Middle Management

Constraints and Enablers for Middle Managers' Sensemaking and Sensegiving Process

Master thesis within Business Administration

Author:    Lisa Bäckvall
           Jenny Englund

Tutor:   Ethel Brundin

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Master Thesis in Business Administration

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Author: Lisa Bäckvall and Jenny Englund

Tutor: Ethel Brundin

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Abstract

As a result of organizational restructuring, the role of the middle managers has changed over time. Studies of change processes have increasingly placed focus on middle managers. According to researchers, middle managers play a key role in implementing the change. When putting the change into practice, there are factors affecting the middle managers. However, further research is needed regarding what constrains and enables the middle manager in these change processes.

Therefore, the purpose of this thesis is to explore the sensemaking and sensegiving process during organizational change, with focus on middle managers. To answer to the purpose, a theoretical model combining Balogun and Johnson’s (2005), Nonaka and Takeuchi’s (1995) models and theories of middle management is developed. By using the model we analyze the centralization of the accounting departments at the Swedish energy company Vattenfall. This change process constitutes the case of this thesis.

The empirical findings are based on ten interviews and two group discussions with top management, middle managers, co-workers as well as other key actors in the project providing trustworthiness to our study. A qualitative method using an abductive approach is used in the thesis to explore the actors’ interpretation of the change and capture the complexity of the case.

The conclusion includes enablers and constraints during the sensemaking and sensegiving process for the middle managers during the centralization of Vattenfall’s accounting departments. The identified enablers are the communication channels, a middle manager’s awareness of employees’ approach of making sense, the provided tools used to adjust working processes, some Business Units’ initial negative attitude towards the change, as well as the rejuvenated spirit. Finally, the middle managers themselves enabled the change as a result of their unique role in the organization.

On the other hand, the recognized constraints in the sensemaking and sensegiving process of the middle managers are; concerns regarding middle managers’ future employment, their ‘stuck in the middle’ position, limited resources, new working processes not adopted by some co-workers, and positive attitudes that resulted to flaws in the planning at some Business Units.
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1 Introduction

The chapter introduces the reader to the research area of middle management, as well as describes the changing role of middle managers as a result of organizational change. The discussion finally leads to the purpose of the thesis.

Among researchers it is commonly known that middle managers’ role has changed over the years as a result of the changes that has taken place in organizations. The information age of the 1980’s (Cummings, 1994) led to an increased use of Information Technology (IT) in organizations (Dopson & Neumann, 1998). At this time, the message from the dominating researches was that an organization should be flexible, flat and responsive (Drucker, 1988; Moss Kanter, 1989). As a result of IT’s entrance in organizations, their structure changed from hierarchical to flat (Pinsonneault & Kraemer, 1993), from centralized to decentralized (Cummings, 1994), leading to a change of role for middle managers (Pinsonneault & Kraemer, 1993). However, a more recent view on the optimal organizational is, as stated by Cummings (1994), that each individual organization requires different mixtures of centralization respectively decentralization. Hence, each unique organization has its own optimal mix of the two opposite organizational structures. However, the ‘golden mean’ does not remain, since environmental factors make the optimal mix of centralization vis-à-vis decentralization change continuously. It is also apparent that researchers are of different point of view regarding how middle managers are affected by different organizational structures and their permanent reformations. Some researches argue that a slimed middle management in a flat structure is better of since their jobs are enriched with larger spans of control, more freedom and power to change (Dopson, Risk & Stewart, 1992; Thomas & Dunkerley, 1999). While others argue that restructuring kills middle management, leading to large layoffs (Beckham, 1995). Nevertheless, middle managers’ roles are changing due to restructuring within organizations.

Gioia and Chittipeddi (1991) emphasize the process of change implementation in their research. All organizational members; top executives, middle managers as well as their subordinates need to understand the change for it to be successful. According to Dopson and Neumann (1998) studies increasingly focus on comprehensive changes that are initiated by top management. At the same time, middle management has become the focus of attention of these studies. Further, Stensaker and Falkenberg (2007) emphasize that middle managers do not have a passive role in change processes, but rather an active role as change implementers. Research shows that middle managers not only influence the implementation of change, but also, according to Van Rile (2003, cited in Balmer & Greyser, 2003) that middle managers have a vital communicative role in change processes.

According to Thomas and Dunkerley (1999), it is often the role of the middle manager to prepare for and facilitate the implementation of the change. Here, middle managers’ position in change processes become unique, since they both understand the top managements’ desire for direction of the strategy, as well as the employees, since they are in close contact with them. Hence, Thomas and Dunkerley (1999) state that middle managers act as change agents between top management and employees.

Balogun (2003) states that middle managers have been a target for criticism in the change process, and often get blamed as being obstructive and resistant. The manager introducing the change often becomes disliked by the ones negatively affected by the change. Nevertheless, Stensaker and Falkenberg (2007) argue that middle managers’ action in the change
implementation process largely has an impact on the outcome of the change. Therefore, middle managers’ contributions in organizational changes can significantly influence whether or not it becomes successfully implemented. However, according to Balogun (2003) there is yet not much research about the contribution of middle managers and how they can fulfill their roles. Additionally, Floyd and Wooldridge (1994) demand further research of middle managers’ involvement in different environmental and competitive settings. Balogun and Johnson (2004) argue that it is important to understand how change recipients react and act upon change through studying middle managers’ sensemaking and sensegiving process. Balogun (2003) points out that there is a lack of study in their roles in change implementation and what constrains and enables them in their roles during change. Therefore, we see that our study fills an important function and that we can contribute in the research area of middle management.

1.1 Purpose
The purpose of this thesis is to explore the sensemaking and sensegiving process during organizational change, with focus on middle managers.
2 Frame of Reference

This chapter provides the frame of reference for the thesis. Definitions of middle managers, top management and co-workers will be given, followed by theories connected to the areas of middle management and sense-making and sensegiving. To sum up the chapter, we will create a model that ties the research fields together.

2.1 Definitions

In the area of middle management, there are many definitions of middle managers. In the organizational field Mintzberg’s (1983) created the theory of the organization structure divided in three levels; strategic apex, middle line and operating core. Here, middle managers constitute the middle line, transferring and monitoring the implementation of the strategic apex’s strategic objectives to the operation core. Pinsonneault and Kraemer (1993) define middle managers as above first-level supervisors and below department heads. However, already in 1979 Moss Kanter and Stein created a broader definition where the middle line stretches from those with supervisory responsibilities of first line employees to managers below top management. Thus, the middle line is between pressures from underneath and above in the organization, making middle managers ‘stuck in the middle’. This is in line with Jaeger and Pekruhl’s (1998) definition of middle managers which includes managers who work as first line supervisors with performance and personnel responsibility up to heads of departments. However, Moss Kanter and Stein (1979) further divide the definition of middle managers by describing three different roles of the middle manager; professionals, managers, and supervisors. Firstly, the professionals have expertise in a certain knowledge area. Secondly, the manager is the link between the top management and the first line employees. Thirdly, supervisors are the lowest hierarchy level and are differentiated since they are in close contact with both the first line as well as the managers above them.

Sensemaking and sensegiving is an interactive process within the entire organization and since it is the focus of this thesis, we have selected a broader definition of middle managers to capture the complexity of the process (Moss Kanter & Stein, 1979; Jaeger & Pekruhl, 1998): *a manager with supervision and performance responsibility, thus including first line supervision all the levels up to department heads.*

The definition of top management is according to Mintzberg (1983): *the strategic apex of the organization.*

For the definition of co-worker Mintzberg’s (1983) formulation will also be used: *the operational core who conducts the day-to-day operations in the organization.*

Having identified the boundaries for middle managers, top management and co-workers in the organization for this thesis, we move on to the theory that will constitute the core of the frame of reference; sensemaking and sensegiving.

2.2 Sensemaking and Sensegiving

In change processes, Gioia and Chittipeddi (1991) state that individuals take certain actions to understand the new organizational structure. Organizational members’ way of understanding an intended change was originally defined by these researchers as sensemaking and sensegiving. They state that the concepts are two complementary and interacting processes in strategic change. Sensemaking refers to the “construction and reconstruction by the in-
volved parties as they attempted to develop a meaningful framework for understanding the nature of the intended strategic change”. On the other hand, sensegiving is described as “the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality” (1994, p. 442). According to Roleau (2005) the concepts are reciprocal in the sense that one leads to the other and they cannot exist without each other.

Expanding on the definitions of sensemaking and sensegiving, Balogun and Johnson (2004) claim that in an organizational change situation, top management, middle managers and co-workers experience a knowledge gap between their experiences in relation to their expectations. To know how to respond, individuals enter a conscious and less automatic sensemaking mode, comprising for instance; conversation, storytelling, documents and utterances. Thus, according to Weick (1995), for the individual, sense and meaning creation is a social as well as a cognitive process. As a result of the sensemaking process, the change recipients create new understandings and interpretive frames. Furthermore, Roleau (2005) states that by attempting to influence the outcomes of the sensemaking, and trying to gain managers’ support by communicating their beliefs regarding the change, the employees give sense about the change.

Gioia and Chittipeddi (1991) group the sensemaking and sensegiving process in strategic change further by dividing it into four stages; envisioning, signaling, re-visioning, and energizing. The four stages are envisioned in Figure 2-1 below.

![Figure 2-1: Processes Involved in the Initiation of Strategic Change (Gioia & Chittipeddi, 1991, p. 444)](image-url)

In the first stage (envisioning), top management tries to make sense of the situation prior to the change by creating a new vision for the organization. Signaling, which is the second stage, is characterized by top management’s efforts to communicate the vision through a sensegiving process to the organization’s stakeholders. The third stage is again a sensemaking phase, where the stakeholders try to understand the meaning of the new vision (revisioning). In the fourth and last stage (energizing), the stakeholders respond to the new vision
by trying to influence it and communicating their commitment to it. Hence, the sensemaking and sensegiving efforts are characterized by cycles of different stakeholders’ efforts to understand as well as influence the initiation of the strategic change in the organization.

2.2.1 The Sensemaking and Sensegiving Process

To better understand the concepts of sensemaking and sensegiving it is important to connect it to the context of change. Lewin (1954, cited in Yukl, 2006) was among the first researchers to describe the change process, which he did in three stages: unfreezing, change and refreezing. In the phase of unfreezing, people realize that the old working processes do not respond to market demands. The unfreezing can be triggered by a crisis or top management’s analysis of the organizational environment. Next, in the change phase, the employees adapt to the new conditions by developing new ways of working. Finally, the organization refreezes when the new structure and working routines are implemented and established. To implement the change successfully the organization has to go through all three stages in chronological order; otherwise the change will meet strong resistance from its members. Two ways to facilitate change are either to decrease restraining forces, such as fear of failure, economic loss or removing opponents, or to augment the driving forces, such as raise incentives, increase position power or force change. Even though Lewin’s model has been a common research tool in the field of organizational development (Hatch, 2006), it has also been criticized by for instance Moss Kanter, Stein and Jick (1992). They claim that Lewin’s model is a linear and static explanation that does not correspond to the complex reality. Therefore, there is a need for new perspectives on the organization and its leadership, for example how organizations react on change processes. Gioia and Chittipeddi (1991) revised the view on strategic change by better capturing the stakeholders’ active role in formulating and implementing the organizational reshaping, through establishing the concepts of sensemaking and sensegiving.

Balogun and Johnson (2005) and Balogun (2006) develop Gioia and Chittipeddi’s (1991) research by using sensemaking and sensegiving theories to conceptualize the middle manager’s actions and responses towards top management’s new strategies. How middle managers and other workers within an organization react towards change becomes clear when comparing their actions in times of stability versus change. When stability is occurring in an organization, people behave according to old patterns in a pre-programmed way, referred to as old schemata. Here, Weick (1995) points out that organizational members are familiar with different domains if they are localized in different areas, leading to various interpretation of the organizational reality.

The old schemata commonly endures if no interaction is made, according to Balogun and Johnson (2004). Nevertheless, it can change through the actions of senior managers. Balogun (2006) states that during change old behaviors break down, since employees have to take on new job positions, new working customs, and new technologies. In these situations the employees adapt to changes by adopting a conscious sensemaking mode. Here, new practices that are not understood by employees will constitute sensemaking triggers. Hence, they go into a conscious sensemaking mode to understand the changes occurring around them, which is often acted out by sharing their experiences with each other. According to Weick, Sutcliffe and Obstfeld (2005), employees go into sensemaking mode when the surrounding world is seemingly different from what is expected. Balogun (2006) states that the sensemaking takes place through social processes of interaction, which include written and verbal forms of formal or informal communication. They can for example take form in discussions, negotiations, rumors, gossip, stories and behaviors. The above listed processes take
place in the changing organization, particularly between senior managers and middle managers, and even more commonly among middle managers. Here, Weick (1995) states that action is crucial for the sensemaking process. According to Weick (1995; Berger & Luckman, 1967) the individual creates the situation as such by acting out how she or he has made sense of the situation. Also, Stensaker and Falkenberg (2007) point out that the organization per se cannot respond to a change initiative; rather, it is the individuals that respond through their action.

According to Balogun and Johnson (2005), by interaction and sensemaking, employees act upon the change based on their interpretation of it. The employees' interpretation of the change is referred to as developing schemata. Additionally, Weick et al. (2005) state that when employees are making sense it is not about getting it right, but rather about achieving an outcome that appropriately fits the business context. By making continuous modifications of the initial plan, the outcome of the change becomes clearer. According to Balogun and Johnson (2005), through employees' action, based on the developing schemata, there are emergent change outcomes. The outcomes are in form of reinforcing outcomes (for example culture change and staff adaptation) as well as counteracting outcomes (for example prolonged business as usual and interdivisional tensions), that works as feedback towards top management.

2.2.1.1 Outcomes of the Sensemaking and Sensegiving Process

In 1985 Mintzberg and Waters presented their theories comparing intended and realized strategic outcomes, and how realized strategies were results of unrealized and emergent strategies. They argue that as soon as the strategy has been set, the focus is on realizing them, not adapting them. The challenge for the organization lies in realizing the intended strategy and at the same time responding to unanticipated influencing factors. Balogun and Johnson’s (2005) research also discusses that an intended strategic change will not be the same as the outcome of the change. However, in comparison to Mintzberg and Waters (1985) they further conceptualize the strategic outcomes into intended and unintended outcomes. Balogun (2006) argues that research often neglects these important aspects of strategic change. Therefore, it is important to mention intended and unintended outcomes in relation to sensemaking and sensegiving in this thesis.

Balogun (2006) further claims that it is well known that change programs within organizations lead to both intended and unintended outcomes. Still, top-down programs, where top management plan for and middle management and co-workers implement the change stay the norm for organizations in change situations. Here, questions as to why these unintended outcomes arise or why planned changes are disrupted are not explained in research. Furthermore, Balogun and Johnson’s (2004) research show that the old schemata can remain also subsequent to the reorganization. This situation can occur when there are sudden shifts from one schema to another, thus in rapid change processes. When obsolete schemata renders, middle managers have to take on the role to replace the old with the new, intended schemata.

2.3 The Knowledge Creation Model in the Organization

To further clarify the concept of sensemaking and sensegiving, the model of knowledge creation (see Figure 2-2) by Nonaka and Takeuchi (1995) is used. The model explains the different roles in the knowledge creation process of top management, middle management and co-workers. In comparison to Balogun and Johnson’s (2005) theory, the roles of the
hierarchical levels within the organization are central in the knowledge creation model. They claim that the knowledge creation in an organization is initiated by middle managers, who are also referred to as knowledge creators. Schaafsma (1997) states that, in general, change research focuses on corporate top-down change. However, Nonaka and Takeuchi (1995) argue that neither top-down nor bottom-up methods are sufficient in the process of managing knowledge creation, since the important role of middle managers is neglected in the process of facilitating the construction of organizational knowledge. Therefore, Nonaka and Takeuchi’s (1995) model is a mix of the old top-down management theories from Max Weber and Fredrick Taylor and the new thoughts of bottom-up management, where the organization is flat and horizontally shaped, leaving more room for middle managers. Thus, Nonaka and Takeuchi (1995) argue for the middle-up-down management approach for strategy creation, where the information basis for the strategic decision of top management has its source in middle managers’ knowledge. Pappas and Wooldridge (2007) confirm Nonaka and Takeuchi’s (1995) research by stating that middle managers with their extensive internal and external networks have an important role in creating strategy from the middle. The middle managers’ knowledge creation role is visualized in the Figure (2-2) below, between top management and co-workers.

