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MANAGING ORGANIZATIONAL REDESIGN:
How Organizations Relate Macro and Micro Design

PhD Dissertation

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I. EXECUTIVE SUMMARY

The purpose of this dissertation is to enhance our understanding of how organizations relate macro and micro design during organizational redesign. Organizational design is traditionally considered a top management discipline aimed to create and maintain fit through episodic sequences of static (re)design of macro-level organizational constructs (e.g., Burton et al., 2002; Donaldson, 2002; Nadler & Tushman, 1999). Increasingly competitive and multifaceted business landscapes require greater organizational flexibility, which has put pressure on traditional macro approaches to organizational design (Puranam, 2012; Van de Ven et al., 2013). In response, micro approaches to organizational design have emerged, which consider design a process involving managers and employees at all levels (Puranam, 2018). Existing research in organizational design is divided between the macro and micro approaches, with micro approaches representing an antithesis to the more established macro approaches (Clement & Puranam, 2017; Van de Ven et al., 2013), and thus few studies have examined how they coexist in organizational practice. Recent calls for research on organizational design have stressed the importance of combining macro and micro approaches to enhance theoretical richness and practical relevance (Van de Ven et al., 2013; Greenwood & Miller, 2010; Puranam, 2018). This dissertation addresses these calls through three case studies that address different aspects of the overall research question: *how do organizations relate macro and micro design?*

The overall empirical foundation of this dissertation builds on a longitudinal process study of a reorganization in a leading food production company, spanning 18 months. Within this empirical setting, three case studies are designed, based on different sub-functions within the company's finance function. To gain in-depth understanding of organizational design from both a macro and a micro perspective, each case is based on an embedded design (Eisenhardt & Ott, 2018), examining five different levels in the organization across four countries. To utilize the richness of the data, the three studies use different unit of analysis.

Study #1 considers the role of middle managers in adapting macro design at a micro level. The main contribution of this study is the identification of a new middle manager role, a *designing* role, that relies on lateral rather than vertical coordination and interaction. The implication of this study is that organizational design is not just for top managers. It is an iterative process that requires active involvement of middle managers in designing micro dimensions of a macro

design. Organizational design is initiated by top management, but the findings show how middle managers play a crucial role in developing micro-level organizational elements needed to realize the intent behind top management's strategy and make the macro structural arrangements work.

Study #2 examines how new roles are implemented in organizational redesign. The findings show that the implementation of new formal roles is not a straightforward process, as it leads to role conflict, which averts role enactment and performance. The findings condense into a model that shows how role conflict is addressed through an interactive and iterative process between managers and job incumbents. The model expands existing research and provides practical guidance to managers leading organizational redesign. In seeking to cope with role conflict, managers and job incumbents explored *how* to carry out the job and ensure coordination, but there was limited leeway in *what* the job entailed. In this process, they built on the job incumbents' ability and capacity to carry out the job. An important implication of this study is that we need to think beyond *implementing* roles *on* people.

Study #3 considers how organizations relate macro and micro design during organizational redesign. The findings show how top management's macro design aligns the organization and ensures reliability and stability, whereas middle managers' micro design ensures adaptability through local adjustments of the macro design. The study thus contributes to literature on organizational design by providing empirical evidence of how organizations relate macro and micro design. The findings suggest that an organization's ability to balance macro and micro design depends on: 1) the level of formalization, 2) top managers' perceived uncertainty, 3) top managers' preference for delegation, and 4) middle managers' perceived discretion. Based on this, the study concludes that a semi-formalized approach to organizational design provides the most conductive conditions for balancing macro and micro design.

Taken together, the studies in this dissertation investigate the "how" of organizational design and how different levels in the organization take part in organizational redesign processes. Combined, the findings show that organizational design is not just a top-management discipline, but requires active involvement of the whole management system to ensure sufficient adaptability of a macro design to micro-level dynamics. This implies that organizations need both macro and micro design to be simultaneously reliable and adaptable. This dissertation makes several contributions to existing research on organizational design. Most importantly, it

broadens our understanding of the interplay between macro and micro design by providing empirical evidence for how organizational redesign processes unfold and how successful organizational redesign is dependent on the active involvement of different managerial levels. Based on this, it concludes that organizational design as a field can benefit from changing the discussion on macro and micro design from “either or” to “both and.”

II. DANSK RESUMÉ

Formålet med denne afhandling er at styrke vores forståelse af, hvordan organisationer balancerer makro- og mikrodesign under reorganisering. Traditionelt betragtes organisationsdesign som en topledelsesdisciplin, der sigter mod at skabe og opretholde sammenhæng i organisationen gennem episodiske sekvenser af statisk (re)design af organisatoriske elementer på makroniveau (f.eks. Burton et al., 2002; Donaldson, 2002; Nadler & Tushman, 1999). Den øgede konkurrence og kompleksitet, som mange organisationer står overfor, stiller større krav til organisatorisk fleksibilitet og agilitet, hvilket har udfordret traditionelle makrotilgange til organisatorisk design (Puranam 2012; Van de Ven et al. 2013). Dette har ført til en øget forskningsinteresse i mikrotilgange til organisationsdesign, der betragter design som en proces, der involverer medarbejdere og ledere på alle niveauer (Puranam, 2018). Eksisterende forskning inden for organisationsdesign er delt mellem makro- og mikrotilgange, hvor mikrodesign repræsenterer en antitese til de mere etablerede makrodesignmodeller (Clement & Puranam, 2017; Van de Ven et al., 2013); således har få studier undersøgt, hvordan de sameksisterer i organisatorisk praksis. Nyere forskning i organisationsdesign har understreget vigtigheden af at kombinere makro- og mikrotilgange for at forbedre teoretisk substans og praktisk relevans (Van de Ven et al., 2013; Greenwood & Miller, 2010; Puranam, 2018). Denne afhandling bidrager til denne diskussion gennem tre casestudier, der vedrører forskellige aspekter af det overordnede forskningsspørgsmål: *how do organizations relate macro and micro design?*

Det overordnede empiriske fundament for denne afhandling bygger på et longitudinelt processtudie af en førende fødevarevirksomheds reorganisering i en periode på 18 måneder. Inden for denne empiriske ramme, er der designet 3 forskellige case studier baseret på forskellige afdelinger. For at få en dybtgående forståelse af organisationsdesign fra både et makro- og mikroperspektiv er hver af de tre cases baseret på et embedded design (Eisenhardt & Ott, 2018), der undersøger fem forskellige niveauer i organisationen i fire lande. For at udnytte dataenes dybde anvender de tre studier forskellige analyseniveauer.

Studie #1 undersøger mellemlederes rolle i tilpasning af makrodesignet på mikroniveau. Hovedbidraget i dette studie er identificeringen af en ny mellemlederrolle, *designing*, der er bygger på lateral frem for vertikal koordinering og interaktion. Implikationen af dette studie er, at organisationsdesign ikke kun er for topledere. Det er en iterativ proces, der kræver aktiv ind-

dragelse af mellemledere i designet af mikrodimensioner af et makrodesign. Organisationsdesign initieres af topledelsen, men konklusionerne viser, hvordan mellemledere spiller en afgørende rolle i udviklingen af organisatoriske elementer på mikroniveau, der er nødvendige for at realisere hensigten bag topledelsens strategi og få makrodesignet til at fungere.

Studie #2 undersøger, hvordan nye roller implementeres under reorganiseringer. Resultaterne viser, at implementeringen af nye formelle roller ikke er en lineær proces, da det ofte fører til rollekonflikt, som forhindrer ”role enactment” og performance. Resultaterne kondenseres til en model, der viser, hvordan rollekonflikt håndteres gennem en interaktiv og iterativ proces mellem ledere og rolletagere. Modellen udvider eksisterende forskning og giver praktisk vejledning til ledere, der leder reorganiseringer. I forsøget på at håndtere rollekonflikt undersøgte ledere og rolletagere, *hvordan* man udførte jobbet og sikrede koordinering, men det var begrænset, *hvordan* jobbet havde ændret sig. I denne proces byggede de på rolletagernes evne og kapacitet til at udføre jobbet. En vigtig implikation af dette studie er, at vi er nødt til at tænke ud over at *implementere* roller *på* mennesker.

Studie #3 undersøger, hvordan organisationer balancerer makro- og mikrodesign under reorganiseringer. Resultaterne viser, hvordan topledelsens makrodesign samler organisationen og sikrer pålidelighed og stabilitet, mens mellemledernes mikrodesign sikrer tilpasningsevne gennem lokale justeringer af makrodesignet. Studiet bidrager således til den eksisterende litteratur om organisationsdesign ved empirisk at vise, hvordan organisationer balancerer makro- og mikrodesign. Resultaterne viser, at en organisations evne til at holde makro- og mikrodesignet i balance afhænger af: 1) toplederens opfattede usikkerhed, 2) toplederens præference for uddelegering, 3) graden af formalisering, og 4) mellemledernes opfattede råderum. Baseret på dette konkluderer undersøgelsen, at en semi-formaliseret tilgang til organisationsdesign giver de mest befordrende betingelser for at balancere makro- og mikrodesign.

Samlet undersøger studierne i denne afhandling, "hvordan" ledere på forskellige organisationslag arbejder med organisationsdesign, og hvordan forskellige niveauer i organisationen bidrager i reorganiseringsprocesser. Tilsammen viser resultaterne, at organisationsdesign ikke kun er en topledelsesdisciplin, men kræver aktiv inddragelse af hele ledelsessystemet for at sikre tilstrækkelig tilpasning af et makrodesign til dynamikker på mikroniveau. Dette indebærer, at organisationer har brug for både makro- og mikrodesign for at være både pålidelige og tilpas-

ningsdygtige. Denne afhandling giver adskillige bidrag til eksisterende forskning i organisationsdesign. Det centrale er, at den udvider vores forståelse af samspillet mellem makro- og mikrodesign ved at tilvejebringe empirisk bevis for, hvordan reorganiseringsprocesser udfolder sig, og hvordan succesfulde reorganiseringer afhænger af aktiv involvering af forskellige ledelsesniveauer. Afhandlingen konkluderer således, at organisationsdesign som forskningsfelt kan fremmes ved at ændre diskussionen om makro- og mikrodesign fra "enten eller" til "både og".

PART I:
INTRODUCTION

1. MOTIVATION AND RESEARCH AIM

> The world of organizations is changing, and so must our theories and research. It used to be that organizational life was relatively predictable and organizational arrangements could be designed with analytical engineering tools. Now, organizations and their environments are more unpredictable, rapidly changing, and require real-time creative designing. (Van de Ven, Ganco & Hinings, 2013: 395)

To keep up with fast-changing and complex business landscapes, commonly referred to as VUCA (volatile, uncertain, complex, ambiguous), organizations frequently reorganize (Bennett & Lemoine, 2014). At the same time, research and practice shows that reorganizations rarely deliver the intended results and often lead to a number of unintended consequences at both the macro and the micro level in the organization (Hannan, Pólos & Glenn, 2003a, 2003b). A recent survey showed that more than 80 percent of the reorganizations studied fail to deliver the hoped-for value, and 10 percent caused real damage to the company (Heidari-Robinson & Heywood, 2016). Not only can failed reorganizations significantly damage firm performance, they can also entail serious human consequences. Research suggest that reorganizations can cause greater stress and anxiety than layoffs, leading to decreased motivation and productivity and increased employee exit (Parker, Morgeson & Johns, 2017; Beauchamp & Bray, 2001; Dahl & Pierce, 2019).

Considerable research and theory has examined possible causes for the low success rate of reorganizations, such as unclear goals (Heidari-Robinson & Heywood, 2016), unrealistic expectations (Hannan et al., 2003b), design misfits (Burton, Obel & DeSanctis, 2011), poor involvement of middle management (Balogun & Johnson, 2004), and employee resistance (Jarzabkowski, Lê & Feldman, 2012). While unsuccessful reorganizations may not have just one cause, recent debate on organizational design suggest that reorganizations fail because of outdated thinking about what organizational design is and who should be involved in redesigning an organization (Van de Ven et al., 2013; Puranam, 2018).

Although positioned as an applied field of research, existing literature on organizational design is increasingly criticized for being too static and lacking practical relevance for modern organizations (Van de Ven et al., 2013; Fjelstad, Snow, Miles & Lettl, 2012). Building on this, Barley and Kunda (2001) and Puranam (2018) argue that existing research on organizational design is overly focused on design at a macro organizational level, and only vaguely guides managers in designing organizations and managing reorganizations. In the same vein, Sandhu and Kulik

(2019) note that literature on organizational design mostly focuses on overall design dimensions and how designs are best developed, and can thus be characterized by what Bennis (1959) labeled "organizations without people."

This dissertation is about the "how" of organizational redesign. It is concerned with how organizational design is delegated at different organizational levels, and how organizational design efforts are coordinated between and across different organizational levels. It is interested in understanding organizational design as a *process*, how it interacts with people, and what managers do when they are "redesigning organizations." This way, the ambition is to address important research gaps in existing literature on organizational design and provide practical guidance for managers.

Existing research on organizational design can roughly be divided into macro and micro approaches that offer two different perspectives on how organizations are best designed (Puranam, 2018). The former consider organizational design a product designed by top management, whereas the latter reflect design as a process involving managers at all levels and employees (Puranam, 2018). Macro and micro approaches to organizational design are often treated as opposites, with micro approaches representing an antithesis to the more established macro approaches (Clement & Puranam, 2017; Van de Ven et al., 2013), and thus few studies have examined how they coexist in organizational practice. Recent calls for research on organizational design have stressed the importance of combining macro and micro approaches to enhance theoretical richness and practical relevance (Van de Ven et al., 2013; Greenwood & Miller, 2010; Puranam, 2018). Responding to these calls, this dissertation intends to broaden our understanding of:

How do organizations relate macro and micro design?

The coexistence of macro and micro design is particularly salient during organizational redesign, in which the organization changes its overall configuration and then has to decide how to approach the reorganization, which parts of the organization to design at top level, and which parts of the design to delegate for other managerial levels. Therefore, the context within which the research question will be explored is organizational redesign. The research setting will be further elaborated upon in Section 3.

To address this overall research question, the three studies included in this dissertation have been designed to explore different aspects of the research question, hereby allowing for understanding the research question from different perspectives.

RQ1) What is the role of middle managers in adapting a new macro design at a micro level?
Organizational design has traditionally been concerned with how top management designs organizations, and little is known about the role of middle managers in organizational design. Most research has focused on how organizational design influences middle manager morale, workload, and responsibilities (Thomas & Dunkerley, 1999) and views middle managers as *recipients* of organizational design rather than playing an active role. While there has been growing research interest in micro design (Puranam, 2018), we still lack a good definition of what it is. Therefore, the first step in exploring the research question for this dissertation was to gain a better understanding of what micro design is and what managers that are not a part of top management do in organizational redesign processes.

RQ2) How are new roles implemented during organizational redesign?
To understand the micro of organizational design even better, the second study was designed to zoom-in on one of the key findings of Study 1: implementation of new roles. A central proposition in organizational design literature is that changes in the organization's design require rethinking the division and integration of work (Puranam, 2018; Burton, Lauridsen & Obel, 2002). While existing research on organizational design highlights organizational roles as an essential design element, roles are considered macro-level constructs, and thus research does not account for *how* new roles are implemented at a micro level in organizational practice.

RQ3) How do organizations relate macro and micro design during organizational redesign?
Based on the findings of the first two studies that provided detailed accounts for micro design, the aim of the third and final study was to zoom out and consider how macro and micro design interact. This way, the intention was to not only understand how macro design influences micro design, but also understand the macro and micro interplay in organizational design. While recent research has suggested that organizations can benefit from both macro and micro design, limited research has examined how macro and micro design differ, and how these approaches can be combined (Clement & Puranam, 2017). I wanted to utilize the richness of the data to present different examples of how different organizations handle the macro-micro relation, all of which were a part of the same overall macro design.

Taken together, the three studies provide insight into how managers at different levels work with organizational design, and how efforts are coordinated between and across management levels. This contributes to a better understanding of macro and micro design, and specifically how these interact in organizational redesign. The body of this thesis consists of three distinct but interrelated papers, each of which addresses one of the research questions above. These papers are presented in chronological order, to give a better understanding of how the research process unfolded.

2. THEORETICAL POSITIONING

This chapter elaborates on the main theoretical grounds on which this dissertation builds. Some of these theoretical perspectives are explained more extensively in Chapters 4, 5, and 6 in the separate papers. The purpose is, therefore, to give an overview of what ties the different parts of the dissertation together, which assumptions they are based on, and what they imply as a whole in exploring how organizations relate macro and micro design.

> The structural designers of organizations, those who mandate reporting relationships or memo distribution lists or access the databases, are much like architects who try to predict where the pedestrian traffic will be or should flow on a university campus. They lay their cement, install fences and other obstacles, but inevitably the flows of people and classes carve bare spots in the grass where the sidewalks need to be. (Salancik, 1995: 347)

In line with Balogun and Johnson (2004) and Ahearne, Lam and Kraus (2014), this dissertation builds on the assumption that structures and actors interact. Thus, organizational redesign does not happen in isolation, but requires interaction and adaption by the people that have to work within the new design. Accordingly, this dissertation considers organizational design a process in which individuals inside the organization do not only react, but have the ability to shape how work is organized and coordinated at a micro level. During organizational redesign, employees and managers are not just recipients of a new design, but co-construct the design at a micro level as it meets organizational reality. This implies micro-level adjustments of design elements, such as roles, discretion levels, and work processes. This more active, processual perspective on organizational design directs attention to the micro processes by which organizational members influence organizational design and how work is to be carried out. This also implies that in order to understand how organizations relate macro and micro design, we need to understand the concrete actions of people in organizations, and not just overall design terms.

This dissertation relies on the information processing view of organizational design (Simon, 1996; Nadler & Tushman, 1999; Galbraith, 1974; Burton et al., 2011), which entails two essential points about organizational design: 1) fit between an organization's information processing capacity and information processing demand leads to increased performance, and 2) increased uncertainty leads to increased information processing demand (Galbraith, 1974). Literature anchored in the information processing view on organizational design typically distinguishes between internal and external fit. Internal fit refers to the alignment of organizational strategy, structure, and processes, whereas external fit refers to the alignment of the organization with its environment (Nissen, 2014; Donaldson, 2001). Following the logic of the information processing view, organizations need to be dynamic in order to achieve fit between information processing capacity and demand whenever changes occur. Previous research within this view has primarily focused on organizational design from a top-management perspective; this dissertation will extend the information processing view by looking at organizational design at different managerial levels, and thus examine both macro and micro design. The goal is to explore the everyday activities of managers at different levels and how they design the part of the organization for which they are responsible, which opens up for understanding and investigating organizational design in a more dynamic perspective.

2.1. From Antithesis to Synthesis

The purpose of organizational design is to define the formal design of an organization by outlining the desired pattern of interactions between its members, reporting lines, incentive systems, etc. (Clement & Puranam, 2017). The aim is to enable bounded rational individuals with possibly diverging interests to jointly accomplish organizational objectives (March & Simon, 1958). Literature on organizational design can be roughly divided into macro and micro approaches.

Macro theories, which include configuration theories (Miles & Snow, 1978; Nadler & Tushman, 1999; Whittington & Pettigrew, 2003) and complementarily theories (Donaldson, 2001; Siggelkow, 2001; Burton et al., 2011), consider design a top-down process and are based on an equilibrating perspective that focus on an organization's ability to create and maintain fit through episodic sequences of static (re)design. These theories are often criticized for overlooking micro-level dynamics and how work is actually done, and are too static to meet the demands of modern organizations (Nissen, 2014; Greenwood & Miller, 2010). Micro theories,

comprising organizational complexity (Weick, 2004; Martin & Eisenhardt, 2010) and creativity perspectives (Van Aken 2005; Avital & Te'Eni, 2009) are more concerned with meaning creation and management actions at lower levels in the organizations. These perspectives challenge macro theories through a more dynamic view of "fit" and consider design a continuous activity that adapts to micro-level dynamics. Organizational design is a routine, bottom-up activity performed not only by top management but involving the whole organization (Nissen, 2014). These theories are typically criticized for overlooking the overall strategic perspective, leading to abstract theories with vague managerial recommendations (Miller, Greenwood & Prakash, 2009).

Addressing recent critique of organizational design literature, Puranam (2018) introduces what he terms the microstructural approach to organizational design in which he posits that complex organizations may be understood as collections of smaller, simpler, and recurring patterns of "micro" organizations:

> The microstructural approach I believe helps us take another step, because it allows us for a recognition of the internal diversity and complexity of organizations by focusing on units at lower levels of aggregation…as well as on the relationships between them. Understanding the micro is necessary, if not sufficient in order to truly understand and re-design the macro. (Puranam, 2018: 17)

Building on the above, this dissertation defines macro design as an organization's overall design (strategy, structure, processes, rewards, and people) designed by top management. Micro design refers to "local" adaption of the overall design undertaken by middle managers. These definitions are also reflected in figure 1. Existing literature reflect either an absolute or relative position to the notion of macro and micro design. The absolute position consider macro design only in relation to an organization's top management (e.g. Chandler, Cyert & March, 1963, Donaldson, 1995) and micro design is typically understood as employees' interaction with the design. The relative position represent a more dynamic distinction between macro and micro design. For instance, Burton et al. (2011), Galbraith (1974) and March & Simon (1958) emphasize that the point of departure for an organizational design process is the unit of analysis, which can be the organization, a SBU, a function etc. The strategic apex in the specific unit of analysis defines the macro design, and micro design is design processes that take place at the organizational levels below the strategic apex. In the same vein, Van de Ven et al. (2013) argue that an organization's macro design is determined by the unit of analysis and posit that due to the complexity of many modern organizations, most reorganizations take place at division, unit

or functional levels rather than the organization as a whole. This dissertation is based on the relative position to macro and micro design as conceptualized by Burton et al. (2011). Analyzing macro design based on an organizational function, which is the approach taken in this dissertation, then implies that the organizational levels above the strategic apex in the unit of analysis is considered the function's environment.

Drawing on the iconic work of Lawrence and Lorsch (1967), Puranam (2018) notes that all organizations face the same fundamental organizing problems: 1) differentiation and 2) integration. Differentiation in organizations refer to decomposing the organization's goals into subgoals and eventually tasks, and allocating these tasks to individual members within the organization. Integration within an organization refers to the information and coordination mechanisms that ensure that the organization's different sub-tasks eventually are put together (Lawrence & Lorsch, 1967). As Puranam (2018) notes, the fundamental problems of organizing are universal, but the solutions are not. There may exist many possible ways to divide labor and integrate effort in any organization. The macro and micro approaches to organizational design offer two different ways of addressing these organizing problems.

In line with Van de Ven et al. (2013), Greenwood and Miller (2010), and Puranam (2018), this dissertation is based on the assumption that organizations need both macro and micro design. With the complexity that many organizations face today, solving the fundamental problems of organizing from a macro perspective in which top management is expected to oversee the entire organization may not be the best way forward. In the same vein, organizations may not sufficiently address their organizing problems by taking a micro approach in which employees and lower-level managers build the organization's design. Therefore, this dissertation does not aim to contribute the ongoing discussion of macro design *or* micro design, but rather to how the two approaches can be combined to design better organizations.

3. RESEARCH DESIGN

3.1. Approach to Studying Organizational Design

> To study organizations, we need a sound understanding of human behavior, but not necessarily the cognitive mechanisms underlying that behavior, or the neurobiology, chemistry or physics underneath these mechanisms. This is because our interest is in the aggregation from individual behavior to organizational outcomes. (Puranam, 2018: 17)

Although organizational design has been studied through a variety of approaches, such as computational simulations, variance studies, experiments, and case studies, the field has been dominated by a quantitative research agenda that focuses on overall constructs and measures the factors that lead to organizational performance (Van de Ven et al., 2013; Joseph & Gaba, 2019). As this dissertation is interested in the "how" of organizational design, a qualitative research approach has been chosen to capture the complexity of the real world and generate concrete, practical, and context-dependent knowledge which, according to Yin (2014) plays an important role in developing a nuanced understanding of reality. This dissertation specifically applies a process perspective, which allows for understanding how things unfold over time and in turn captures the processes related to organizational design and the interaction between macro and micro design. This also accommodates requests by Puranam (2012) and Barley and Kunda (2001) for future theorizing that is based on knowledge, rather than assumptions, about how individuals interact at different organizational levels, and between levels.

Process studies can be undertaken from a variety of perspectives that differ in their ontological assumptions, and thus influence how research is best designed (Langley, 1999; Chia & Tsoukas, 2003). These perspectives can roughly be illustrated as a continuum, ranging from substantive to "strong" process ontology. The substantive process ontology conceptualizes processes as changes that happen to things and entities—such as an organization—in events, phases, or sequences. These have a beginning and an ending. On the other end of the continuum are perspectives taking an explicit or "strong" process ontology in which the world is seen to be composed of ever-changing processes. This implies viewing organizational design as ongoing processes with no clear start or finish point (Langley, Smallman, Tsoukas & Van de Ven, 2013; Chia & Tsoukas, 2003; Van de Ven & Poole, 2005).

This dissertation builds on the substantive ontology to studying processes, which allows for capturing and comparing the states of entities, such as an organization, a functional unit or a team. I fully recognize agency and that actors shape and influence organizations and their designs via their actions and narratives (Jarzabkowski et al., 2012). However, I understand organizational redesign as a process that is constituted by a number of events (e.g., initial design, launch, involvement of various organizational layers). It is not something that "just happens," but is initiated by top management's intention to change the overall design of the organization due to strategic purposes. While organizational design is an ongoing process, organizational

redesign is marked by a period (phase) in which the organization substantially changes how it is organized. It has a beginning but not necessarily a clear ending.

3.2. Method, Empirical Setting and Data

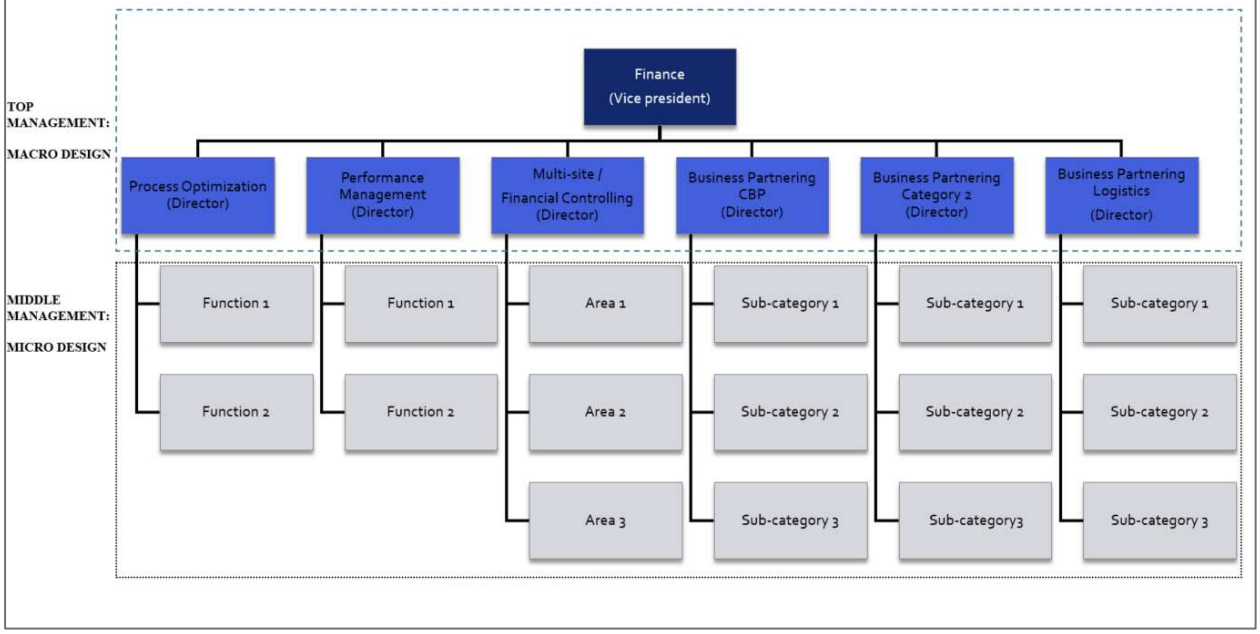
As the research question addresses two research traditions that represent fundamentally different approaches to organizational design (macro design focuses on stability, and micro design focuses on agility), I needed a research method that would allow me to capture both approaches. Furthermore, existing research on organizational design contains limited knowledge about how macro and micro approaches to organizational design can be combined. For these reasons, a case study method was chosen, as it is suitable for answering research questions that are better addressed by theory-building rather than theory-testing, i.e., for providing in-depth insight into complex social processes that quantitative data cannot easily reveal (Eisenhardt & Graebner, 2007). Furthermore, as I wanted to understand the process of organizational design and how macro and micro design interact, I needed more than a snapshot of one place in one time. Therefore, the overall research method of this dissertation is a longitudinal case study with a process perspective.

