style-type: none"> Dual lines of authority Conflicting goals
Coordination	<ul style="list-style-type: none"> How have you worked with milestones and deadlines in the project? <ul style="list-style-type: none"> Were you aware/ informed of the other departments progress within the project? 	<ul style="list-style-type: none"> Deadlines Milestones Feedback
Coordination	<ul style="list-style-type: none"> Did the coordination in Projekt A affect your work within the project itself? if so, how? 	<ul style="list-style-type: none"> Structure of the project Dual lines of authority
Cooperation	<ul style="list-style-type: none"> How did the goal of Project A go in line with your/ the other departments and the rest of the organization's goal? <ul style="list-style-type: none"> How did you prioritize if there were any conflicts? 	<ul style="list-style-type: none"> Goals Conflicting goals Opportunistic behavior
Cooperation	<ul style="list-style-type: none"> Describe the group dynamics in Project A, How did you identify yourself/ felt a social affiliation/togetherness/ with the rest of the project members? 	<ul style="list-style-type: none"> Social versus individual identity Goal
Cooperation	<ul style="list-style-type: none"> How important were the project for you personally compared to your other work activities? 	<ul style="list-style-type: none"> Opportunistic behavior
General Questions	<ul style="list-style-type: none"> How have your experience been working in other projects before this one, any similarities, differences etc.? 	
	<ul style="list-style-type: none"> Were there continuity in the project or have the project changed along the way? 	