Figure 2-2: Mid-level managers form a critical link in strategic change (Nonaka & Takeuchi, 1995, p. 129)

Nonaka and Takeuchi (1995) argue that middle management should be seen as a strategic ‘knot’ or ‘knowledge engine’ that links top management with co-workers in the change process, as seen in Figure 2-2. The middle managers are the ‘bridge’ since they both have the understanding of the top management’s strategic direction and vision, and also the close contact with the employees who have the knowledge of the detailed day-to-day working processes (Dopson et al., 1992). Thus the middle management plays a crucial role in the knowledge creation model since they have an understanding of both co-workers ‘realities’ and top management vision. The co-workers are the experts of the ‘realities’ that the organization responds to. They have the most detailed knowledge of the market, technologies and products. However, at times the co-workers can have difficulties in placing their detailed knowledge in a broader context. Further although they succeed in interpreting insights in one area, forwarding the knowledge to a person who is active in another field, can be difficult and the gained knowledge can lose its meaning. That is why middle management plays an important role in translating knowledge or interpretations between co-workers. Middle managers support the co-workers’ knowledge creation process by provid-
ing a conceptual framework for sensemaking. In the knowledge creation model top management creates the vision or the dream of the company, while middle managers translate the vision into concrete concepts which the co-workers can relate to their day-to-day work (Nonaka & Takeuchi, 1995).

To further clarify the role of the top management; according to Williams (2001) it is to lead and to be responsible of the change, but not to implement the change. If the top management steps into the role of the middle manager and tries to implement or manage the change, she or he will be limited by time and detailed knowledge. Top management should create the vision, mission, strategic objectives, which create the strategic plan. Further, they empower the middle managers to manage the change. Strategic objectives should include three parts: statement of what needs to be changed (in measurable terms), by how much and when. If all three parts are included it gives clarity for the middle managers to conceptualize the implication of the change for the co-workers and also to clearly measure progression in the implementation of the change.

2.3.1 Knowledge Creation through Tacit and Explicit Knowledge

Nonaka and Takeuchi (1995) also discuss two forms of knowledge: tacit and explicit. Explicit knowledge can be shared in forms of words, data, documentation or numbers, while tacit is knowledge is rooted from within and is related to the individual’s ideals, values, norms and emotions. Mooradian (2005) states that Nonaka and Takeuchi’s (1995) view on the transfer from tacit to explicit knowledge allows that something is lost, since the transfer takes place by using allegorical and metaphorical language. Mooradian (2005) further refer to Nonaka and Takeuchi’s (1995) definition of tacit and explicit knowledge as robust, since there is an intrinsic difference between the two concepts. He claims that many other researchers have failed to create such a robust definition due to less differentiated definitions of the two concepts. Also, since most researchers make use of Nonaka and Takeuchi’s (1995) theories on tacit and explicit knowledge, it is relevant to refer to their theories in this thesis as well.

To further explain the two concepts, Nonaka and Takeuchi (1995) state that if knowledge is seen as an iceberg, the top is the explicit and tacit knowledge creates the larger part hidden underneath the surface. Thus, tacit knowledge is hard to share and can be dived into two typologies. One is the ‘know-how’ of a craftsman that is developed during a long period, and if asked to explain, it will be difficult to articulate using technical principles. The other typology is the cognitive mindset or schemata through which we interpret the environment we operate in. We take it for granted, since it is a part of us, we interpret our reality ‘what is’ and we create our future from it ‘what ought to be’. When tacit knowledge is converted into explicit knowledge, that everybody can understand, this is when organization knowledge is created. However since tacit knowledge is difficult to articulate in words, it needs to be learnt with a trial and error approach, where the middle managers and co-workers learn by using their bodies and minds in social interaction.

Roleau (2005) claims that research on sensemaking and sensegiving seldom take managers’ use of their implicit knowledge in the sensemaking and sensegiving process into account. The reason is that top managers interpret the change process differently from middle managers. Top managers consciously try to anticipate the future by interpreting the results of the change, while middle managers are less conscious about the corporate strategy and rather focus on the practical implementation of strategy. Therefore, it is important to under-
stand middle managers’ use of tacit knowledge and how they communicate in change processes and their participation during change.

### 2.3.2 Middle Managers and Communication

Among sensemaking and sensegiving researchers, it is generally established that successful change calls for communication (Balogun, 2006). According to Van Riel (2003, cited in Balmer & Greyser, 2003), corporate communication is the social interaction between all members in the organization using different ways and forms of communicating. Here, Balogun and Johnson (2004) state that both horizontal and vertical communication is of importance during change. Contact occurs horizontally between middle managers rather than vertically, since there are barriers hindering vertical interaction. Thus, the new structure and relationships for middle managers followed by the change determine their interaction processes. Nevertheless, Dopson and Neumann (1998) argue that middle managers constitute an important link between the horizontal layers in the organization.

Balogun (2006) further argues that there are three common assumptions regarding communication. Firstly, research on change emphasizes the need for top managers to communicate vertically in the organization to arouse enthusiasm for the change. Secondly, the most common form of communication is through formal written and verbal channels. Thirdly and finally, it is also important with the symbolic meanings of written and verbal communication, for example behaviors and events. However, Balogun (2006) argues that informal communication between colleagues is equally important as the three above listed assumptions. Also, this kind of information tends to be lateral, informal and made along with the daily work. Through these lateral processes middle managers and their colleagues ill make sense of the change. As a result, their sensemaking take place in the absence of top management, and the change outcomes might not become as intended initially. Here, Larkin and Larkin (1996) argue for the importance of the senior management to communicate the change to supervisors who forward the change to co-workers via informal channels, face-to-face using rumors. This is an efficient communication method since co-workers have stronger trust for their supervisors than for senior management. However the problem with rumors is that they change as their carriers interpret them and spread them. Thus rumors need to be supported with fact and on print, but as transmission method rumors are superior for communicating change. However, in order for the change to be successful the co-workers need to change their working processes for the customers to perceive the change. Therefore, change needs to be introduced from a source that co-workers trust; supervisors.

It is also important to mention the importance of not only communicating internally in the organization, but also externally. Lounsbury and Glynn (2001) state that earlier research about sensemaking largely neglects evidence for that organizations’ and their members’ behaviors are affected by macro factors, such as media, governmental organizations, and interest groups. For a change process to be understood, according to Hedström and Swedberg (1998) the macro influences on the organizational actors need to be comprehended as well. Here, it is also important to emphasize that managerial techniques from the private sector not always are compatible with the public sector context (Lozeau, Langley & Denis, 2002).
2.4 Change and Middle Management

Dopson et al. (1992) and Beckham (1995) state that middle managers are affected by organizational change. However, Balogun and Johnson (2005) state that it is also true that middle managers themselves affect changes. Whittington (1993) argues that it is important to include stakeholders, middle managers, in the process development of the firm’s strategy, which is an emergent intertwining of implementation and formulation within the organization, thus relating to the role of the middle managers in sensemaking and sensegiving process. Middle managers’ and co-workers’ participation in strategy formulation and implementation is also related to the concept of microstrategizing. In microstrategizing, the strategy is realized through the processes and activities in the day-to-day operations within the organization (Johnson, Melin & Whittington, 2003), a process that is conducted primarily by the middle managers and co-workers.

Another implication of middle managers during organizational transformation is emphasized by Moss Kanter and Stein (1979) who state that there can be great stress for the middle line, since they are responsible of gaining support among the co-workers for the changes although they have not participated in the decision process or might not even support it. According to Thomas and Dunkerley (1991), middle managers often feel ‘stuck in the middle’ between team players and top management. Nevertheless, Stewart (1991) states that organizational change has increased the feeling of being ‘stuck in the middle’, with a monitor and audit role in a long hierarchy, lacking the power of senior management. Furthermore, the larger span of control has implied longer hours and harder work due to greater responsibility (Dopson et al, 1992; Brubakk & Wilkinson, 1996; Thomas & Dunkerley, 1999) and working tasks from level above and below have been added in the middle managers role (Thomas & Dunkerley, 1999). Dopson et al (1992) emphasizes that Middle managers experienced clarity in their area of responsibility together with larger control of resources, thus increasing the efficiency in realizing change. The main motivator for commitment found in Thomas and Dunkerley’s (1999) study was related to task and performance. The manager who had an individual responsibility of reaching performance targets was more motivated, while the flip side of the coin was low performance implies risk of losing the job, which leads to increased feeling of insecurity in the role. However, there was little evidence for motivation grounding from commitment to the organization. The longer working hours lead to stress and unbalance between family and work.

The main argument of Thomas and Dunkerley’s (1999) research is the importance of middle managers feeling rewarded for their emotional and physical contribution to the organization. Otherwise the attitude towards the job would turn into cynicism, bitterness leading to withdrawal. Also Dopson and Neumann (1998) describe what consequences of non-compensation of middle managers’ increased empowerment during change implementation has on their motivation. They state that several researchers have identified the middle manager as a major source of hindering change as a result of their damaging effect in change situations where they were de-motivated. Therefore, it is important to motivate middle managers in situations of change; if not they can become reluctant and try to hinder the change. Dopson and Neumann’s (1998) research strengthens the academic findings on middle managers’ important role in organizational change.

2.4.1 Middle Managers’ Roles in a Strategic Process

According to Floyd and Wooldridge (1994) and Pappas and Wooldridge (2007), research has shown that middle managers have an important strategic role in organizations. More-
over, their strategic role is crucial for organizational success. According to Balogun (2003), middle managers deal with demanding and complex responsibilities in change processes. Concurrently, they have to teach their co-workers during the change, implement the change in parallel as they keep the business running, as well as to go through personal change.

Floyd and Wooldridge (1994) found in their study that when middle managers are involved in the strategy design, the input as well as the outcome is superior to strategies formulated exclusively by top managers. For top management, change is necessary to align operations with set strategic objectives in order to maintain competitive advantage. For employees change is not welcomed, since it creates instability and concerns of future employment (Streble, 1996). Here, Westley (1990) argues that middle managers are important in the strategic process since they have a noticeably different view on it, and understand the perspectives of top management as well as employees. Streble (1996) also argues for the importance of the middle managers' role in translating and motivating for implementation of strategic objective into understanding for the day-to-day worker.

To capture the middle managers' roles in situations when novel organizational capabilities are created, Floyd and Wooldridge’s (1994) concept will be used as a frame of reference. The middle managers’ roles are defined into four categories: championing alternatives, synthesizing information, facilitating adaptability, and implementing deliberate strategy.

Firstly, according to Floyd and Wooldridge (1994) championing alternatives implies that top management can get important innovative and entrepreneurial proposals from middle managers. Since middle managers work between the strategy and operational level in an organization, they have a unique position to make this sort of judgments. Here, it is crucial that middle managers get informal support and cooperation to arise enthusiasm for the proposal. Moreover, Westley (1990) adds that middle managers who are involved in the strategic decision making process show higher sustained energy levels regarding strategic issues.

Secondly, synthesizing information refers to that middle managers are not only direct influencers of an organization’s strategies, but also indirectly affecting it by providing information to top management. The information given concerns both internal and external events, and is moreover of objective character since they communicate their personal experiences and explicit advice. Middle managers’ advice can seem innocent, but their opinion has a powerful effect on how top managers’ perceive an organizational situation and decisions they take (Floyd & Wooldridge, 1994).

Thirdly, the concept of facilitating adaptability describes that middle managers act as facilitators in a change process. Here, Floyd and Wooldridge (1994) state that middle managers can be referred to as ‘change masters’, since they by their knowledge about operations can adopt the intended change in work processes to fit the organization better. Re-engineers can meet more resistance and in some cases fail a change process, if middle managers were not present. Stensaker and Falkenberg (2007) stress that managers are important for customizing changes to make them more compatible with the organization without damaging the intention of the change.

Finally, when implementing deliberate strategy, middle managers play an important role. Floyd and Wooldridge (1994) suggest that implementation of strategy is a complex process where the strategy needs to be revised simultaneously as it is implemented, since new situations and information reveals along the way. Hence, top management’s role is to anticipate the interventions that will be done during the implementation when gaps in deliberate and ac-
ual change appear. Middle managers need to understand the rationale behind the strategic change, which they can obtain through involvement in the strategic process. By taking an active part already from the early stages of change, middle managers can facilitate the implementation better. Here, Westley (1990) emphasizes that if the organization wants middle managers to be responsive actors, they need to be included in the process where new meanings in the organization are created.

### 2.5 Summarizing Model of the Frame of Reference

To summarize the frame of reference we have developed a model that integrates Balogun and Johnson’s (2005) sensemaking and sensegiving process model with Nonaka and Takeuchi’s (1995) knowledge creation model, as well as theories of sensemaking and sensegiving, communication, change, middle manager’s roles in strategic processes, presented earlier in the theoretical framework. Lewin’s 1954, cited in Yukl) theory that is also included in our model is criticized earlier in the frame of reference. However, this theory is widely researched, and thus provides credibility to our model. Therefore, we include it along with other theories in the model to explain the complexity of the sensemaking and sensegiving process. The model will be used as a basis for the analysis to provide a more complex picture of the sensemaking and sensegiving process.

The upper circles in the model (Figure 2-3) correspond to the top management of the organization, the lower circles to the first line employees or the co-workers, and the area where the circles intersect stand for the middle managers’ central position in the organization, integrating top management with the operations. Thus, the organization is made up by an eight shaped body. Each phase in the sensemaking/sensegiving process is represented by a solitary eight formed figure. The model is divided into five phases, as in Balogun & Johnson’s (2005) research: (1.) old schemata, (2.) sensemaking triggers, (3.) social processes of interaction, (4.) developing schemata, and (5.) emergent change outcomes. The arrow flow in the Figure (2-3) symbolizes the main sensemaking and sensegiving processes in each phase. How each stage combines theories from the theoretical framework will now be described phase by phase.

**Figure 2-3:** Adapted and developed from Sensemaking & Sensegiving (Balogun & Johnson, 2005) in combination with Knowledge Creation Model (Nonaka & Takeuchi, 1995)
1. Old Schemata

In this phase, *old schemata*, Balogun (2006) states that the organization is in a stable period, where its members are acting in a pre-programmed way according to old cognitive patterns. This condition will sustain unless any change initiative is made. This phase can be related to Gioia and Chittipeddi’s (1991) conceptualization of this phase where top management makes sense of the organizational situation by creating a new vision, referred to as *envisioning* (2.2). We can also apply Floyd and Wooldridge’s (1994) theory on middle managers’ roles in strategic processes, earlier described in 2.4.1. Here, the first two quadrants; *championing alternatives* and *synthesizing information* can be utilized. The first implies that top management can get innovative proposals from middle management, and the second states that middle managers are used as a source of information when formulating strategic objectives. Thus, the middle managers give sense to the top managers that start to make sense about the organization through the lens of the middle managers. Top managers’ sensemaking about the organizational situation can in turn lead to a decision that implies that the organization has to change. This is also in accordance with Nonaka and Takeuchi’s (1995) *knowledge creation model*, described in 2.3., where they explain how middle managers become knowledge creators by giving sense to top management and thereby influence their strategic decisions.

2. Sensemaking Triggers

When a change process is initiated, there are certain events and activities that the organizational members not can understand, referred to as *sensemaking triggers* by Balogun and Johnson (2005). According to Gioia and Chittipeddi (1991) change is initiated in the *signaling phase* (2.2.), where top management communicates the new vision to employees. To this event we can also apply the *unfreezing* phase of Lewin’s (1954, cited in Yukl, 2006) change model in 2.2.1., where the individuals realize that old working processes are no longer respond to the market demands. Here, Larkin and Larkin’s (1996) theories about *rumors* and Balogun’s (2006) research on *horizontal and vertical communication* in 2.3.2. are also applicable in this phase, since according to Balogun (2006) sensemaking triggers takes include sharing information among each other.

3. Social Processes of Interaction

According to Balogun and Johnson (2005), during the *social processes of interaction* phase, organizational members try to make sense of the differences they experience through various means. This is also what characterizes Gioia and Chittipeddi’s (1991) *re-visioning* phase in 2.2. The *change* phase in Lewin’s (1954, cited in Yukl, 2006) change theory, in 2.2.1., is relevant in this context, since the members search for new ways of doing things in the change process. Moreover, this phase calls for communication (Balogun & Johnson, 2005), hence, research of Nonaka and Takeuchi (1995) on *tacit and explicit knowledge* (2.3.1.) transfer, and of Balogun (2006) on *vertical and horizontal* as well as *formal and informal* (2.3.2) communication are applicable. Since, according to Balogun and Johnson (2005), responsive action of middle managers also is important in this phase when they try to make sense of the change. Therefore, what is said about *microstrategizing* (Johnson et al., 2003) in the day-to-day operations in 2.4. should be emphasized in social processes of interaction.

Balogun & Johnson (2005) state that the middle manager plays an active role in understanding and implementing the change into operation, thus, what is explained in 2.4.1. by Floyd and Wooldridge (1994) regarding the middle managers part in *implementing deliberate strategy* is relevant. For the middle managers to be motivated in their new roles, it is appro-
appropriate to mention theories by Dopson and Neumann, as well as Thomas and Dunkerley (1999) in 2.4.

4. Developing Schemata

The phase of social processes of interaction is interlinked with the developing schemata phase, since according to Balogun and Johnson (2005) the latter are the interpretations the organizational members arrive at through the social processes of interaction. Gioia and Chittipeddi (1991) state that when organizational members try to influence the vision is referred to as energizing, described in 2.2. In this stage, Floyd and Wooldridge’s research on middle managers’ role in facilitating adaptability (2.4.1.) in the change process is relevant, as adoptions made at this phase facilitates that the employees’ interpretation of the change is not too far away from what was intended.