The empirical foundation of this dissertation builds on a longitudinal process study of a reorganization in a leading food production company, FOOD, spanning 18 months. FOOD is headquartered in Denmark, with approximately 30,000 employees globally and an annual revenue of around 40 billion euro. While experiencing increasing market uncertainty, FOOD is operating in a market with relatively low turbulence. In regard to organizational design, FOOD can be characterized as a classical hierarchy, with a number of centralized corporate functions and SBUs that deal with specific parts of the market. In total, FOOD has eight managerial levels. As I wanted to examine both macro and micro design, the reorganization in FOOD provided a unique research setting for exploring the research question of this dissertation. The reorganization was initiated by top management and had to be rolled out at all managerial levels, and thus I suspected that the different managerial levels would take part in the redesign process.

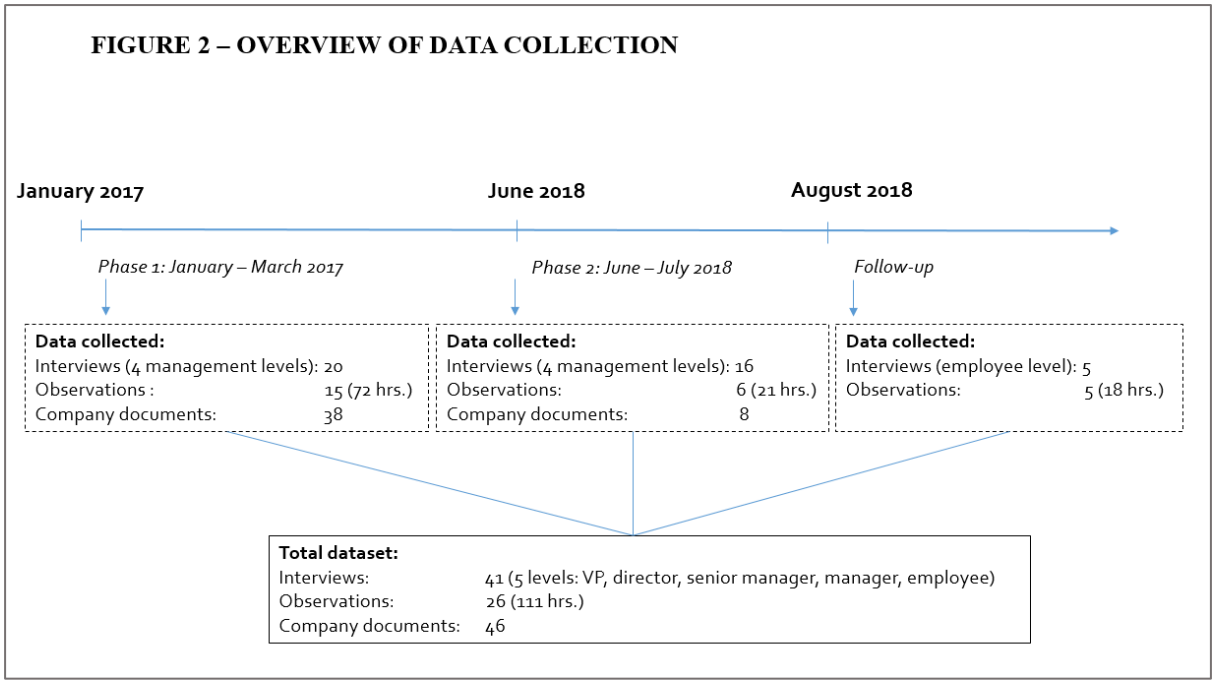
As I wanted to gain in-depth knowledge about the interaction between different organizational levels in organizational redesign, my research specifically focused on the reorganization in FOOD's finance function. While acknowledging that the reorganization of FOOD finance was a part of a larger reorganization, for the purpose of this dissertation, the FOOD finance executive management team (vice president and directors) represent the macro design, and middle

managers (senior managers and managers) represent the micro design. This is illustrated in Figure 1. Accordingly, the study does not deal with the overall reorganization of FOOD, although I acknowledge that there is a macro-micro relation between the finance function and FOOD as a whole, which I do not address. Keeping the relative position to the macro-micro distinction taken in this dissertation in mind, had the unit of analysis been the whole FOOD organization, the finance function would be considered "meso" level.

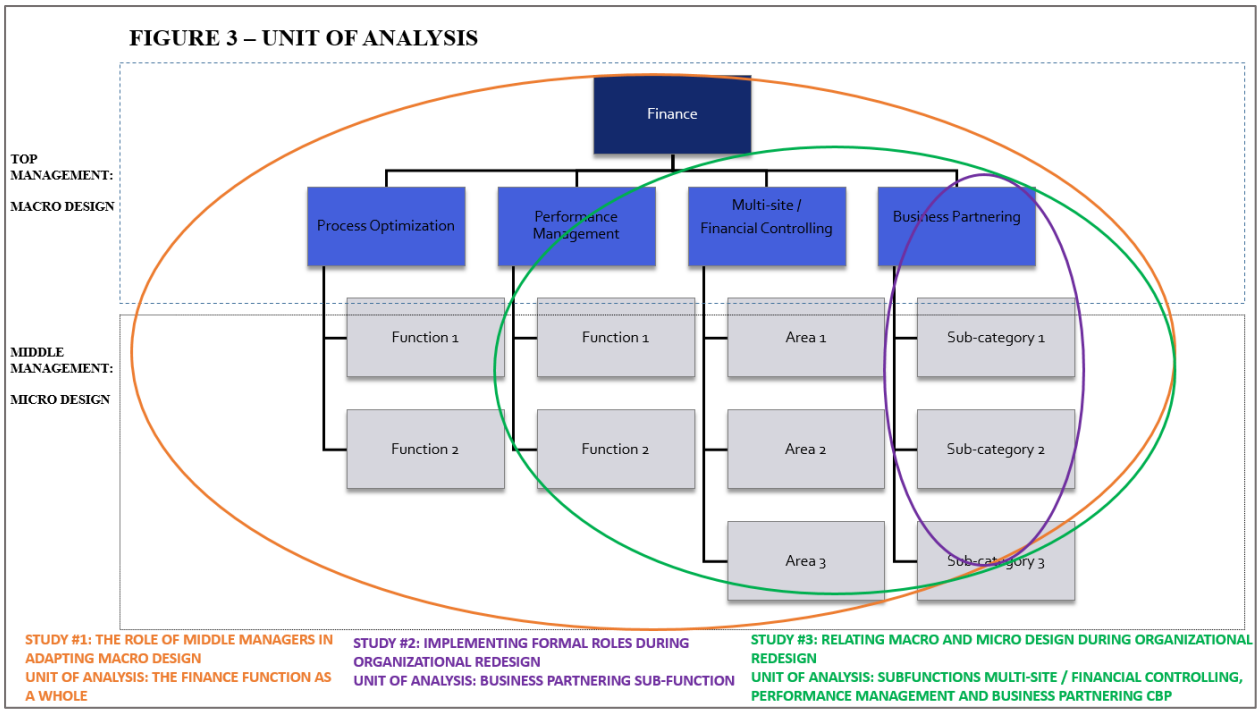
FIGURE 1 – THE NEW FINANCE ORGANIZATION



As Figure 2 shows, the data was collected over three rounds from February 2017 to August 2018. I collected different types of qualitative data types, such as company documents, observations, and interviews. To gain in-depth understanding of organizational redesign from both a macro and a micro perspective, I applied an embedded design (Ott & Eisenhardt, 2018) in which I examined five different levels in the organization (vice president, director, senior manager, manager and employee) across four countries (Denmark, the UK, Sweden, and Germany).



As Figure 3 illustrates, the three studies included in this dissertation used different parts of the total data set. To explore the research question from different perspectives, the studies use different unit of analysis, which allowed for zooming in and zooming out on different aspects of the data (Rouleau, 2005).



* As figure 1 shows, business partnering is split into three areas. For illustrative purposes, the business partnering function is considered one in figure 3, to illustrate how study #2 zoom in on the overall case. The empirical setting of study #2 is elaborated in chapter 5.

Although this dissertation is based on the information processing view of organizational design that distinguishes between internal and external fit, the intention is not to qualify the fit between the case company's new organizational design and external contingencies. Rather, the intention is to understand the internal dynamics in the redesign process related to macro and micro design, based on a relative distinction between macro and micro design.

Below, I account for the overall methods in each of the three studies. The specific methodological considerations and case descriptions for each study is elaborated upon in the three research papers that are included in Chapters 4, 5 and 6.

In Study #1, I examine the research question: *What is the role of middle managers in adapting a new macro design at a micro level?* Answering this question called for an embedded case study that allowed exploration of both macro and micro dimensions of an organizational design. This study included data from the first round of data collection, and thus represented a "snapshot" of the reorganization process that enabled me to understand the middle manger role in this process.

In Study #2, I address the research question: *How are new roles implemented during organizational redesign?* Answering this question necessitated observation of how role implementation was approached at different organizational levels. To zoom in and thus get in-depth insight on this issue, I changed unit of analysis from the finance function as a whole to specifically focus on one of the finance sub-functions, business partnering. While the first study focused on the middle manager role in organizational design, Study #2 expanded the embedded approach to also include employees to understand the interaction between structure and action. This study included data from all three rounds of data collection, which allowed for detailed understanding for how roles were implemented over time.

Finally, in Study #3, I address the research question: *How do organizations relate macro and micro design during organizational redesign?* Answering this question called for a research design that would allow me to gain in-depth insight and compare how different organizations handled the macro and micro relation in organizational redesign. Also, to be able to explain possible differences between different approaches to the macro-micro relation, I wanted to keep the macro design constant. Therefore, I constructed a multiple case study within FOOD's finance function with three finance sub-functions as unit of analysis, and thus only used data

collected in these sub-functions. As the sub-functions were a part of the same finance organization, they were also a part of the same macro design. At the same time, each case was distinct, as they represented quite different sub-areas within finance. This provided a unique research setting to examine the research question. The cross-case findings enabled me to “zoom out” again and look at the case as a whole.

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PART II:
RESEARCH ARTICLES

4.

RESEARCH ARTICLE 1

NAVIGATING IN A HIERARCHY:

HOW MIDDLE MANAGERS ADAPT MACRO DESIGN

Navigating in a Hierarchy: How Middle Managers Adapt Macro Design

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Aarhus University.

ABSTRACT

With the emergence of new organizational forms promoting de-layering, downscoping, and self-management, middle managers have been under attack in recent years. Organizational design has traditionally been concerned with how top management designs organizations, and little is known about the role of middle managers in organizational design. Based on a case study of a reorganization in a European food production company, this paper contributes to existing research on organizational design by advancing the knowledge of the role of middle managers in organizational design. It contributes to an understanding of organizational design as an iterative process that require active involvement of middle managers in designing micro dimensions of a macro design. In doing so, I provide an extension of prior work, which mainly focuses on vertical interactions and middle managers' efforts to implement the intent of top management. I introduce a new middle manager role, designing, that relies on lateral rather than vertical coordination and interaction. I show how this role creates micro-level organizational elements needed to realize the intent behind top management's strategy and make the macro structural arrangements work. These findings elevate the importance of middle managers in new forms of organizing.

Keywords: organizational design, micro design, macro design, middle manager strategic influence, reorganization

Status: Published in Journal of Organization Design

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1. INTRODUCTION

Increasingly competitive and multifaceted business landscapes have led to heightened research interest in new organizational forms. The premise is that increasing environmental complexity requires greater organizational flexibility and therefore new forms of organizing (Puranam, 2012; Van de Ven, Ganco & Hinings, 2013). These new forms of organizing are often associated with modulation, delayering, decentralization, downscoping, and geographical distribution (Bernstein, Bunch, Canner & Lee, 2016). While these developments may call for redundancy of middle managers (Cameron, Freemand & Mishra, 1991; Cascio, 1993), recent research presents the opposite argument: "flatter" and more dynamic organizations elevate the role of middle managers as the strategic link that connects macro and micro levels in organizations (Balogun, 2003; Balogun & Johnson, 2004; Floyd & Lane, 2000). Meanwhile, organizational design traditionally assumes that top management designs organizations (e.g., Donaldson, 2001; Burton, Lauridsen & Obel, 2002), and thus little is known about the role of middle managers in organizational design. Most research has focused on how organizational design influences middle manager morale, workload, and responsibilities (Thomas & Dunkerley, 1999) and views middle managers as *recipients* of organizational design rather than playing an active role.

Primarily taking a macro approach, existing organizational design literature is often criticized for being too static to inform organizational design in modern organizations (Fjelstad, Snow, Miles & Lettl, 2012; Puranam, 2018). The past decade has shown a growing research interest in micro approaches to organizational design that focuses on how designs develop further down in the organization (e.g., Puranam, 2018; Nickerson & Zenger, 2002; Liedtka, 2014). While these emerging approaches provide valuable insight into organizational design in a more dynamic perspective, research is still at early stages and mostly conceptual, and does not specifically address the role of middle managers in organizational design. To develop better theories addressing new forms of organizing, the field of organizational design needs to study how designs are shaped at the micro level: *"...useful theories of organization design are likely to emerge from knowledge (rather than assumptions) about how individuals interact in organizational contexts"* (Puranam, 2012: 18).

Responding to similar critique that existing organizational design research face, strategy scholars have provided valuable insights and more dynamic theories of strategy by shifting focus from a macro to a micro perspective. For instance, Huy (2001, 2002), Floyd and Wooldridge (1997), and Balogun

and Johnson (2004) have highlighted the crucial role that middle managers play in implementing strategies and ensuring continuous adaption to changing environments. In particular, the work of Floyd and Wooldridge (1992, 1997) has shown how middle managers are the strategic link between macro and micro levels by translating macro-level derived strategies into micro-level actions. This paper analyzes how middle managers adapt a macro design by defining micro aspects of it. This leads to the overall research question for this paper: *What is the role of middle managers in adapting a new macro design at a micro level?*

Combining theoretical perspectives of organizational design and the strategic influence of middle managers allows for understanding the dynamic nature of adapting a new organizational design by focusing on the interaction between middle managers and the design. The use of the word "adapt" implies an adjustment of the design and thus an active position (the middle manager engages with the design), as opposed to "implement," which connotes a more passive approach.

The empirical foundation of this paper is a case study of a large reorganization in a European food production company. I examined the middle manager role in the reorganization, as opposed to the more commonly researched top management role in organizational design. I observed and interviewed managers at four different managerial levels and examined how these managers adapted a top-down reorganization in which top management outlined a new macro design with the aim of reducing costs by 25 percent. The top management then left the overall reconfiguration to middle managers to make it fit to specific circumstances in the parts of the organization for which they were responsible. In this way, the middle managers were recipients of the reorganization as well as its implementers. They had to make the new design work but had little involvement in the initial redesign. While middle managers may have had an overall understanding of the new design at the outset of the reorganization, the findings show that the actual reorganization emerged through the actions in which managers adapted the new design. As they worked through what they perceived as misfits in the new design, middle managers built micro structures to compensate for weaknesses in the macro design.

The paper contributes to existing research on organizational design by bringing evidence based on a case study about the role of middle management in fine-turning a large reorganization. In doing so I

provide an extension of prior work, which mainly focuses on vertical interactions and middle managers' efforts to implement the intent of top management (e.g., Floyd & Lane, 2000; Floyd & Wooldridge, 1997). In the present study, I highlight the role that middle managers fulfill, namely, designing micro dimensions of a macro design. I show organization design as an iterative process, which involves translating top management's intent into action at lower levels. I show that this process creates micro-level organizational elements needed to realize the intent behind top management's strategy and make the macro structural arrangements work.

The paper first outlines the theoretical framework of the study, followed by an explanation of the methodology. The analysis then follows in two parts. In the first part of the analysis, I account for misfits in the new design perceived by middle managers, and how they engaged with these misfits. These strategies for engaging with the misfits ended up defining micro dimensions of the new macro design and thus represented adaptions of the new design. In the second part of the analysis, I compare these findings to existing theory on the strategic influence of middle managers. Finally, the paper concludes with consideration of the research contributions and implications for practice.

2. THEORETICAL FRAMEWORK

Reorganizations are typically associated with changes in the organization's structure or configuration (Chandler, 1962). As the reorganization studied in this case did not only involve structural change, but also new roles, IT systems, work processes, and reward systems, a broader frame for studying the reorganization was needed. The field of organizational design considers an organization a product of a number of contingencies, and thus structure is just one part of an organization (Burton et al., 2002). Therefore, this paper takes an organizational design perspective for studying the reorganization and defines organizational design as the continuous alignment of strategy, structure, processes, people, and rewards (Galbraith, 1974). The basic premise behind the definition is that organizations are information processing entities (Galbraith, 1974).

A core theme in organizational design is the notion of fit and misfit, as research has shown that misfit leads to decreased organizational performance (Burton et al., 2002; Donaldson, 2001). Literature on fit typically distinguishes between internal and external fit. Internal fit refers to the alignment of organizational strategy, structure, and processes, whereas external fit refers to the alignment of the organization with its environment (Nissen, 2014). The information processing view of organizational

design considers misfit to be a lack of fit between information processing demand and capacity (Burton, Obel & DeSanctis, 2011). Faced with misfit, an organization has two options: either it can reduce the need for processing information or it can increase its capacity for processing information (Galbraith, 1974). This paper adopts the notion of fit and misfit, although the intention is not to qualify the fit between the new organizational design and external contingencies. Rather, the intention is to understand the middle manager role in a reorganization.

2.1. Macro and Micro Approaches to Organizational Design

As this paper is interested in how middle managers adapt a new design developed by top management, it is important to consider both macro and micro dimensions of the design process. Within organizational design literature, however, there are divergent definitions of macro and micro approaches to organizational design. In this paper, macro design is defined as an organization's overall design (strategy, structure, processes, rewards, and people) designed by top management. Micro design refers to "local" adaption of the overall design undertaken by middle managers.

Most macro approaches to organizational design follow Chandler's (1962) iconic notion *"form follows strategy"* in which the goal is to achieve fit between organizational components, starting with strategy, leading to increased performance and internal well-being (Doty, Glick & Hubber, 1993; Burton et al., 2002). Macro approaches comprise configuration theories (Meyer, Tsui & Hinings, 1993; Miles & Snow, 1978; Nadler & Tushman, 1999; Whittington & Pettigrew, 2003) and complementarity theories (Milgrom & Roberts, 1995; Donaldson, 2001; Siggelkow, 2001; Burton et al., 2011). These perspectives focus on an organization's ability to create and maintain fit through episodic sequences of static organization (re)design. Design is a top management discipline that focuses on top-down implementation and takes place isolated from the day-to-day activities of the organization (Van de Ven et al., 2013). While macro approaches have been essential for building a scientific field of organizational design, they are often criticized for overlooking micro-level dynamics, and are too static to meet the demands of modern organizations (Nissen, 2014; Greenwood & Miller, 2010; Puranam, 2012).

Examples micro approaches to organizational design include complexity theories (e.g., Nickerson & Zenger, 2002; Weick, 2004, Martin & Eisenhardt, 2010) and creativity theories (Van Aken 2005;

Avital & Te'eni, 2009; Liedtka, 2014) and challenge the relatively static representation of organization design and fit in macro approaches. These theories are based on a more dynamic view of organizational adaption and evolution, and consider design a continuous activity. Following this logic, organizational design is a routine activity not only performed by top management but involving the whole organization (Nissen, 2014). Instead of thinking of organizational design as a stable and final "product," advocates of this micro approach are interested in the process of design, thereby shifting focus from *design* to *designing* (Weick, 2004; Boland, Collopy, Lyytinen & Yoo, 2008; Liedtka, 2014). This leads to a more dynamic concept of fit, since the organization is designed to be and remain in flux. Fit is not considered an end-state but a continuous management focus (Nissen, 2014). While these new and more dynamic perspectives on organizational design may be better suited to modern organizations, they are often criticized for overlooking the overall strategic focus and rely too much on organizational members to "work their magic" without instructions (Van de Ven et al., 2013; Bernstein et al., 2016).

As a way of balancing macro and micro approaches to organizational design, Gulati and Puranam (2009) introduce compensatory fit, in which they show the possible benefits of inconsistencies between formal and informal organizations during reorganization. Under certain conditions, the informal organization can compensate for the formal organization, making ambidextrous organization possible. Compensatory fit thus challenges the idea of internal alignment that seems implicit in existing organization design literature.

Although research within organizational design has taken important steps toward developing more dynamic theories of organizing, research is still at early stage and is mostly conceptual. Recent calls have been made for more research on micro approaches to organizational design based on knowledge on how people interact in organizations (Puranam, 2012, 2018; Van de Ven et al., 2013; Greenwood & Miller, 2010). It is the aim of this paper to address these calls by examining *how* middle managers adapt macro design. In order to fully appreciate this question, it is important to understand the role and actions of middle managers.

2.2. The Strategic Influence of Middle Managers

Middle management comprises managers who both lead others and are led by others (Floyd & Wooldridge, 1997). The trend toward organizational downsizing, reengineering, and larger degree of self-management in recent years has led to a reduction of middle managers in many organizations (Balogun, 2003). As a result, the role of middle managers has been under attack, some arguing that middle managers are redundant in modern organizations (Cameron et al., 1991; Scarbrough & Burrell, 1996). However, recent research suggests that middle managers play a crucial strategic role in modern organizations (e.g., Huy, 2001, 2002; Floyd & Wooldridge, 1997; Balogun & Johnson, 2004). For instance, Balogun and Johnson (2004) highlighted the crucial role that middle managers played in facilitating sense making and accomplishing an organizational restructuring. Moreover, Floyd and Lane (2000) found that middle management activity is central to organizational renewal.

A central theme in existing literature on middle managers is managerial discretion, i.e., the extent to which the middle manager is able to influence his area of responsibility and make decisions without the involvement of his superior (Huy, 2002). (Ahearne, Lam, Kraus, 2014) showed how middle managers' strategy involvement follows an inverted U shape, reflecting a flexibility-control paradox. These authors show that the benefits of middle managers' strategy involvement persisted only up to a certain threshold. After this, the benefits were outweighed by problems associated with lack of strategic control. Relating this to organizational design, these findings necessitate a delicate balance between macro and micro approaches, as organizations need to design a coherent organization, while at the same time allowing for micro-level adjustments to local markets and circumstances (Van de Ven et al., 2013).

Examining the role of middle managers in organizational strategy, Floyd and Wooldridge (1997), identified two upward and two downward forms of middle management influence activity and showed how they contributed in implementing strategies. Middle management's upward influence activities have the potential to influence the organization's strategic course by providing top management with interpretation of emerging issues by proposing new initiatives. Upward influence includes a *synthesizing* role in which managers interpret ambiguous data and change the strategic agenda (Dutton & Jackson, 1987) and a *championing* role where managers advocate new ideas and reshape the strategic thinking of top management (Floyd & Wooldridge, 1997). The downward influence of middle managers relates to their role as change agents and comprises a *facilitating* role that stimulates

development in others and promotes learning, and an *implementing* role where managers engage in an ongoing set of interventions that create organizational action in line with overall strategies (Sayles, 1993). The implication is that in each role, middle managers have the potential to affect the organization's strategy processes by challenging the current mindset (Floyd & Wooldridge, 1997).

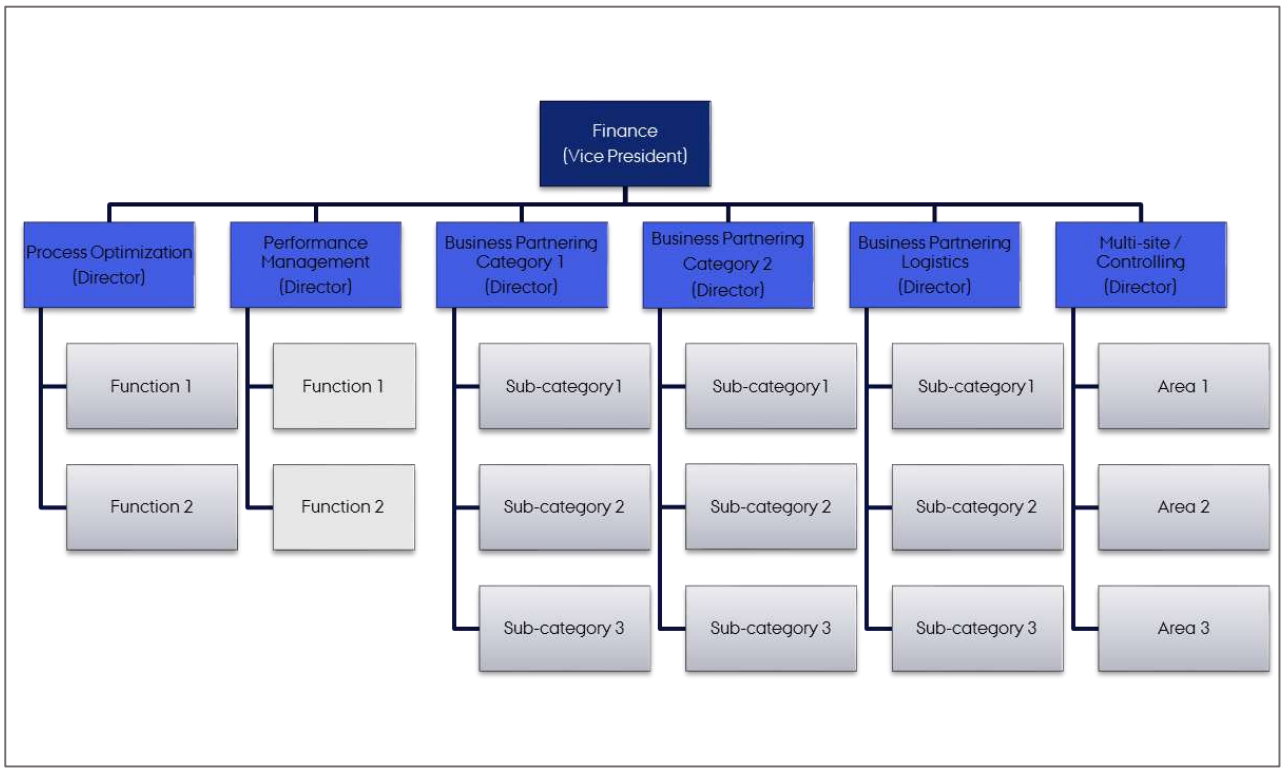
3. CASE DESCRIPTION

As the case company wishes to be anonymous, I will refer to the case company as FOOD. Employing approximately 30,000 employees, FOOD is one of the largest food production companies in Europe, with an annual revenue of around 40 billion euro.