5. Emergent Change Outcomes

Finally, Balogun and Johnson (2005) state that in the emergent change outcomes the results of the change becomes visible through the actions of the members. The comparable stage in Lewin’s (1954, cited in Yukl, 2006) model is refreezing, where the change is implemented and established in the organization (2.2.1.). Here, Balogun and Johnson’s (2005) theory on intended and unintended outcomes of the change, in 2.2.1.1. is applicable.

By using this adapted combination model as our frame of reference, and to answer the call from Balogun (2003) and Balogun and Johnson (2004) of constraints and enablers in middle managers’ sensemaking and sensegiving in change processes, as mentioned in the introduction, our research questions are:

2.6 Research Questions

- What were the enablers regarding sensemaking and sensegiving, for the middle managers at Vattenfall during the Shared Service for Accounting project?

- What were, on the other hand, the constraints regarding sensemaking and sensegiving, for the middle managers at Vattenfall during the Shared Service for Accounting project?
3 Methodology

In this chapter, the method approach, empirical collection, analyzing and interpretation, as well as criticism towards literature and method are presented and argued for in relation to the purpose; which is to explore the sensemaking and sensegiving process during organizational change, with focus on middle managers.

Method is a tool or technique to find the answer of the purpose in order to create new knowledge (Holme & Solvang, 1997). Thus, method should be selected in relation to a theoretical problem to find the answer of the purpose. At Jönköping International Business School there is a research project within middle management led by Professor Tomas Müllern. Therefore, Professor Müllern and us agreed upon from the start that we would do a case study from a middle management perspective. Then, due to a good relationship with the Swedish energy company Vattenfall AB, its recent reorganization of the accounting departments created the empirical source for the case study. Since access, as Holloway (1997) emphasizes, to the case is important for creating a deep understanding and high quality of the thesis. After scanning previous research in the area of middle management, the approach of sensemaking and sensegiving in relation to middle management was decided upon. Since sensemaking and sensegiving is a complex social process, interactive and highly based on individual interpretation, a qualitative approach was selected. Further, Holloway (1997) explains that qualitative approach captures the way individuals interpret and make sense of their social environment.

3.1 The Case: Centralization of Accounting within Vattenfall

The case was based on the centralization process of the Swedish organization Vattenfall AB’s formerly decentralized accounting departments, since according to Dyer et al. (1991, cited in Balogun and Johnson, 2005) a case study captures the contextual richness and complexity of sensemaking and sensegiving in change processes. The change resulted in one office in Uppsala and one in Jokkmokk, and it has affected the entire organization, especially middle managers at the accounting departments according to Middle Manager 1 (see Appendix 1). The change process into the centralized organization Shared Service Accounting (SSA) officially started during the autumn in 2004 and was finished in April 2007, this also delimits the period of the studied case. Since the change took place during the last months, the organizational members had recent experiences of an intense sensegiving and sensemaking process, increasing the quality of the material gained from the interviews. Further, Stake (1995) claims that the interesting thing about cases is their uniqueness and commonality, thus one single case study was selected to create a coherent and thorough understanding of one delimited sensemaking and sensegiving process, which the change process at Vattenfall constitute. Further, Stake (1995) emphasizes that selecting a case is to gain understanding from one case. For us, our choice of case was mostly based upon to create an understanding of the change at Vattenfall.

3.2 Qualitative Approach

According to Darmer and Freytag (1995) the characteristics of the collected data differs in quantitative and qualitative research. A quantitative study is characterized by its many respondents and it explicability in numbers and other quantitative measurements. Therefore, this research method is not applicable to our study. In a qualitative study, on the contrary, few respondents provide the empirical platform in descriptive words and thereby provide
depth to the analysis, and also Stake (1995) states that a qualitative research method gives multiple perspectives of a case study. Since our thesis is a case study of Vattenfall AB’s centralization of its accounting departments, the qualitative approach is better suited, as we want to create a deeper understanding of the middle managers sensemaking and sensegiving process.

3.3 Abduction

Chalmers (1999) states that, in academic research there are two commonly used approaches towards the interplay between a theoretical background and an empirical problem formulation; deduction and induction. With a deductive approach theories make up the foundation of research and are tested to find whether they agree with reality or not, as seen in the first column in the Figure (3-1). In an inductive study, on the other hand, the reality is observed by the researchers and conclusions are drawn based on the empirical findings that either fit or disagree with current theories, as in the second column (Figure 3-1).

![Figure 3-1: Deduction, Induction and Abduction (Alvesson & Sköldberg, 2003, p.45)](image)

In the research process, the relation between empirical findings and theory is frequently entwined. In our study, after choosing the theoretical field of middle managers we did an initial interview with Middle Manager 1 (see Appendix 1), to create an understanding of the case, thus deduction. Afterwards, more research was done in the theoretical field relating to middle managers and change processes. At this point we discovered the sensemaking and sensegiving area, where more research was called for. Thus, relating to Figure 3-1 the approach was induction. This research approach proceeded during the entire study; along with empirical data was collected, it became clear what theories that best suited our research. Hence, our research method, where there is alternation between theories and empirical findings is referred to as abduction (Patel and Davidsson, 2003), in column three in the Figure (3-1). The abduction approach is used to reveal hidden patterns and structures (Alvesson & Sköldberg, 2003), which is in line with conducting a case study to comprehend a sensemaking and sensegiving process.
3.4 Collection of Empirical Material

Once we had decided to study the centralization process of Vattenfall’s accounting departments from a middle management perspective, we had to find the most important actors in the case. Since the aim of our study was to investigate the middle managers in the change process, we wanted to interview the current middle managers, not the ones that left the organization. To gain access, we contacted Middle Manager 1, who was our ‘gate opener’. According to Holloway (1997) it is important to get both informal and formal access for meetings with the participants. We found that there were six middle managers located in Uppsala (including one vacant position and one sick listed person) and one in Jokkmokk. Hence, these were all important to our study. To get a broader understanding of the process, we also decided to interview co-workers, top management and other key players in the reorganization (see Appendix 1 for interviewees). In total, ten interviews and two focus group discussions were made.

Before every interview an agenda was prepared and sent to the respondents one day prior to the interview. The questions were adjusted towards middle management, key actors in the project, top management and co-workers (see Appendix 2 to 5). Thereby they could prepare themselves for the interview and provide us with more well considered answers. According to Stake (1995) for qualitative research in case studies the respondents are rarely asked the same questions, rather the interview is based upon a list of issue orientated questions. When using this semi structured approach the interview is held more like a discussion, states Arksay and Knight (1999). This material collection method applies to how we collected our empirical findings. We based our interviews on the agenda, but we did not strictly follow the agenda when talking to the respondents. All respondents often provided more explicit and wider context answers than required. Moreover, we often asked additional questions that arouse during the interviews. By having these semi structured interviews, we avoided yes and no answers and we got more in depth descriptions of the studied case, as intended. Some of the respondents were interviewed by phone, but the majority was made in person, since according to Yin (2003) people’s behavior is difficult to record without personal interference. The reason for not collecting all data through physical interviews is the cost associated with the interviews in relation to their contribution to our interpretation of the interviews. For instance, for the middle manager located in Jokkmokk, several 100 kilometers away, a phone interview was chosen. In one case a busy agenda, made it most convenient with a phone interview for the respondent. Both the telephone interviews and the face-to-face interviews lasted about 55 to 65 minutes.

Secondary data was collected from the webpage and annual reports. We also asked for additional documents during the interviews, and in return received Power Point presentations, organizational charts used during the reorganization. The documentation complemented the material gained in the interview, providing a broad description of the empirical part in the thesis.

A focus group method was used with the co-workers. Morgan (1997) states that the method can be used as a complement to another method, which explains how we used the focus groups. The researcher decides the topic and a group of four to six people are gathered. According to Wibeck (2000) a group discussion, with different participants can help each other to understand and remember different interpretations of past events or differences in behaviors towards changes. In relation to our purpose the method was adequate. Furthermore, the two groups’ participants had previously worked at different BU. Grouping them according to their old BU facilitated the remembering of how sensegiving and sensemaking
had been experienced in the different environments. To find similarities and differences experienced in relation to the middle managers, the method was superior in gaining insights from the co-workers. Thus, the semi structured interviews with the middle managers provided a greater depth in comparison to what a focus group could have provided. The selection of participants was made by our gate opener, who asked co-workers if they wanted to participate in a discussion concerning the reorganization. The participation was voluntary and a drawback was that they were working together, as stated by Wibeck (2000). When the members know each other, many factors can be taken for granted, thus hindering our ability to understand the discussion. That is why we selected the structured approach with a moderator, who could ask clarifying questions, guide the discussion and include silent participants.

In total we talked to sixteen persons. Following, a short presentation of all respondents presented by the label by which we will name the respondents in the thesis, their first name and surname, as well as their position/responsibility during the case. A more detailed table can be seen in Appendix 1. They are categorized in relation to the different organizational levels; top management, middle manager, co-workers and miscellaneous (key actors in the project).

As identified in the frame of reference, the definition of top management is: *the strategic apex of the organization* (Mintzberg, 1983), which in the thesis will be referred to as the actor with resources and close contact with the management group of Vattenfall Nordic; thus, the *Area Responsible for Accounting Nordic*, since this person participated and influenced the direction and the resources for the project.

The definition of middle managers used in this thesis is as follows: *a manager with supervision and performance responsibility, thus including first line supervision all the levels up to department heads* (Moss Kanter & Stein, 1979; Jaeger & Pekruhl, 1998). In the SSA-project, we thus include the *middle managers* working at SSA department and the *Manager of Shared Service Accounting (SSA)*.

The definition of co-worker is: *the operational core who conducts the day-to-day operations in the organization* (Mintzberg, 1983). In the study it includes the personnel working at SSA, in the thesis they are referred to as the co-workers.

**Top management:**

*Area Responsible for Accounting Nordic*, Kjell Axelsson, Project leader for SSA

**Middle Managers:**

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Manager of SSA</strong>, Marie Selin, Manager SSA</td>
<td></td>
</tr>
<tr>
<td><strong>Middle Manager 1</strong>, Marita Källberg, Middle Manager responsible for the transformation process and accounting specialist at SSA</td>
<td></td>
</tr>
<tr>
<td><strong>Middle Manager 2</strong>, Linda Strid, Middle Manager of Fixed Assets</td>
<td></td>
</tr>
<tr>
<td><strong>Middle Manager 3</strong>, Åsa Brosson, Middle Manager for General Ledger and Reporting</td>
<td></td>
</tr>
<tr>
<td><strong>Middle Manager 4</strong>, Iréne Hellström, Middle Manager for Accounts Receivable</td>
<td></td>
</tr>
</tbody>
</table>
Methodology

Middle Manager 5, Berit Lindgren, Middle Manager for Accounts Payable in Jokkmokk

Sick listed Peter Lövgren, Middle Manager for General Ledger and Reporting

Vacant Middle Manager for General Ledger and Reporting

Co-workers

Co-worker 1, Marja-Lisa Anderén, Co-worker at General Ledger and Reporting, Hydro

Co-worker 2, Elisabeth Oluma, Co-worker at Fixed Assets

Co-worker 3, Agneta Särwenberg, Co-worker at General Ledger and Reporting

Co-worker 4, Viktoria Hållgren, Co-worker and Assignment responsible at Vattenfall Business Services Nordic

Co-worker 5, Per Jonasson, Co-worker and assignment responsible at General Ledger and Reporting Sales Nordic

Co-worker 6, Anonymous, Co-worker at General Ledger and Reporting Electric Distribution

Miscellaneous:

Business Developer, Ulf Spolander, pilot study responsible, did interviews with different BU

Pilot study consultant, Jonas Stenbeck, a part of pilot study, Vattenfall business consultant, conducting the data collection and reporting

Communication Manager, Monika Karlsson, information responsible in the Project team

3.4.1 Structure of the Empirical findings
Stake (1995) suggests that the researchers should transcribe the interview shortly after it was made. In accordance with Stake’s (1995) research method, we transcribed our interviews the same day or the day after, and we focused on retelling what the interviewees meant by their explanations, rather than transcribing word by word. Furthermore, we structured and wrote the empirical part the week after the majority of the interviews were conducted. By minimizing the time between the interviews and constructing and writing the empirical part, we maintained high quality of the presented information, by decreasing misinterpretations and forgetting the experiences and meaning received from the respondents.

The empirical material of the thesis was mailed to the corresponding person. All respondents got the opportunity to correct our interpretations from the interviews and the focus
group discussions. During the interview we asked if we could record the conversation, further they were offered the choice of being anonymous or not in the thesis.

3.5 Material Analysis

When the material collection is finalized it is analyzed. Miles and Huberman (1994) refer to the collected material in a qualitative method as ‘data’, which we interpret belongs to a quantitative method, where the ‘data’ is tested and measured. Relating Miles and Huberman’s (1994) theories about treatment of the collected ‘data’, the term ‘material’ is used instead, since from a qualitative approach the material consist of persons stories of interpretation, and experiences rather than quantifications.

Miles and Huberman (1994) state that material analysis is constituted by three stages evolving simultaneously; material reduction, material display and drawing of conclusions. The process is visualized in Figure 3-2.

![Figure 3-2: Components of Data Analysis: Interactive Model (Miles and Huberman, 1994, p.12)](image)

Miles and Huberman (1994) claim that even before the material is collected the material reduction starts by the researchers preparing questions and a framework. This process is described earlier in this chapter. The material display phase is characterized by the researchers’ selection, clarification and organization of the material presented in the study. In our study we used a whiteboard to structure and analyze the collected material. In this process we worked closely in interpreting the interviews in relation to the theories and purpose. Complementing questions were asked to the respondents. To find an interesting approach in screening the theoretical field, we also contacted active researchers within sensemaking and sensegiving to better understand how the thesis could contribute. Thus, it became clear what material to include in both frame of reference and empirical part to create a coherent thesis.

According to Stake (1995), in material analysis the researchers seek meanings about the case in two ways: through interpretation of individual occurrences or through aggregation of several instances until conclusions can be made about all of them together. In our Vat tenfall case we did both kinds of analysis. Miles and Huberman (1994) add that conclusions are made based upon the analysis of the empirical findings, however, it is important to stay skeptic and open towards the research. We cooperated and continuously questioned each others’ assumptions to decrease the influence of our pre-understandings and the lenses that we interpret our environment through, and hence also color our research. Further Alvesson and Sköldberg (2003) emphasize the importance of the awareness that pre-
understanding and assumptions can influence the analysis of the research process and thus creating a biased conclusion.

3.6 Trustworthiness

In conducting a qualitative case study, a quality measure is whether the conclusions can be seen as reliable or trustworthy, according to Richards (2005). Thus the very purpose of explaining the research process in detail is to establish a reliable result. However, a qualitative research can never be ‘tested’ as a quantitative study. In relation to the focus in the thesis on middle managers and their sensemaking and sensegiving process, to increase the ‘objectivity’, we interviewed 100 percent of the middle managers (excluding the two other middle managers who were not possible to participate since one was sick listed and the other position was vacant). Also co-workers, top management and key actors were interviewed to create a reliable picture of the empirical findings.

When conducting qualitative semi-structured interviews there is a problem regarding the opinion and interest of the interviewer. We could have become subjective when analyzing the empirical material to make it fit our interests of the study. According to Lantz (1993), this type of method requires a higher degree of objectivity than what is demanded for quantitative research. We tried to be aware of this problem when writing our thesis, and bring forward the meanings of the interviewees, not our own. To further decrease misinterpretations, the interviews and the focus group discussions were transcribed as soon as possible after they took place. One focus group discussion was not recorded since one participant did not feel comfortable with the recording, which made the transcribed interview less detailed than the other ones. As support we recorded the other interviews and listened to them carefully to improve our understanding of the empirical material. As Silverman, (2001) emphasizes the importance of maintaining a high quality in the collected material. Throughout the thesis work we collaborated closely during both material and theory collection, as well as when analyzing and structuring. Brewerton and Millward (2001) state that reliability is created through consistency in the empirical and theoretical material throughout the research process.

In a change process, there can be negative aspects in the change that are sensitive to talk about. This could have led to that the interviewees we talked to might not clearly have expressed all opinions during the interviews, thus affecting our empirical material and decreasing the trustworthiness of the study. The problem was decreased by conducting a focus group discussion with the co-workers. Two focus group discussions were held, with four and two participants respectively. In relation to the recommended number of four to six participants (Wibeck, 2000), only two was not adequate for interaction in the discussion. Despite the low number we still gained new understanding from the discussion which was not gained during the other focus group discussion with four participants. In both focus groups there was one co-worker who was assigned to keep contact with the customers; the BU. This gave yet another perspective to our collected material, increasing its trustworthiness. Further, since the interview agenda was sent out to all respondents prior to the interview, it also facilitated the interviewees to remember the change.