FOOD struggled to deliver sufficient return to owners due to increased competition and environmental uncertainty. To address high operating costs due to past mergers, combined with new market conditions, FOOD launched a new strategy and a company-wide reorganization. The new strategy focused on efficiency and streamlined a range of core processes to generate synergy and transparency across the organization. At the same time, FOOD continued to want newly acquired units to operate largely independently.

To understand the middle manager role in this process, I use in-depth data from FOOD's finance function, as the reorganization involved a complete redesign of FOOD's finance function. Before the reorganization, the company had a divisional structure, with each division having its own finance function. With the new strategy, finance was restructured into one corporate function serving the global organization. As a consequence, staff was reduced by 25 percent and a large number of employees and managers got new roles. The new finance organization was divided into four sub-functions: process optimization, performance management, business partnering and multi-site / financial controlling, as can be seen in Figure 1. Playing a central role in the daily operations in the company, the reorganization in finance was rolled out at the same time as running "business as usual."

FIGURE 1 – THE NEW FINANCE ORGANIZATION



When data collection started, the company was six months into the reorganization process and twelve months after the first announcement of the reorganization.

FOOD has a proud tradition for its annual strategy processes in which the company's overall strategic goals are cascaded through a goal hierarchy, highlighting each department's contribution and take on the strategy. Based on these cascaded goals, each part of the business develops a twelve-month business plan intended to bring the strategy into action. It was through the work with the strategy implementation that middle managers experienced the need to adapt the macro design at the micro level. The executive management in finance thought that they had developed a solid new organizational design and had not considered that middle managers should be a part of the design process. Therefore, the incentives in the new organizational design focused on how well managers contributed toward the fulfillment of the must-wins in the new strategy (e.g., "strong finance fundamentals" and "number of standardized finance processes") and not their contribution to building on the design. The strategy must-wins are illustrated in Appendix C.

The company has a strong performance culture where the top management expect people to deliver their targets no matter what it takes. The following illustrate the culture as expressed by different managerial levels:

> I am confident that people will whip themselves, so they do not need me to do that. We do that when we set some clear and hard goals together. People that work here know that they have to deliver, otherwise they're out. So I am mostly focused on supporting the individual to be able to deliver. (Vice President)
>
> We have been through several rounds of layoffs, so we have gotten rid of low performers or people with bad attitude. I guess we all feel pride in the company and want us to succeed. We have a long and proud history. So you also have to pull yourself together in times like this when things are a bit turbulent." (Director, Business Partnering)
>
> The top management expect a lot from us and expect us to react immediately when issues occur. So you kind off have to be on top of your game all the time. Stress has been a big issue in my team, so we have been understaffed for some time. Then you could imagine that they would adjust our targets or give us some slack. But it has really been the other way around. They have pushed even harder because we were falling behind." (Manager, Performance Management)

While acknowledging that the reorganization of FOOD finance was a part of a larger reorganization, for the purpose of this paper, the executive management team in FOOD finance (vice president and directors) represent the macro design, and middle managers (senior managers and managers) represent the micro design. This way, the case study does not deal with the overall reorganization of FOOD. The unit of analysis is thus FOOD's finance function. The executive management, comprising the vice president of finance and six directors that each are responsible for a functional unit within finance, make all strategic decisions for the finance area. They operate in close cooperation and have weekly management meetings. The management system also consists of nine senior managers and seven managers that manage the employees within finance. The extended management team thus comprises twenty-three managers at different levels. The extended management team meets twice a year to discuss the finance strategy and business plan.

4. METHOD

As existing literature contains limited knowledge on how middle managers adapt macro design, a qualitative research approach was chosen for this study. Qualitative approaches are particularly relevant when the purpose is to explore a phenomenon in depth, i.e., to further the understanding of a particular phenomenon and develop explanations (Yin, 2014; Eisenhardt, 1989). A single case was chosen, as it allows for greater detail and nuances on the phenomenon being studied (Yin 2014),

which was necessary for fully understanding the reorganization from a middle manager point of view. To ensure in-depth understanding, the case study was based on an embedded design (Eisenhardt, 1989) and examined four different management levels in the case.

4.1. Data Collection

The study involved multiple qualitative data sources (observations, interviews, and company documents), summarized in Table 1.

Table 1 – Overview of Data Sources

Source	Elaboration	Number
Interviews with managers	Vice president	1
	Director	6
	Senior managers	5
	Managers	3
Observations	Meetings in executive management team in the finance function (vice president, directors, and middle managers)	15 (72 hours)
Company documents	Strategy documents, role charters, memos	38

First, following some preliminary interviews, I engaged in observations of meetings in the management team to understand how the reorganization was unfolding, what kind of issues were salient, and how the management was planning to move forward. The meetings ranged from three to twenty-two participants and lasted between thirty minutes and five hours. Detailed field notes were taken within twenty-four hours of leaving the field. The notes included observations of the participants' actions and expressions as well as observed patterns of interaction between participants. Second, I conducted fifteen semi-structured interviews with all four management levels (vice president, director, senior manager, and manager) within the new finance function. The interviews took place from February to March 2017. Each interview lasted 60–90 minutes and was audio recorded and transcribed. The respondents were selected in close cooperation with FOOD's HR department, based on the theoretically diverse principle (Yin, 2014). The goal was to get at least two informants as representatives of each management level. The interview guide (Appendix A) included questions about each respondent's role, perceptions of new design (opportunities and challenges), learnings from the reorganization so

far, and how she or he had approached the reorganization within the area of responsibility and was planning to move forward. Company data primarily included strategy documents, meeting memos, and role charters for some of the new roles, as highlighted in Table 1.

4.2. Analytic Approach

The analysis of the data was based on established techniques to move from raw data to theoretical insights, iterating between data collection, analysis, and existing literature (Langley, 1999; Gioia, Corley, Hamilton, 2013; Eisenhardt, Graebner, Sonenshein, 2016; Smith & Besharov, 2017). Though this process was not linear, it contained three main steps, as highlighted in Table 2.

Develop a Thick Case Description

First, I developed a rich case description to integrate the different data obtained (Eisenhardt et al., 2016). In this processes, I mapped the different events (e.g., announcement of new organization, kick-off meetings, quarterly status meetings, informal meetings between middle managers) using visual mapping in order to create an overview of the reorganization process (Langley, 1999). I regularly met with the company's HR department to share my interpretations and reflections to increase the reliability and comprehensiveness of my analysis (Smith & Besharov, 2017).

Code Raw Data and Develop Main Constructs

In the second stage of the analysis, I returned to the raw data to unpack the reorganization. In this process, I used prescribed techniques (Gioia et al., 2013; Langley, 1999) to move from the raw data via conceptual categories to aggregated theoretical dimensions. This was an iterative process where I read the data several times and moved fluidly between the raw data and more abstract conceptual categories. I coded quotes and phrases from the raw data to derive at first-order codes. The initial coding amounted to around 50 codes, which were then aggregated into empirical categories, such as "reorganization process," "the new design," and "impact of new organization." Appendix B summarizes the different levels of codes. The identification of the empirical categories, combined with my experiences from the observations, helped me identify that some tensions existed within each category. For instance, in the category "the new design," the respondents were talking about very different organizations (e.g., "*This is a simple functional organization," "it's a full-blown matrix," "there are a lot of gray areas," "clear roles and responsibilities").* The category "the new design" became the primary focus in the first part of the analysis. I went back to the data in order to understand what kind

of organization the respondents were talking about. This process was based on thematic coding (Braun & Clarke, 2006). The five building blocks in Galbraith's (1974) five-star model (strategy, structure, processes, people, and rewards) were used as conceptual reference and thus constituted conceptual themes. This process illustrated considerably different perceptions of the new design among the executive management team (vice president and directors) and middle managers (senior managers and managers), as illustrated in Appendix C. I then made a visual representation of how the design was perceived by executive management (Figure 1) and middle management (Figure 2). This process raised questions about *how* the different perceptions affected middle managers' work with implementing the new design.

Literature on design misfits (e.g., Galbraith, 2014; Burton et al., 2002) emerged as particularly helpful to understand the implications of the different perceptions. Through this literature, it was possible to identify a number of perceived misfits in the new design (Table 3) that imposed challenges for middle managers when attempting to implement the new design in the daily work. "Misfit" (theoretical dimension) in the analysis referred to middle managers' perceived contradiction between two or more elements in the design and the reality in which it had to be implemented.

I then observed a number of activities and design elements that were not part of the new design in the initial case description (e.g., *"We had difficulties with making people perform in the business partner role… we came up with this idea of starting a business partner community," "We have put people together in what we call excellence teams. We match controllers and business partners and let them sort out who is doing what").* I termed these "new initiatives." These new initiatives were started by middle managers and expressed middle managers doing something with the design. I used the conceptual theme "adapting design." I then went back to the analysis of the new design based on Galbraith's star model (1974) to see if there was any connection between the perceived misfits and middle managers' adaptions of the design. The iteration between data, categories and theoretical terms revealed how the perceived misfits triggered middle managers' adaptions, i.e., when the new design failed to respond to organizational reality. I then termed middle managers' adaptions of the new design "strategies for engaging with the misfit." Table 3 pairs the misfits perceived by middle managers and the corresponding strategies for engaging with each misfit.

Integrate Data and Literature

In the final part of the analysis, I examined the relationships between the conceptual categories and the aggregated theoretical dimensions using existing literature. First, inspired by the two key observations—the perceived misfits in the new design and middle managers as a central player in adapting the design and making it work—I engaged in reading on middle manager strategic role in strategy implementation and reorganizations. As most research on the middle manager role focuses on strategic influence and role, it seemed compatible with the "strategies for engaging with the misfit," as they focus on how the middle manager adapts the design and thus influences the design process. I found the work of Floyd and Wooldridge (1997) particularly insightful. I compared the six strategies for engaging with the misfit with the middle manager roles in Floyd and Wooldridge's (1997) framework. As Table 4 shows, I found support for two roles identified in the literature: facilitating ("sharing best practice," "buddy arrangement") and implementing roles ("safe haven," "SAP service check"). However, the comparison did not help me label the final two strategies: "business partner community" and "excellence teams." Looking through data, these strategies comprised activities that relied on lateral rather than vertical coordination as suggested by Floyd and Wooldridge (1997). Furthermore, the strategies did not just focus on translating strategy into action. Rather, the middle managers developed microstructures to enhance lateral coordination and collaboration needed to realize the new organization. This way, middle managers were not just implementing the design, but building on it. Therefore, I labeled these strategies *designing*. Table 4 illustrates the relationship between different strategies identified and existing research.

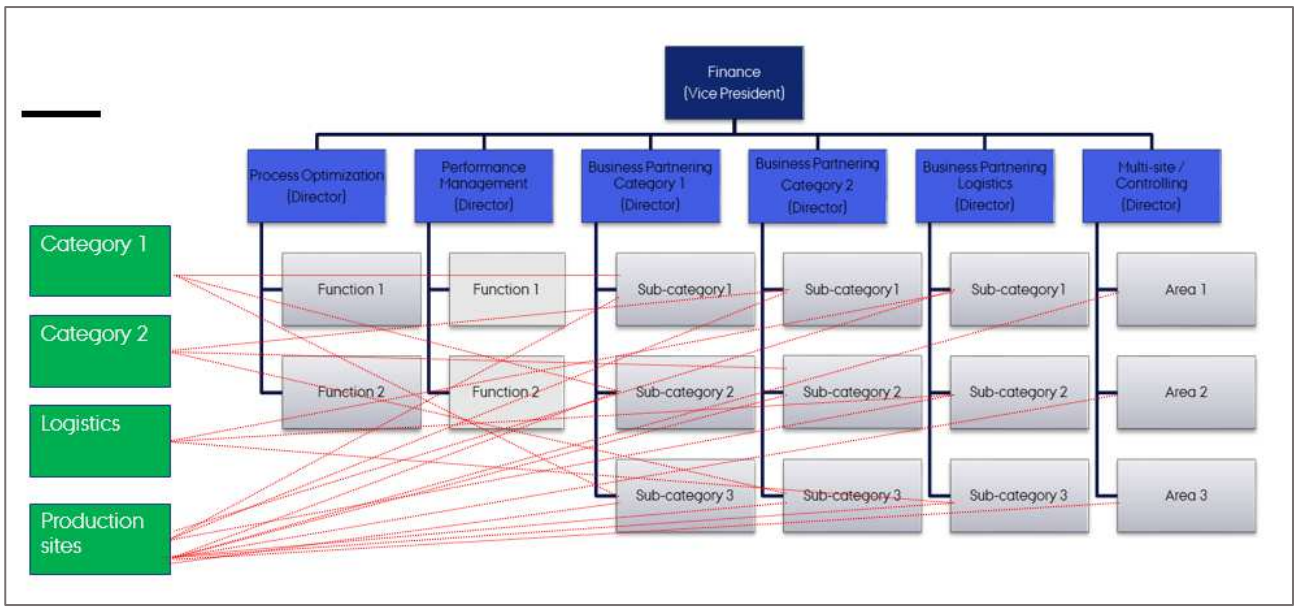
Table 2 – Analytic Approach (cf., Smith & Besharov, 2017)

Analytical Activities	Generated Output
1: Develop a Thick Case Description	
• Organize and integrate the different data sources • Use visual mapping • Share interpretations with co-learners (HR) at "learning meetings" to increase reliability • Write thick descriptions generating an overview of the design process	• Visual map of the empirical context • Visual representation of the new organization • Initial key observation that informed subsequent data analysis (middle manager role) • Empirical thick case description
2: Code Raw Data to Develop Main Constructs	
• Code raw data to understand the reorganization • Merge empirical codes into empirical categories • Thematic analysis to understand different perceptions of new design • Iterate between data and literature to develop more abstract conceptual categories ad aggregated theoretical dimensions • Share interpretations with co-learners (HR) at "learning meetings" to increase reliability	• Visual representation of the new organization as perceived by different managerial levels • Data structure including empirical categories merged into six conceptual themes and two aggregated theoretical dimensions
3: Integrate Data and Literature	
• Explore the relationship between empirical findings and existing literature	• Extension of Floyd & Wooldridge's (1997) findings on middle managers' strategic influence by adding a new role (designing)

5. FINDINGS

Figure 2 depicts the new finance organization as perceived by middle managers. This organization is in sharp contrast to Figure 1, which illustrates the organization designed by the executive management. What to the executive management seemed like a functional structure was by middle managers experienced as a full-blown matrix with numerous "dotted lines" between the different finance functions, the line of business, and production sites, making coordination much more complex.

FIGURE 2 – THE NEW FINANCE ORGANIZATION AS PERCEIVED BY MIDDLE MANAGERS



The analysis of the empirical data revealed that middle managers' adaption of the new design was related to perceived misfits between design components. The most significant of these are elaborated below, followed by an analysis of the strategies that the middle managers applied for engaging with the misfit and thus adapting the design. Table 3 outlines the complete list of perceived misfits that emerged from the analysis of the data. As a result of the perceived misfits, executive management and middle management were disconnected early in the reorganization, and thus little vertical coordination took place. The final part of this section accounts for the middle managers' strategic influence through their adaption of the new design.

Table 3 – Overview of Middle Managers' Perceived Misfits and Strategies for Engaging with the Misfits

Type of Misfit	Description	Strategies for Engaging with the Misfit
Structure–process	New business partner role, but insufficient coordination mechanisms to bring the role to life Unclear interfaces between new business partner and controller	Business partner community Excellence teams
Structure–people	Perceptions of the new structure as a matrix. No need for specialized finance people, but people who can work the matrix	"Buddy" arrangement Safe haven Sharing best practice
Strategy–process	Delayed SAP implementation and difficulty in using the system at production sites	SAP service check
Structure–rewards	Perceptions of the new structure as a matrix. Rewards given based solely on contribution to function.	None observed

5.1. Perceived Misfits

Structure–Process Misfit

One of the major changes in the new organization was the creation of two new roles: finance business partner and controller. Before, each production site had a local finance manager. With the reorganization, all local finance managers got new roles. Five administrative centers were established (multi-sites) that served all production sites within their area. Primarily employing controllers, the role of multi-sites was to support production sites in accounting and bookkeeping, and to calculate key numbers for the finance business partners. Depending on production site sizes, the finance business partners serviced three to seven sites, and their role was to advice local management on strategic aspects related to finance and oversee performance across the sites for which they were responsible. While the interviewees reported that the spilt between business partner and controller was logic in theory, reality showed to be more complex:

> I think that the main challenge at the moment is defining roles and the interactions between especially the business partner group and the controllers. The executive management have almost left us with a blank paper for these functions, and at the moment there is a lot of disagreement about who is in charge of what. (Senior Manager, Business Partnering)

> We are struggling to make people perform and deliver in the new roles. Particularly cooperation between our new business partners and controllers is difficult… I think a lot of it has to do with that people used to have very different roles and I am not sure whether they entirely understand the new work flow that we are trying to create. (Senior Manager, Performance Management)

> I feel like the business partners are doing what they want and then we have to clean up. I mean…the sites have to get their numbers and stuff, so things have to get done. But often we get surprised by how little the business partners have done before they move on to the next. (Senior Manager, Controlling)

As can be inferred from the above, the introduction of the new roles led to perceived misfits at two levels. First, the respondents were reporting that the unclear role definitions led to divergent perceptions of the daily task division, and secondly there was a lack of coordination mechanisms to bind the two new roles together. As a way of clarifying the new roles and supporting coordination, the executive management developed a service-level agreement (SLA) that served as a contract between the production sites and the finance function, outlining which financial services the sites could expect. The SLA was also to specify the new roles, controller and business partner, and how the production sites could use them. However, it turned out that the middle managers did not find the SLA useful:

> I guess the mild version is that the SLA is a work in progress. It is just one of those things where you think you can account for everything in a formal document, and then reality turns out to be something else. I think it is something that multi-site use, but we don't really use it. I prefer to talk to people. (Senior Manager, Business Partnering)

> I like the SLA, and I think the new version is much better. But it is just really hard to live out in daily work. We constantly have examples of people not doing what is in the SLA. Or they do all kinds of stuff that goes way beyond what they have to do according to the SLA. It is really frustrating. I mean, how difficult can it be to read a document. So we have to make sure that everybody uses it. (Manager, Business Partnering)

As the above illustrate, the managers who worked closely with the production sites did not find the SLA useful, leaving a perceived misfit regarding how the new roles should be played out.

Strategies for Engaging with the Misfit

Working across the lines: excellence teams

Being frustrated that tasks either did not get solved or got solved twice, managers from controlling and business partnering hosted a number of meetings where all employees from business partnering and controlling were invited to discuss their roles and interfaces. Managers from controlling and business partnering explained:

> Basically the role charters tell us that controllers work with numbers in detail and the business partner is more overall. It is very difficult for our employees to understand what that means in practice. There are a lot of gray areas, and we try to discuss these together to come up with common solutions. (Manager, Controlling)
>
> Sometimes my people feel that business partners do the fancy stuff and we have to be their assistants. That is really not the intention... So putting people in the same room and making them talk together and helping them realize how much they are dependent on each other…yeah, that has helped a lot. (Senior Manager, Controlling)
>
> It is impossible to describe people's work in a document. It just makes so much sense for us to make sure that the people actually doing the work are also part of defining how to do it. Especially because the business partners and controllers have to work close together, we have to be sure that we are aligned. It actually also differs a bit how well they should be aligned all depending on the size of the sites they are supporting. So it becomes even more important that people talk to each other.(Senior Manager, Business Partnering)

Based on the above, the middle managers did not believe that the interfaces between the two roles could be perfectly defined in a document, as the SLA intended to do. For this reason, they wanted to bring people together physically and have a continuous dialogue about interfaces and where and how to cooperate. To support this process, managers in controlling and business partnering worked together on establishing what they termed "excellence teams" that consisted of controllers and business partners servicing the same areas. These excellence teams met once a month to discuss role interfaces and how they best supported the sites with financial services.

Lateral relations: business partner community

Parallel with the process with controlling, the managers in business partnering initiated a business partner community, as production sites were reporting divergent experiences with the business partners, indicating that the role was interpreted and performed very differently. Also, some of the busi-

ness partners were frustrated about vague instructions for how to carry out their new role. The intention of the community was to help define the role by discussing openly what a good business partner is, but also to lay the groundwork for better evaluating the employees:

> We have identified ten measures of what we believe is a good business partner. This will allow us to say 'OK, you are doing fantastic' or 'you got room for improvement,' because at the moment, the conversation is around whether someone is supporting the business, well it's quite intangible, and we want to bring more substance into it. (Senior Manager, Business Partnering)

> A lot of our business partners used to be finance managers at sites. The new role is very different. They have to step away from the detail and be more overall. Also they cannot be friends with people on the sites, because sometimes we also have to be the hard guys. Some people are struggling a lot to make this move. So we have to be really clear about what the role is and how it is different from what a lot of them used to do. So because of this we started the business partner community. (Manager, Business Partnering)

As the business partners were divided into three sub-functions (figure 2) serving different parts of the business, the business partner community allowed for a common understanding of the role and how it should be carried out across these different sub-functions.

Structure–People Misfit

A part of the reorganization of FOOD's finance function, was a 25 percent reduction of full-time employees. In deciding on which employees to lay off, the executive management focused on what they perceived to be critical competencies:

> To be able to meet our ambitions and targets, we need really skilled and specialized finance people. We need people that have a lot of experience and are able to work with finance on a strategic level. We don't move the business by focusing on simple book keeping and administration. (Director, Business Partnering)

> It's actually quite simple. We wanted to create excellent finance center. A powerhouse you could say. With the very best finance people. (Vice President)

This perception of critical competencies was, however, not shared by middle managers, e.g.:

> … I do not necessarily care if the people working for me are hard-core finance specialists. Of course they have to know the basics, but since they need to work on a more overall level, the most important thing is that they can work their way around in the matrix. You have to be able to build a strong network with the business, prioritize and keep focus…Otherwise you will burn. (Manager, Controlling)

> We are a service function. It is important to understand. People need to understand the business we are supporting because they are our customers. When people become too specialized in finance, they forget the customer. You know, too much inside-out. (Manager, Process Optimization)

Related to this, middle managers were reporting a general challenge in making employees fit into the new roles, particularly the finance business partner role:

> I think that we have underestimated the task of making people perform in the business partner role. Things went really fast in the beginning, so I guess we more or less gave people new titles and overall instructions and moved on to the next thing. Now we are starting to see that a lot of our business partners are not really delivering the role as we intended. I feel like I keep telling the business partners the same thing and they keep making the same mistakes. (Senior Manager, Business Partnering)

Perhaps as a consequence of this misfit, the reorganization brought along issues related to stress, as seen in the example below:

> I think that we expect a lot of people. We work them really hard. We are still getting the new organization in place, so things can get pretty chaotic at times, because we also have the whole finance machine that needs to run. People are working really long hours to make things work and they have been doing that for a long time. Across the whole finance team, we have had quite a lot of cases of stress during the last months which really worries me. (Manager, Business Partnering)

Strategies for Engaging with the Misfit

Working the matrix: "buddy" arrangement

Being aware of the need for developing employees' relational skills and "working the matrix," managers within business partnering initiated a buddy arrangement in which experienced business partners who did not hold a management position and knew how to work the matrix were paired with specialists who had to develop into business partners. The more experienced business partner then served as a mentor:

> …I need to be really close to my people to make sure that they fill their role out. I have a really busy schedule, so I can't be all over my people all the time. So I came up with this idea with a buddy agreement. It is basically a junior and a senior helping each other in the daily work without involving me. (Manager, Business Partnering)

The buddies engaged in job shadowing, following each other for a day of work once a month and providing feedback to each other. This buddy arrangement was quickly adopted by other middle managers in the other functions within finance, e.g.:

> My colleague started this buddy arrangement. At first I thought it was really silly. People should just go do their job. I think we work on too high a level for buddies. But my colleague was really doing well with this arrangement, so I tried it out. My people did not really buy into it in the beginning. I must admit that I was surprised in a good way. I guess it helped people feel less alone and feel more confident when battling the business. (Senior Manager, Business Partnering)

Although facing initial resistance, the buddy arrangement proved to be an effective way to reduce the structure-people misfit. Through this, middle managers facilitated the development of employees' competencies towards what they perceived as critical competencies for operationalizing top management's intent.

Working the matrix: safe haven

To help employees cope with the high level of pressure in the new organization, managers created different settings where frustration or confusion could be freely expressed. An illustrative example of this was creating a "safe haven":

> Because we have so many stakeholders, we have a busy job, that I am using a lot of effort on making sure that my team meetings are a safe haven, if that makes sense…So whenever we are together, it is also a place for them to say 'sorry guys, I really do not understand this' and to ask all the stupid questions, and it gives so much energy in the room when somebody says 'have you seen that mail from HR, I simply do not understand it. (Senior Manager, Business Partnering)

> Obviously I have for each team member a monthly one-to-one, using the vast amount of time speaking about how it is going, and all of the work relating tasks we can take outside or ongoing. Also to move a little bit closer to them. Because yes, we have been under a lot of pressure and still are, and you really need to be honest to your manager, to yourself, because otherwise it will hit you sooner or later. (Manager, Controlling)

Keeping the strong performance culture in mind, managers in finance had not previously been concerned with how employees coped with their job. With increasing challenges of stress and employees leaving the company, creating a safe haven emerged as a fruitful way of supporting employees to navigate in the new organization.

Working the matrix: sharing best practice

As has been established previously, several misfits were caused by increased uncertainty due to lack of knowledge. The roles and procedures were new which led to confusion and frustration for employees and managers, because no one knew how they should be carried out in the daily work. Middle managers found that the best way to cope with this issue was to fill in the blanks themselves and learn

from colleagues' experiences. Examples of this appeared at both employee and management level, as illustrated below:

> My people take turn presenting a case from their daily work when we have team meetings. The role is still new and it is fine that there is a group working on a common definition. But I am more concerned with practice. So I like us to share examples of concrete, business partner work. We try to share both good and bad examples. (Senior Manager, Business Partnering)

> This is my first management position…I sometimes feel very confused about managing this reorganization. It is definitely much more challenging than I expected. I have been thinking a lot about how we get the structure and processes in place, but all this people stuff is taking a lot of my attention, and I often do not know what to do. Every other week, I meet with colleagues at the same level as me and we share our experiences from this chaotic process. We are not a formal management team, but it is really nice to have somebody to talk to that you do not have to pretend to be a hero (Manager, Controlling)

Strategy–Process Misfit

An important part of the new strategy was to streamline and optimize finance processes at all production sites. To achieve this, all sites needed the same finance system. As FOOD's growth was primarily based on acquisitions, several different finance systems were used, which made finance processes inefficient. With the new strategy, FOOD wanted to introduce the financial system, SAP, throughout the organization. As the process started, however, they soon learned that converting all systems to SAP was a far bigger task than expected. The process of replacing old systems with SAP was relatively quick, but a lot of challenges emerged when the sites started to use the system, revealing different maturity levels for handling the system. As a consequence, finance business partners were struggling to deliver main aspects of their new role:

> My people have to serve on average five sites. A big part of their role is to challenge the local management on how they are doing on key numbers compared to other sites. When the sites are still using different systems, it makes it impossible for us to accurately compare across sites. I am surprised that the management don't spend more resources in getting SAP up and running. (Manager, Business Partnering)

> IT is a mess. We are trying to get the entire organization to run on the same system. But. Yes, it is just not an easy task. We are working on it, we are. It is a part of our harmonization and standardization agenda. It is just taking much longer than we thought so we have to be patient and accept that things are not perfect. The business partners are bugging us a lot with this. (Senior Manager, Process Optimization)

As the above implies, a consequence of the delayed IT implementation is a temporary misfit to the other design elements, hereby representing a barrier to achieve the new strategy.