Finally, we would like to point out some limitations of this study. It is possible that the respondents in the thesis were still making sense out of the reorganization at the time we interviewed them, resulting in rationalized answers to our questions. Additionally, many interviewees gave suspiciously similar comments on occurrences regarding the implementation of SSA. Possibly, employees’ discussions prior to our interviews could have influenced each others’ point of view to become more alike.
4 Empirical Findings

This section summarizes the collected empirical material of the centralization of Vattenfall’s accounting functions in chronological order, based on all important actors in the change process, not only middle managers. The four phases are: pilot study, localization, design, and implementation.

It should be mentioned that when referring to interviewed actors at Vattenfall in this chapter we will only mention the respondents’ role (as in Appendix 1), instead of using the reference ‘personal communication’.

4.1 Vattenfall AB

Vattenfall AB is an energy company, in which the Swedish state owns 100 percent of the shares. The company is structured in two levels, the first level; Business Groups, and the second level; Business Units (see Appendix 6). The Business Groups are: Vattenfall Nordic, operating in Sweden, Finland and Denmark, Vattenfall Europe operating in Germany and Vattenfall Poland active in Poland. There are five Business Units (BU) in each Business Group. They are: Generation, Distribution, Sales, Services and Heat. Further, Vattenfall Nordic’s five BU constitutes of 46 sub units all together. Since Vattenfall is a decentralized organization, the different BU operate individually and are both each others clients as well as customers (Vattenfall AB, 2006a). According to Middle Manager 1, prior to 2006 each subunit had its own accounting department.

Today, Vattenfall AB is the fourth largest generator of electricity, the largest producer of heat in Europe, and in 2006 the consolidated sales was 145 815 SEK million. 32 000 are employed by Vattenfall AB, more than 9000 of them are employed by Vattenfall Nordic. The company vision is to be a leading European energy company. Vattenfall is active in all parts of the value chain: generation, distribution and sales. Other business areas are energy trading and distribution of heat (Vattenfall AB, 2006a).

4.1.1 Shared Services

The Business Developer states that in 2004 the top management team of Vattenfall Nordic decided to standardize the services provided by the Vattenfall IT Services and Office Support. Prior to this the unit had 8000 different service contracts with five BU in Vattenfall Nordic, which led to high costs. Vattenfall Nordic’s five BU were highly decentralized and run as separate companies. There was a need to augment quality and transparency, decrease costs, and increase the belongingness in the organization. To realize this, the Business Developer continues, a more centralized organization for Vattenfall Nordic was needed, and the former IT Service and Office Support unit was reorganized to Vattenfall Business Services Nordic (VBSN). The services provided by VBSN are Facility Services, Real Estate, Human Resources, Information Technology, Communication and in 2006 the integration of Accounting started. Already in 2001, there was an initiative to create a shared service for accounting. However, during the implementation it was decided that participation should be voluntary and the project failed. In 2004 the organization structure of VBSN was more standardized and harmonized, and it was decided by the top management team of Vattenfall Nordic to execute a pilot study concerning benefits of shared service for accounting.
4.2 Pilot Study Phase

The pilot study for SSA was initiated in the autumn of 2004 by the top management team of Vattenfall Nordic. Responsible of the pilot study was a Business Developer of Vattenfall Nordic. A pilot study group led by the Business Developer, consisting of two Accounting Experts and one Pilot Study Consultant was created. The mission of the pilot study was to create the basic data for decision-making of SSA.

A few years earlier, Vattenfall’s BU in Finland centralized its Accounting functions. The project was called Dynamo. According to the Pilot Study Consultant, Dynamo was a well accomplished example for implementation of Shared Services for Accounting. Therefore, experience from Dynamo was used along with theories of how a centralized accounting unit functions, which together created the base for the pilot study. From here, a survey to map processes, personnel and costs for the accounting departments at the different BU was shaped. The surveys and interviews with each BU’ middle manager responsible of accounting were used to collect information. The Pilot Study Consultant states that the information they provided regarding how the accounting functions operated was important for the pilot study group to be able to complete the final advising report for the decision making regarding the implementation SSA.

The Pilot Study Consultant states that the pilot study group analyzed the collected data using Dynamo’s model to measure the number of transactions per employee. Here, it was found that by implementing new centralized processes for Vattenfall's accounting, economies of scale would be attained as well as its performance would become 18 to 35 percent more efficient and of higher quality.

When the surveys were sent out to the different BU, co-workers helped the middle managers with collection of figures and rumors started circulating. Also, it was communicated to the employees at the BU that the purpose of the pilot study was to create a basis for decision making concerning implementation of SSA. To affect the decision regarding SSA, the accounting employees could communicate through the hierarchical channels; via BU manager to top management. However, according to Co-worker 1 there was little information and much mystery making concerning SSA. Co-worker 2 and 3 explain how they felt about the reorganization during the pilot study phase:

“It was a tough time since we did not know if we could keep our jobs.”

“There were many rumors circulating about the pilot study, and because the implementation of SSA had been discussed a few years earlier we did not know if it was for real this time or not. Last time nothing happened.”

Middle Manager 3 confirms that the pilot study phase was time consuming and created concern amongst employees. On the other hand, Middle Manager 4 says that she was initially quite skeptical towards SSA, since its implementation failed in 2001. She changed her opinion when the top management of Vattenfall Nordic, strongly and clearly communicated the benefits of SSA. The different attitudes concerning SSA were also affected by various information levels at the BU. Here, the BU managers communicated the progress of the pilot study in different forms and to greater or lesser extent, which was the critical factor for how the co-workers perceived the pilot study. Co-worker 5 says that his manager, who later on became the Manager of SSA, kept her department well informed about news regarding SSA during the pilot study, while Middle Manager 5 did not feel especially well informed at this point.
The Pilot Study Consultant states that few at the BU were positive towards the change during the pilot study phase. Since the BU preferred to keep control over their operations, their attitude towards the change was thus not very supportive. The Business Developer adds that Vattenfall had gone through numerous changes over the years that have created inertia towards change, leading to un receptive employees regarding the implementation of SSA.

### 4.2.1 The Decision

When the pilot study was completed it was presented to Vattenfall Nordic’s top management as the basis for the final decision of SSA. The Business Developer recalls that it was an important decision to the Nordic CEO and his top management, since rejecting the change would imply refusing 18 to 35 percent of savings. The Pilot Study Consultant adds that their pilot study gave enough evidence for implementing SSA.

In the autumn 2005, based on the pilot study’s result, a unanimous decision was taken by Vattenfall Nordic’s top management to implement SSA. The Area Responsible for Accounting Nordic emphasizes that even though the decision was taken by top management it was not a top-down decision, since the decision was based upon a pilot study report. However, the decision showed that the top management was ready to support this extensive change that would imply both reorganization costs and concerns with the labor union. The Business Developer claims that the decision not only implied positive effects but also presented certain problems. Vattenfall is a decentralized organization, characterized by individual BU utilizing tailored working processes, titles and concepts, thus functioning much differently. According to the Communication Manager, one example was that Vattenfall's accounting system SAP (Systems, Applications and Products for data processing) and the electronic invoice scanning were not implemented at all BU prior to the change. Additionally, it was a problem that some people were resistant towards confirming the invoices by using electronic devices, since Vattenfall aimed at implementing SAP and electronic scanning in remaining BU through the SSA project. Summing up, according to the Communication Manager it was difficult to define the concerned employees and map processes and costs for the pilot study group. However, Middle Manager 5 states that the next task also was challenging; to create a functioning implementation process for SSA, concerning 153 employees, four accounting processes and sixteen BU with 35 sub units.

### 4.3 Location Phase

The Business Developer says that when the decision about implementing SSA was taken, the pilot study group handed over the project to the Area Responsible for Accounting Nordic. Now, an intense regional political discussion started amongst Vattenfall Nordic and the labor unions about the location of the organization. The labor unions were surprised by the decision and complained about weak information. Vattenfall’s criterions for the location were: Vattenfall’s operations should be present in the town, there needed to be an adequate supply of educated people and there should be frequent communications. At this time all the employees working within accounting knew that there would be a change and an establishment of a shared service center, but on the individual level, those who later were affected (153 employees) were unaware of their future employment. For the project to progress, a decision on the location needed to be taken fast, since only when the location was decided the process of finding new positions internally and externally for the employees could start. The employee’s were promised information about the location but it was
delayed due to the discussion between Vattenfall and the unions. This created insecurity and frustration among co-workers. During the location phase information meetings were held by the Area Responsible for Accounting Nordic, and Co-worker 2 and 1 explain the reaction in relation to the information:

“I remember that many got upset, the information was unclear, we had been promised to get information about the localization”

“Yes, exactly, it was a disappointment that the information meeting did not give more clarity. One got confused; ‘What do they want?’ ‘Will we be included?’ We wanted to know more, and the discussion had been going for a while”.

In December, the localization discussion had been in progress for two months and the manager had promised to give information about the final decision before the Christmas holidays to the employees. In January it was decided that one location was going to be Uppsala. Uppsala was a rational decision based on the criteria’s of the localization. Due to the negotiation with the labor unions the decision on the other location was delayed until mid February. Because of political pressure the second office was decided to be located in Jokkmokk.

According to the Communication Manager, during the localization process, the project team created a communication plan to identify the communication needs of the different stakeholder groups. The stakeholder groups were categorized according to relevance and to some extent the hierarchical structure of Vattenfall. It was also important that information was communicated in the right order, at the right time, and to the right receiver. To give correct information was especially important in the localization phase, since this stage was associated with much turbulence in the organization due to the change, and there were many stakeholders involved with different interests. The Communication Manager claims that communication is most important in the initial stage of the project.

The communication channels used by the project group were; e-mail, the internal web page, and direct communication to managers. At the web page, the employees could ask questions and get information about the progress of the project. The Communication Manager adds that it was important to inform stakeholders continuously, even though decisions were not reached; since demand for information was high at this stage of the project.

Since the localization had turned into a regional political discussion, the Media was involved and the project team needed to be cautious concerning what kind of information was sent out to the project’s stakeholders. This was a tool to maintain good relations with the labor unions and the individual employees who were affected by the change. The Area Responsible for Accounting Nordic expresses that it was important that the localization phase was managed in sensible way:

“The fact that we all the time had a good relation to the individual employee and mutual compromised solutions with the labor union, was a critical factor for the overall outcome of the project.”

**4.4 Design Phase**

According to the Manager of SSA, in beginning of April 2006 she was employed as the Manager of SSA, and her position also included being the project leader of the implementation phase. She immediately started to design the implementation phase. The organization
of SSA was structured in four accounting processes: Accounts Payable Ledger (located in Jokkmokk), Accounts Receivable Ledger, General Ledger and Reporting, and Fixed Assets (all located in Uppsala). The first step was to recruit the seven group leaders (middle managers), who were responsible for the different accounting processes. Three middle managers were recruited for the general ledger and reporting, since this process area was large and customized to different BU, leading to higher demands of personnel. For each of the other three process areas one middle manager was recruited. One middle manager was also recruited as responsible for the logistics of the transformation process of the accounting functions from the BU to SSA. In the group she developed the accounting processes and worked as a ‘specialist’ of accounting supporting the team. Five of the seven group leaders were recruited internally and had previous worked with accounting at Vattenfall. All accounting personnel at Vattenfall’s different BU were offered to relocate to Uppsala or Jokkmokk, and some staff who were residential in commuting distance, accepted the offer.

For the remaining positions external personnel as well as consultant recruitments were made, and it was the responsibility of the new middle managers to recruit the staff for SSA. The job adds had general descriptions and many of the employees at Vattenfall experienced low understanding of what the new positions implied. Co-worker 4 and 2 discuss the change in job position:

“I knew that I was going to be working with general ledger and reporting, later I applied for my current position that was posted on the intranet.

“We who were employed at Vattenfall were promised employment. My working tasks have changed several times since the implementation started.”

Experience of change process previous at Vattenfall showed that about 20 to 30 percent would relocate to the new location, leading to 70 to 80 percent of new staff in the organization. In the design phase the project team planned to manage the higher workload during the transformation process by hiring consultants.

According to Middle Manager 1 an external consultant company, who also assisted the Dynamo project, created the method and timeline for the implementation phase in collaboration with the project team. The transaction process was structured in different phases: preparation, observation, execution, validation, handing over, and up and running. In the observation and execution phase, the SSA staff visited the BU to observe and execute the processes. Thereafter, the SSA staff returned to the office in Uppsala or Jokkmokk to work independently, and the BU’s staff visited SSA to validate and hand over the processes. Special process descriptions, of the new SSA functions, were created in workshops. The different accounting task and processes that were measured in the pilot study were used as a base. The workshops started in March 2006 and the project team, the external consultant company, controllers from the different BU participated, and the middle managers. In the workshop the interface between the accounting functions at SSA in relation to the controlling functions that need to remain close to the operations were discussed. No co-worker participated in these workshops, but they felt they could influence the process in the workshops, explain Co-workers 4 and 2:

“It was the group leaders who participated in the workshops, and [Middle Manager 1] who had been working for a long time at Vattenfall knew our ideas.”

“Yes, she told us about what was going on, and answered if I had questions.”

The middle managers communicated what was discussed in the workshops. The Communication Manager says that the co-workers also received information about the status of the
project from the manager of SSA and the project group, via direct mail and a web page. At this point of time, there was worry among employees concerning the reorganization, and therefore important to keep the accounting employees well informed about the progress of the project.

During the design phase it became clearer to the co-workers what the effects of the implementation of SSA would be. Among the employees at the different BU, rumors were spread and expectations augmented. The opinions were mixed. For instance, there was a betting competition of the success or failure of the reorganization. One employee even had difficulties comprehending the benefits of the centralization from an organizational perspective, but on the other hand, could see advantages in conducting the job routines and job rotation. Among employees, there were also assumptions that the nature of the new work would be more repetitive and mechanical. Co-worker 5 and 6, who were at the Sales and Distribution departments respectively, prior to the transformation explain the situation:

“The talk was that they who were going to work at SSA, would be working mainly with mechanical working routines, which would lead to a boring job. The critical employees said that it would be like a large factory and there was even a betting competition about the failure of the new SSA. 50 percent were positive and 50 percent were negative. I thought that it was exiting with something new.”

“I didn’t know what to expect. I thought it was going to be more boring, only write book keeping documents.”

Yet a critical part of the design phase was to plan for a structure for communication and decision making for the BU and SSA. This structure includes two arenas called the Board and the Council, used by all areas of VBSN. The purpose of the Board is to be the arena for information and decisions concerning SSA. The members of the Accounting Board are: the Area Responsible for Accounting Nordic, who is also the president of the Board, the controllers representing the different BU, the Nordic Process Leader and the Manager of SSA, who has an informative role; thus no mandate to vote.

The purpose of the Council is to generate information about the progress of SSA and development and refinement of the standardized services offered to the BU. The Council also works as an information channel from the Board to the middle managers. The members in the Council are: four middle managers with three chairs from SSA, assigned the four processes, five BU representatives, and the Nordic Process Leader, who is responsible for the communication between the Board and Council.

### 4.5 Implementation

The implementation process of SSA started the first of June 2006 for the first three BU; Heat, VBSN and Real Estate. In total sixteen BU, with 35 sub units, were transacted to SSA from June 2006 to April 2007. The time plan for the implementation can be seen in Figure 4-1.

<table>
<thead>
<tr>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Jun</td>
<td>Jul/Aug</td>
</tr>
<tr>
<td>Heat VBSN Real Estate</td>
<td>Sales Power distribution Customer service</td>
</tr>
</tbody>
</table>

Figure 4-1: Timeline (Vattenfall, 2006b)
4.5.1 Implementation and New Working Processes

One of the first BU to be transformed to SSA was Heat in Uppsala. Many of the accounting staff from Heat started to work at SSA, but changed working tasks without having a proper observation process prior to the transformation. As a result, when the transformation for Heat begun, the co-workers needed to learn a new role and hand over their old role to her or his successor simultaneously. In the workshops, new accounting processes were developed, but had not yet been completely transferred into written support manuals to the employees. The experience and knowledge of the three first transformation facilitated the implementation for the forth coming BU. Co-worker 1, 2, 4 and 3 from Heat who changed working roles express following regarding the different BU’ implementation to SSA:

“Heat’s transaction was no transaction. They never handed over, they went to new positions, for us it was just to jump in the new roles and start working.”

“We just had [Middle Manager 1] and [Middle Manager 3], and they just disappeared [to meetings], we had new positions to 150 percent. The idea was that Heat should just work anyway.”

“It was so new in the beginning; suddenly I was sitting in an open landscape. I found it frustrating in the beginning. Things that all of the sudden appeared, and need to be done, but where were the instructions?”

“We had to go by trial and error, while the ones who transformed in September had been able to observe and learn for two months. That was great for them, since then the working processes had already been quite well established. So, that went a whole lot easier. [The three first BU] had to put up with more than the others, but on the other hand our time plan was not as strict as it was for the remaining BU.”