Strategy for Engaging with the Misfit

SAP service check

The managers within business partnering learned that production sites were struggling to use the new financial system as intended, making it difficult to compare numbers and benchmark across sites. As they examined the problem more closely, they found out that these issues referred to the same user problems in the system. They therefore developed a new work practice, which they termed "SAP service check":

> We identified features that are absolutely necessary that all sites obey to. Then a lot of the other stuff in the system can wait. So we call it a SAP service check because we go out to the sites and check if they can do the ten tasks. If they cannot, we will show them how to do it, so we get the right numbers… When we are doing good with the tasks, then we add more stuff, but I guess it has been a good move to split the task, because the sites were really overwhelmed with SAP rollout, so instead of everything is crap, I would rather have us focus on the things that we can actually do. (Senior Manager, Business Partnering)

5.2. Middle Managers as Designers

As the preceding sections illustrate, the new organizational design in FOOD was a function of a new strategy. The focus of the study was not to observe the middle manager roles that influenced the strategy itself, but to understand the middle manager role that specifically related to the new organizational design. This relates to what prior research has termed middle manager's downward-facing roles (Floyd & Wooldridge, 1997). Below, I illustrate how the downward-facing roles did not sufficiently capture middle managers' design efforts, leading therefore to the identification of lateral interactions as the basis for a new middle manager role, *designing*.

Table 4 compares the strategies that the middle managers used for engaging with the perceived misfits, which led them to make adjustments in the design, to sources of strategic influence of middle managers that existing theory has already reported. From this, it can be seen that the case did not observe any strategies related to Floyd & Wooldridge's (1997) upward-moving roles (e.g., reporting challenges about the new design to the executive management). Rather, as middle managers were experiencing misfits in the new design, they directed their attention downward in the hierarchy, focusing on adapting the design to better realize the new strategy. For instance, with the introduction of the SAP service check, middle managers modified the original system rollout plan to be able to meet the strategic objective of comparing key numbers across different production sites. Similarly,

by building the buddy arrangement, middle managers wanted to support the implementation of the new roles in finance by sharing knowledge and facilitating learning and thus help people to fill out the role faster.

Table 4 – Middle Manager Role in Adapting Macro Design. Extended from Floyd & Wooldridge (1997)

Middle manager strategic influence	Direction in hierarchy	Behaviors	Strategies adopted in case study
Championing	Upward	Present alternatives to top management	
Synthesizing	Upward	Categorize issues and sell to top management	
Facilitating	Downward	Share information and facilitate learning	Sharing best practice "Buddy" arrangement
Implementing	Downward	Revise and adjust, motivate, inspire, coach	Safe haven SAP service check
Designing	Across	Build collaboration and coordination across hierarchy	Excellence teams Business partner community

Interestingly, as Table 4 shows, the analysis also revealed a new role, *designing*, that has not been sufficiently recognized in prior research. Exemplified by middle managers' establishment of the business partner community and excellence teams, *designing* refers to how middle managers elaborate on the macro design by building extra coordination mechanisms that are necessary to implement the new macro design and strategy. The designing role relies on middle managers' lateral interaction rather than vertical interactions. Unlike the implementation role identified by Floyd & Wooldridge (1997), *designing* does not translate top management's intent into action. Rather, *designing* is a creative and iterative process in which middle managers build micro-level organizational elements needed to realize the intent behind top management's strategy and make the macro structural elements work. This way, the findings show how the downward-facing roles already described in literature did not sufficiently capture middle managers' design efforts, leading to the identification of lateral interactions in which middle managers built structures at micro level.

Comparing strategies outlined in Table 4, most of the strategies that the middle managers applied (working across the lines, establishing lateral relations, building mechanisms for sharing best practice) are all aspects that the overall design of an organization should account for (Galbraith, 2014).

This case showed that when challenges occurred at micro level due to core design elements that were not defined at macro level, they were developed dynamically at micro level. This way, the case study also illustrated an example of a macro design that was highly dependent of micro adaptions to make it work, hereby highlighting the importance of both macro and micro perspectives in organizational design.

5. DISCUSSION AND CONCLUSION

Organizations are increasingly moving away from traditional hierarchical structures to more modular forms (Schilling & Steensma, 2001). Power and responsibility is decentralized, leading to a de-layering of the hierarchy and greater level of self-management. This study has highlighted the crucial role that middle managers played in implementing a new macro design by building micro-level structures to support the macro design. It has shown that middle managers are not just recipients of organizational design or obstacles that can hinder implementation, but take an active role in designing the system below them and ensuring coordination across the hierarchy.

Drawing on previous research, these findings are not surprising, as interaction and adaption of new structures is expected to integrate the new design in daily work (Balogun & Johnson, 2004; Ahearne et al., 2014). What is, however, surprising is the way in which middle managers interacted with the new design. Instead of reporting issues with the new design upward in the hierarchy, middle managers worked *across* the hierarchy with colleagues at the same level. This way, the findings also support previous studies that have examined coordination mechanisms and structures across the hierarchy (Dobrajska, Billinger & Karim, 2015; Ahearne et al., 2014).

Designing extends our existing knowledge of middle managers' strategic influence, as it relies on lateral rather than vertical interactions. Additionally, it moves beyond middle managers as design implementers and describes middle managers as actively designing micro dimensions of a macro design. As the study showed, the strategic relevance of the designing role was the ability to build coordination and collaboration that responded to the perceived misfits in the new organizational design (e.g., failure to respond to the demands of the line of business). The implication is the need for rethinking the middle manager role. With the emergence of de-layered organizational forms, middle managers will play a crucial role in binding these complex organizations together and coordinating

self-management across the hierarchy. As this study shows, this calls for a new middle manager role, *designing*, which places the middle manager at the center of organizational design processes.

Relating the above to Gulati and Puranam's (2009) notion of compensatory fit, the present study showed how a powerful informal organization, represented by middle management, compensated for an insufficient formal organization. The middle managers created a strong infrastructure at the micro level that was able to realize the top management's strategic intentions. In line with Gulati and Puranam (2009), this misalignment between the formal and informal organization positively impacted organizational performance, as the initiatives by middle managers advanced the reorganization. However, as Gulati and Puranam (2009) stress, compensatory fit is particularly efficient when the gains from ambidexterity are substantial, it is questionable whether the misalignment would prove fruitful in the long term for FOOD. The new strategy focused on efficiency, and thus the compensatory fit in FOOD seems to be more a symptom of different perceptions of the new design at top and middle managerial levels rather than a pursuit of ambidextrous strategy.

The case did not find feedback loops upward in the hierarchy from middle managers to top managers. While this approach may have led to increased flexibility, there is also the risk that the two management layers become too detached. Previous research (e.g., Ahearne et al., 2014) has demonstrated that the benefits of middle managers' involvement in strategy implementation through flexibility only last up to a certain threshold. After this threshold, problems associated with lack of strategic control outweigh the benefits of flexibility. As this study is based on data collected from one time period in the reorganization, it does not tell us about the long-term consequences of lack of vertical coordination. This could be a relevant focus of future research.

The analysis focused on the different perceptions of the design among executive management and middle management. Executive management perceived the new design as a functional organization, and thus they did not design coordination mechanisms for a matrix (how middle managers perceived the design). In this sense, middle managers developed a micro design to fit their perception of the design, which required more complex coordination as depicted in Figure 2. As the findings illustrate, the micro design developed by middle managers constituted both structures and processes to ensure sufficient coordination and collaboration across the hierarchy to ensure that tasks were solved.

According to the information processing view, misfits between information processing demand and capacity leave the organization with two options: either it can decrease its need for processing information (e.g., lowering quality), or it can increase its capacity for processing information (Galbraith, 1974). As FOOD's strategy was very clear on efficiency targets, middle managers were (unconsciously) adopting the latter option, which is illustrated in the following example:

> I have this picture in my mind that we have done the easy stuff of the reorganization. The strategy and structure is more or less in place, and now we need to make sure that the rest come along. It is a process…I feel like we are getting better every day. At least on a weekly basis, I run into issues that have not been accounted for (in the new organization). So then I have to come up with a solution. Typically there is no time for involving the executives, so I talk to my colleagues. It is not something formal and fancy, but we make it work. (Senior Manager, Process Optimization)

Based on the above, middle managers ended up compensating for insufficient information processing capacity in the new design. When they were faced with misfits between the new design and organizational reality, they had to come up with solutions to make things work. They designed both processes and structures (e.g., excellence teams). This could also be an explanation of the many cases of stress within finance. When individuals function as increased information processing capacity, they have to be able to handle more complex information and insecurity, which can lead to increased feelings of pressure (Burton et al., 2011). This way, this study also contributes to literature on information processing, by describing how middle managers built extra information processing capacity in the macro design developed by top management.

Another interesting finding from the study is that, at first glance, the case appeared to be a classic hierarchy with a traditional top-down approach to design. But a deeper look into the role of middle managers in the reorganization showed that the design process was much more dynamic, since middle managers were shaping micro dimensions of the design (processes and structures). In this way, the new macro design served as an overall framework for the organization's infrastructure, under which more dynamic approaches to design could emerge. Interestingly, however, this dynamic approach to the design process was not intended. The executive management thought they had developed a complete design for the new finance organization. There were no formal incentives for middle managers to design micro mechanisms. Incentives that the executive management designed for middle managers were based on their contribution to the finance function's strategy must-wins. But as middle managers experienced misfits in the new design, the new designing role thus emerged as middle managers' autonomous and voluntary, yet necessary, behavior.

Although unintended, we can learn from this design approach in which some parts of the design are designed at the top, while leaving other things open to be designed at the micro level. This also entails implications for future research, as the organizational level may not be the most appropriate unit of analysis for studying emerging organizational forms and dynamic approaches to organizational design. As this study has shown, examples of dynamic design are also found at the division or functional level in large organizations. As some of the popular examples of "modern" organizations have now reorganized into classical hierarchies (e.g., Burton, Håkonsson, Nickerson, Puranam, Workiewicz & Zenger, 2017), we may see more examples of organizations adopting parts of new forms of organizing or designing some parts (e.g., divisions) of the organization in a more dynamic fashion than other parts (Bernstein et al., 2016).

As this study is based on a single case, there are limitations related to the generalizability of the findings. Therefore, further research is needed in this area in order to further our understanding of middle managers' role in organizational design and thus what *designing* at middle management level means. Furthermore, the study is based on data collected six months into the reorganization. While the findings show how middle managers built micro dimensions of the new macro design in order to make it work, it would be interesting to see whether these initiatives lasted over time. This highlights the need for future research on if, and how, micro-level adaptions are incorporated in the formal macro design over time.

It should be noted that this paper has not focused on the influence of culture in middle managers' adaption of the new design. Therefore, it could be argued whether some of the middle managers' initiatives, e.g., a "safe haven" in which employees and managers can express insecurity and vulnerability, are culturally shaped. Therefore, future research is needed to illuminate whether these processes occur in other cultural contexts.

5.2.Implications for Practice

Similar to the findings of Balogun and Johnson (2004), the present study showed that the absence of extensive up-front design left middle managers with decisions on how the new design was to work in practice, and keeping "business as usual" concurrently may inflict too much stress on the organization. A reorganization sequence in which the new design elements are put in place gradually could

resolve this issue, but would also imply a risk of not meeting the strategic targets the reorganization was set out to achieve.

The important role that middle managers play in organizational design needs more attention. In particular, practitioner literature tends to assume that top managers can direct change and thus make reorganizations happen (Balogun, 2003). Although acknowledging top management's important role as *a part* of any reorganization, this study has illustrated the central role that middle managers play in building micro-level organizational elements needed to realize the intent behind the top management's strategy and make the macro design work. In this way, the study also questions whether it is even possible, or desirable, for top management to develop an exhaustive design that applies to the entire organization, particularly in the more geographically dispersed and modulated organizations we are increasingly seeing.

As the case shows, overcoming the pitfalls in the new organization, such as the perceived misfits, required 1) proactive middle manager action that moved beyond simply implementing the design, to co-designing it and 2) vertical coordination and cooperation to ensure efficiency in the implementation process and harvesting from each other's best experiences. As mentioned earlier, the resulting dynamic design process developed naturally rather than intentionally. Luckily, the middle managers skillfully and constructively made the new design work, but it is easy to imagine a case where middle management would resist similar conditions. Management of future reorganization processes could benefit from making explicit which parts of the design are designed by top management and which parts should be designed at a micro level.

The above calls for *designing* as a core middle manager competence in modern organizations. If middle managers are to play a central role in facilitating coordination and self-management in the future, they may have to spend less time on the "traditional" middle manager roles (implementing, facilitating, synthesizing, and championing) and more time building microstructures. This also implies rethinking management training and development programs that typically focus on leadership, change management, motivation, coaching, etc. Training programs could benefit from establishing a common language for organizational design at all managerial levels and teaching middle managers how to design their part of the organization.

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APPENDICES

Appendix A – Interview guide

Strategy

- Could you please account for the main elements in the new 2020 strategy that have led to this reorganization?
- How is it implemented?

Structure and role

- Please illustrate how you see your organization formally. How does it look informally?
- Describe your role. What would a typical day be like?
- What is the most complex or challenging about your job?

Decisions & processes

- What kind of decisions do you make, i.e. what can you directly influence, and what needs to be approved above you?
- What kind of decisions have you delegated to your employees?
- What are the key work processes in the daily work?
- How do you work with implementing the new strategy? And the new organization?

Goals & rewards

- What are the success criteria for your role? How have these success criteria been set?
- How do these success criteria influence your daily work?
- How do you measure performance?
- What can make it difficult for you to succeed?
- Which success criteria have been set for the people reporting to you?

People

- What kind of professional and personal competencies do you think are necessary for the new finance organization? Are they different than before?
- What is, in your perspective, the most important focus of the employees / managers working below you in supporting the reorganization?

Perception of the new design

- What are the main advantages in the new finance organization?
- What kind of challenges do you see in the new design (roles, incentives, goals)? Which of these are perceived / expected and which have you already experienced?
- How do you cope with these challenges?
- Describe the reorganization—what went well, and what could be improved? How far are you in the process?
- Following the reorganization, you have been put in charge of your own "organization" within finance. Please describe how you have organized your team and why.
- If you had magical powers and could change one thing that would make your work in the reorganization easier, what would that be?

Appendix B – Summarized code structure

Empirical Codes	Aggregated Empirical Categories	Conceptual Themes	Theoretical Dimensions
Chaos, long, confusion, secrets, fast, unions, political, take-over	Reorganization process	Strategy Structure Processes Rewards People	Misfits
Simple, clear command, functional, contradiction, matrix, complex, dotted lines, incomplete, tension, standardization, logic, no surprises, half-done	The new design		
Strategic, traditional, performance, self-reliance, business partner, controller, tough, service-level agreement	Professional roles and expertise		
Value to the business, stress, pressure, streamline processes, one customer, employee turnover, layoff	Impact of new organization		
Delegation, toughen up, long hours, trust, micromanage, rewards, motivation, filter, protect	Leadership		
Excellence team, business partner community, safe haven, buddies, service check	New initiatives	Adapting design	Strategic influence of middle managers

Appendix C – Different perceptions of the new design

Design element	Executive management team (vice president and directors)	Middle managers (senior managers and managers)	Congruence in perceptions (executive management vs. middle management)
Strategy	Must-wins: • Valued finance partner • Strong finance fundamentals • Boost standardization and harmonization agenda • ONE finance team • Proactive collaboration with stakeholders • Engaged, developed, and mobile colleagues • Developed and utilized new technologies	Must-wins: • Valued finance partner • Strong finance fundamentals • Boost standardization and harmonization agenda • ONE finance team • Proactive collaboration with stakeholders • Engaged, developed, and mobile colleagues • Developed and utilized new technologies	Yes
Structure	Simple functional structure Clear roles and command	Full-blown matrix Blurred lines Confusing roles, especially business partners and controllers	No
Processes	Business plan (e.g., standardization of systems, SAP) Service-level agreement (SLA) as a foundation for collaboration with sites	Few formal processes—people do their own thing Service-level agreement (SLA) looks good on paper but does not reflect reality SAP is not working on production sites	Partly
Rewards	Rewards given based on contribution to finance function	Formal rewards based on finance function Rewards given based on the 7 must-wins in the strategy Informal rewards based on line of business	No
People	Highly skilled and specialized finance people Need for people that think more strategic Frustration—people do not deliver	Need for people who can "work the matrix," e.g. serve both the function and the business Difficult to make employees fill out role as finance business partner Concerns about stress	No

5.

RESEARCH ARTICLE 2

WORKING THROUGH TENSION: IMPLEMENTING ROLES DURING ORGANIZATIONAL REDESIGN

Working through tension: Implementing roles during organizational redesign

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ABSTRACT

To change, organizations must modify how work is organized and coordinated, which implies altering organizational roles. Existing research on organizational design highlights organizational roles as an essential design element, but does not account for *how* new roles are implemented. Literature on organizational roles provides detailed accounts for the process through which roles are enacted in organizations, but mostly focuses on job incumbents and only implicitly attends to managers' role in implementing new roles. Based on a process study of a reorganization in a leading production company, this paper contributes to existing research on organizational design by advancing the knowledge of how new roles are implemented. The study further contributes to existing research on organizational roles by demonstrating how interactions between managers and job incumbents in implementing the new role are essential, a key point that tends to be neglected in recent research. I find that the implementation of new formal roles leads to role conflict, which averts role enactment and performance. Drawing on the research findings, and literature on organizational design, organizational roles, and role conflict, I develop a model that shows how role conflict is addressed through an interactive and iterative process between managers and job incumbents. The model expands existing research and provides practical guidance to managers leading organizational redesign. In seeking to cope with role conflict, managers and job incumbents explored *how* to carry out the job and ensure coordination, but there was limited leeway in *what* the job entailed. In this process, they built on the job incumbents' ability and capacity to carry out the job.

Keywords: organizational design, organizational roles, role conflict, reorganization, macro design, micro design.

Status: Under review in Organization Science

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1. INTRODUCTION

Organizational redesign has become a strategic priority for many organizations, as increasingly complex environments elevate the need for organizations to modify design elements routinely to remain competitive (Vermeulen et al., 2010; Fjeldstad et al., 2012). A central proposition in organizational design literature is that changes in the organization's design require rethinking the division and integration of work (Puranam, 2018; Burton et al., 2002). This implies that organizational redesign often leads to altering organizational roles (Galbraith, 2014). Meanwhile, although organizational design literature provides strong arguments for why organizational roles should be changed in organizational redesign (e.g., Gulati & Puranam, 2009; Tushman & Nadler, 1978; Burton et al., 2011), few studies show how new roles are implemented.

A role is "a delineation of the set of recurrent behaviors appropriate to a particular position in a social system" (Puranam, 2018: 130). Most organizational design literature takes a macro approach and posits that roles are designed and implemented by top managers. These macro approaches are concerned with organizational level constructs, such as centralization, formalization, and span of control (Van de Ven et al., 2013; Puranam, 2018). For instance, Burton et al. (2002) emphasized roles as one of the first crucial elements managers must attend to when redesigning the organization. Similarly, Stan and Puranam (2017) found that integrator roles are elements of the formal organizational structure that enable the coordination of efforts across specialized personnel. Moreover, Galbraith and colleagues (2002) showed that managers should continuously ensure that roles reflect the organization's most important tasks, as unclear roles can lead to frustration and inefficiency. Although the importance of roles is well established in the organizational design literature, the role of job incumbents is often neglected and thus it is assumed that roles are rather easily implemented; management implement roles *on* job incumbents who *take on* the role they have been *given* (Krantz & Maltz, 1997). This way, existing organizational design literature tends to focus on the *function* of roles rather than the *process* through which they are implemented.

Literature on organizational roles provides detailed accounts for the process through which roles emerge and are enacted in organizations by focusing on job incumbents. Primarily taking an interactionist perspective, recent research on organizational roles argues that roles are both constrained and informed by local conditions beyond managerial control and thus focus on how individuals construct and reconstruct work and social interaction through role-taking (e.g., Cohen, 2013; Barley & Kunda, 2001; Bechky, 2006; Kellogg, 2009). For instance, Bechky (2006) showed how coordination and

continuity in temporary organizations is maintained through role structure and repeated enactments of these roles. Similarly, Feldman and Pentland (2003) found that specialization and division of labor come from unplanned interactions between structures and actors, and not from predefined roles. Floyd and Lane (2000: 154) noted that changing organizational roles can lead to role conflict: "…inconsistent behavioral expectations based on the need to efficiently deploy existing competencies and the need to experiment with new ones." While interactionist approaches provide valuable and detailed accounts for how roles are interpreted and enacted in organizations, they primarily focus on job incumbents and only implicitly attend to managers' role in implementing new roles (e.g., Feldman & Pentland, 2003; Bechky, 2006). This study addresses these shortcomings by showing how managers and job incumbents iteratively implement a new role through a combination of planned and emerged activities that enable job incumbents to cope with role conflict and enact their new role. This leads to the following research question: *how are new roles implemented during organizational redesign?*

To answer this question, this paper builds on a process study of the implementation of a new role, "finance business partner," in a leading food production company over a period of 18 months. The new role was a part of a company-wide reorganization aimed at reducing costs by centralizing core functions, including finance. Individuals who were previously finance managers at local production sites occupied the new "finance business partner" role. In essence, their role was restructured into an overall strategic position at the company's headquarters. Through interviews, observations, and company documents, I examined the implementation of the new role. The findings show how role enactment emerged through multiple activities pursued by managers and finance business partners that enabled business partners to cope with role conflict created by tensions between the old and the new role.

This study contributes to existing research on organizational design by advancing the knowledge of how new formal roles are implemented through a combination of planned and emergent managerial action. Drawing on the research findings, and literature on organizational design, organizational roles, and role conflict, I develop a model that shows how role conflict is addressed through an interactive and iterative process between managers and job incumbents. The model expands existing research and provides practical guidance to managers leading organizational redesign, and shows that implementation of roles is not a straightforward process, but requires active involvement of both managers and job incumbents. Further, the study shows how managers and job incumbents explored *how* to carry out the new role and ensure coordination, but there was limited leeway in *what* the job contained. In this process, they built on the incumbents' ability and capacity to carry out the job.

2. THEORETICAL FRAMEWORK

March and Simon noted that "organizations are systems of coordinated action among individuals and groups whose preferences, information, interests or knowledge differ. Organization theories describe the delicate conversion of conflict into cooperation, the mobilization of resources and the coordination of effort that facilitate the joint survival of an organization and its members" (March & Simon, 1993: 2). This implies that organizational performance is dependent on the right utilization of individual resources and skills and clarity on who does what. A common way to ensure this within organizational theory is through well-defined organizational roles that ensure proper task division and coordination (e.g., Dougherty, 2001; Ethiraj & Levinthal, 2004)

An organizational role is defined as the set of expectations about behavior for a position in a social structure and the linkages between roles, as emphasized in, e.g., job descriptions or role charters (Puranam, 2018). This way, roles connect people to organizations and thus influence micro-level outcomes, such as satisfaction, motivation, and productivity, as well as macro-level firm performance (Puranam, 2018; Cohen, 2013).

2.1. Roles as Design Elements

Organizational design outlines patterns of action and interaction, and roles are the foundation upon which individuals carry out these patterns (Simon, 1996; Nickerson & Zenger, 2002). Existing literature on organizational design emphasizes roles as an essential part of an organization's design (e.g., Burton et al., 2011; Puranam et al., 2014; Galbraith, 2014; Nadler & Tushman, 1999). Roles reflect the division of labor and integration of effort in organizations (Lawrence & Lorsch, 1967) and are the foundation of daily work and action by organizational members (Puranam, 2018; Burton et al., 2011; Gulati et al., 2005). Role structures provide templates for coordination of work (Valentine & Edmonson, 2014) and are typically defined as a part of an organization's structure (e.g., Mintzberg, 1993; Galbraith et al., 2002; Burton et al., 2011).

Most existing literature on organization design takes a macro perspective and thus considers organizational roles a design component designed by top management and implemented *on* individuals further down in the organization (e.g., Burton et al, 2011; Donaldson, 2001; Nadler & Tushman, 1999). Moreover, while acknowledging internal complexity, existing literature on organizational design assumes that roles are rather easily implemented. That is, it is assumed that people *take on* the role they

have been *given* by top management (Krantz & Maltz, 1997). Seen in this way, roles allow coordination to be rather de-individualized, as coordination is dependent on knowing each other's position in the role structure rather than unique individual skills (Klein et al., 2006). As Sandhu & Kulik (2018) note, literature on organizational design mostly focus on design dimensions and how these are best developed, and can thus be characterized by what Bennis (1959) labeled "organizations without people".

Recently, this rather static portrayal of how roles are implemented has been challenged. For instance, Puranam (2018) called for more research taking a microstructural approach that allows for more nuances on organizational design processes:

> The microstructural approach I believe helps us take another step, because it allows for a recognition of the internal diversity and complexity of organizations by focusing on units at lower levels of aggregation as well as on the relationships between them. Understanding the micro is necessary, if not sufficient in order to truly understand and re-design the macro. (Puranam, 2018: 17)

The above implies that proper redesign of the organization at a macro level, including new roles, necessitates knowledge about how roles are implemented and enacted at micro levels.

Micro design is defined as organizational design elements designed by middle and lower-level management and enacted by employees, as opposed to macro design, which is the overall configuration of the organization designed by top management (Livijn, 2019).

2.2. Roles as Negotiated Construct

Related fields to organizational design, such as literature on organizational roles, offer micro perspectives on how roles are implemented. This literature primarily focuses on the interplay between role structure and role enactment (e.g., Barley, 1986, 1990; Pentland, 1992; Bechky, 2003, 2006; Cohen, 2013). These interactionist approaches argue that roles cannot be taken as a given, but must be connected to the actions taken by people who occupy these roles. This implies a dynamic tension between the role given by management and the role taken by the job incumbent (Kellogg, 2009; Krantz & Maltz, 1997). For instance, Barley and Kunda (2001) argued that structure and action are interrelated, and thus social processes and job incumbents' preferences influence how a job is performed. Moreover, Bechky (2006) showed how coordination and continuity in temporary organizations are main-

tained through negotiated reproduction of role structure and repeated enactments of these roles. Similarly, Feldman and Pentland (2003) found that specialization and division of labor come from unplanned interactions between structures and actors, and not from deliberate organizational design. Cohen (2013) noted that across interactionist research, organizational roles are worked out rather than designed, which suggests that focusing too much on the formal design of a role may not be the best way to understand what people do on a daily basis in organizations.

While literature on organizational roles provides evidence that implementation of roles is more complicated than organizational design literature tend to assume, it primarily focuses on job incumbents, i.e., how individuals actively shape their work roles, and only implicitly attends to managers' role in the process. In line with this, Cohen (2013) argues that most interactionist research on roles builds on an assumption that the process of role enactment is shaped by actions of organizational members who incidentally shape how jobs carried out. Recently, Parker and colleagues (2017) called for more research taking integrative perspectives to understanding organizational roles that focus on both the job incumbents and the system. Combining theoretical perspectives of organizational design and organizational roles allows for a more holistic understanding of how roles are implemented by both managers and job incumbents. This way, this study addresses calls for integrative perspectives on implementing new roles.

2.3. Role Conflict

Barley (1990) notes that roles contain both non-relational and relational aspects—who does what as well as who interacts with whom. Formal roles can be changed rather quickly, but informal organizational elements associated with the old role may persist longer (Puranam, 2018). The implication is that when roles change, it will lead to a temporary misalignment between new job requirements and existing work practices. As Simon notes, "Designing (or re-designing) anything, not just an organization, is a problem-solving activity driven by the gap between the current and the desired goal states" (Simon, 1996: 111).

This gap between current and desired role expectations can lead to role conflict, i.e., "…inconsistent behavioral expectations based on the need to efficiently deploy existing competencies and the need to experiment with new ones" (Floyd & Lane, 2000: 154). Research has shown that role conflict can have negative impact on employee performance, and can lead to stress, decreased motivation, and

employee turnover (Parker et al., 2017; Beauchamp & Bray, 2001). For instance, Jackson and Schuler (1985) found role conflict to be negatively associated with job satisfaction and positively associated with tension, anxiety, intention to leave the organization, and individual productivity. Similarly, Dahl (2011) found that changes in employees' working conditions, including role, increase the risk of negative stress. Conversely, when individuals interact within well-defined roles, their interactions become more predictable, which increases the level of trust in organization (Mayer et al., 1995). Furthermore, the less clearly defined roles are, the greater the stress created by role conflict and the more likely it is that individuals will use avoidance, lying, or organizational exit to cope with the stress (Biddle & Thomas, 1966; van de Vliert, 1981).

Floyd and Lane (2000) argue that role conflict is inherent and "part of the job" in managerial jobs, particularly top-management jobs, but the aim should be to reduce role conflict at the employee level. To reduce role conflict, Floyd and Lane (2000) propose three types of organizational controls, all depending on the environment in which the organization operates: bureaucratic control, market control, and clan control.

While literature on role conflict provides valuable insight into the potential negative effects of implementing new roles, focus is primarily on the *consequences* of role conflict (e.g., Floyd & Lane, 2000; Beauchamp & Bray, 2001) and not how it is managed. The aim of this paper is to address this gap.

3. METHODOLOGY

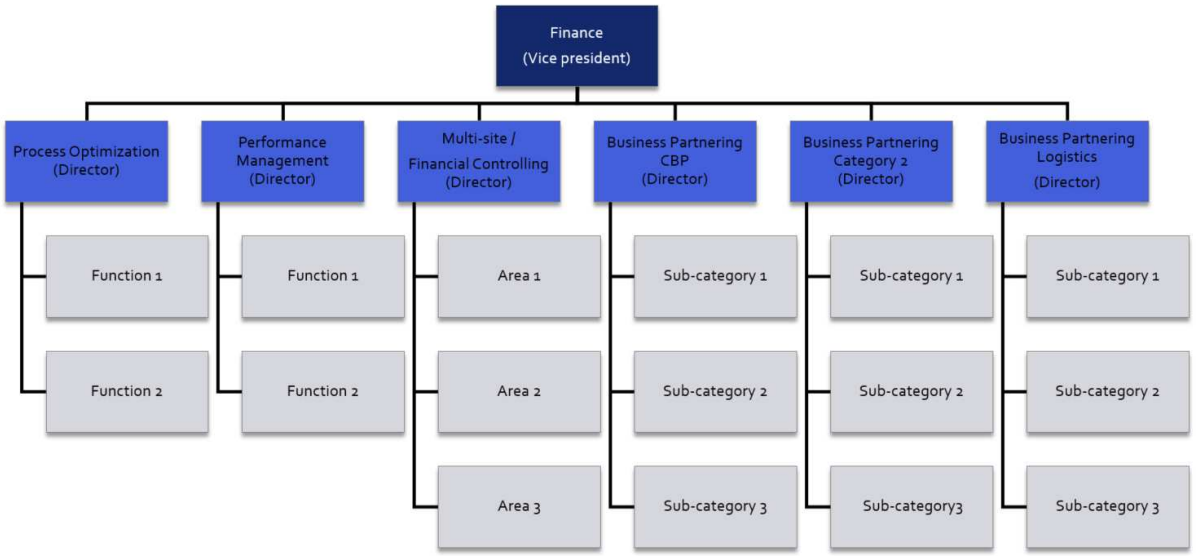
3.1. Research Context

To explore the research question of how roles are implemented during organizational redesign, I studied the implementation of a new formal role in the finance function of FOOD, a market-leading food production company with approximately 30,000 employees globally and an annual revenue of around 40 billion euro.

Due to changing market conditions, FOOD struggled to deliver sufficient return to shareholders, which led the executive management to announce a company-wide cost-saving program aimed at reducing total costs by 25 percent. To meet these requirements, FOOD launched a new strategy and a company-wide reorganization intended to streamline a range of core processes and generate synergy and transparency across the organization. As a part of the reorganization, FOOD's core functions such as marketing, HR, and finance were restructured from serving individual divisions to serving

the global organization. In particular, FOOD's finance function went through a complete redesign, which included designing new functional roles and reducing staff by 25 percent to meet the ambitious efficiency targets. The new finance organization was divided into four sub-functions: process optimization, performance management, business partnering, and multi-site / financial controlling, as can be seen in Figure 1. Business partnering was further split into three areas reflecting the different parts of the business they supported.

FIGURE 1 – THE NEW FINANCE ORGANIZATION



One of the major changes in the new finance organization was the creation of two new roles: finance business partner and financial controller. Before the reorganization, each production site had a local finance manager. These finance managers were strongly affected by the reorganization and were either laid off or appointed as "finance business partners," a new role in the organization. Depending on production site sizes, the new finance business partners serviced three to seven sites, and their role was to advice local management on strategic aspects related to finance and compare performance across sites for which they were responsible and address issues at sites that did not meet their targets. In particular, the new finance business partners were key to implementing the new finance organization, as the intention was to provide the line of business and production sites with strategic financial support to help meet the ambitious improvement targets. This is exemplified, for instance, by one of the strategic "must wins" in the new finance organization, "valued partners driving both service and

costs." With the reorganization, the tasks that were previously handled by the finance manager at the production sites were now split between financial controllers and business partners. The primary function of the business partners was to consult the line of business and production sites on financial issues, whereas the financial controllers functioned as the back office, as explained by a manager:

> We have these four buckets…one for business partners, one for process optimization, one for performance management, and one for controlling. And we all have our different roles in these areas… The business partners are very much in the business, forward looking, partners for operations, whereas controlling is more back office, making sure that basics are correct and working, and we have data transparency and high quality, so the business partners can use it in a forward-looking approach. (Director, Multi-site / Financial controlling)

The business partners that were previously based at production sites were relocated to the company's headquarters. The financial controllers were located in regional administrative centers that served all production sites within their area. The role of the administrative centers was to support production sites in accounting and bookkeeping, and to calculate key numbers as metrics for use by the finance business partners. To ensure a strong finance partnering with the line of business, business partnering was split into two product categories and logistics, mirroring the line of business they supported, as illustrated in Figure 1.

As the reorganization progressed, however, top management's intention with the new roles proved difficult to implement in the daily work. The business partner role was particularly challenging to implement, as the new business partners had previously been used to accounting tasks and were struggling with the new role requiring their work to be more "overall and strategic." As I wanted to gain in-depth understanding of the process through which new roles are implemented, the implementation of the finance business partner role in FOOD's finance function was a particularly relevant research setting.

3.2. Research Design and Data Collection

I conducted an in-depth qualitative study over 18 months based on an embedded design (Eisenhardt, 1989). Qualitative approaches are particularly relevant when the purpose is to explore a phenomenon in depth, i.e., to further the understanding of a particular phenomenon and develop explanations (Yin, 2014; Eisenhardt, 1989). As I wanted to examine the role implementation from an integrative perspective and understand the process from the initial role design to role enactment, I examined five

different organizational levels in the case (VP, director, senior manager, manager, and business partner/employee). A single case was chosen, as it allows for greater detail and nuances on the phenomenon being studied (Yin, 2014), which was necessary for fully understanding the implementation of the new role from the perspective of both managers and business partners.

The study involved multiple qualitative data sources (observations, interviews, and company documents), summarized in Table 1.

Table 1 – Overview of Data Sources

		Phase 1 (January - March 2017)	Phase 2 (June – July 2018)	Follow up (August 2018)	Total
Data source	**Interviewee**	**Amount**	**Amount**		
Interviews with managers	Vice President , Finance	1	1		**2**
	Director, Finance	6	7		**13**
	Senior Managers, Finance	5	4		**9**
	Managers, Finance	3	4		**7**
Interviews with business partners	Finance Business Partners			5	**5**
Observations	Meetings in top-management team in the finance function, meetings in extended management team meetings between middle managers, info meetings, BP community	15 (72 hours)	6 (21 hours)		**21 (93 hours)**
Company documents	Strategy documents, role charters, memos	38	8		**46**

To understand how the implementation unfolded over time and how the new business partner role affected daily work, I collected data over three time periods between January 2017 and August 2018. The executive management in FOOD's finance function allowed me to follow 15 managers and their work with implementing the new organization. This entailed talking to the managers regularly, being included in meetings, and visiting production sites.

3.2.1. Interviews

Over the three rounds of data collection, I conducted a total of 36 semi-structured interviews with managers and business partners in the new finance organization. In all, these represented five different

organizational levels and five different countries, which allowed me to understand how top management's intentions with the new business partner role were implemented in the organization. The initial round of data collection comprised 15 managers. By the time of the second round of data collection, the sub-function "performance management" was split into two sub-functions, and thus an additional director had been appointed. For this reason, I followed 16 managers for the remainder of the study. Each interview lasted 60–120 minutes and was audio recorded and transcribed. Most interviews were conducted in English. A few interviews were conducted in Danish, when informants felt most comfortable in their native language. These interviews were first transcribed and later translated to English by a student worker. All transcripts and translations were validated by the author.

3.2.2. Observations

To supplement the interviews, I observed planned and unplanned meetings in the management team and among business partners to understand how the implementation was unfolding, what kind of issues were salient, and how the management was planning to move forward. The intention was to observe dynamics between managers and business partners and see examples of role enactment. The meetings ranged from 3 to 22 participants and lasted between 30 minutes and 7 hours. Detailed field notes were taken within 24 hours of leaving the field. The notes included observations of the participants' actions and expressions as well as observed patterns of interaction between participants.

3.2.3. Company documents

I gathered documentary data generated by FOOD from the reorganization's initiation phase in November 2015 to 2018 when data collection ended. These data included email correspondence, strategy documents, meeting minutes, service level agreements, internal surveys, and role charters.

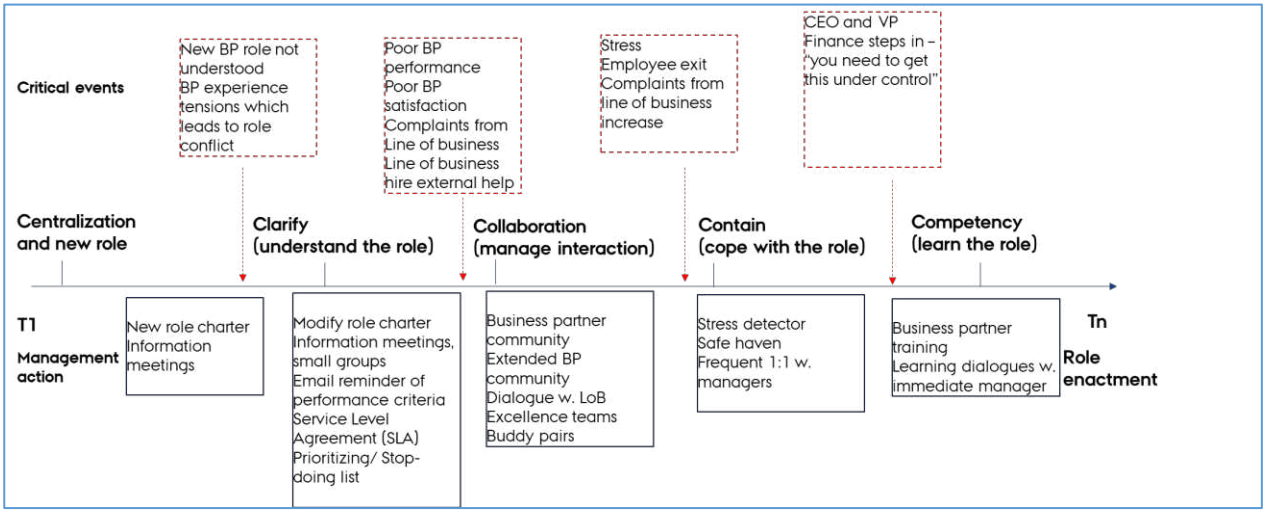
3.3. Analytical Approach

As is typical of qualitative process studies, the analysis went through several stages of refinement (Langley, 1999; Smith & Besharov, 2017). First, based on the integrative approach for understanding the role implementation, I was interested in the implementation process from both a manager and a business partner perspective. Therefore, I went through the interview transcripts, field diaries, and

company documents and undertook two types of first-order coding: the business partners' experience with the new role and managers' actions in the implementation process. Informed by literature on organizational roles that highlights job incumbents as the key actor in role implementation (e.g., Kellogg, 2009; Feldman & Pentland, 2003), I first coded the business partners' experience with their new role. This involved codes such as "insecurity," "contradiction," "stress," "leave the company," and "not standing out." These codes, which are exemplified in Appendix 1, indicated that the business partner role was difficult to implement and was leading to a number of negative consequences. Consistent with other studies that examine the managerial role in implementation processes (e.g., Balogun et al., 2015; Hengst et al., 2019), I then coded managers' actions concerning the implementation of the new business partner role. This involved codes such as "modify role charter," "discuss role with line of business," and "stress detector," as evident from Appendix 3.

The first two steps of coding provided a dataset of actions that could be arranged chronologically, which allowed me to construct a timeline of the implementation process, as illustrated in Figure 2 below.

Figure 2 – Summary of the Implementation Process



In constructing the timeline, it became evident that a number of events and issues led to changes in how the managers approached the implementation of the business partner role. These primarily related to business partners' experience, reaction from the line of business, and interference from the top management in FOOD. I termed these instances "critical events." I noticed that the critical events triggered different types of management action. To understand this further, I categorized the different

management actions based on what the activities intended to do. This led to four categories of management action: clarify, collaborate, contain, and competency. As Figure 2 shows, the categories also represent different phases in the implementation process.

I then returned to the first-order codes of the business partners' experience with the new role to understand why the negative experiences occurred. In this process, I used prescribed techniques (Gioia et al., 2013; Langley, 1999) to move from first-order codes via second-order concepts to aggregated constructs. This was an iterative process in which I moved fluidly between the first-order codes and more abstract constructs. I noticed how business partners' experience with the role entailed a number of contradictions. For instance, work was described as both "backward looking" and "forward looking" or "in depth" and "overall." While the business partners felt that the business partner role was an appropriate new step toward the new finance organization, they experienced tensions when implementing the new role in the daily work, e.g.:

> As a finance person, you put great pride in knowing numbers on the sites you are working with. You know how things are connected, like all the details. You are on top of things and it gives you a sense of comfort that you always know what you are talking about. So when they (management) kept telling us that we should not go into so much detail with the numbers, I did not like that. I mean, how can I advise somebody and make quality in my work when I do not know the details? It was not really clear what was too much detail. (BP MY, follow-up)

I iterated between data and literature on organizational roles (e.g., Cohen, 2013; Floyd & Lane, 2000) to better understand this empirically grounded finding of tensions in integrating the business partner role in the daily work. Drawing on literature on role enactment (Kellogg, 2009; Cohen, 2013), role ambiguity (Tubre & Collins, 2000; Organ & Greene, 1974), and role conflict (Floyd & Lane, 2000; Rizzo et al., 1970), I conceptualized these tensions as creating role conflict. Floyd & Lane (2000: 154) define role conflict as: "…inconsistent behavioral expectations based on the need to efficiently deploy existing competencies and the need to experiment with new ones." For the business partners, it was not just a matter of not understanding their role. They also experienced conflicting expectations for *how* to perform the role. In addition to conflicting expectations, the business partners reported that the new role appealed to different values and goals that were hard to reconcile practically. Based on this finding, I categorized the first-order codes in Appendix 1, depending on the type of tension they referred to. This led to three empirically grounded experiences of tensions: tension in skills, tension in values, and tension in interaction that caused the experience of role conflict.

As Appendix 2 shows, the tension-in-skills category was defined as the incompatibility in tasks involving "old tasks" and new, more overall focus in the business partner role, and was informed through first-order codes such as "overall strategic" vs. "in-depth and detailed"; "forward looking" vs. "backward looking"; and "service" vs. "performance." The tension in values was defined as incompatibility of aligning existing work values and collegial relations with new requirements (clash between HQ performance culture and more "relaxed" culture at production sites) and was informed by first-order codes such as "being a hero" vs. "speaking my mind" and "being a good colleague" vs. "being the bad guy." Tension in interaction was spilt into two: tension with line of business and tension with financial controlling. Tension with line of business was defined as incompatibility in tasks involving accommodating both the business partner role charter and requests by line of business, and was informed by empirical codes "customizing" vs. "standardizing." Tension with controlling was defined as the incompatibility in task requiring coordination with financial controllers, and was informed by empirical codes such as "controller" vs. "business partner" and "back-office" vs. "supporting the business." Appendix 2 outlines the different tensions and explains how they are reflected in the data.

Finally, returning to the first- and second-order codes focusing on the managers' actions in Appendix 3, I conceptualized them as ways of addressing role conflict. I then examined the second-order categories in relation to the identified tensions experienced by the business partners, as illustrated in Appendix 4. This part of the analysis illustrated that the managers' actions could not be linked directly to one specific tension. Rather, each initiative by management addressed several tensions, as illustrated in Table 2. The process perspective in the research design thus allowed me to divide the implementation of the business partner role into four overall phases, each phase characterized by a category of management action, and the next phase triggered by a number of critical events that necessitated a new type of management action, as highlighted in Figure 2. Based on the links between the experienced tensions and managerial action outlined in Table 2, I was then able to develop Model 1, which shows how role conflict is addressed through several initiatives.

4. FINDINGS

The analysis of the empirical material showed that the new finance business partners experienced three types of tension related to the new role during the reorganization, moving from being finance managers located at production sites to new roles as finance business partners in the company's headquarters. Combined, the three tensions—tension in skills, tension in values, and tension in interaction—led to role conflict that prevented the business partners from enacting their new roles.

As the new finance business partner role is considerably different than the old role as a finance manager, literature on person-job fit would point to possible misalignments between the people appointed as finance business partners and management's aspirations with the role (e.g., Ehrhart & Ziegert, 2005; Kristof, 1996). While such misalignments may be plausible explanations for the challenges in implementing the business partner role, I will not address person-job fit directly, but focus on the tensions, which may be caused by the job design or the misfit between the person and the job. This way, I focus on the consequences of the person-job fit and not the causes. Moreover, although perfect person-job fit would be ideal, most organizational practice focuses on making people fit into new roles during redesign, as replacing people to fit new jobs is not possible (e.g., Galbraith et al., 2002).

Related to the above, the context of the reorganization is essential to bear in mind; it was a well-established company that went through a substantial change that necessitated a new organizational design. Due to union restrictions, company policy, and conditions in the job market, the reorganization was based on assigning new roles to existing employees and managers. Moreover, a central driver for the reorganization was cost-cutting. Within the first year, costs had to be reduced with 25 percent, which put pressure on employees and managers at the outset of the reorganization.

In the section below, I first elaborate on the three tensions and then show how critical events in the implementation trigger managerial action within which the implementation of the business partner role unfolds, hereby enabling role enactment.

4.1. The Experience of Tensions in Implementing the Business Partner Role

As the reorganization progressed, top management's intention with the new roles proved difficult to implement in the daily work. In particular, the business partner role was difficult to implement primarily because the new business partners were not sure how to perform the new role:

> In the beginning (of the reorganization), I was really confused. I often thought about leaving. The execs kept talking about being more overall and strategic in our work and that we should not go into so much detail. For me, it was difficult to understand when you have so many daily tasks what this really means. (BP Logistics, follow-up)

> A part of the new role is that we should be a valued partner for the business and focus on both service and cost. Well…to me that is like speaking with two tongues. It sounds nice and logical and all that, but in practice it is a bit more complicated. For me, when I am keeping a tight focus on costs for the sites, I am not necessarily giving them the service they want. (BP CBP, follow-up)

In essence, the experience of tension in the new role led to confusion about what to do and how to do it. As a result, most business partners kept solving their old tasks as finance managers and interpreted the new role in their own terms. Moreover, the business partners complained to their managers about extra workload and unclear tasks:

> A big issue is prioritization… The business partners are complaining that it is hard to prioritize between all the tasks, because in a company like ours everything seems important. People often chose the tasks that they like and we really can't have that. We need to make sure that the business partners are delivering their targets and this is not an easy task. So we spend a lot of time organizing tasks and reminding them (business partners) of their targets so we make sure that we get stuff done and the line of business is happy. (Senior manager, BP CBP, phase 2)

When FOOD got the result of their annual employee satisfaction survey, overall satisfaction was significantly lower among business partners compared to other sub-functions in finance:

> We usually do pretty good on these surveys. We consistently score around 80, which is really good. Right after the reorganization, the average score was down to 59, which is very problematic. I think that a lot of it was due to issues out of our control…like the whole mess with the unions… But it was also a signal that this was not an easy process. As managers, this is our responsibility. So my colleagues and I discussed a lot what was going on and how we could address the challenges. (Senior manager, BP Logistics, phase 2)

The business partners were not the only ones being frustrated about the new role. Managers from production sites and line of business reported complaints to finance about not getting sufficient sup-

port from finance. For instance, site directors argued that the lack of support from the business partners made it impossible to meet the ambitious improvement targets. Being used to having a finance manager exclusively designated for their particular site, the production sites naturally experienced a decline in finance support after the reorganization:

> I try to be the filter between my people (business partners) and the site directors. We have made a lot of changes. The site directors have been used to getting all kinds of customized reports and special figures. A very high service level. It is very time consuming to make all of that. We cannot do that in the new setup. Now we decide which reports the sites will get because it has to be the same across sites. Some site directors are really angry about this and sometimes they take it out on the business partners. Then I go and talk to the site directors and sometimes the whole management team and explain why we are making these changes. (Senior manager, BP CBP, phase 2)

Consistent with literature on role conflict (e.g., Parker et al, 2017; Beauchamp & Bray, 2001), the diverging expectations in the business partner role led to a number of negative consequences, such as stress, decreased motivation, and turnover, which will be elaborated upon below.

4.1.1. Tension in skills

The finance business partners experienced tension in skills when they were unable to incorporate the skills used in their old role in the new role. For example, the newly appointed finance business partners were previously local finance managers at one production site and used to have an administrative role focused on accounting and bookkeeping. However, these administrative skills were often in tension with the business partner role, which required a more overall strategic role and less focus on detail. This led to confusion and frustration among the business partners:

> Everyone was talking about being more overall and strategic and not going into so much detail. But it was like everyone assumed that we automatically knew how to do that. For me, the role charter was very overall and it was very difficult to understand what we were supposed to do differently. (BP Logistics, follow-up)

Another implication of the new role was that business partners were a part of the finance function at the same time as they had to support multiple production sites, which was in tension with their old role that allowed for detailed knowledge of just one production site:

> I used to have one customer, which was the production site. That was my organization. Now I am supporting four sites and I am also a part of finance. If you think about the amount of meetings… My boss is in finance, but I also have the site directors wanting stuff from me. And people from other parts of finance. It is quite a lot. It is at least twice the work compared to the old setup. (BP CBP, follow-up)

As a consequence of the increase in tasks and stakeholders requiring support, the finance business partners reported a general difficulty in prioritizing tasks. Hence, although the finance business partners were supportive of the new finance organization and their new role, they continuously experienced tensions over what to do, which tasks to solve, and how to best utilize their professional skills.

4.1.2. Tension in values

The business partners experienced tension in values when it was not possible to align existing work values and collegial relations with the requirements in the new role. For example, the business partners were previously part of the management team at a production site and had close relationships with the managers at production sites. With the new role, the business partners were expected to keep close track on the sites' performance, address challenges, and push production sites for performance:

> I felt uncomfortable with this thing about challenging site management, whatever it means. We were told to keep the good relationships to our former colleagues at the sites and be service minded. But then we also had to kind of control their behavior… I consider myself a nice person and I am used to working together with people to sort things out. I often felt like I had to be really demanding (toward the sites) and that was not really fair. There are always explanations when performance is not where it should be. (BP CBP, follow-up)

Thus, adhering to the new business partner role charter may satisfy managers in finance, but only at the expense of the business partners' current work values. This tension in values was also observed by finance managers at the company headquarters:

> Many of the business partners are too nice and too little hard-core, if you can say that. Instead of being the strategic partner that focuses on what is going to happen tomorrow, they get stuck on what happened yesterday. They want to be friends with the business. Often it is like talking to a deaf person… It is because the mindset is wrong. (VP Finance, phase 1)

As a result of the tension in values, business partners tried to obey both the new requirements and existing collegial relations, thus imposing more work on themselves. They were frustrated that the new requirements in their role compromised their work values, as one business partner explains:

> It's just very different ways of working. You have to understand that the production sites at some point were independent before they were taken over by the company. So everything is just based on different values and perspectives. We have close bonds at the sites and know each other really well, know each other's family and so on. And then there is the headquarters, who is more like this performance machine… It was very new for me. (BP CBP, follow-up)

In this sense, the tension in values also represented a clash between two different sub-cultures in the company: the family-oriented and collective culture at the production sites and the more performance-driven culture at the headquarters.

4.1.3. Tensions in interaction

Business partners experienced tension in interaction when simultaneously obeying their role charter and accommodating requests by people outside business partnering was difficult. Tension in interaction primarily related to interaction and collaboration with the line of business and financial controlling.

Tension with line of business. Being used to having a finance manager exclusively designated for their particular site, the line of business was accustomed to customized reports and services and expected the same level of support in the new organization. Meanwhile, an important part of the new finance organization was standardization of processes and operations to be able to generate the same key numbers and figures across production sites, thus allowing for benchmarking. As a result, the business partners experienced tension between the request for customized services and the new procedure of standardizing finance processes:

> It is a constant battle between our standardization and harmonization agenda, and then listening to what the people that we work for (line of business) is asking of us. It is not as simple as saying 'sorry, now we don't do these reports anymore' because they have been made for a reason. They typically relate to the strategy at the sites, so we can't just stop things from day to day. (BP MY, follow-up)

Tension with financial controlling. With the reorganization, the tasks that were previously handled by the finance manager at the production sites were now split between financial controllers and business partners. They had to deliver the same value but with more complex coordination. The business partners experienced tension in interaction with financial controlling when it was not clear

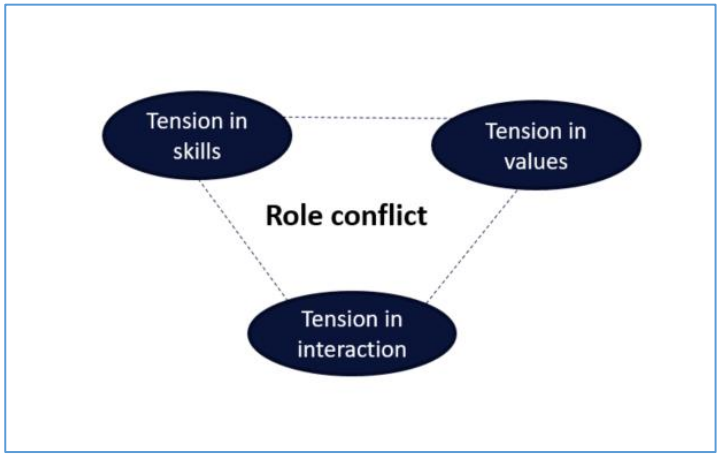
who was solving which tasks, although the executive management in finance perceived the distinction to be clear.