Middle Manager 2 on the other hand, states that the implementation was well planned both in terms of time and tools. When the implementation started the new working processes that were developed in the workshops were used. However due to interface issues, some working processes had to be changed during the implementation phase to become efficient. The interface concerned the responsible areas of the four process areas at SSA, as well as the boundary of responsibility between SSA and the BU. Middle Manager 3 explains this issue:

“It has been difficult with interface questions, some things depends both upon accounts payable ledger and book keeping, which department should do what to make the process as efficient as possible? Sometimes we have made an interface decision, and later on changed it to make it more efficient.”

In this regard, the SSA Manager states that activity lists were helpful tools that SSA used to clarify the interface and make SSA’s working processes more efficient along the way. The Consultant Firm provided the SSA team with this tool during the workshops in the design phase to allocate gaps between old and new working processes. The activity list provides information of how the gap should be adjusted in best manner, by whom, when and what status the activity has. Middle Manager 2 adds that there are four main activity lists, one for each process (accounts payable ledger, accounts receivable ledger, fixed assets and, book keeping and reports). All activity lists are available at Vattenfall’s intranet, accessible for all the stakeholders in the project.
4.5.2 Resources and Time Planning

The Area Responsible for Accounting Nordic had the general responsibility for the implementation of SSA, including budgeting for the project. However, since the budget was made prior to the design phase the resource need was underestimated for the transformation process, since the transformation demanded more time than expected prior to the design phase. However, this overdraft was compensated by the costs saved in Human Resource reconstruction costs, for example employees that took the opportunity to retire. Thus, the costs for former accounting personnel’s retirement and such were overestimated in the budget. Even though the budget for the transformation was overdrawn, the SSA workers still lacked personnel resources during the transformation to the SSA organization. Shortage of resources along with time pressure were the two most frequently mentioned negative aspects of the implementation of SSA among middle managers and co-workers.

Middle Manager 4 states that the time pressure was tough throughout the implementation process, especially at the yearly closure when she was afraid that her co-workers would get burned out. She claims that the stress was a result of a lack of personnel, rather than of the tight time plan. Employees in harmony work more efficiently and make fewer mistakes than if they work under stressful conditions. Instead of saving money with a slimmed budget, the reverse situation could appear; were the personnel of a undermanned department become stressed, burnout and an additional cost to the company.

Middle Manager 2 and 3 agree that the stressful climate made it difficult for them and their co-workers to cope with their jobs. At working peaks the co-workers sometimes ran in the corridors because of the heavy work load, recalls Middle Manager 5. Also Middle Manager 2 comments on her co-workers stress related to the implementation of SSA; many had a hard time commuting from their home town to Uppsala every day. Furthermore, Co-worker 5 states that some had false expectations concerning the new working tasks in Uppsala. As a result, some employees quit or got repositioned at another Vattenfall office, and their competence that had been created during the implementation of SSA was lost.

During the implementation the middle managers experienced much stress as they often were double, and sometimes triple, scheduled for meetings concerning the implementation of SSA. Hence, there was not enough time to take part in every meeting and accomplish all undertakings. Middle Manager 3 explains how she felt regarding the stress and work load:

“It was a great problem that we all had so much to do. Take myself as an example; firstly I learned a new position, secondly I was responsible of teaching others, and thirdly I had to hand over my former position to my successor. […] I do not know how many times this year I wished I could have cloned myself. I have not been able to be as pedagogical as I wanted to be, since I have been so busy.”

Still, the middle managers could also see the bright side of the tight budget and time plan. They understand that hiring additional personnel during the implementation process would not have been economically defendable. Additionally, Middle Manager 3 mentions that she also saw the flip side of the coin of having more personnel during the implementation. With more inexperienced co-workers, there were more persons to learn new working processes as well, which would have slowed down the implementation process. It was also the middle managers’ job to allocate the co-workers to their new positions. Middle Manager 1 states that this was a difficult task, since they had to have the right co-worker at the right position.
The co-workers agree with the middle managers view upon the stress during the implementation. The tight time schedule and time plan made it difficult for them to manage all their tasks. Because of middle managers’ support and a good team spirit they have managed to get through the toughest times. However, they are disappointed since they were promised to have additional co-workers at SSA during the implementation phase, a promise which was broken. Co-worker 3 and 4 express what they feel about the results of being short in personnel:

“I felt safe since we were promised additional personnel for the implementation process, but we still have not seen any extra co-workers. And that is a pity, or as a matter of fact, it really is terrible.”

“Regarding the number of co-workers who were stressed and sick due to this situation, I think we would have profited by hiring additional personnel initially. I think we would have managed the implementation better and faster then we did. Now things have taken so much time, and people have worked overtime.”

The co-workers have discussed the matter with their middle managers; still they understand that they can not do much about it since they can not exceed the budget.

The SSA manager comments upon the personnel problem by explaining that it was a tough balance to manage how many employees that could be hired to new positions. She says that more personnel could have been recruited when the implementation phase first started, but she did not know how many old employees that would have joined to the office in Uppsala when all the BU had been transferred. Since it was difficult to plan the recruitment in advance, many consultants were recruited. Additionally, she defends the number of employees at SSA by claiming that hiring additional employees or consultants would have been too costly. Although, she admits that the SSA workers had a tough time partly due to the employee shortage. Today in Jokkmokk and Uppsala 65 are employed by Vattenfall and 46 are consultants.

According to Co-worker 2, the consultants experienced additional stress during the implementation. Initially they sensed they were promised a fixed employment, which did not happen in reality. Their insecurity regarding their future employment created worry among the consultants. Simultaneously, other personnel were hired, which made the consultants feel more insecure. Still, they had to instruct the newly hired in working process. Here, the consultants felt bypassed by the newly employed, since their contract was not transferred into a fixed employment at Vattenfall. Thereby, when some consultants left SSA, their competence was lost.

### 4.5.3 Learning

The SSA co-workers started to learn their new working processes during the observation, but had not completed their learning when the transaction to SSA begun. According to Co-worker 2 the first weeks of SSA implementation were rather chaotic, since few knew their new working tasks. This phase was frustrating for everyone. Middle Manager 3 states that the each individuals’ transition process to her/his new position was complicated since not only the consultants had completely new working processes to learn, but also the permanent employees. She recalls what one of her co-workers, who had got a permanent job at Heat only shortly before the implementation of SSA, told her:
“She said 'oh no, now I am one of the most experienced co-workers, and I have only worked here for nine months'. That is how it was. There were not so many who stayed in their old position.”

Middle Manager 3 adds that it was also a problem that much competence was lost when SSA was implemented. Many decided not to follow to the Uppsala office, because of the daily commuting. As a result, new co-workers had to replace the former accounting employees, and to rebuild competence was a time consuming process. When the transaction process had begun, the competence of the co-workers was built up through educational work shops, written documentation of working processes, the Accounting Newsletter, as well as over the desk explanations from co-worker to co-worker. These learning processes will now be expanded on.

All SSA co-workers have undergone six full days of internal education to become more knowledgeable about their new organization, according to Middle Manager 2. It involved general information about Vattenfall, education concerning SSA, as well as instruction in Vattenfall’s accounting system SAP. The education was arranged by Middle Manager 1, since she is the coordinator and specialist of SSA. Thereafter, workshops were held by the most knowledgeable person in each area; middle managers or systems engineers in SAP.

Documentation of working processes was also frequently used by co-workers to learn their new jobs, states Co-worker 6. The Communication Manager explains that the documentation was created in the beginning of the 2000's when the UNO project was initiated. Its purpose was to harmonize the accounting functions to obtain transparency for Vattenfall’s operations. As a result of the UNO project, Middle Manager 4 states that a first attempt to implement SSA at Vattenfall AB was made and SAP was put into operation in most BU.

The instructions made during the UNO project were helpful for many during the transformation of SSA, since by using the documentation all co-workers followed the same working process. Also, when co-workers had no one to ask regarding a working process, they could turn to the documentation.

Still, the documentation was not complete when the implementation of SSA begun, and it was upgraded continuously. Firstly, not all working processes were written down, and secondly, some documentation described the old working processes, not the new ones. Therefore, it was not always accurate to use documentation, describes Co-worker 4:

“That is where we started, if what we had learned was in accordance with the documentation. Sometimes, when the instructions were correct, we used them to learn, and that worked out well. But some working processes were done differently, and then we changed the documentation in line with the new processes. Since we all have to follow the same working processes now, we had to change many BU’ working processes to make it work out.”

The SSA Manager created a monthly Accounting Newsletter to communicate to the SSA employees about the current state of the project. However, she wishes she could have been able to communicate in person to all employees, it was not a realistic expectation. Instead, the middle managers have taken care of the direct communication.

Middle Manager 4 states that the education and documentation helped many co-workers to learn their new working processes. Still the major facilitator for learning was the SSA employees’ instructions to each other integrated in their daily work. When Co-worker 4 had questions about something, she often turned to her middle manager; in her daily work but also during arranged meetings. Even though she learned much through the observation
process and work shops, there were still knowledge gaps, and the support of the middle manager was valuable for her. Co-worker 2 experienced her middle manager as a facilitator for her learning as well. Besides, she often turned to co-workers that were more experienced. She remembers when the first experienced employee from a BU joined her group:

“I felt it went much easier when we got an experienced intern to our group, then I was no longer dependent on my middle manager. Of course she did not know everything, but she knew the processes and how to do. She was always available, instead of disturbing my middle manager who was often busy. When she came to our group I thought ‘yes, now we can make it’.”

The middle managers and co-workers all agree that the implementation of SSA was a grand learning experience. Much was learned during a short period of time. Due to the time constraint, the employees learned their new working processes quickly. However, learning hastily has its consequences. Some processes were learned faulty, and knowledge gaps still remain. The co-workers also expressed that there was no time to document their individual detailed notes written during the execution phase.

Co-worker 1 claims that she uses the same working processes as before, since the accounting routines at her old BU were already as efficient as they should be in SSA. Co-worker 4 adds that in some of the BU’ transaction processes more correction of working processes were made than in others. Furthermore, the general opinion is that the smaller BU transferred more easily into new working processes, while the larger ones more often kept old routines. The old BU were highly decentralized regarding working processes, and since many had well established routines they were more resistant to change them. Middle Manager 3 comments upon this by saying:

“The hardest part is not to learn the new procedures, but to forget the old ones.”

The learning process was not only difficultly maneuvered at SSA, but also in the BU. Co-worker 2 states that she received many phone calls from the BU concerning which responsible person to turn to for different matters. Before the implementation of SSA, the accounting department was in the same office as its BU. She says that many seem to have trouble learning whom to turn to now when they are not physically close.

Finally, the SSA Manager states that the learning was an interactive process that included the co-workers, middle management and top management. There were channels for the co-workers to give suggestions for refinements of the working processes. By using the activity lists and face-to-face communication between middle managers and top management during meetings, all suggestions for improvements were either managed or postponed.

4.5.3.1 Middle Managers’ Roles in the Implementation Process

According to Manager 4 the middle managers’ roles during the implementation process were to educate their co-workers in their new working processes, plan for accurate activities at SSA, and to communicate how the change proceeded and what changes that needed to be made in working processes to the top management. Middle Manager 2, who was recruited externally, also had to learn much for herself, not only explain to others. She went to seminars, but learned the most on her own, for example by using the internal network. After approximately two months she was comfortable in her role.

For the SSA manager and the middle managers to cope with the transformation process they met weekly to discuss the current status for each process and the progress implemen-
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tation. For Middle Manager 3, these meetings were important since the implementation in practice was not clear in relation to what was planned. Also for the SSA manager the meetings were important to get an insight into the implementation process and current problems. The meetings were also a channel for her to communicate with the middle managers, who in turn spread the information to their co-workers.

Middle Manager 3, who got her first managerial position when the implementation of SSA started, states that the middle managers worked closely, both in daily work interactions as well as in meetings. Since she is a ‘first time manager’, it has been a support to discuss different matters with the middle managers who had an experience from Vattenfall.

In the reorganization process, the middle managers were the translators and the supporters of the top management and project group’s strategies to the co-workers. According to the SSA Manager the middle managers were the key players in the transformation process:

“The middle managers were very important during the implementation. They are the experts in their processes and have the daily contact with their employees. So they are of great importance both for the processes and for the personnel. I am more of a communicator for accounting to external actors, so they are very important.”

For the SSA Manager, the project was a learning experience as well. She explains the importance of communication from the receiver’s context:

“I learn continuously, since everyday there is something new, and foremost it is in my interaction with people that I learn. You can never be sure of what is important for another person; you always have to try to learn to see the world through someone else’s glasses. You always have different baggage and experiences that influence how you look upon things, for me that is a challenge to learn.”

4.5.4 Expectations and Outcomes

One outcome of the implementation of SSA that many respondents mentioned was the ‘rejuvenated spirit’ that emerged at both the offices in Uppsala and Jokkmokk. This was an outcome of the temporary undersized office premises, which created closeness and also a strong team spirit among employees. The high demand on the accounting employees and the fast transformation phase created external pressures that contribute to the team spirit. Middle Manager 4 who started working at SSA in beginning of June says that:

“When the first BU started to transform to SSA in June, we were ten to fifteen employees who started to work, we sat in the dining hall, with temporary facilities, it was crowded but created a great rejuvenated spirit in the group. The new premises were being rebuilt and in September we moved in.”

In September the new premises in Uppsala was finished and the staff could move in. Also in Jokkmokk, the office premises were temporary and the team was even involved in designing the new premises. Middle Manager 5 and her co-workers also purchased computers, and installed telephones and other interiors for the office. She describes the conditions in the Jokkmokk office at the start of the SSA transformation:

“We have been working in different premises, during one period we were located in three different premises, it was hard to manage the group when it was spread at three different places. I even had to sit in a shower and work to make room for everybody; I feel that the group has
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grown closer in a certain way, since we have had to deal with practical issues as well. We try to see the opportunities instead of the problems.”

These temporary conditions have further created a stronger team spirit were results are created.

Also the co-workers confirmed the ‘rejuvenated spirit’ during the interviews. Co-worker 4 who worked in the Uppsala office from the start of the transformation process states that:

“Despite the high stress, there was a really good spirit, when new co-workers arrived there were many who said ’o you have this new start spirit’.

Another outcome mentioned by many was the increased accounting knowledge in the SSA organization. The co-workers in Jokkmokk who previously worked in the smaller BU in Porjus and Vuollerim, expressed this as a positive outcome of the reorganization. Also the co-workers in Uppsala find it easier to solve problems when all accounting knowledge was localized in the same premises. The Middle Manager 5 located in Jokkmokk states that:

“One thing that is very good is that we have gathered all competence in one facility, you never need to be on your own room, you can call straight over the desk or walk to the neighbor. They always get their questions answered, except when there is a problem with the software, then we must send the problem to help desk.”

A third outcome of the reorganization concerns the BU’ attitudes effect on the transaction process to SSA. The BU who were skeptical towards the reorganization demanded more information and planning which led to a smoother transformation. On the contrary, the BU that were positive and did not plan the transformation process, were left with accounting tasks that were forgotten during a longer period. Middle manager 2 states that:

“It has been a lot of planning meetings with the different BU. The benefits of planning extensively together and collaborating prior to the transformation, it has led to an increased demand of services from SSA. Others who did not have as much planning and were more positive in the beginning with an attitude of ‘this will work out’ did not prepare properly. For them the problems appeared later on in the transformation, accounting tasks had not be handed over and thus ‘fallen between tables’ for three to four months. This slowed the transformation down.”

Fourthly, another outcome of the reorganization mentioned by Co-worker 5 is that SSA has clarified the roles and responsible areas for accounting, leading to greater transparency. Today, the co-workers of SSA feel that they work more in accordance with the concept of materiality, leading to higher quality of their work and professionalism. According to the Manager of SSA, this was also highlighted by Vattenfall’s auditors. Co-workers 5 and 6 express that there is a new ‘accounting culture’ at SSA which they prefer to the former culture, which was strongly influenced by the BU. However there is still more work to be done in refining the interface between SSA and the different BU. The goals and vision are not explicitly known by the co-workers at SSA. Having knowledge of these goals and vision would facilitate their understanding of the responsible areas towards the BU.

Finally, The Area Responsible for Accounting Nordic’s communication role changed during the project. He states that his communication role has gone through three stages. Initially, when the decision to implement SSA was made, his role was to clearly and honestly communicate that the decision was made and fully supported by top management team, and impossible to stop. Also Middle Manager 4 confirms that the arguments were strong
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and clear in the initial phase, she believes it is a key success factor in an extensive reorganization as SSA. He emphasizes that the task was to be determined in his message, and not to take in the co-workers opinion, otherwise the process could have been slowed down. In the second stage, it was important for the The Area Responsible to listen to co-workers in terms of the design of SSA, and to make decisions. Concerning the third phase that SSA enters after the implementation he explains:

“Now it is about getting the power structures to function. Because we have decided that SSA not only is a centre for transaction services, but also competence. SSA should be something to grow in that is a strong function for Vattenfall Nordic. […] It is a machine for competence. The difficulty is not to include too many functions in SSA, but to be able to finance each step we take. Now it has to be able to stabilize at to keep its structure. But change is something that will always be. We will see, maybe ten years from now we will say ‘nope, we have to decentralize this organizational activity to make it more stable’.”
5 Analysis

This chapter is structured in accordance with the summarizing model of the frame of reference. The model will be used to analyze the empirical findings of the implementation of SSA at Vattenfall.