While the business partners considered the split between financial controlling and business partnering legitimate, business partners experienced tensions in the daily interaction with the financial controllers, as reality proved to be more complex:

> It looks really nice when you see it on the org chart. But the cooperation with controlling was quite difficult. There were a lot of gray areas in who are doing what and how. The role charters were really overall, so there was not much help. We all tried our best, but it took some work to get aligned. The line of business suffered because we were trying to work out what we were doing. (BP Logistics, follow-up)

Figure 3 illustrates the three tensions that led to the experience of role conflict.

Figure 3 – Tensions in the Business Partner Role



It is important to note that the tensions were not linear, but were experienced by the business partners at different stages in implementing the new role, according to the specific tasks they had to solve. The tensions were experienced to different degrees by different business partners, as some were struggling more with the new skill requirements, whereas others were more challenged by the new values they had to represent as a part of the centralized finance team. The tensions occurred throughout the implementation process on the many tasks in which people were engaged, triggering a management response that shaped the unfolding implementation of the business partner role, hereby enabling role enactment.

4.2 Management Response to Role Conflict

To support the implantation of the finance business partner role, the managers initiated a range of activities in collaboration with the business partners. These can be divided into four overall categories—clarify, collaborate, contain, and competency—and represent different types of managerial action at different phases in the implementation process. As illustrated in Figure 2, this process entailed a number of critical events that triggered a new type of management action/response. This also implies that it was not a single management initiative that eventually led to enactment of the business partner role. Rather, it was the combined effort that addressed different issues related to the business partner role, and invited the business partners in dialogue about what the role was. Table 2 outlines the different management initiatives and which tensions they primarily addressed. Below, I account for each category of management action and which critical events during the implementation necessitated a new type of managerial action. Although the management activities are presented chronologically, it should be noted that it was not a linear process, as each initiative built on a previous one, e.g., "clarify" activities did not stop when "collaboration" activities were initiated.

Table 2 – Addressing Tensions

Management action	Definition	Examples in case	Tension addressed
Clarify (Understand the role)	Ways of establishing common understanding of the business partner role among business partners, middle managers and line of business	Role charter Information meetings Email reminder of performance criteria Service Level Agreement (SLA) Stop-doing-list / Prioritization	Tension in skills Tension in interaction
Collaboration (Manage boundaries)	Ways of building lateral coordination with other functions in finance and line of business	Business partner community Excellence teams Dialogue with line of business Buddy pairs	Tension in skills Tension in interaction
Contain (Cope with the role)	Ways developing business partners' psychological capacity for coping with the tension in new role	Monthly 1:1 with immediate manager Safe heaven Stress detector	Tension in values Tension in interaction
Competency (Learn the role)	Ways of developing business partners' professional skills and competencies to meet requirements in the new role	Business partner training Learning dialogues w. immediate manager	Tension in skills

4.2.1. Clarify

Being aware that the business partners were struggling with the new role and the production sites were not happy with the service level, the managers discussed the business partner role on several occasions. The initial belief among these managers was that the business partner role was a key element in the new finance organization but also that everyone just needed more time to get used to the new setup. As one manager noted:

> It is a very logical construction. Our organization (finance) is a reflection of the business that we support. We have basically mirrored the line of business so we partner them up with specialists who have expertise with their product areas. The business doesn't care about who does what, if you are business partner, or controller, or analyst or whatever we call ourselves, as long as we solve the problems. (Senior manager, BP CBP, phase 1)

During their discussions at this stage of the reorganization, managers reassured each other that things were on the right track and that the role would fall in to place once people understood the intentions. The complaints from the business partners and site directors were perceived as "manageable." Among finance managers there was a general attitude that the line of business was too demanding and that the business partners needed to stop complaining and "step up their game":

> We are giving people (business partners) the opportunity to become excellent financial consultants. There is so much possibility to grow. I think a lot of them were stuck and a bit too comfortable in the old setup. Then I just get really frustrated…actually annoyed. When they keep doing the old stuff like focusing on historic numbers. Yes, it requires hard work to be good at something new…I think attitude is a big issue. (Senior manager, BP logistics, phase 1)

Reassured that the implementation of the business partner role was necessary for realizing the new organization, the management engaged in a number of reinforcement activities intended to *clarify* what the business partner role was and thus establish a common understanding of the role among business partners, production sites, and financial controllers, as outlined in Table 3. An example was a "stop-doing list" that was composed by middle managers and sent out to all finance business partners. The intention was to address business partners' complaints about the extra workload and clarify what was most important. Figure 4 exemplifies the stop-doing list.

Figure 4 – Stop-Doing List (adapted from original list provided by case company)

Stop benchmarking reporting when no clear value is identified

Stop focusing on the past – focus on future targets and plans, not rewriting history

Stop further development of any localized or customized reports

Stop doing accruals that are smaller than policy

Table 3 summarizes the initiatives and tools that management used to clarify the business partner role. These correspond to Floyd and Lane's (2000) notion of bureaucratic control as a means for reducing role conflict. Bureaucratic control uses rules, policies, hierarchical authority, and written documents to standardize behavior. This way, by focusing on a common understanding of the role, the clarify activities primarily addressed the tension in skills and tension in interaction. It is worth noting, however, that although Table 3 outlines a number of common tools used by managers, each manager primarily focused on implementing the role and improving performance in their own sub-area. Moreover, although the initiatives below served to clarify the role, no exhaustive job descriptions were composed. Rather, the clarify initiatives served as a common matching of expectations as a prerequisite for doing finance business partner work.

Table 3 – Clarify Initiatives

Initiative	**Description**
Modify role charter	Charter rewritten with increased emphasis on forward-looking, overall strategic financial support.
Information meetings for groups of BPs about expectations	Information about new role charter. Focus on stopping customized requests from sites. "They are not your friends, but customers. Make a good business case."
Email reminders of performance criteria	Each week, the finance VP sent an email to all BPs, emphasizing performance criteria and reminding them of how important it was for the new org that the BP role got implemented.
Service-level agreement	A group of finance directors composed a "contract" between the line of business, financial controllers, and business partners, highlighting areas of responsibility and which level of service they could expect from each other.
"Stop-doing" list	A list of overall activities that should no longer be handled, e.g., "New DNA: Prioritize even harder for the benefit of the business and employees → do the right things."

Critical events. Within a few months, the challenges related to implementing the business partner role turned into problems that the managers could no longer ignore. As illustrated in Figure 2, frequent complaints from the production sites were a reminder that the business partner role was not fully implemented. Operationally, one of the goals of the new finance organization was to standardize metrics to create the ability to benchmark performance across production sites, but at this point business partners were still delivering customized numbers and reports to production sites, making benchmarking difficult. Moreover, some production sites started hiring external consultants to get the financial support they needed, essentially undercutting the efficiency rationale for the reorganization.

4.2.2. Collaboration

The executive managers in finance, to whom finance managers reported, also acknowledged that there were problems in the implementation of the business partner role. However, they were not integrally involved in resolving the issues, as they were focused on other aspects of the reorganization, such as the rollout of a new finance system and process optimization. Instead, a group of eight middle managers (senior managers and managers) in charge of the business partners played a crucial role in the process that followed, through which the business partners were able to enact the role.

A turning point was the realization that the managers did not agree on what the business partners were supposed to do:

> Field note: A group of BP managers (George, AnnaMaria, Malene, Emily, and Michael) are sharing frustrations about the business partners not meeting their targets. A few are doing really well, but a big part of the group is struggling to deliver. George (laughing): "I think it is really hard to make this transition for people if they are not motivated and committed. It's freaking frustrating. It would be easier to get a business partner from another function or even another organization instead of training some of the old guys. They keep going into way too much detail." AnnaMaria (looking surprised): "I think you are underestimating the finance task. You need to know your finance to be able to do proper forecasting." Malene (looking at George): "But financial controllers do the forecasting, it's just basic numbers." AnnaMaria: "No, forecasting is a part of the overall forward-looking role in the BP charter. It's in the SLA (service level agreement)." As the discussion continues, the participants learn that they have diverging perceptions of which tasks should be solved by the business partners. (Lunch meeting at HQ, BP managers, February 23rd 2017)

One of the first initiatives by middle managers was starting the "business partner community," which was initially only a management forum where the business partner role was discussed, particularly challenges related to it:

> Our business partner community is running really well. We basically started it because we were not sure what was in the role, as people were delivering very different stuff to the sites. So we started being quite overall and then we started to talk about really concrete examples of how to do good business partner work. For instance, what does it mean to work with forward-looking numbers. Or if they are not supposed to go into detail with the numbers, which numbers should they not look at. Stuff like that. Really hands-on. (Manager, BP logistics, phase 2)

The finance managers quickly realized that the business partners needed to be a part of the discussions in the business partner community. At these events, business partners could express concerns and challenges related to the new role or pose new ideas for ways of working. This was a turning point, as the business partners were now actively involved in defining their role and how it should be performed.

Realizing that cooperation with the production sites was critical for successful implementation of the business partner role, finance managers engaged in dialogue with the production sites:

> Field note: BP managers (DK and Skype) are discussing complaints from specific production sites about the business partners. They say that they cannot deliver their targets when they don't get any help. Michael: "I don't know how seriously we should take it. I know the site director and he always complains. That's just his style. He is…" Janni (interrupting): "But I still think that we need to listen. He is not the only one pointing this out. Come on, we all know that it is an issue." Michael: "But I guess I just don't understand what their problem is. They used to have their own finance manager. Now they have a BP who is serving multiple sites. Of course you won't get the same service." Many of the participants are looking away. The atmosphere is tense. Janni is smiling ironically. George (looking frustrated): "But let's try to do something instead of keeping arguing who is right…one of our targets is to be a trusted advisor to the business. I was thinking that we could each talk to a couple of our sites and try to understand what's going on." (BP MGMT Meeting, February 14th 2017)

> We have more focus on talking to the line of business. We all still have to get used to this new setup, so I try to talk to the sites in my business at least every two months. I just want to get a sense of how things are going. Not that I don't trust my people, but it's just nice to get that hands-on feedback. (Senior manager, BP logistics, phase 2)

A key learning from the business partner community was that the task division between the finance business partners and financial controllers was not clear. As a result, a lot of tasks did not get solved, while others were solved twice. To address this issue, the managers built a new lateral team

structure, excellence teams, that was to ensure proper differentiation and integration between the business partners and financial controllers:

> A big part of our journey has been the excellence teams. We had so much trouble aligning controllers and business partners in their tasks and priorities. And even how they cooperated. It just wasn't working. We paired controllers and business partners and put them in charge of sorting things out. Of course we had to help. Some of them really didn't want to cooperate. I wouldn't say that it is running perfectly, but it is in a much better state. So now we can deliver service as promised to the sites. (Manager, BP MY, phase 2)

Comparing the initiatives summarized in Table 4 to Floyd and Lane's (2000) three types of control to reduce role conflict, there is great overlap between the collaboration activities and clan control. Clan control reduces role conflict by establishing organizational identification and common culture and thus generates maximum tolerance for ambiguity in social arrangements (Floyd & Lane, 2000). With the business partner community, managers moved beyond simply clarifying what the role was and engaged in dialogue about the role:

> We purposefully named it business partner community and not team, group and such. This is a new way of working, and the idea is not to create a task force that solve the problem, but to create a community where we help each other create a collective picture of what good business partnering is. (Senior manager, BP CBP, phase 2)

As the function of the collaboration phase primarily was to establish a common language of the business partner role and build lateral coordination with other functions in finance and the production sites, the initiatives in Table 4 primarily addressed the tensions in skills and interaction.

Characteristic of the collaboration phase is not only that the initiatives focus on collaboration with the financial controllers and the line of business. What is interesting is also how the managers collaborated on finding *common* solutions to collective problems. At the outset of the reorganization, the managers focused on their own area of responsibility, trying to make the role clear and worrying about the performance of their area. Acknowledging that the challenges related to the business partner role were too complex to solve in silos, the collaboration phase focused on the business partner area as a whole.

Table 4 – Collaborate Initiatives

Initiative	Description
Business partner community	Initiated by a group of middle managers. Discussed the BP role and why it was so difficult to make people perform the role. Started because managers disagreed about what the role was.
Discuss role with line of business	Middle managers talked to production sites to get more information about what they were missing from BPs and examined what a good BP would be for them.
Excellence teams	Financial controllers and BPs servicing the same sites were grouped and put in charge of ensuring that sites got the best financial service with the resources available.
Buddy pairs	Experienced and less experienced BPs were paired to ensure ongoing dialogue and learning.

Critical events. Although the launch of the business partner community and excellence teams helped reduce confusion about the business partner role and improved lateral coordination and collaboration, a number of challenges persisted. For some business partners, it was not sufficient to know expectations for the new role and have a common language:

> It was like they (managers) kept telling us the same thing over and over. It was not like I did not understand the words or that I did not agree with them. I just did not understand how to make that change in my work, which tasks not to do, how to be more strategic and so on. Because everyone was so busy, then you were left on your own trying to figure it out by yourself. (BP logistics, follow-up)

As a result, complaints from the business partners increased. They did not feel that they got proper help in making the transition from finance manager to finance business partner. Within a few months, a number of the best business partners quit the company and several business partners were on sick leave with stress.

4.2.3. Contain

Aware that the challenges with implementing the business partner role could not be managed solely by clarifying the role and improving lateral collaboration, managers discussed new possibilities. Most of the finance managers were rather impatient with the business partners and very concerned that performance criteria were not being met. A group of finance managers was particularly concerned

with the business partners' dissatisfaction and stress. They worried that the new role structure was putting too much pressure on the business partners and therefore preventing them from performing:

> People are under a lot of pressure and have been for a long time. It really worries me. We never had issues with stress before. It means that there is something that we are not doing good enough. We keep talking about roles and responsibilities. This is important, I know. But we also have to think about that we are working with people. We are expecting a lot of them. (Senior manager, BP CBP, phase 2)

To address the more psychological aspects of the new role, finance managers initiated what they termed "safe havens," which were monthly meetings in their teams. At these meetings, the agenda was not tasks and goal achievement, but a safe place to share concerns and frustrations from the daily work:

> Safe haven is a safe place where you can say what is on your mind, what worries you and what frustrates you…stuff that you cannot necessarily say to the business. We are all very accustomed to talk about tasks, so I think it is a good exercise to have a different type of conversation with your team. (Manager, BP MY, phase 2)

> We have focused a lot on trust. We want people to speak their mind and say how you feel. It can be a little hard with these finance guys. We had this example where Mike (manager, BP MY) was in charge of our procurement. It was a mess and he really didn't manage to do anything with it. Then he told me that he couldn't manage that extra responsibility. He also said it at a team meeting. Then I gave the task to Emily instead. Mike is doing better and Emily is also doing better because she got new challenges. She was mad that she didn't get it in the first place, so it was actually a quite good experience, because it was kind of with trust that we sorted it out. So you could say that it was fragility and vulnerability that was the biggest motivation for me changing the responsibility. (Senior manager, BP MY, phase 2)

In addition to the safe haven sessions, managers started having one-on-one sessions with the business partners once a month, as opposed to every third month. Creating safe places for business partners to share frustrations and express insecurities proved to be a fruitful strategy, as the business partners started to perform better and feel more comfortable in their new role:

> We are running this very complex finance machine… I have to be superman to the line of business all the time, but sometimes you feel the edge of your own capabilities. You know…I get tired and feel like I don't really know what I'm doing and I'm not sure whether I'm making the right decisions. It helps a lot to talk to my colleagues when we have our team meetings so I don't feel like it's just me that doesn't get it. (BP CBP, follow-up)

> I have gotten a lot of support from my manager. She has really been there for me, her door has always been open. We have talked about ups and downs, mostly the downs. I feel like it is okay that I don't have all the answers…I am still getting used to the new role. I often have to do things that I don't feel entirely comfortable about. My work day is pretty chaotic so it is nice to have the possibility just to say what is on your mind. (BP CBP, follow-up)

Through the initiatives illustrated in Table 5, managers facilitated the personal development of the business partners by building on their psychological capacity for coping with the tensions in the role. This way, the contain activities primarily addressed the tension in values. Comparing the initiatives in Table 5 to Floyd and Lane's (2000) three types of control, none of the controls resemble the contain activities, as Floyd and Lane's typology does not capture the psychological aspects that characterize the contain phase. The initiatives can, however, be explained by the notion of psychological safety, which can be defined as "being able to show and employ one's self without fear of negative consequences of self-image, status or career" (Kahn, 1990: 708). Building on earlier work by Schein and Bennis (1965), Edmondson (1999) argues that psychological safety is necessary for individuals if they are to feel secure and capable of changing. Research has shown that psychological safety in teams is positively associated with learning behavior (e.g., Edmondson, 1999; Edmondson & Lei, 2014). Relating this to the reorganization in FOOD, psychological safety facilitated by the contain activities was a precondition for the business partners' ability to learn and develop into the new role. This way, management initiatives like the safe haven meetings represented psychological "safe zones" in which the individual could discuss the difficulty in making the transition with people in the same position. Similarly, Okhuysen and Bechky (2009) note that collective responsibility supports common understanding, which may lead to psychological safety that improves employee satisfaction and motivation.

Table 5 – Contain Initiatives

Initiative	Description
Stress detector	Managers committed to three questions about stress that would always be asked at 1:1 dialogues with BPs (do you feel stressed, how is your work load, how can I help you).
Safe haven	Monthly team meetings for business partners focused on the challenging aspects of being a business partner.
Frequent 1:1 meetings with immediate manager	The frequency of one-on-one meetings with immediate manager changed from every three months to once a month.

Critical events. Although things were moving in the right direction, the CEO of the company heard about the many cases of stress in finance and was worried that the media would start to pick up on it. Therefore, he approached the finance VP and emphasized that they needed to do something about stress. Based on this, the finance VP held a Skype meeting with all managers with business partners as direct reports. He told them about the CEO's interference and asked the finance managers to be close to their people.

4.2.4. Competency

Feeling pressured to escalate their efforts, the finance managers spent a day together to discuss options. As a result of the meeting, the managers decided to have one-on-one dialogues with their people and discuss the questions in the stress detector every other week, as opposed to once a month. Some managers did not feel comfortable with the one-on-one dialogues, particularly when talking about more personal issues. Some of the more experienced managers offered to help prepare these dialogues and participate in the dialogues and give feedback.

Another finding at the meeting between the business partner managers was that some of the business partners needed specific training. It was not enough that they understood the role better and that they were talking about their personal difficulties with their managers. They also needed to acquire new skills. Therefore, they designed a business partner training program:

> Our BP training focuses on the basic elements of being a business partner. We realized that people were not filling in the blanks themselves and were sticking to their old job, which was doing way too much for the sites. Basically the training is about how to get your head up from the spreadsheets and translate numbers into decisions that are forward looking. Finance skill is not the problem here. It's more the consulting role you could say, because there is a lot of communication and commercial insight involved. So we teach that and have them document how they change their work at home. I think people like it. (Manager, BP logistics, phase 2)

The finance managers agreed that all business partners should undergo the same training to make sure that all had the same prerequisites for succeeding in the role. The business partners' evaluation of the training varied:

> We had this business partner training a few months ago. It was really helpful. It was really transferable and kind of a relief to know what they expect, because it is not unrealistic or unfair what they are asking. (BP MY, follow-up)

> To be honest, I thought it was a waste of my time. It was a lot of stuff that I already know. I guess it was nice to do it with the whole group. But there was a lot of repetition. (BP logistics, follow-up)

Table 6 – Competency Initiatives

Initiative	Description
Business partner training	Internal training program that teaches business partners basic and advanced skills of the role
Learning dialogues with immediate manager	Increased frequency of one-on-one dialogues (bi-weekly) focusing more on learning and well-being and less on performance
Increase frequency of stress detector	The questions from the stress detector were included in the learning dialogues every other week

Through the initiatives in Table 6, managers facilitated learning and development of the business partners' professional skills and competencies, thereby primarily addressing the tension in skills. Relating this to Floyd and Lane's (2000) control types, the activities resemble the bureaucratic control, as the intention was to establish a norm and show what proper business partner work is. The competency initiatives also complement Vygotsky's (1978) research on the zone of proximal development in which he argues that any professional transition entails a psychological transition. According to Vygotsky (1978), one of the prerequisites for making this transition is to ensure support from "the

knowledgeable other," i.e., a more experienced person. As the business partner training as well as the learning dialogues were intended to build on the business partners' professional competencies by receiving training and support from more senior finance people, there is great support for Vygotsky's recommendations.

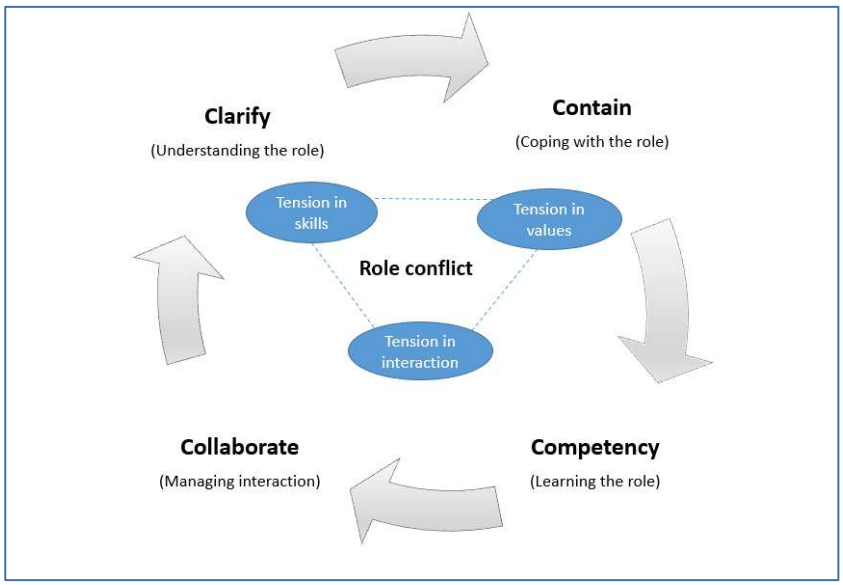
4.3. Role Enactment

Over the 18 months that data was collected, the implementation of the business partner role slowly but surely moved in the right direction. With the different activities initiated highlighted in Table 2, managers and business partners cooperated on understanding the role and how it should be performed. Through this, business partners started to enact their new role, collaboration with the production sites and the financial controllers improved significantly, and the managers experienced fewer complaints from the business partners:

> I feel more like a business partner now… In the beginning, I felt really alone. I did not understand what I was supposed to differently. And I was a bit afraid to ask. People got fired, so you don't want to stick out. We were just told that now we were these cool new strategic partners of finance and we had to go and challenge the business. I just did not feel comfortable looking over the site director's shoulder. But we now know how to do it in a good way and I know that my colleagues have my back. (BP CBP, follow-up)
>
> We have come a long way. We still have work to do, but I am really proud of what we have achieved. Last year we had a lot of problems with stress. As far as I know, we have not had any cases in a long time. (Manager, BP MY, round 2)

As the role conflict that the business partners experienced was derived from three different tensions related to skills, values, and interaction, the findings show how the implementation of the role required a holistic dynamic approach in which different managerial initiatives addressed the tensions in different ways. As previous sections have illustrated, this was not something that the managers could do by themselves. It required continuous interaction with the business partners. Building on Figure 3, Model 1 shows how role conflict was addressed through different management initiatives in continuous interaction with the business partners.

Model 1 – Addressing Role Conflict



Explaining the changes from serious challenges to the business partners delivering their role, the managers pointed to the collective effort of finance managers to work across the different sub-functions of business partnering and involving the business partners in the process:

> [What has led to the improvement in how the BP role is running?] It has been that we have taken a collective responsibility and that business partners are now something that goes across the lines and not something that is just one person's responsibility. We have also realized that we needed much more dialogue with the people actually doing the job [the business partners]. It is something that we have a common commitment to develop to the benefit of the entire finance team and line of business, but also in regards to making finance a better place to be in terms of how we implement changes and create value. We have decided that this is the mindset or attitude that will help us succeed. (Senior manager, BP logistics, phase 2)

> We are doing it together. To begin with, we had a lot of different people, just put into an organization, and they did a lot of different things. They had different mindsets, different competence levels, and they still do. Because it is pretty much the same people. So we have been talking about what is a good business partner, what does strong performance look like when you are a business partner… And what has been difficult is that we have some business partners that have been doing really well from the beginning, so it would be very easy to say 'everybody, just do like this.' So we have pulled in the other direction. Maybe extra much to make sure that we also say 'what are the other guys doing and what can we learn from them. Otherwise, we would always have a big brother. (Manager, BP CBP phase 2)

5. DISCUSSION AND CONCLUSION

This paper set out to examine how roles are implemented during organizational redesign. I analyzed the research question in the context of a reorganization in the finance function in FOOD in which a new role, finance business partner, was implemented. I found that the new role initially led to role conflict, which detained role enactment and undermined the efficiency rationale that was the driver for the reorganization. Role enactment emerged through a combination of planned and emergent activities that required active involvement of both managers and job incumbents. Combined, these activities enabled job incumbents to cope with role conflict and enact their new role.

By developing Model 1, I show how role conflict is addressed and make three main contributions. First, it contributes to existing literature on organizational design by providing detailed accounts for the process through which formal roles are implemented. Through this, it illustrates organizational design as a continuous dynamic process. Secondly, it extends interactionist approaches to organizational roles by taking an integrative approach and showing how active managerial involvement was essential to the implementation of the role. Thus, role enactment did not emerge organically, but was driven by a number of deliberate managerial initiatives. Thirdly, it elaborates literature on role conflict by providing details on how role conflict is managed and highlighting the importance of building on job incumbents' experience of psychological safety and thus their ability to change and innovate.

An important implication of the above contributions is that organizational design does not stop with the design itself, but continues with implementation. In line with previous research (e.g., Weick, 2004; Jarzabkowski at al., 2012), this implies that organizational design is better understood as a process rather than a product. Designing modern organizations requires continuous adjustment of design elements to ensure sufficient adaptability to changing markets and internal dynamics (Van de Ven et al., 2013). This supports Weick's (1979, 2004) notion of "organizing" instead of "organization" in which he argues that organizational design may only be understood through the way it is brought into being in the improvisatory actions of individuals within the organization. In the present study, the critical events represented a time dimension that necessitated a new management response to move the reorganization forward. This supports findings by, e.g., Hannan et al. (2003a, 2003b) that theorize change in organizational architecture as a code system that represents change as a cascading process: an initial architectural change induces other changes in the organization, generating a cascade of changes. The implication for organizational design is to look beyond the design as a stable entity and focus on the continuous and integrated process of designing.