To answer the thesis’s purpose: to explore the sensemaking and sensegiving process during organizational change, with focus on middle managers we will make use of the theoretical model, presented in the Frame of Reference. The model is composed by Balogun and Johnson’s (2005) sensemaking and sensegiving process flow in combination with Nonaka and Takeuchi’s (1995) knowledge creation model, along with theories of sensemaking and sensegiving, communication, change as well as middle managers’ roles in strategic processes theories. These will be used together to analyze the different sensemaking and sensegiving phases of the SSA change. The analysis will later make up the conclusion that will identify what constrained and enabled the middle managers in their sensemaking and sensegiving process.

5.1 The Roles and Purpose of the Change

Sensemaking and sensegiving is the process of interaction and cognition that individuals do to understand the intended change. To understand the reasoning in the analysis of middle managers’ sensemaking and sensegiving we will start with analyzing the intended purpose of the centralization of Vattenfall’s accounting departments into one Shared Service unit. We will do this by using Williams (2001) definition of strategic objectives statement which answers the questions of why, how much and when. The why in the case of Vattenfall was the need of greater transparency in controlling of accounting. Being a profit oriented company, centralization and standardization would lead to greater efficiency which would decrease cost and improve quality. Further the expertise knowledge would develop and become more accessible in problem solving. The result of the pilot study presents the how much; it showed that centralization of all BU accounting departments of Vattenfall Nordic in Sweden could lead to savings of 18 up to 35 percentages. The change started in autumn of 2004 and was estimated to finish in April 2007, which constitutes the when.

The above mentioned concept of strategic objective does not contain who it concerns. However, to further describe the change process of Vattenfall’s accounting departments, the involved key actors have to be identified as well. To explain the different roles in the centralization process of the case, it is visualized in a three level vertical model in Figure 5-1.
The model is a combination of Moss Kanter and Stein’s (1979) three roles of the middle management: manager, professional and supervisor within the middle line mapped in the knowledge creation model of Nonaka and Takeuchi (1995), including top management, middle management and co-workers. In the model, the Manager of SSA can be seen as the manager since she is the link between top management and the middle managers 1 to 5, closest to the first line. The professional is Middle Manager 1, since she is the accounting expert at SSA. The supervisors are the remaining middle managers, thus 2 to 5, since they are group leaders and have a close relationship with the co-workers on a day-to-day basis. In the analysis we will discuss the three roles when applicable.

In Nonaka and Takeuchi’s (1995) model, top management and co-workers are also included. In our analysis we will categorize the top management as the actors with influence over financial resources and closest relationship with top management of Vattenfall Nordic. Thus, in the analysis top management is referred to as the Area Responsible of Vattenfall Nordic. Finally, co-workers 1 to 6 in the empirical part are in the model referred to as co-workers. There are three actors from the case description that can not be related to Nonaka and Takeuchi’s (1995) model. These are the following; Business Developer, Pilot Study Consultant and Communication Manager. As they do not fit the theoretical model, in the figure they are mapped next to it as a supporting function for SSA.

Now that the key actors in the reorganization are visualized, we will proceed to analyzing the sensemaking and sensegiving process related to this change.
5.2 The Sensemaking and Sensegiving Process

After having explained the sensemaking and sensegiving process in a three level organizational context, a process approach is taken. At Vattenfall the sensemaking and sensegiving process was concurrent. When top managers or middle managers gave sense to co-workers, the co-workers simultaneously made sense out of the information, as stated by several employees. The opposite is also true, when co-workers gave sense about how they perceived something, the middle or top managers made sense of that information while it was communicated. This process confirms Roleau’s (2005) statement regarding that it is important to notice that the sensemaking and sensegiving process is reciprocal. Since the sensemaking and sensegiving processes at Vattenfall were reciprocal and continuous, it is difficult to define the beginning or the end of it. Having mentioned that, we would like the reader to keep in mind that when discussing either sensemaking or sensegiving in the analysis, the described process is neither isolated, nor in one direction. It is rather a reaction to an earlier sensemaking/giving event, and each sensemaking/giving occasion is followed by another one.

In the change process of the centralization of SSA, it was necessary to identify a start followed by different phases and an ending to be able to define the case. Precise phases, and the definite start and ending are still difficult to point out. However, in our theoretical model (Figure 5-2) we combined different concepts and made definitions of the phases using Balogun and Johnson’s (2005) process approach to the sensemaking and sensegiving process.

Following, the five sensemaking and sensegiving phases, categorized in relation to the centralization of Vattenfall’s accounting department’s, are introduced to the reader. Thereafter, each phase will be further described in five separate sections. In Figure 5-2 the five stages are visualized. The first phase, (1.) old schemata, can be seen as the post change phase from 2001 until 2004 when the pilot study started and the organization functioned according to old patterns. The second phase (2.) sensemaking triggers, occurred when the decision to im-
plement SSA was taken by top management. The third phase is (3) social processes of interaction, where the implementation started and the organizational members went into an intense sensemaking and sensegiving process. This occurred in the observation, conducting, validation process in the transformation of BU accounting functions to SSA. The fourth phase (4) developing schemata, occurred when the new working routines had been established among the SSA employees and they were working accordingly. Finally (5) outcomes are the intended and unintended outcomes of the SSA employees’ sensemaking and sensegiving of the change. In the next section, the five sensemaking and sensegiving stages, and the middle managers’ roles in each phase, will be explained more in detail.

5.3 Old Schemata

Vattenfall Accounting’s old schemata phase (as seen in Figure 5-3) took place when its BU were still decentralized, and before the first attempt to bring together all accounting functions into one department was made in 2001. This is in line with Balogun’s (2006) description of old schemata, which is defined as when employees act according to old patterns and the organization is in a stable period. In 2001, the top management had already tried to make a change initiative, however the initiative was not carried through. During 2004, the top management anticipated that the organization might be ready to reorganize the accounting function completely this time. Yet, the top management was still not certain if such a change initiative would be favorable. Nevertheless, the top management of Vattenfall Nordic demanded further transparency, decreased costs for the accounting functions, as well as increased belongingness in the organization. Therefore, a pilot study group was put together to evaluate if a change was to be made or not for the accounting functions. Balogun (2006) confirms that the old schemata will sustain unless top management makes a change initiative. Hence, Vattenfall’s old schemata endured until the change initiative for the accounting departments was made. The pilot study phase can not only be seen as the ending of the old schemata, but also as Gioia and Chittipeddi’s (1991) envisioning phase, where the top management made sense of the organization and created a ‘new vision’ of the new organization with a centralized SSA.

To explain the middle managers’ contribution in the old schemata or pilot study phase, we can apply Floyd and Wooldridge’s (1994) theory on middle managers’ roles in strategic processes. Here, we can refer to the Pilot Study Consultant who states that the middle managers provided important information about the accounting functions during the pilot study. The result presented from the pilot study made up the basic data for decision making when the final decision for implementing SSA was made by top management. Hence,
we confirm Floyd and Wooldridge’s (1994; Pappas and Wooldridge, 2007) research stating that middle managers play an important role in the strategic formulation and that their contribution is essential for the organization’s success. In the model (Figure 5-3) this can be seen as the sensegiving from middle managers up to the top management.

Expanding on the middle managers’ role in the pilot study phase, they were rather synthesizing information than championing alternatives. Even though Accounting’s middle managers were in the position where they could have given entrepreneurial and innovative suggestions to top management (Floyd & Wooldridge, 1994) the Pilot Study Consultant claims that they only were information providers, giving their knowledge on how the accounting functions operated. Therefore, the middle managers were rather synthesizing information, thus as Floyd and Wooldridge (1994) state; indirectly influencing top management’s decision making by providing information about internal and external events. As for Vattenfall’s case, the information given from middle managers constituted the base for the analysis of the SSA case during the pilot study. The result of the analysis, in turn was the base for the decision taken for the implementation of a centralized accounting function at Vattenfall. According to Floyd and Wooldridge (1994), information like this can seem innocent, but it still has a powerful effect on top management’s strategic decisions. Our findings also agree to Nonaka and Takeuchi’s (1995) statement that middle managers are the knowledge creators and the source for top management’s decision making, giving rise to a middle-up-down strategy. The Area Responsible Manager for Accounting Nordic rejects that the implementation was a top-down decision, since the decision to implement SSA was based on the pilot study. Hence, the choice to implement SSA was, as Nonaka and Takeuchi (1995) suggest, a middle-up-down decision.

The old schemata or pilot study phase can be summarized by; as a result of middle managers’ sensegiving of the situation of the accounting departments at the BU, top management made sense of their information provided in the pilot study report. The outcome of top management’s sensemaking was in turn the decision to implement SSA at Vattenfall.

### 5.4 Sensemaking Triggers

In Figure 5-4, sensemaking triggers is the second phase. For the SSA project, the first sensemaking trigger is identified as when information was spread about that a pilot study was made regarding if the accounting departments at Vattenfall should become centralized. Confirming Balogun’s (2006) concept of old schemata; thus, when the old schemata is budged through a change initiative by top management, new practices that employees do not understand initiate sensemaking triggers, where they enter into a conscious sensemak-
ing mode. Here, employees entered a conscious sensemaking mode by sharing experiences with each other through rumors to understand the SSA change, as in accordance with Balogun’s (2006) definition of sensemaking triggered activities. Since top management’s decision to make a change initiative was not made when the first sensemaking trigger set off, Lewin’s (1954, cited in Yukl, 2006) unfreezing phase better describes what initiated the employees’ sensemaking. When the organization unfreezes it can be triggered by top management’s analysis of the organizational environment.

The second sensemaking trigger set of when the decision to implement SSA was made by Vattenfall’s top management. For this phase Gioia and Chittipeddi’s (1991) signaling phase also applies, since in this stage top management communicates the new vision, thus for Vattenfall’s case; the decision to implement SSA. What Balogun (2006) says about that sensemaking triggers are constituted by new practices that are not understood by employees is important to emphasize at this point in the SSA case. Regarding what co-workers and middle managers reflected upon during this stage of the reorganization, most were concerned about if they could keep their jobs, not what the change implied for their day-to-day job practices. Here, at what point the individual’s sensemaking was triggered is connected to if she or he realized that the change would affect her or him.

According to the Communication Manager communicating information during the localization phase was important, since the employees demanded information about how the change would affect them. Therefore a communication plan was created to facilitate the change. Here, Balogun and Johnson (2004) point out that both horizontal and vertical information is significant during change. However, the project group seemingly neglected the horizontal channel to spread information at the time of the localization phase. The communication that was given vertically from top management to middle managers and further on to co-workers through the webpage and information meetings was well structured. Yet, none of the respondents mentioned considerations taken towards how information spread horizontally among middle managers and co-workers.

Top management and the project group’s ignorance for horizontal communication created rumors that circulated at the BU during the localization phase, which in turn created anxiety among employees. According to Larkin and Larkin (1996), rumors spread without control by facts on print, resulting in personal interpretations. Thus, since top managers and the project groups’ sensegiving about the localization was not sufficient according to the SSA employees, not fully controlled sensemaking took place at the BU. However, much information was still given to middle managers at the BU, who in turn spread the information forward to co-workers. In this sense, the co-workers’ sensemaking regarding the localization was facilitated, since Larkin and Larkin (1996) state that co-workers have stronger trust for information given by middle managers than from top management. Nevertheless, middle managers made sense out of the same information provided by top management, while co-workers’ sensemaking process was influenced by how much information was forwarded by their middle managers. For instance, Co-worker 5 perceived that he was well informed by his middle manager, while Middle Manager 5 did not get much information from her middle manager, resulting in more sensemaking and understanding for the project for Co-worker 5 employee.

As mentioned, at this point middle managers and co-workers were much concerned regarding if they could keep their employment, not about the change itself. The sensemaking focus on future employment can be explained by Streble (1996), who argues that for top management change is a necessary mean to maintain competitive advantage. However, for employees change is unwelcome, since change implies instability and future employment
concerns. As a result, middle managers, and in particular co-workers, firstly made sense about what concerned them the most; their future job situation. Further, the anticipated instability also explains the negativism at the BU. Here, it becomes clear that top management experienced that the communication plan was a good mean to reach out and give sense to the BU. However, since it excluded information concerning the future for the middle managers and the co-workers their sensemaking about the actual change could not commence.

During the localization phase, macro factors as labor unions and the Media influenced the work of the SSA group. Since macro factors like these rarely are taken into account in sensemaking research (Lounsbury & Glynn, 2001), it is also important to highlight the external factors that influenced Vattenfall during the localization phase. According to Lozeau et al. (2002), managerial techniques of the public sector differ from the private. For the limited ability company Vattenfall this was noticeable, since it was important to have an open discussion with media and labor unions when the localization of SSA was discussed. According to the Area Responsible, the communication and negotiation with external actors delayed the decision regarding the location of SSA. This occurrence is also made clear by Lounsbury and Glynn (2001) who claim that macro factors often influence the organization’s and its members’ behaviors.

As a result of both the internal and external processes, it was finally decided that SSA should have two locations; one large office in Uppsala, and a smaller in Jokkmokk. First when the localization for SSA was decided upon, sensemaking trigger three set of, where middle managers and co-workers started to make sense regarding the actual implications and plan for the change.

Summarizing the sensemaking triggers or localization phase; top management and the project group made sense to the BU using the communication plan, including vertical information via information meetings and the webpage, as well as using middle managers as carriers of information to co-workers. However, the employees’ sensemaking regarding the actual change was blocked by concerns for their future employment. Instead, middle managers and co-workers used circulating rumors as a complementary sensemaking channel to figure out where the SSA office possibly could become localized and what their future employment would be. This process was extended due to macro factors’ influence on the location decision.

### 5.5 Linking Sensemaking Triggers to Social Processes of Interaction

When describing the design phase of SSA academically it can neither be referred to as a sensemaking trigger nor as social process of interaction, as the phase is a mix of the two. During the design phase middle managers and co-workers who were assigned new positions at SSA in Jokkmokk or Uppsala were triggered to make sense of their new job. Balogun (2006) states that when employees take on new job positions as a result of a change, they adopt a conscious sensemaking mode started of by a sensemaking trigger. Hence, the event when the individuals at the accounting departments at the BU were assigned new positions at SSA is referred to as sensemaking trigger four. At this point neither middle managers nor co-workers at the soon to be SSA organization were aware of what their new jobs implied in detail, they had to make sense to understand it.
However, simultaneously as the positions at SSA were assigned, social processes of interaction were initiated by middle managers’ preparation for the implementation of SSA. According to Balogun (2006) this process includes written and verbal forms of informal and formal communication. Middle managers made sense of how the new working processes should be shaped, as well as they prepared how to give sense to their new co-workers by creating both written as well as verbal communication forms. Following the sensemaking of SSA’s new working processes, the SSA manager and the middle managers, together with a consultant firm could create the structure for the implementation phase; preparation, observation, execution, validation, handing over, and up and running. Since the co-workers were not directly involved in the design phase, their middle managers represented them. According to Larkin and Larkin (1996) it is important that co-workers trust supervisors that introduce the change. Here, co-worker 4 and 2 state that they were confident that the middle managers represented their requests well.

In parallel, Co-workers 5 and 6 state that employees were discussing what SSA would be like, some speculated that it would be a section where mechanical accounting would be administrated. According to Balogun (2006) sensemaking take place for example in forms of rumors and stories like these.

To conclude this phase; middle managers were making sense among themselves and creating means to give sense to co-workers during the implementation of SSA. At the same time, co-workers had already started to make sense about what the new organization would be like by speculating and sharing rumors.

### 5.6 Social Processes of Interaction

In the third stage, Figure 5-5, social processes of interaction, is connected to when the implementation of SSA started. During the implementation phase of SSA the middle managers and co-workers started to act upon the change and make sense of the new ‘vision’ communicated via the middle managers from the top management using formal and informal channels, thus agreeing with Balogun’s (2006) phase of social processes of interaction. Gioia and Chittipeddi’s (1991) re-visionsing phase also applies here, since SSA’s middle managers and co-workers, as in the theory, tried to understand meaning of the new vision. Further, Levin’s (1954) change concept can be related to the phase of social processes of interaction, where the middle managers and the co-workers searched for new working routines to fit with the new vision decided by the top management. During the transformation of the first BU, from June to September 2006, there was limited documen-
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The documentation had been refined and developed in the workshops, but not transferred into useful working manuals. The middle managers, who knew the working processes, were tied up in meetings and not accessible to support the co-workers in their sensemaking process of the new working routines. Thus we confirm Balogun (2006), stating that sensemaking is a social process, since the co-workers sensemaking and sensegiving process was slowed down when the middle managers where not accessible, which in turn also slowed down the entire implementation of the project. Further we argue for the key role that SSA’s middle managers had in microstrategizing (Johnson et al., 2003), where the vision is made sense by middle manager who have the understanding of how to implement the objectives into the day-to-day work, delivered by the co-workers. The knowledge gained from the initial transformation of the BU, made it easier for the following transformations.

5.6.1 Communication and Knowledge

When the implementation phase was initiated, the sensemaking and sensegiving process intensified, since most of the staff at SSA had new roles, needing to learn new working processes. Here, the larger knowledge gap from previous role to current, the longer the sensemaking process. According to Middle Manager 2, who was externally recruited and unfamiliar with Vattenfall's culture and organization, it took her two months to learn the new working tasks related to her new role as middle manager. Work related as well as personal issues were discussed at the weekly meetings and also in informal conversations, which can be seen as horizontal communication between the middle managers. This confirms Balogun & Johnson, (2005), where sensemaking and sensegiving is a horizontal communication process.

For the personnel to learn the new working routines of SSA, middle managers in collaboration with a consultant company, prepared methods for the implementation phase, as mentioned 5.5. Here, middle managers’ tacit knowledge was translated into explicit means, from which co-workers could learn their new working processes. The explicit method implied that co-workers and middle managers visited the BU and by observing the working routines learned the new working routines. The knowledge creation by transforming tacit into explicit knowledge used during the SSA implementation, applies to Nonaka and Takeuchis (1995), argument that organizational knowledge is created when implicit knowledge is translated into explicit knowledge. Here, we can contribute to earlier sensemaking and sensegiving research, since Roleau (2005) states that researchers seldom take managers’ use of tacit knowledge in the sensemaking and sensegiving process into account. In the SSA project we can confirm that middle managers used their tacit knowledge both used both prior to as well as during the implementation.

Going by trial and error (Nonaka & Takeuchi, 1995), the staff returned to SSA and used the new working routines. Later the staff from the BU visited SSA, to validate that the accounting was done in a satisfactory way. The four standardized accounting areas were refined, in the collaboration between middle managers and co-workers, when the practical knowledge gained from the observation, implementation and validation process was used.

Both Co-worker 4 and Middle Manager 3 emphasize the importance of face-to-face interaction in the sensemaking and sensegiving process. Balogun and Johnson (2006) argue that during change communication mainly occurs horizontally in the organization, since there are barriers hindering vertical communication. Thus our findings contradict Balogun and Johnson (2006). As an explanation, we refer to Moss Kanter and Stein’s (1979) conceptual-
izing of three roles within the middle line, where supervisors, previously identified as Middle Managers 2 to 6, and the professional, Middle Manager 1, have close interaction with the co-workers. Thereby, they overcame the barriers between the levels in the organization and facilitated for vertical communication in the sensemaking and sensegiving process.

In the phase of social process of interaction communication was intense and different forms of channels were used. Especially in the initial phase of the implementation, there was a strong need for formal information. However, as the implementation progressed the co-workers’ and the middle managers’ understanding developed. To respond to the employees need for information the manager of SSA sent out a news letter informing the employees about the progress of the project. Here, the SSA project agrees to Balogun’s (2006) statement that communication in the change process can be formal as well as informal.

Middle Manager 1, earlier defined as the professional, was responsible for the formal workshops, in which new employees participated to be educated in new routines and areas within accounting. However, the workshops were held by the person who had most knowledge in the area, thus it could be one of middle manager 2 to 6 or external experts such as software engineers in a certain accounting program. Relating this to Moss Kanter’s (1979) three roles in the middle line, all middle managers were supervisors, and middle manager 1 also had the role as accounting expert, thus professional. However, during this phase the other middle managers also functioned as professionals, since they took the role as a teacher, when they had relevant knowledge. Thus, the middle managers’ varied role was to a greater or lesser extent characterized as a supervisor or professional.

Moreover, Co-workers 5 and 6 confirm that sensemaking and sensegiving is a social process (Balogun & Johnson, 2005), since problem solving has become easier when accounting knowledge has been allocated to one office, where face-to-face interaction is possible between the accounting employees. The physical closeness and recognition facilitate for sensegiving and sensemaking among the middle line and co-worker line as well between the two lines. Furthermore, one co-worker was positive towards having more accounting colleagues, but could not directly grasp the benefits of a centralization accounting unit for Vattenfall. Agreeing with Nonaka and Takeuchi (1995), who explain that co-workers’ detailed realities regarding their work can make it difficult for them to place their knowledge in a broader context of the company. Thus, during change the middle managers have an important role in providing the co-workers with a conceptual framework for making sense of how their role fits with the company.

5.6.2 Duality Regarding Resources

Prior to the implementation of SSA, the employees were promised additional staff to manage the heavy work load in the early phase of the implementation. However, the Area Responsible explains that there had been miss calculations in the number of staff needed during the implementation, forcing the Manager of SSA to keep personnel costs down during the implementation. As a result, the promised extra staff was never realized, to the co-workers disappointment. Thus this situation clearly confirms previous findings by Moss Kanter and Stein (1979) as well as Stewart (1991), where middle managers are stuck in the middle, having to defend and explain decisions that they have not made.

The resource issue reveals a dualistic situation during the implementation of SSA. In our case several of the middle managers and co-workers express that shortage of resources in terms of personnel and a tight schedule were the main factors to the pressure and stress that they experienced during the implementation. As in our finding, Thomas and Dunker-
ley (1999) state that middle managers face longer working hours and harder work as a result of greater responsibility. Nevertheless, we found that this constraint also held for co-workers during the change. Manager of SSA states she worked nonstop in periods to cope with the increased working task during the implementation. Both co-workers and the middle managers express that the middle managers’ time for support in teaching the new working routines was compromised with their frequent attendance at meetings related to the change. Further, according to co-worker 2 the arrival of an internal experienced co-worker, created the feeling of ‘we will make it’, thus the support from a knowledgeable co-worker was crucial for the sensemaking process in order to realize the implementation process and decrease stress. The co-workers state that they wanted more professionals and co-workers that could have supported them in their learning process. This is also confirmed by middle manager 3 who expresses that there was lack of time to support the co-workers, which was hindered due to her responsible of the day-to-day work and other extra burden from the implementation. Additionally, at the same time as coaching co-workers the middle managers also had to learn new processes. Here, we confirm Balogun’s (2003) findings on middle managers’ complex responsibilities during change.

From the above discussion we conclude that additional employees at SSA during the implementation phase would have been a support in the learning process and decreased the stress. On the other hand, a counteracting argument towards this statement mentioned by SSA employees is that making additional employments during the transformation would have led to more staff learning new working processes. Here, middle managers’ burden would have increased further by being responsible for additional employees learning. As a result, the implementation process would have slowed down. Thus, the low number of staff was also a facilitator for the middle managers. Here, a duality in the studied case appears; the middle managers were both hindered and facilitated by the limited resources, thus contradicting the arguments of Thomas and Dunkerly (1999).

Nevertheless, limited resources created a stressful environment at SSA and middle managers as well as co-workers had difficulties to manage all work. Since little compensation was given to middle managers at this point, the result would assumingly be lacking motivation among middle managers, as stated by Dopson and Neumann (1998). However, the contrary is true for the employees at SSA. Both middle managers as well as co-workers state that they were capable of managing the stress because of the rejuvenation spirit at the SSA offices.

In relation to previous studies of sensemaking and sensegiving our study reveals a new finding. Middle Manager 2 explains that the BU where middle managers were critical towards the change demanded more information about the reorganization, resulting in an efficient implementation of SSA. In comparison with more positive BU, neither middle managers nor co-workers asked for clarification in relation to the transformation. This created problems during the implementation, such as unclear description of working routines and responsible areas. Here, we argue that a negative or positive attitude from the middle line initially in the change process can facilitate respectively hinder the sensemaking and sensegiving process.

5.6.3 Middle Managers’ Importance for Sensemaking and Sensegiving

As discussed earlier, in relation to the knowledge creation model, middle managers supported and translated the strategic objectives set by the top management in the transformation process in collaboration with the co-workers. Thus, this study confirms Floyd and
Wooldridge (1994) conceptualizing of the middle managers were implementing deliberate strategy. Also, the Manager of SSA point of how important the middle managers at SSA were for the change process. Hence, she confirms Floyd and Wooldridge’s (1994) findings on that middle managers play an important role in the change.

Taking the discussion further about learning in the sensemaking and sensegiving process, a citation of the Manager at SSA is used:

“I learn continuously, since everyday there is something new, and foremost it is in my interaction with people that I learn. You can never be sure of what is important for another person; you always have to try to learn to see the world through someone else’s glasses. You always have different baggage and experiences that influence how you look upon things, for me that is a challenge to learn.”

The quote reflects that the Manager of SSA, who as the Manager according to Moss Kanter (1979) holds a central role in the sensemaking and sensegiving process between the other middle managers and higher levels in the organization. Further, the citation shows that people in a sensemaking and sensegiving process can by realizing and being aware of the process, improve the ability of communicating considering another persons’ ‘schemata’. Thus, increased awareness and understanding of each individual’s background and the interpretation of their reality will increase efficiency in the sensemaking and sensegiving process, increasing pace of the change. Arguing that a person’s sensemaking and sensegiving ability can improve, supporting that knowledge creation and sensemaking and sensegiving are two interlinked processes, as the summarizing model of the frame of reference describes.

Summing up the social processes of interaction or implementation phase; the communication, learning, interaction and collaboration occurring in this phase is where the sensemaking and sensegiving are as most intense. During the implementation phase all three organizational levels participated in the learning process, making sensemaking and sensegiving taking place within the whole organization. However, the sensemaking and sensegiving was the most concentrated among middle managers and co-workers.

### 5.7 Developing Schemata

As earlier described, the new SSA organization started to take form through social processes of interaction, but according to the SSA Manager, all working processes were not carried out as intended and some working processes turned out not to fit the organization. According to Balogun and Johnson (2005) organizational members’ interpretations of the change like the SSA employee’s are re-
ferred to as developing schemata, as seen in Figure 5-6. The evolving interpretations of change were continuously adjusted in the developing schemata phase. In the energizing phase (Gioia & Chittipeddi, 1991), organizational members try to influence the vision, thus this is in line with the processes that took place at Vattenfall during the developing schemata stage.

Co-worker 4 claims that some co-workers used old working processes also after the implementation of SSA, and that some of the BU were more resistant to change to the new ways of SSA. This is in line with Balogun and Johnson’s (2004) statement of that old schemata can sustain also after the change was officially implemented. To correct these co-workers the middle managers played an important role in this adjustment process. In this sense, they were facilitating adaptability, as stated by Floyd and Wooldridge (1994). Here, middle managers function as change masters since with their knowledge about the organization they can adopt the change’s intended working processes to better suit the organization (Floyd & Wooldridge, 1994; Stensaker & Falkenberg, 2007). Co-worker 4 states that change modifications and development of the documentation were made continuously to better explain the new working processes. According to the SSA Manager, another mean to customize the working processes and solve interface issues at SSA were to use activity lists. These two tools somewhat contradict theory since they are used and controlled not only by middle managers but also by co-workers to adjust working processes. However, middle managers influence the adjustments for SSA in other ways. According to the Area Responsible three SSA middle managers are present in the Council, giving advice for the Board’s decision making. Also, during meetings between middle managers and top managers, suggestions for adjustments were either approved or postponed. The above mentioned modifications of the change are also in accordance with Stensaker and Falkenbergs (2007) research. They claim that adjustments should make the organization more compatible, without damaging the intention of the change.

Summarizing the phase of developing schemata, as the SSA co-workers and middle managers better understood the new organization through their sensemaking, they started to give sense to middle managers and top managers about working processes that were not efficient or did not fit SSA. In turn, top management, the Board and Council’s sensemaking of the suggestions resulted in a decision to either bring forward or defer the proposals. The adjustments made during the phase of developing schemata are confirmed Weick et al. (2005); employees make sense it is not about getting it right, but to make continuous adjustments of the emerging change.

5.8 Emergent Change Outcomes

At the point of the material collection at Vattenfall, results of the change were becoming visible to the employees, thus according to Balogun and Johnsson (2005), the change was in the stage of emergent change outcomes, as seen in Figure 5-7. Since the middle managers and co-workers at SSA could describe how the new organization func-
tioned, it was an artifact of that the change was established in the organization, as described by Lewin (1954, cited in Yukl, 2006) in the stage of refreezing. However, emergent change outcomes of the SSA implementation have two characters; in relation to the strategic objectives, some objectives were realized others were not. This result of the change is described by Balogun and Johnson (2005) by stating that emergent change outcomes are both intended and unintended in comparison to the planned change.

To be able to classify what outcomes that were intended and unintended, we will remind the reader of the intentions of the change, as described in chapter 5.1. The new SSA organization was supposed to bring greater transparency, efficiency, decrease costs, improve quality, as well as bring together Vattenfall’s accounting expertise.

Firstly, the intended outcomes will be identified. According to several respondents of SSA, the organization and working processes became more efficient, transparent and of better quality as a result of the change. Nevertheless, there are still some modifications remaining to do, and the SSA Manager states that the measurable results will be possible to make within a year. Thus, it is important to point out that the employees anticipate improvements, but they can not yet be confirmed in numbers. However, Vattenfall’s auditors notice quality improvements in its accounting. A second frequently observed intended outcome by SSA employees was that the new centralized organization brought the accounting knowledge of Vattenfall together, making it easier to share and to solve problems. On the way towards these intended outcomes the middle managers were key actors, states the SSA Manager. All actors were important to arrive at this point of the change, but middle managers were especially significant for implementation.

The unintended outcomes are identified as the following. First, the Area Responsible manager states that the lack of resources in form of personnel made the change process more difficult. Second, instead of one location for the centralized accounting functions, the actual outcome was two offices; one in Jokkmokk and one in Uppsala, resulting in some higher transaction costs. Third, change skeptical BU planned more thoroughly than change positive BU, with the consequence of a smoother transaction with less flaws in comparison to other BU. Thus, the opposite was true for the change positive BU; poor planning resulted in a change outcomes with many interface issues and a slower transaction. Forth, many respondents explain that the extensive reorganization Vattenfall’s accounting functions went through led to a ‘rejuvenated spirit’ at SSA. According to Middle Manager 5, the spirit made the SSA employees see opportunities instead of problems, leading to better results at SSA.

Going over the main points of the emergent change outcomes, top managers’, middle managers’ as well as co-workers’ sensemaking and sensegiving processes led to differences between the intended strategic change of SSA and the change outcomes.
6 Conclusion

In this chapter the findings of our analysis will be presented.

The purpose of this thesis was to explore the sensemaking and sensegiving process during organizational change, with focus on middle managers. To answer the purpose, we developed the theoretical models of Balogun and Johnson’s (2005) process approach to sensemaking and sensegiving and Nonaka and Takeuchi’s (1995) knowledge creation model, arguing that sensemaking and sensegiving occur in the interaction between the organization’s levels, energizing the change process to progress. In the model the middle manager is the knowledge creator and communicator between the levels. We also contributed with identifying enablers and constraints of the middle manager, these will be presented by answering our two research questions.

What were the enablers regarding the sensemaking and sensegiving process for the middle managers at Vattenfall during the Shared Service for Accounting project?

Firstly, the middle managers have played an important role in the organizations’ sensemaking and sensegiving process during the change of the reorganization within Vattenfall, building on previous research (Floyd & Wooldridge, 1994; Balogun & Johnson, 2005; Stensaker & Falkenberg, 2007). Also, middle managers’ influence during the pilot study as well as the implementation method facilitated the transformation of SSA, which is in line with Nonaka and Takeuchi’s (1995) middle-up-down creation of organization knowledge. Thus, the middle managers functioned as knowledge generators in the sensemaking and sensegiving process.

Secondly, horizontal and vertical, formal and informal (Balogun & Johnson, 2005), as well as tacit and explicit (Nonaka & Takeuchi, 1995) communication channels for sensegiving enabled for middle managers’, top management’s, and co-workers’ sensemaking during the phases of sensemaking triggers and social processes of interaction.

Thirdly, we found that a middle manager’s awareness of the recipient’s individual way of making sense, improves the middle manager’s ability to adjust her or his way of giving sense to the receiver. Here, we can contribute to Balogun and Johnson’s (2005) research, since their theories do not include this aspect of sensemaking and sensegiving.

Fourthly, during the developing schemata the middle managers as well as co-workers were enabled by the tools provided to adjust working processes. Also, by actively participating in meetings regarding the implementation of SSA they facilitated for the change, without distorting its intentions, confirming Stensaker and Falkenberg (2007).

Fifthly, two unintended outcomes enabled the middle managers in their sensemaking and sensegiving. The first was the negative attitude towards the change at the BU that made middle managers communicate and plan more clearly, and thereby facilitated for an efficient transformation process. The second unintended outcome was the ‘rejuvenated spirit’ that motivated middle managers and co-workers to continue the implementation despite the stress.

What were, on the other hand, the constraints regarding sensemaking and sensegiving, for the middle managers at Vattenfall during the Shared Service for Accounting project?