It is well established in literature and practice that organizational redesign rarely proceed as planned (e.g., Hannan et al., 2003; Dahl, 2011; Puranam, 2018). A common explanation in organizational theory is that such outcomes are unanticipated because bounded rationality leads decision makers to miscalculate the costs and risks relative to the expected gains (March & Simon, 1993; Cyert & March, 1963). Managers may know that challenges are likely to occur during organizational redesign, but bounded rationality restricts them from anticipating exactly what the challenges will be. The present study shows how top management thought that implementing the finance business partner role would be rather straightforward, as it was a logical extension of the organization they wanted to build. However, as the findings show, implementing the role was much more complicated, as it entailed people occupying the new role to undergo personal transition, which had not been accounted for in the rollout plan. While acknowledging that bounded rationality can constrain managers from a complete overview at the outset of a redesign, Model 1 developed in this paper offers directions for management in regards to which challenges are likely to occur and how they can be addressed. Related to this, Hannan and colleagues introduce the concepts "opacity" and "asperity" as explanations for why reorganizations are unpredictable and typically take longer than anticipated. Opacity refers to the limited foresight about interconnections among organizational units, and asperity is defined as normative restrictions on certain architectural features in the organization (Hannan et al., 2003b). Related to the reorganization in FOOD, opacity restrained managers from knowing how the design of the business partner role would be complicated by more complex coordination with the finance controllers, line of business and production sites. Asperity points out a central point: due to union restrictions and company policies, FOOD could not hire the most qualified candidates for the position of finance business partner, but had to transition existing employees from other roles. As mentioned earlier, person-job fit may be a plausible explanation for the challenges with implementing the role.

In line with interactionist perspectives on organizational roles, the study shows how the business partners moved from being passive receivers of a new role to actors shaping their role and how it should be carried out. Similar to findings by Barley and Kunda (2001), the business partners' initial response to role conflict was to let individual preferences influence how the job was carried out. Contrary to interactionist perspectives (e.g., Feldman & Pentland, 2003), however, the study shows that middle managers in particular played a crucial role in this process. For instance, the business partner community and the excellence teams were initiated by managers and invited the business partners to be a part of defining their role and how to perform it. In this sense, as managers moved away from simply clarifying the role, they facilitated a process through which role enactment could

occur, with the business partners playing a central role. As a result, the business partners started to perform the role more collectively, although personal adjustments naturally persisted.

Keeping in mind that the main driver for the reorganization was significant cost reduction and that the reorganization was rolled out at the same time as keeping "business as usual," an explanation for the challenges related to the finance business partner role could be unrealistic expectations. As the business partners were now a part of a central finance function at the same time as they had to serve the line of business and production sites, many experienced a large increase in work volume. Relating this to the information processing view of organizational design, which highlights the importance of fit between information processing demand and capacity (Galbraith, 1974), the information processing demand increased in the beginning of the reorganization. As the new design was implemented over several iterations, the business partners had to compensate for insufficient information processing capacity in the new organization, hereby increasing complexity and pressure in their role. A central element in the new more cost-effective finance function was standardized processes and reports. According to the information processing view, standardization is a strategy for reducing information processing demand. As the findings show, FOOD's finance function struggled to deliver the standardized reports, primarily because the business partner role was unclear. As the business partners eventually started to enact their new role better, it also allowed for more standardization, which reduced the work load of the business partners, as the information processing capacity was now in the organization and not solely relying on individuals. Also, through the "clarify, contain, competency, and collaborate" initiatives in Model 1, business partners learned how to perform the role without doubling their workload.

The study has focused on the business partners' experience of role conflict due to diverging and conflicting expectations to their new role. As a result of the role conflict, the business partners were frustrated, stressed, and demotivated, and some left the company. An issue that should not be neglected in this regard is power and prestige. Johnson et al. (2006) and Tyler and Blader (2003) highlight prestige as an important parameter for identification and engagement. The business partners were previously finance managers at production sites and thus part of the local management team with direct influence on the strategic decisions and operations. With their new roles, the business partners were now a service function to the production sites. Most business partners considered the new role a downgrade, and thus the psychological contract they had with FOOD was broken. Literature on psychological contracts shows how perceived violation of psychological contracts can lead to

stress, employee exit, and decreased motivation (Morrison & Robinson, 1997; Kissler, 1994). Although the work in the new role was more challenging and allowed for professional development, the loss of personal pride in no longer being a manager may be another explanation for the initial resistance toward the business partner role. This relates to Tyler and Blader's (2003) group engagement model in which they highlight that "…it is the development and maintenance of a favorable identity that most strongly influences cooperation" (p. 353). This way, people are more willing to invest themselves in groups that supports the identity that they find the most attractive. As managers and business partners collaborated in defining the role and the identity of a business partner, the business partners were able to identify more with the role.

Although the study has focused on the business partners' experience with their new role and the transition they had to go through to perform the role, an important implication of the study's findings is also that the managers went through a transition of their own role to successfully implement the business partner role. The categorization in Figure 2 showed that the management tactics for implementing the business partner role changed over time. The managers started with what they knew best (clarify the role and reinforce the implementation plan) but started experimenting more once the implementation proved to be more challenging than initially anticipated. The findings show that what finally led to role enactment was not one category of managerial action, but the combination of the different efforts, each building on the other, which facilitated an interaction between managers and business partners that allowed for role enactment to unfold. This required managers to step out of their comfort zone and approach their role in a new way. Looking back at the reorganization, the VP Finance also acknowledged the crucial role that the middle managers played:

> [Asked about the most essential aspects of leading this reorganization, looking back] My leaders. They have done a great job… So much commitment. When you look at them, you can tell that they like what they are doing—they have sparkles in their eyes. It means a lot when you know that we constantly have to deliver something that was better than yesterday… My patience is not great, so of course I would like us to be further in the process than we are, but I think that we have gotten far with the time that was available. I know now that we could have done a better job to plan and design our new organization. So I guess I just got really lucky to have the right people working for me that catch the ball when I threw it. (VP Finance, phase 2)

Existing literature on role conflict tends to assume that role conflict should be reduced or eliminated, at least at the employee level (e.g., Floyd & Lane, 2000). This study has shown that we may have to rethink how we perceive role conflict, so focus is not solely on how to remove or reduce it, but also

helping the job incumbents cope with the conflict inherent in many jobs in today's complex organizations—not as a "one off," but as a continuous dialogue. It is well established that organizations are operating in VUCA environments (e.g., Bernstein et al., 2016) and thus it seems reasonable to assume that jobs are also becoming increasingly volatile, uncertain, complex, and ambiguous. Related to this, Griffin et al. (2017) conceptualize "role management" in which the individual actively works to avoid overload, ambiguity and conflict by setting clear boundaries instead of expecting one's manager to set these. This implies that we may have to think less about removing or reducing role conflict and more about how employees and managers can cope with it. Model 1 presented in this paper focus on both the managerial and organizational aspects; coping with role conflict require both something from the system and the actors. While the study found support for two types of organizational control that existing literature highlight as strategies for reducing role conflict, the findings also suggest that organizational control cannot sufficiently solve problems related to role conflict. The management initiative "contain" could not be explained by existing literature on role conflict. Instead, literature on psychological safety (e.g., Edmondson & Lei, 2014) could provide an explanation for why the contain category was effective. This way, the study shows that 1) implementation of roles is not straightforward and 2) coping with role conflict requires working with skills, competencies, and psychological dimensions.

As this study is based on a single case, there are limitations related to the generalizability of the findings. Therefore, further research is needed to test the validity and applicability of model 1 in other settings. Other studies may find additional tensions or managerial initiatives for addressing role conflict that can elaborate upon Model 1.

5.1. Implications for Practice

In line with previous research (e.g., Morrison & Robinson, 1997; Hannan et al., 2003ab; Dahl, 2011), this study has shown that a particularly challenging aspect of organizational redesign is to align new work practices with the people who have to carry out the work. Further, it has shown how changing organizational roles can have human, financial, and organizational costs. If mental health and employee commitment is negatively affected, then this represents an important implication for firm productivity that must be considered when planning organizational redesign (Dahl & Pierce, 2019). Model 1 presented in this paper offers managers a proactive tool for understanding the causes of

potential challenges in organizational redesign (tensions in new roles) and which management initiatives can help address these issues. It can help managers predict or identify potentially damaging role conflict and guide appropriate management response. With attention to this, managers may be able to accelerate the transition.

For managers, an important implication of this study is that roles cannot be implemented without adjusting the path along the way. Implementing roles requires much more than job descriptions or role charters. These may be useful as a beginning, but the actual implementation requires integrating the role into daily work, which may entail adjusting the initial intention with the role. This implies an ongoing interaction between the role as intended and the actors performing the role. As this study has shown, contrary to the interactionist approaches, this is not a process that "just happens," but one that should be initiated by management. Similarly, Cohen (2013) noted when implementing new work procedures or technologies, job requirements are not necessarily clear from the start, but should be produced ongoing. As FOOD had no previous experience with business partner roles, it seems unrealistic that the top management would be able to develop the perfect role charter from the start. Therefore, a continuous process of interpreting and enacting the role was necessary. Although the overall description of the role did not change during the process, the meaning of it did. The business partners contributed with significant improvements of the role in terms of how it should be understood and enacted. This way, although unintended, what started out as a rather linear top-down role implementation emerged into an interactive process in which the job incumbents were actively involved in shaping the role, which allowed for learning and adjustments in the interaction between the design and organizational reality. Other organizations can learn from this approach, rather than focusing on extensive upfront clarifications and descriptions of new roles.

As Model 1 shows, implementing new roles require a holistic approach that goes beyond *implementing* new roles *on* individuals. Exemplified by the clarify initiatives, roles cannot be implemented simply by giving people a new title and telling them what to do. The intention is not that managers should do all the work, but rather that they should involve job incumbents in dialogue about how the role is best understood and enacted. This entails dialogue about both structural and psychological aspects of the role. This leads to another important implication of the study: who should make sure that such dialogue takes place? A common view in most organizational design literature is that organizational design is for top managers, and therefore top managers should address issues related to organizational design, as exemplified below:

> Poor organizational design and structure results in a bewildering morass of contradictions: confusion within roles, a lack of co-ordination among functions, failure to share ideas, and slow decision-making bring managers unnecessary complexity, stress, and conflict. Often those at the top of an organization are oblivious to these problems or, worse, pass them off as or challenges to overcome or opportunities to develop. (Corkindale, 2011)

While the present study supports the consequences of poor organizational design highlighted above, the findings suggest that middle managers may be more capable in addressing such consequences. In the reorganization in FOOD, the business partner role was designed by top management. As the findings show, what finally led to role enactment was the active involvement of middle managers. Middle managers are closer to the daily operations and thus have valuable insight into how work is best organized. The four categories of management action in Model 1—clarify, contain, competency, and collaborate—offer a concrete framework for managers to move beyond job descriptions and make sure that new roles are integrated into the daily work.

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APPENDICES

Appendix 1 – Coding structure, business partners' experience with the new role

Empirical codes	Second-order concepts	Aggregate constructs
Simple finance	(Tension in) skills	"Causes" for role conflict
Strategic finance		
Forward looking		
Backward looking		
Overall strategic		
In-depth and detail		
Service		
Performance		
	(Tension in) values	
Being a good colleague		
Being the bad guy		
Showing vulnerability		
Speaking my mind		
Being a hero		
Work the matrix	(Tension in) interaction	
Customizing		
Standardizing		
Collaboration with controlling		
Back-office		
Supporting the business		
Demanding line of business		
Not standing out	Experience with the new role	Consequences of role conflict
Contradiction		
Blaming others		
Confusion		
Double work		
Competition		
Proud		
New possibility		
Insecurity		
Stress		
Leave the company		

Appendix 2 – Business partners' experience of tension in the new role

Examples of empirical codes	Type of tension	Definition	Cause	Example from data
"Overall strategic" vs. "in-depth and detailed" **"Forward looking" vs. "backward looking"** **"Simple finance" vs. "strategic finance"** **"Service" vs. "performance"**	Tension in skill	The incompatibility in tasks involving "old tasks" and new, more overall focus in the BP role	Former role: administrative / accounting role at prod. site. Used to going into detail and work with ONE prod. site. Now: serving multiple sites and expected to perform a more overall strategic role Serving both the finance function and the line of business which require prioritization (which the BPs were not used to)	*"As a finance person, you put great pride in knowing numbers on the sites you are working with. You know how things are connected, like all the details. You are on top of things and it gives you a sense of comfort that you always know what you are talking about. So when they [management] kept telling us that we should not go into so much detail with the numbers, I did not like that. I mean, how can I advise somebody and make quality in my work when I do not know the detail? It was not really clear what was too much detail."* (BP MY)
"Being a hero" vs. "speaking my mind" **"Being a good colleague" vs. "being the bad guy"**	Tension in values	Incompatibility of aligning existing work values and collegial relations with new requirements (Clash between HQ performance culture and more "relaxed" culture at production sites)	Business partners used to be a part of mgmt. team at prod. sites and had strong (friendly) relations to people at prod. sites. Now they are expected to keep close track on the sites' performance, address challenges and "push" sites for performance	*"I felt uncomfortable with this thing about challenging site management, whatever it means. We were told to keep the good relationships to our former colleagues at the sites. But then we also had to kind of control their behavior… I consider myself a nice person and I am used to working together with people to sort things out. I often felt like I had to be really demanding [toward the sites] and that was not really fair. There are always explanations when performance is not where it should be." (BP CBP)*

"Customizing" vs. "standardizing" **"Prioritizing" vs. "collaborating"** **"Controller" vs. "business partner"** **"back-office" vs. "supporting the business"**	Tension in interaction	<u>Tension with line of business:</u> Incompatibility in tasks involving accommodating both the business partner role charter and requests by line of business <u>Tension with controllers:</u> The incompatibility in task requiring coordination with controllers	LoB were used to customized reports, numbers, and their own finance person that only supported their site, and expected the same service level in the new org. The tasks that were previously handled by the local finance manager at each prod. site were now divided between BPs and controllers. They had to deliver the same value but with more complex coordination. The interactions between BP and controlling were not clear, as well as who does what	*"It looks really nice when you see it on the org. chart. But the cooperation with controlling was quite difficult. There were a lot of gray areas in who are doing what and how. The role charters were really overall, so there was not much help. We all tried our best, but it took some work to get aligned. The line of business suffered because we were trying to work out what we were doing."* (BP Logistics)

Appendix 3 – Coding structure, management action in implementing business partner role

Empirical code (what managers did)	Second order code	Aggregate constructs
Modify role charter	**Clarify role**	**Management action addressing role conflict**
Information meetings		
E-mail reminder with perf. criteria		
Service-level agreement (SLA)		
Stop-doing list		
Prioritization		
Business partner community	**Collaboration**	
Discuss role with line of business		
Buddy pairs		
Excellence teams		
One-on-one with manager	**Contain**	
Safe haven		
Stress detector		
Business partner training	**Competency**	
Learning dialogues w. manager		

Appendix 4 – Comparing management action with tensions

Management action	Definition	Examples in case	Data example	Tension addressed
Clarify (Understand the role)	Ways of establishing common understanding of the business partner role among business partners, middle managers, and line of business	Role charter Information meetings Email reminder of performance criteria Service-level agreement (SLA) Stop-doing list / prioritization	*"We have identified ten measures of what we believe is a good business partner. This will allow us to say 'okay, you are doing fantastic' or 'you got room for improvement,' because at the moment, the conversation is around whether someone is supporting the business, well it's quite intangible, and we want to bring more substance into it."* (Senior Manager, BP MY)	Tension in skills Tension in interaction
Collaboration (Manage boundaries)	Ways of building lateral coordination with other functions in finance and line of business	Business partner community Excellence teams Dialogue with line of business Buddy pairs	*"It is impossible to describe people's work in a document. It just makes so much sense for us to make sure that the people actually doing the work are also part of defining how to do it. Especially because the business partners and controllers have to work close together, we have to be sure that we are aligned. It actually also differs a bit how well they should be aligned all depending on the size of the sites they are supporting. So it becomes even more important that people talk to each other."* (Senior Manager, BP Log)	Tension in skills Tension in interaction
Contain (Cope with the role)	Ways developing business partners' psychological capacity for coping with the tension in new role	Monthly 1:1 with immediate manager Safe heaven Stress detector	*"Because we have so many stakeholders, we have a busy job, that I am using a lot of effort on making sure that my team meetings are a safe haven, if that makes sense… So whenever we are together, it is also a place for them to say 'sorry guys, I really do not understand this' and to ask all the stupid questions, and it gives so much energy in the room when somebody says 'have you seen that mail from HR, I simply do not understand it."* (Senior Manager, BP CBP)	Tension in values Tension in interaction
Competency (Learn the role)	Ways of developing business partners' professional skills and competencies to meet requirements in the new role	Business partner training Learning dialogues w. immediate manager	*"Our BP training focus on the basic elements of being a business partner. We realized that people were not filling in the blanks themselves and were sticking to their old job, which was doing way too much for the sites. Basically the training is about how to get your head up from the spreadsheets and translate numbers into decisions that are forward looking. Finance skills is not the problem here. It's more the consulting role you could say, because there is a lot of communication and commercial insight involved."* (Manager, BP Log)	Tension in skills

6.

RESEARCH ARTICLE 3

A BALANCING ACT: HOW ORGANIZATIONS RELATE MACRO AND MICRO DESIGN DURING ORGANIZATIONAL REDESIGN

A Balancing Act: How Organizations Relate Macro and Micro Design During Organizational Redesign

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ABSTRACT

To remain competitive, modern organizations must be both reliable and adaptable. Literature on organizational design can be divided into macro and micro approaches that represent two different perspectives on how organizations are best designed to fit the complexity of modern business landscapes. While recent research has suggested that organizations can benefit from both macro and micro design, limited research has examined how macro design and micro design differ, and how these approaches can be combined. This study builds on a unique research setting of a reorganization in three organizations that were part of the same macro design, enabling the examination of the interplay between top management's macro design and middle managers' bottom-up micro design. The findings show how top management's macro design aligns the organization and ensures reliability and stability, whereas middle managers' micro design ensures adaptability through local adjustments of the macro design. The study thus contributes to literature on organizational design by providing empirical evidence of how organizations bridge macro and micro design. I find that an organization's ability to balance macro and micro design depends on: 1) top managers' perceived uncertainty, 2) top managers' preference for delegation, 3) the level of formalization, and 4) middle managers' perceived discretion. Based on this, I conclude that a semi-formalized approach to organizational design provides the most conductive conditions for balancing macro and micro design.

Keywords: organizational design, micro design, macro design, reorganization, formalization, managerial discretion

Status: Under review in Journal of Organization Design

1. INTRODUCTION

> The world of organizations is changing, and so must our theories and research. It used to be that organizational life was relatively predictable and organizational arrangements could be designed with analytical engineering tools. Now, organizations and their environments are more unpredictable, rapidly changing, and require real-time creative designing. (Van de Ven, Ganco & Hinings, 2013: 395)

How do we design organizations for the future? As an applied field of research, organizational design researchers have long been preoccupied with developing models and frameworks that help managers design their organization for the future. Existing research on organizational design can be roughly divided into macro and micro approaches that offer two different perspectives on how managers should design for the future (Puranam, 2018). Macro and micro approaches to organizational design are often considered opposites, with micro approaches representing an antithesis to the more established macro approaches (Clement & Puranam, 2017; Van de Ven et al., 2013), and thus few studies have examined how they coexist in organizational practice.

Taking a macro equilibrating perspective, research on organizational design has traditionally been concerned with organizational level constructs, such as centralization, formalization, and span of control (Puranam, 2018; Van de Ven et al., 2013). Organizational design is considered a top management discipline with the aim to create and maintain fit through episodic sequences of static (re)design (e.g., Burton, Lauridsen & Obel, 2002; Donaldson, 2001; Nadler & Tushman, 1999). Responding to the increasing complexity that many organizations face, the past decade has shown increased interest in micro approaches to organizational design that argue that design is a continuous process involving managers at all levels, and in some cases also employees (e.g., Boland, Collopy, Lyytinen & Yoo, 2008; Liedtka, 2014; Puranam, 2018). While macro and micro approaches to organizational design tend to be presented as contrasts, recent research has sought to bridge these two approaches, arguing that one does not necessarily exclude the other (Clement & Puranam, 2017; Van de Ven et al., 2013). For instance, Clement and Puranam (2017) found that even when an organizational design is inaccurate and weakly enforced, organizations still benefit from a top-down organizational design, as it guides bottom-up emergence of networks of intra-organizational interaction between individuals. This way, macro design facilitates the emergence of micro design.

As Sandhu and Kulik (2019) note, the discussion on macro and micro design leads to a tension between organizational design and managerial discretion (i.e., how tightly or loosely to design organizations to ensure both reliability and adaptability). In a recent study examining how organizational

design impedes or enables managerial discretion, Sandhu and Kulik (2019) found that the "championing" configuration, characterized by semi-formalization and a decentralized approach to leadership, provided the most conducive conditions for managers to use their discretion to champion their roles as organizational designers, implying that organizations need both macro and micro design. Similarly, Van de Ven et al. (2013) note:

> Most organizations face multiple and often conflicting environmental demands, structural arrangements, and performance criteria at macro and micro organizational levels. Achieving fitness with local environmental demands and with corporate strategies often results in conflict. These complexities require making tradeoffs between purposeful and emergent goals at micro and macro organizational levels. (Van de Ven et al., 2013: 423)

In the same vein, Livijn (2019) notes that organizational design is an iterative process that requires middle managers' active involvement in designing micro dimensions of a macro design. Meanwhile, only limited research has provided empirical evidence of how organizations balance macro and micro design.

The tension between macro and micro design and its implication for managerial discretion is particularly salient during organizational redesign, in which the organization changes its overall configuration and then has to decide which parts of the organization to design at top level and which parts of the design to delegate for other managerial levels. This leads to the following research question: *how do organizations relate macro and micro design during organizational redesign?* In this study, I leverage the rich context provided by a reorganization in a leading food production company in which the overall design was changed by top management and had to be implemented at all levels. I exploit this valuable context to examine the interplay between top management's macro design and middle managers' bottom-up micro design in shaping the final design and ultimately achieving the goals of the reorganization. I examined three sub-functions in the case company's finance function: multi-site / financial controlling (MFC), business partnering (BPC), and performance management (PMF). As the reorganization was company-wide, the three cases were part of the same macro design. Each case thus illustrates three different examples of how top management delegated discretion to middle management in the design process, and thus how they balanced macro and micro design.

The findings show that organizations need both macro and micro design. Top management's macro design aligns the organization and ensures reliability and stability, whereas middle managers' micro design ensures adaptability and agility through local adjustments of the macro design. In this way,

macro design facilitates the emergence of micro design. The study thus contributes to literature on organizational design by providing empirical evidence of how organizations bridge macro and micro design. Through three cases, I show the process of organizational design and provide three examples of balancing macro and micro design. I find that an organization's ability to balance macro and micro design depends on: 1) top managers' perceived uncertainty (uncertainty avoidance), 2) top managers' preference for delegation, 3) the level of formalization, and 4) middle managers' perceived discretion. Based on this, I conclude that a semi-formalized approach to organizational design provides the best conditions for balancing macro and micro design. Further, I elaborate on work by Sandhu and Kulik (2019) and argue that the semi-formalized "championing" approach to organizational design can take different forms.

2. THEORETICAL FRAMEWORK

2.1. Macro and Micro Organizational Design

> The structural designers of organizations, those who mandate reporting relationships or memo distribution lists or access the databases, are much like architects who try to predict where the pedestrian traffic will be or should flow on a university campus. They lay their cement, install fences and other obstacles, but inevitably the flows of people and classes carve bare spots in the grass where the sidewalks need to be. (Salancik, 1995: 347)

The purpose of organizational design is to define the formal design of an organization by outlining desired patterns of interaction between its members, reporting lines, incentive systems, etc. (Clement & Puranam, 2017). The aim is to enable bounded rational individuals with possibly diverging interests to accomplish organizational objectives jointly (March & Simon, 1958). Literature on organizational design traditionally takes a macro perspective and considers design a top management discipline concerned with overall organizational level constructs, such as centralization, formalization, and span of control (Burton, Obel & DeSanctis, 2011; Nadler & Tushman, 1997). However, Salancik (1995) notes that although top managers do their best in designing organizations, bounded rationality is still at play, as managers do not necessarily know what the optimal pattern of interactions between individuals is.

As most larger organizations face multiple and often conflicting environmental demands, configurations, and performance criteria at the macro and micro organizational levels (Van de Ven et al., 2013), researchers are increasingly questioning whether top management is able to develop organizational

designs that sufficiently account for these complexities. For instance, Clement and Puranam state that:

> (…) is top-down organizational design worth attempting at all, or should organizations simply let their members learn which patterns of interaction are valuable by themselves, through bottom-up processes? (Clement & Puranam, 2017: 1)

Responding to this, micro approaches to organizational design have emerged; they focus on organizational design as a continuous process that involves all levels in the organization, including employees (e.g., Boland et al., 2008; Liedtka, 2014; Nickerson & Zenger, 2002). The formal organization has a more symbolic purpose as fostering legitimacy, while the actual organization is reflected in social networks and power structures (Weick, 2004). Some streams of literature even envision organizations without formal structures or design. These "boss-less" or TEAL organizations are driven by a higher evolutionary purpose and use self-management and social technologies as main organizing principles (e.g., Bernstein, Bunch, Canner & Lee, 2016; Laloux, 2014).

As implied from the above, the two approaches to organizational design—macro and micro—are often presented as counterparts in which micro approaches represent an antithesis to the more established macro perspective on organizational design. Recent research has sought to bridge these two approaches to organizational design, arguing that one does not necessarily exclude the other (Clement & Puranam, 2017; Van de Ven et al., 2013). For instance, Clement and Puranam (2017) find that even when an organizational design is inaccurate and weakly enforced, organizations still benefit from a top-down organizational design, as it guides bottom-up emergence of networks of intra-organizational interaction between individuals. The authors term this the "network regeneration effect," which refers to how formal structure regenerates interaction between individuals who can then learn which interactions to keep or discard (Clement & Puranam, 2017). Similarly, research has highlighted the importance of involving all managerial levels in organizational design to ensure sufficient adaptability to different parts of the organization, while at the same time maintaining coherence for the organization as a whole (Livijn, 2019; Puranam, 2018). Bernstein et al. (2016) note that modern organizations need to strike a delicate balance between reliability and adaptability. Reliability entails generating predictable returns for shareholders, adhering to regulations, maintaining stable employment levels, etc. These are typically elements that top management accounts for in macro designs (Burton et al., 2011; Puranam, 2018). At the same time, organizations need to ensure adaptability to specific

conditions in different parts of the organization, which may call for adjustments in how work is organized (Van de Ven et al., 2013). Over-standardization for the sake of reliability can make businesses insensitive to changing markets, while overemphasis on adaptation can lead to inefficiency and unclear strategic focus (Albers, Wohlgezogen & Zajac, 2016). The implication is that all organizations need both reliability and adaptability.

To address the need for both reliability and adaptability, literature on dynamic capabilities argue that organizations must distinguish between what managers at different levels do and which type of decisions they should make. For instance, Birkinshaw, Zimmermann, and Raisch (2016) argue that top managers should be concerned with reconfiguring the overall organization, whereas middle and line managers should engage in "sensing" and "seizing" activities, where they continuously monitor internal and external environments and prioritize (new) strategic initiatives based on their specialized market knowledge.

This paper builds on the assumption that organizations need both macro and micro design. Here, macro design is defined as an organization's overall design (strategy, structure, processes, rewards, and people) designed by top management. Micro design refers to "local" adaptation of the overall design undertaken by middle managers (Livijn, 2019). Meanwhile, only limited research has provided empirical evidence of how organizations relate macro and micro design. The question is then: how do organizations strike a balance between macro design that aligns the organization and ensures reliability, and micro design in which middle and lower-level management makes local adjustments of the macro design and ensures adaptability? It is the aim of this paper to enhance our knowledge of this question.