Firstly, in the phase of sensemaking triggers, we found that middle managers first makes sense of what concerns them personally; their future job situation, and second about the
actual implications of the change. Since the localization phase was prolonged because of macro factors influence (Lounsbury & Glynn, 2001), the job allocation of SSA was postponed, hindering the employees’ sensemaking regarding the actual change.

Secondly, we confirm that middle managers are stuck in the middle, as stated by Stewart (1991) and Moss Kanter and Stein (1979), during the social processes of interaction when they had to defend and explain how limited resources constrained the SSA employees. Thirdly, the limited resources also led to increased workload and stress for the middle managers, leaving less time for sensegiving to co-workers, confirming findings of Thomas and Dunkerley (1999). Also, the finding contradicts theory (Moss Kanter & Stein, 1979; Dopson et al, 1992; Brubakk & Wilkinson, 1996; Thomas & Dunkerley, 1999), since the resource constraints not only affected middle managers, but also their subordinates. However, the lacking resources created a duality; on the one hand it constrained middle managers since less personnel leads to heavier workload, while on the other hand there were less employees to instruct concerning new working processes. Hence, we also reject Thomas and Dunkerley (1999).

Fourthly, during the developing schemata, the middle managers were constrained in their sensemaking and sensegiving process when they were facilitating adaptability (Floyd & Wooldridge, 1994). Since some co-workers had not made sense of their new working processes, they continued their old working routines, resulting in middle managers’ sensegiving to these co-workers as well as the implementation phase were prolonged.

Finally, an unintended outcome (Balogun & Johnson, 2005) of the implementation of SSA was that BU with a positive attitude towards SSA, made middle managers plan less for the transformation. Here, middle managers’ poor planning made the BU badly prepared, which in turn resulted in a somewhat troublesome implementation.
In this last chapter, personal reflections on the topic will be made, as well as giving some further recommendations of research areas.

The nature of the environment where organizations operate is chaotic and complex. The actors who build the organization; people, are also unique and complex. Although much research and theorizing in the area of change has been done over the years, because of the changing conditions in the environment, research is continuously needed in the field of change as well as in sensemaking and sensegiving. One challenge is to map individuals’ sensemaking and sensegiving processes, from co-workers, via the middle line, all the way up to the top management, including pressures from stakeholders in the company. For a more precise mapping, an in-depth study spanning several years is recommended.

Many of the theoretical fields that we studied during our thesis, such as change, sensemaking and sensegiving, knowledge creation, and communication are interlinked. We argue that further research is needed to capture the complex process of organizational change. As a result, researchers will speak the same language and a common understanding for the phenomenon will be created. However, more robust theories also imprison the occurrence, creating a one sided perspective.

A reflection we have made is that the concepts of sensemaking and sensegiving relates to other research fields than business administration and management. For instance, a possible further research area would be to study the cognitive processes within each actor in the sensemaking and sensegiving process using theories from the pedagogical field to further clarify the process. Another suggestion is that sensemaking and sensegiving takes place through all five senses. So far, this aspect is neglected by researchers. Here, we encourage studies that include sensemaking and sensegiving through the five senses.

During our thesis writing we discovered that sensemaking and sensegiving are complementary processes occurring rapidly and concurrently. Therefore, we argue that only one concept, such as ‘sensing’, is required to capture the interlinked processes of sensemaking and sensegiving. Such a concept would also clearer demonstrate that this is a fast process, where it can be difficult to separate the process of sensemaking from sensegiving. We encourage researchers to do further studies to confirm or decline the process as one concept.

Balogun and Johnson (2005) conceptualize intended and unintended outcomes of the sensemaking and sensegiving process. In their research the unintended outcomes are described as congruent, thus counteracting the intended change. However, in our study we found that unintended outcomes also can be of positive character. Therefore, we encourage further research on this finding.

We also insist on further research on the sensemaking and sensegiving process, since Balogun and Johnson’s (2005) five phases needs further development. We suggest that researchers further look into how one phase leads to the next, or if they also, as the concepts of sensemaking and sensegiving partly occur concurrently.

Another reflection made is that the concepts of sensemaking and sensegiving apply to other processes as well, not only change. This opens up for more areas to do research in. For instance, you, who are currently reading this thesis, are also making sense right now.
References


References


## Appendices

### Appendix 1 - Respondents

<table>
<thead>
<tr>
<th>Name of Interviewee &amp; Reference in report</th>
<th>Former position in Organization</th>
<th>Current position in Organization</th>
<th>Date of Interview</th>
<th>Place of Interview</th>
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<tr>
<td><strong>Top management</strong></td>
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<tr>
<td>Kjell Axelsson</td>
<td>Project leader for SSA</td>
<td>Area Responsible at Vattenfall Shared Service Nordic AB</td>
<td>2007-04-20</td>
<td>Vattenfall Råcksta</td>
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<td><strong>Middle Managers</strong></td>
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<tr>
<td>Marie Selin, Manager of SSA</td>
<td>Middle Manager at Sales</td>
<td>Manager Shared Service Accounting</td>
<td>2007-04-23</td>
<td>Phone</td>
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<tr>
<td>Marita Källberg, Middle Manager 1</td>
<td>Middle Manager at Heat</td>
<td>Middle Manager, transaction responsible, accounting specialist</td>
<td>2006-03-01</td>
<td>Phone</td>
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<tr>
<td>Linda Strid, Middle Manager 2</td>
<td>External, middle manager accounting</td>
<td>Middle Manager, Fixed Assets.</td>
<td>2007-04-16</td>
<td>Vattenfall Uppsala</td>
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<td>Åsa Brorsson, Middle Manager 3</td>
<td>Co-worker accounting Heat.</td>
<td>Middle Manager, General Ledger &amp; Reporting</td>
<td>2007-04-16</td>
<td>Vattenfall Uppsala</td>
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<tr>
<td>Iréne Hellström, Middle Manager 4</td>
<td>Middle Manager, at customer service accounting</td>
<td>Middle Manager, Accounts Receivable.</td>
<td>2007-04-16</td>
<td>Vattenfall Uppsala</td>
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<tr>
<td>Berit Lindgren, Middle Manager 5</td>
<td>Middle Manager at VTC, accounting Porjus</td>
<td>Middle Manager, Accounts Payable Jokkmokk.</td>
<td>2007-04-26</td>
<td>Phone</td>
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<tr>
<td>Peter Lövgren</td>
<td>Middle Manager, at Forsmark, New clear power plant.</td>
<td>Middle Manager, General Ledger &amp; Reporting.</td>
<td>Sick listed</td>
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<tr>
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<td>Middle Manager, General Ledger &amp; Reporting.</td>
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<td><strong>Co-workers</strong></td>
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<td>Elisabeth Oluma, Co-worker 2</td>
<td>Heat accounts payable</td>
<td>Co-worker Fixed assets</td>
<td>2007-04-20</td>
<td>Vattenfall Uppsala</td>
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<td>Agneta Säfwenberg, Co-worker 3</td>
<td>Heat, accounts payable</td>
<td>Co-worker General ledger &amp; Reporting, VSN</td>
<td>2007-04-20</td>
<td>Vattenfall Uppsala</td>
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<td>Viktoria Hägglén, Co-worker 4</td>
<td>Heat, accounts payable</td>
<td>Co-worker &amp; Assignment responsible VBSN</td>
<td>2007-04-20</td>
<td>Vattenfall Uppsala</td>
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<td>Per Jonasson, Co-worker 5</td>
<td>Sales, controller</td>
<td>Co-worker &amp; Assignment responsible General ledger &amp; Reporting, Sales Nordic</td>
<td>2007-04-20</td>
<td>Vattenfall Uppsala</td>
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<td><strong>Miscellaneous</strong></td>
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<td>Ulf Spolander, Business developer</td>
<td>Pilot study responsible, did the interviews with the different business units.</td>
<td></td>
<td>2007-04-20</td>
<td>Vattenfall Råcksta</td>
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<tr>
<td>Jonas Stenbeck, Pilot Study Consultant</td>
<td>Pilot study, Vattenfall business consultant. Conducting the data collection and reporting.</td>
<td></td>
<td>2007-04-19</td>
<td>Vattenfall Råcksta</td>
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<tr>
<td>Monika Karlsson, Communication manager</td>
<td>Information responsible in the Project team</td>
<td></td>
<td>2007-04-30</td>
<td>Phone</td>
</tr>
</tbody>
</table>
Appendix 2 - Interview Guide Middle Managers

Background Questions

1. Tell us about yourself and your current role at Vattenfall.
2. Tell us about your role in the reorganization for Shared Service Accounting.
3. Tell us about when you first heard about the implementation of Shared Service Accounting at Vattenfall.
4. How did you get information about the centralization? Did you get formal information from the top management or informal from your co-workers?
5. How did you experience this information? Why did you experience it in this way?
6. What did you do with the information you got? How did you handle the information (eg. did you try to structure it, thought of how it would affect you, how it would affect your co-workers, how you where planning to present it to your peers)?

Initiation of Reorganization

7. How were you involved in the preparation phase of the centralization?
8. How clear were directives from top management concerning goals, time span, expected results, etc?
9. What factors enabled or constrained your work in relation to the preparations?
10. How was your attitude, and how did you experience your subordinates attitude towards the reorganization in the beginning and how did it change? Was the Shared Service Accounting project group aware of employees' attitudes?
11. How much contact did you have with your colleagues – and regarding what questions?

Implementation of the Reorganization

12. Describe how the implementation of Shared Service Accounting went about.
13. Describe your involvement in implementation of Shared Service Accounting?
14. How did you instruct you colleagues in e.g. the new working routines? Can you give both formal and informal examples of teaching methods?
15. What factors constrained or enabled your work during the implementation of Shared Service Accounting?
16. How much could you, your colleagues and subordinates influence the reorganization during the implementation phase?
17. Did the project group get information about the progress of the implementation? Did the project group adjust the reorganization in accordance with demands from Accounting’s employees?
18. How have you and your colleagues at Accounting collaborated during the implementation, e.g. during the preparation prior to the reallocation in Uppsala/Jokkmokk, during education for colleagues, or when solving problems related to the reorganization?

Results of the Centralization

19. Tell us about the expectations and plans in relation to outcomes of the centralization. What turned out as intended, what did not?
20. How do your new working routines differ from the old organization’s (in relation to your managers, co-workers, and colleagues, concerning e.g. reporting, problem solving, follow up of realized strategies, etc.)

21. Has there been an evaluation or opportunity to give feedback on the implementation and results of Shared Service Accounting?

22. What is your personal opinion about the result of the reorganization?

Do you have any material that you could share with us?

Can we use your name and company role in the thesis?
Appendices

Appendix 3 - Interview Guide for Top Management

Background Questions

1. Tell us about yourself and your current role at Vattenfall.
2. Tell us about your role in the reorganization for Shared Service Accounting.
3. Tell us about how the idea for Shared Service Accounting was initiated.
4. How did you communicate information about the reorganization?
5. How did you experience the response from the employees at Accounting?
6. What is the purpose of the implementation of Shared Service Accounting?

Initiation of Reorganization

7. How were you involved in the preparation phase of the centralization?
8. Describe the pilot study phase. Who were involved, and what was your role?
9. What did the employees at Vattenfall Accounting Departments know about Shared Service Accounting during the pilot study phase?
10. Describe the employees’ attitudes regarding the implementation of Shared Service Accounting; co-workers, middle managers, as well as top managers.
11. How great was their knowledge regarding the implementation of Shared Service Accounting at the point of the pilot study?
12. What persons could affect the reorganization when it was planned for?
13. What factors enabled or constrained your work in relation to the preparations?
14. How much contact did you have with your colleagues at Accounting— and regarding what questions?
15. Could you describe how Vattenfall made use of the Dynamo case for the implementation of Shared Service Accounting?
16. How was the result of the pilot study used during the decision making process regarding Shared Service Accounting?
17. How and why did you take the final decision regarding the implementation and the structure for Shared Service Accounting? For instance, when it comes to what extent co-workers could influence the new working processes?
18. What happened after the final decision was made?

Implementation of the Reorganization

19. Describe how the implementation of Shared Service Accounting went about.
20. Describe your involvement in implementation of Shared Service Accounting?
21. What factors constrained or enabled the middle managers during the implementation of Shared Service Accounting?
22. How have you and your colleagues at Accounting collaborated during the implementation, e.g. during the preparation prior to the reallocation in Uppsala/Jokkmokk, during education for colleagues, or when solving problems related to the reorganization?

Results of the Centralization

23. Tell us about the expectations and plans in relation to outcomes of the centralization. What turned out as intended, what did not?
24. Is the final result of the implementation of Shared Service Accounting in line with what the pilot study showed? How many quit their jobs, how satisfied/dissatisfied are the employees, how much time did the implementation take, in relation to what was planned?

25. What is your personal opinion about the result of the reorganization?

26. Is there anything that did not turn out as expected, but still brought something positive during the change?

Do you have any material that you could share with us?

Can we use your name and company role in the thesis?
Appendices

Appendix 4 - Interview Guide for Focus Groups

The discussion will be based upon the following questions:

Background Questions

1. Tell us about yourself and your current role at Vattenfall.
2. How did you initially get informed about the implementation of Shared Service Accounting? What did you think about that a change was about to take place?

Initiation of the Reorganization

3. How were you involved in the preparation phase of the centralization? Could you influence this phase in any way, for instance the directives for Shared Service Accounting?

Implementation of Shared Service Accounting

4. Describe how the implementation of Shared Service Accounting went about, and how you could influence it.
5. How did you learn your new working processes, and what learning methods were used? Could you give examples of both formal and informal methods?
6. What factors constrained or enabled your learning process during the implementation of Shared Service Accounting?

Results of the Centralization

7. How do your new working routines differ from the old organization’s (in relation to your managers and co-workers, concerning e.g. reporting, problem solving, follow up of realized strategies, etc.)
8. Tell us about the expectations and plans in relation to outcomes of the centralization. What turned out as intended, what did not?

Can we use your name and company role in the thesis?
Appendix 5 - Interview Guide for Other Key Players in the Case

Background Questions

1. Tell us about yourself and your current role at Vattenfall.
2. Tell us about your role in the reorganization for Shared Service Accounting.
3. Tell us about when you first heard about the implementation of Shared Service Accounting at Vattenfall.

For Pilot Study Consultant and Business Developer
4. How did you get information about the centralization? Did you get formal information from the top management or informal from your co-workers?
5. How did you experience this information? Why did you experience it in this way?
6. What did you do with the information you got? How did you handle the information (e.g., did you try to structure it, thought of how it would affect you, how it would affect your co-workers, how you where planning to present it to your peers)?

For Communication Manager
7. How did you communicate information about the reorganization?

Initiation of Reorganization

8. How were you involved in the preparation phase of the centralization?
9. Describe the pilot study phase. Who were involved, and what was your role?
10. What did the employees at Vattenfall Accounting Departments know about Shared Service Accounting during the pilot study phase?
11. Describe the employees’ attitudes regarding the implementation of Shared Service Accounting; co-workers, middle managers, as well as top managers.
12. How great was their knowledge regarding the implementation of Shared Service Accounting at the point of the pilot study?
13. What persons could affect the reorganization when it was planned for?
14. What factors enabled or constrained your work in relation to the preparations?
15. How much contact did you have with your colleagues at Accounting— and regarding what questions?
16. How and why did you take the final decision regarding the implementation and the structure for Shared Service Accounting? For instance, when it comes to what extent co-workers could influence the new working processes?
17. What happened after the final decision was made?

For Pilot Study Consultant and Business Developer
18. Could you describe how Vattenfall made use of the Dynamo case for the implementation of Shared Service Accounting?
19. How was the result of the pilot study used during the decision making process regarding Shared Service Accounting?

For Communication Manager
20. How was your work on the communication used for the implementation of Shared Service Accounting?

Implementation of the Reorganization

20. Describe how the implementation of Shared Service Accounting went about.
21. Describe your involvement in implementation of Shared Service Accounting?
22. How do you think the pilot study constrained or enabled the implementation of Shared Service Accounting? For instance, do you think that certain problems have been avoided because of the pilot study?
23. What factors constrained or enabled the middle managers during the implementation of Shared Service Accounting?
24. What employees were able to influence the implementation?
25. How have you and your colleagues at Vattenfall collaborated during the implementation? For instance, have the middle managers contacted you to discuss how to deal with things in best possible way, or have they turned to you to get other information?

Results of the Centralization

26. Tell us about the expectations and plans in relation to outcomes of the centralization. What turned out as intended, what did not?
27. Is the final result of the implementation of Shared Service Accounting in line with what the pilot study showed? How many quit their jobs, how satisfied/dissatisfied are the employees, how much time did the implementation take, in relation to what was planned?
28. What is you personal opinion about the result of the reorganization?
29. Is there anything that did not turn out as expected, but still brought something positive during to the change?

Do you have any material that you could share with us?
Can we use you name and company role in the thesis?
Appendix 6 – Vattenfall AB Organizational Chart