2.2. Balancing Factors

In management research, several streams of literature provide valuable insights that are useful for answering the research question of this paper and thus for shedding light on how organizational designers can build a coherent organization, at the same time allowing managers at different levels to design the part of the organization for which they are responsible. One stream of literature that is relevant here is managerial discretion. According to Hambrick and Finkelstein (1987: 378), discretion exists to the extent that a manager has an array of alternative actions that all "lie within the zone of acceptance of powerful parties." Thus, when managers are delegated discretion, they have the formal

right to choose which actions they prefer within specified limits. Ranson, Hinings, and Greenwood (1980) argued that organizational structures are both constituted (shaped by rules) and constitutive (shaped by discretion available to role incumbents). Similarly, organizational design influences the limits of the discretion delegated to managers and employees (Stea, Foss & Foss, 2015). Several studies have documented that delegation of discretion fosters feelings of competence and autonomy, which have shown to lead to increased effort, behavioral persistence, and overall value creation (Gagné & Deci, 2005; Ryan & Deci, 2000). Moreover, research has shown that delegating discretion to managers can lead to a number of organizational-level outcomes, such as efficient decision-making in changing and complex environments, economizing on scarce managerial attention, and allowing for efficient use of local knowledge (Aghion, Bloom & Van Reenen, 2013; Galbraith, 1974).

In a recent study examining how organizational design impedes or enables managerial discretion, Sandhu and Kulik (2019) identified three organizational configurations with varying levels of top-down structural and bottom-up managerial dynamics at play. Each configuration had different degrees of formalization and had different implications for a manager's role and ability to engage in adaptive behavior and build micro design. Formalization is the degree to which the organization specifies a set of rules and procedures to govern how work is done and coordinated, who is to do it, and under what constraints (Burton et al., 2011). Thus, high formalization implies a large number of rules and very detailed accounts of how work should be carried out and prioritized, and vice versa. Sandhu and Kulik (2019) find that the "championing" configuration, characterized by semi-formalization and a decentralized approach to leadership, provided the most conducive conditions for managers to use their discretion to champion their roles as organizational designers. Sandhu and Kulik (2019) further note that high levels of formalization impede organizational adaptability and initiative by managers and employees, whereas low formalization leads to confusion and low productivity.

Building on an information processing perspective, Galbraith (1973) argued that a manager's perceived uncertainty about a given situation influences his design choices. Perceived uncertainty refers to a manager's perception of how predictable a change is. Even if an organization is subject to constant change, if the change is predictable, the organization can use plans, schedules, and procedures to enable change. If change is unpredictable, then plans and schedules need constant revision, which require designs that allow for high levels of flexibility and adaption (Galbraith, 2014). In relation to perceived uncertainty, Galbraith (1973) specifically addresses a manager's preference for delegation

and posits that if perceived uncertainty is high, managers should delegate discretion to the level below them. Conversely, when perceived uncertainty is low, managers should centralize decisions and thus limit delegation to managers below them. In the same vein, Stea et al. (2015) note that delegation of discretion is particularly important for organizations operating in uncertain environments, as it reduces information transfer costs and increases the organization's responsiveness to local change. This implies that a manager's perceived uncertainty influences both his preference for delegation and his reports' perceived discretion.

Related to the above, Burton et al. (2011) describe leadership style along two dimensions: preference for delegation and uncertainty avoidance. Preference for delegation refers to the degree to which top management encourages lower-level managers to make decisions about which tasks are to be done and how work is to be done. Uncertainty avoidance is the degree to which top management refrains from making decisions that involve major risk. Based on the two dimensions of leadership, Burton et al. (2011) propose four leadership styles: maestro, manager, leader, and producer.

3. METHODOLOGY

As the research question—how do organizations relate macro and micro design during organizational redesign?—addressees two research traditions that represent fundamentally different approaches to organizational design (macro design focuses on stability, and micro design focuses on agility), I needed a research method that would allow me to capture both dimensions. Furthermore, existing research on organizational design contains only limited knowledge about how macro and micro approaches to organizational design can be combined. For these reasons, a case study method was chosen, as it is suitable for answering research questions that are better addressed by theory-building rather than theory-testing, i.e., for providing in-depth insight into complex social processes that quantitative data cannot easily reveal (Eisenhardt & Graebner, 2007). Furthermore, as I wanted to understand the process of organizational design and how macro and micro design interact, I needed more than a snapshot of one place in one time. Therefore, the overall research method of this dissertation is a longitudinal case study with a process perspective

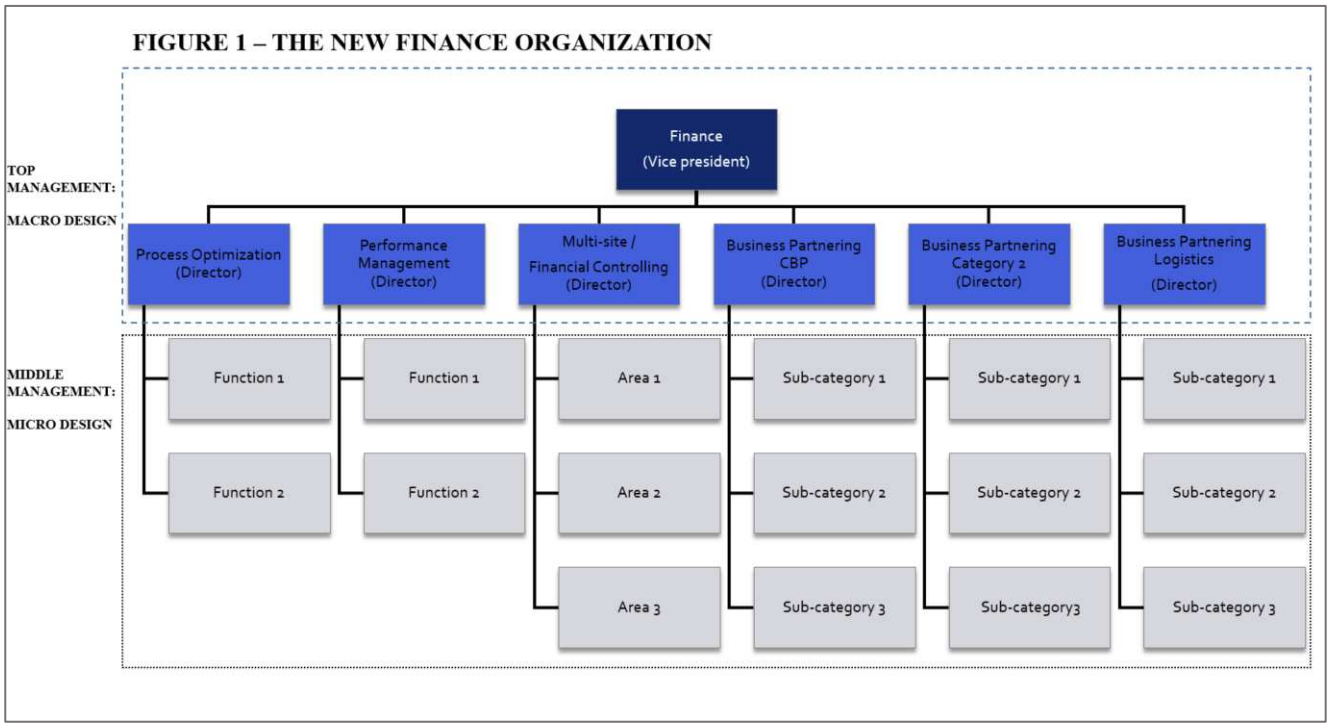
Answering this question called for a research design that would allow me to gain in-depth insight and compare how different organizations handled the macro and micro relation in organizational redesign. Also, to be able to explain possible differences between different approaches to the macro-micro

relation, I wanted to keep the macro design constant. Multiple case studies enable a replication logic in which cases are treated as a series of "experiments" that serve to confirm or disconfirm emergent theory (Eisenhardt & Graebner, 2007; Yin, 2014). Therefore, I constructed a multiple case study based on cases from the same overall organization, which provided a unique research setting to examine the research question

3.1. Research Setting and Case Selection

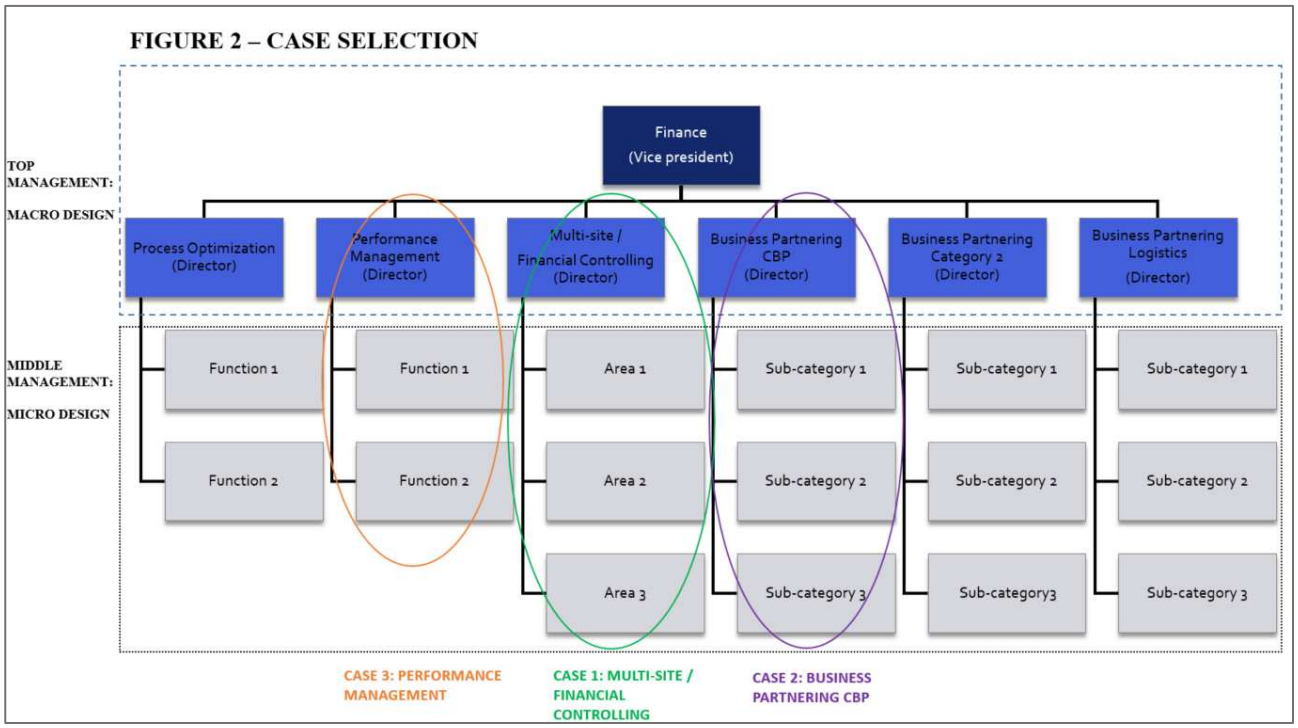
The overall empirical foundation of this study builds on a longitudinal process study of a reorganization in a leading food production company, FOOD, spanning 18 months. FOOD is headquartered in Denmark, with approximately 30,000 employees globally and an annual revenue of around 40 billion euro. While experiencing increasing market uncertainty, FOOD operates in a market with relatively low turbulence. In regard to organizational design, FOOD can be characterized as a classical hierarchy, with a number of centralized corporate functions and SBUs that deal with specific parts of the market. In total, FOOD has eight managerial levels. As I wanted to examine both macro and micro design, the reorganization in FOOD provided a unique research setting for exploring the research question of this dissertation. The reorganization was initiated by top management and had to be rolled out at all managerial levels, and thus I suspected that the different managerial levels would take part in the redesign process.

Due to changing market conditions, FOOD launched a new strategy, followed by a new organizational design to support the realization of the new strategic objectives. The main driver of the reorganization was efficiency, with the aim of reducing total costs by 25 percent. To meet these requirements, an important element of the reorganization was the streamlining of a range of core processes and the generation of synergy and transparency across the organization. As part of the reorganization, FOOD's core functions such as marketing, HR, and finance were restructured from serving individual divisions to serving the global organization. In particular, FOOD's finance function went through a complete redesign, which included designing new functional roles and reducing staff by 25 percent to meet the ambitious efficiency targets. Before the reorganization, FOOD had a divisional organizational structure, with each division having its own local finance function. The new centralized finance organization was divided into four sub-functions: process optimization, performance function, business partnering, and multi-site / financial controlling, as can be seen in Figure 1. Business partnering was further split into three areas reflecting the parts of the business they supported.



While acknowledging that the reorganization of FOOD finance was a part of a larger reorganization, for the purpose of this paper, the FOOD finance executive management team (vice president and directors) represents the macro design, and middle managers (senior managers and managers) represent the micro design. This is illustrated in Figure 1. Accordingly, the study does not deal with the overall reorganization of FOOD, although I acknowledge that there is a macro-micro relation between the finance function and FOOD as a whole, which I do not address. When referring to top management or top managers in the paper, I refer to the members of the executive management team.

As empirical foundation for the study, three cases were selected from six sub-functions of the finance function in FOOD: the multi-site / financial controlling function (MFC), the business partnering CBP function (BPC), and the performance management function (PMF). As illustrated in Figure 2, the unit of analysis is the three sub-functions of FOOD's finance function, all of which were part of the same macro design. This offered a unique research setting for exploring how macro and micro design interact, as the macro design was constant across the three cases. The cases thus represent three examples of how top management involved middle management in the organizational design and how much discretion the various approaches leave for the middle managers to develop micro design.



The cases were selected based on the theoretically diverse principle (Yin, 2014) in which the three cases share similarities and differ. This selection strategy was adopted as it will allow for denominators while at the same time strengthening the external validity of the analysis if common patterns could be distinguished across the three cases (Yin, 2014). While being part of the same macro design, the three cases specialized in three distinct areas of finance. At the same time, the three sub-functions were part of the same macro design, and thus I wanted to understand their differences better. The three sub-functions each had a finance director that was responsible for the strategic direction of the function, as well as a number of senior managers and managers who employees reported to.

MFC Function

As part of the efficiency rationale of the reorganization, a number of regional administrative centers, multi-sites, were established. The multi-sites served as a financial controlling function and supported all production sites in their area. Their primary role was to support production sites in accounting and bookkeeping and to calculate key numbers and metrics for use by finance business partners. The multi-sites were divided across four countries: Denmark, the UK, Germany, and Sweden. Parts of the Danish and Swedish organization had previously had multi-sites, and thus some production sites were already accustomed with the setup, whereas the idea of gathering finance staff in centralized administrative centers was new in the UK and Germany.

BPC Function

Depending on the size of the production site, the new finance business partners serviced three to seven production sites, their role being to advise local management on strategic aspects related to finance and compare performance across the sites they were responsible for. To ensure a strong finance partnering with the line of business, business partnering was split into two product categories and logistics, mirroring the line of business they supported, as illustrated in Figure 1. This study builds on finance business partnering in one of the product categories, CBP, which represent the company's most profitable brands and products.

PMF Function

In contrast to business partnering, PMF primarily served a "back-office" function. Their primary role was to translate FOOD's overall strategy into measurable KPIs, develop algorithms on how they could be calculated, and keep track of to which degree various parts of the organization were meeting these KPIs. The PMF function was also responsible for the rollout of a range of standardized processes and procedures aimed at reducing costs and improving forecasts for production levels based on clarity on supply of raw material. These processes and procedures applied to all sub-functions in the finance function.

3.2. Data Collection

I conducted an in-depth qualitative study over a period of 18 months based on an embedded design (Eisenhardt, 1989). As I wanted to examine the interaction between macro and micro design, and how top managers involved middle managers in the design process, I examined four managerial levels (vice president, director, senior manager, and manager) across four different countries (Denmark, the UK, Germany, and Sweden). The study involved multiple qualitative data sources (observations, interviews, and company documents), summarized in Table 1.

Table 1 – Overview of Data Sources

		Phase 1 (January – March 2017)	Phase 2 (June – July 2018)	Follow-up (August 2018)	Total
Data source	**Interviewee**	**Number**	**Number**	**Number**	
Interviews with managers	Vice President, Finance	1	1		**2**
	Director, MFC	1	1		**2**
	Senior manager, MFC	2	2		**4**
	Manager, MFC	2	2		**4**
	Director, BPC	1	1		**2**
	Senior Manager, BPC	2	2		**4**
	Manager, BPC	2	1		**3**
	Director, PMF	1	1		**2**
	Senior Manager, PMF	1	1		**2**
	Manager, PMF	2	2		**4**
Observations	Meetings in top management team in the finance function, meetings in functional management teams, department meetings, workshops	15 (72 hours)	6 (21 hours)	5 (18 hours)	**26 (111 hours)**
Company documents	Strategy documents, role charters, memos, service level agreement	38	8		**46**

Interviews

Over the three rounds of data collection, I conducted a total of 29 semi-structured interviews with managers at different levels in the three sub-functions of FOOD's finance function, in all representing four organizational levels and four different countries; this allowed me to understand how macro and micro design was balanced. Each interview lasted 60–120 minutes and was audio recorded and transcribed. Most interviews were conducted in English. A few interviews were conducted in Danish, when informants felt more comfortable using their native language. These interviews were first transcribed and later translated into English by a student worker. All transcripts and translations were validated by the author.

Observations

To supplement the interviews, I observed planned and unplanned management team and department meetings to understand how the implementation was unfolding, what kind of issues were salient, and how management was working with organizational design. The intention was to observe dynamics between the managerial levels. The meetings ranged from 3 to 11 participants and lasted between 30 minutes and 5 hours. Detailed field notes were taken within 24 hours of leaving the field. The notes included observations of the participants' actions and expressions as well as observed patterns of interaction between participants.

Company documents

I gathered documentary data generated by FOOD from the reorganization initiation phase in January 2017 to August 2018 when data collection ended. The dataset contains a total of 46 document. These data included email correspondence, strategy documents, meeting minutes, service level agreements, internal surveys, and role charters.

3.3. Analytical Approach

Following Smith and Besharov (2017), the analysis involved three main steps: 1) categorizing raw data into empirical themes, 2) consolidating the empirical themes into second-order categories, and 3) aggregating the second-order categories into theoretical dimensions. In parallel with the coding, I reviewed the literature to ground the emerging interpretations in the relevant theories. This was an iterative rather than a linear process and involved multiple iterations between data and theory.

Categorizing Raw Data into Empirical Themes

In the first part of the coding, I reviewed interview transcripts and field notes and categorized the raw data into informant-centric empirical themes, using language that was as close to the data as possible ("we have not formalized that"; "I am not the one making the final decision"; "they make the local decisions pretty much on their own"; "it was very deliberate how I designed my team"; "my boss compiled my team"). The empirical themes relate to a wide range of topics represented in the data capturing issues such as the formalization of the role of middle managers, which decisions were made at which levels, whether the middle managers felt a sense of empowerment, and how design was coordinated between top and middle managerial levels.

Consolidating Empirical Themes into Second-Order Categories

In the second stage of the analysis, I examined similarities and differences among the empirical themes. This enabled merging the empirical themes into second-order categories. In this process, I continuously compared first-order empirical themes with each another and with the emerging conceptual categories. I reviewed transcripts and field notes again to see how the coded phrases fit with the emerging second-order categories (Gioia, Corley & Hamilton, 2013). After multiple iterations between first-order themes and data, I was able to develop second-order categories. For example, I grouped the empirical themes describing middle managers that were not involved in decisions that related to their area of responsibility under the second-order category "middle managers as top management's messenger." I grouped the empirical themes describing middle managers with a high level of autonomy and decision rights to make local decisions under the second-order category "middle managers as local champions." The empirical themes describing middle managers being frustrated and confused about their role and position were grouped into the second-order category "unclear mandate and decision rights." Through similar analytical steps, I condensed second-order categories around, for instance, the level of trust between top and middle management, how the top managers perceived the new organization to be, and the formalization of the role of middle managers in the reorganization. These categories are exemplified in Appendix 1.

Aggregating Second-Order Categories into Theoretical Dimensions

After the second-order categories had been generated, I considered how these categories fit together. In this stage, I explored the theoretical explanations for the relational dynamics among the second-order categories. This entailed multiple iterations of matching the emerging conceptual categories and the literature to identify the theoretical dimensions. Approaching the data from this perspective, I identified how top managers' perceived uncertainty affected their preference for delegation and the level of formalization. Similarly, the analysis illustrated how top managers' preference for delegation influenced middle managers' perceived discretion. These factors seemed to affect the level of initiative of middle managers in the reorganization process. By means of this process, I arrived at four theoretical dimensions that seemed to influence how the three cases balanced macro and micro design: top manager's perceived uncertainty, top manager's preference for delegation, the level of formalization, and middle managers' perceived discretion. Appendix 1 illustrates the coding process and the data structure.

4. FINDINGS

The empirical material provided three examples of how organizations balance macro and micro design in organizational redesign. Although there were similarities between the cases, each finance function studied revealed unique features of top managers' approach to the reorganization, and how much middle managers were involved in the process. In the sections below, I first account for unique patterns of each finance function studied. For each case, I show how both top managers and middle managers worked with the reorganization, and which parts of the new organization the different managerial levels were in charge of. Finally, I compare these findings and account for patterns across the three cases. The three cases are summarized in Table 2.

TABLE 2 – COMPARING CASES

	MACRO / MICRO BALANCE				OUTPUT			
Sub-function in Finance	**Top-manager's perceived uncertainty**	**Top-manager's preference for delegation**	**Level of formalization**	**Middle manager's perception of discretion**	**Key initiatives by top-management**	**Key initiatives by middle managers**	**Performance / KPI achievement**	**Employees reaction**
MFC Function	High	High	Medium / semi-formalized	Expectations clear, middle managers supposed to design their part of the business Demanding to design own business (feeling pressure)	Overall strategy Overall structure Number of FTE Roles Quality and service standards	How to run a multi-site People management Organizing ways of working Team members and team structure Prioritization	High through the entire process	Happy about local commitment from manager Generally happy about the reorg.
BPC Function	Medium	High, but not formally communicated	Medium / semi-formalized	Confusion, as discretion is not explicit; what is expected of me? What is my mandate?	Overall strategy Overall structure Number of FTE Roles Core processes and procedures (e.g. LEAN, SAP)	People management Business partner community Organizing ways of working; establishing collaboration between BPs and line of business Team members and team structure Prioritization	Medium at first, high in the end of the reorganization	Confusion about new organization Stress
PMF Function	Low	Low, although he consider himself a delegating leader	High / very formalized	Dichotomy between communicated discretion and actual discretion Frustrated, do not experience discretion to decide anything unless it relate to their specialist area	Hiring Prioritization Number of FTE Roles All processes and procedures / ways of working	Procedures related to specialist area	Low, which eventually led to a functional split of the function into two	Stress Inertia

4.1. MFC Function

The MFC sub-function provides an illustrative example of a semi-formalized approach to organizational design. As illustrated in Table 2, the level of formalization was moderate, as the director was very deliberate in how she wanted to manage the reorganization and how she wanted to include the managers below her in the process. She wanted to design the overall part of her organization, but she wanted her subordinates to design the micro dimensions of the new design. In this sense, the director's preference for delegation was high, and thus I observed both top-down influences and bottom-up crafting in leading the reorganization. The director was well aware of the complexity of her organization, and thus knew that she could not develop an exhaustive design that would apply to all her units:

> I have employees in four different countries—how do we make that into one organization? How do we use each other in the right way? How do we balance the different maturity levels? Because we have some multi-sites in Denmark that have been multi-sites for quite a while, and then we have multi-sites in the UK that are absolutely new. We still have no idea what it will look like once we are there, so that is what I am dealing with right now. (Director, MFC, phase 1)

As the above implies, the director perceived the uncertainty related to leading the reorganization to be high. To address this uncertainty, part of the director's approach to the reorganization was to outline an overall scope for her area within which managers below her could make local decisions:

> (What kind of decisions do you make?) Well, high-level decisions about the structure, about the strategy. I ask for feedback and input, but the final decision is with me. I decide how many FTEs [full-time-employees] go to which multi-site. I decide which roles we have. But I get information and feedback from the guys who actually know what they are doing. So I think that I include quite a lot, but I am aware that I cannot ask them to make decisions on how to distribute FTEs. Because they would be taking from each other. That decision is with me. But given the fact that they have a lot of knowledge that I need to make the right decision, we discuss it so they know what is going on and I make the final decision. (Director, MFC, phase 1)

> (What kind of decisions do the managers reporting to you make?) Stuff that relates to how to run a multisite and manage controllers. How they organize the way they work, who is going to do what, who is going to have which titles, and all that kind of stuff. So they make the local decisions pretty much on their own, but I require that we have a uniform organization. We need to have uniform quality and service for everybody. So one multi-site manager cannot decide to do something special for a site director, because then another site director would say "why can't you do that for me, when you can do that for him?" So I need to make sure that we are quite aligned on what we are

> doing. But that is the end product. So how do we get to the end product? That is the multisite manager's decisions. (Director, MFC, phase 1)

As the above illustrate, the director deliberately delegated discretion to the managers below her and was not specific about how to run a multi-site. This corresponds to recommendations in existing literature on organizational design (e.g., Galbraith, 1973; Stea et al., 2015): when perceived uncertainty is high, discretion should be delegated to middle and line managers. Relating this to Burton et al.'s (2011) leadership styles, the director in MFC can be compared to the "leader" role that has a high preference for delegation, focuses on long-term decisions, and is confident that people below them will make responsible decisions.

The middle managers in the MFC function perceived their discretion to be clear, and they knew that they were expected to be part of the design process:

> (What kind of decisions do you make?) Pretty much everything that relates to running a multi-site. She [Director, MFC] is very trusting and delegating, so she does not interfere with my business. She is also demanding, so she expects me to take the lead and have a plan for how I want to lead my business. (Senior manager, MFC DK, phase 1)

While appreciating the responsibly, middle managers note that the discretion can be challenging and that the director has high expectations as to how middle managers govern their discretion:

> It is a big responsibility… There is a lot you need to think about. I am not used to making decisions like this. Sometimes I try to make her decide, but she is very clear that she wants me to make the decision. She will help me, but I have to make the call, because I will have to stand up to the consequences. (Senior manager, MFC Germany, phase 1)

Once a month, the director met with each middle manager to discuss performance. The performance assessment included also how middle managers were managing their organization. The director noted that some managers were thinking too much about the tasks and priorities and too little about how they wanted to design their organization:

> We talk about it, and I give input, but just like I make my own decisions from input from the finance VP, I want to make sure that they take ownership for their own multi-site. A lot of my people are specialists who have become managers. They are comfortable with making charts and goal hierarchies, but not necessarily with managing an organization. It is their decision, it is their responsibility that things are running smoothly. (Director, MFC, phase 1)

The director was aware that she was putting pressure on her subordinates by expecting them to design their part of the organization but insisted on this approach, as she wanted to empower her subordinates. At the same time, she offered help:

> She is very engaged. She visits me once a month, and we go over whatever I need. She did this when she was a senior manager in Denmark, so she knows the hassle. She is very interested in how things are running in my part of the organization. Multi-site is completely new in the UK, so we are definitely behind Denmark. So I have to make adjustments. We discuss that and she is open to the possibility of changing her overall approach. (Senior manager, MFC UK, phase 1)

Comparing the MFC function to Sandhu and Kulik's (2019) three organizational configurations with varying levels of top-down structural and bottom-up managerial discretion dynamics at play, the above resembles the semi-structured "championing configuration." As the above illustrates, there is a broad commitment to design, but without rigid constraints on specific initiatives and thus there is a deliberate intention to delegate discretion to middle managers and let them design their part of the organization.

4.2. BPC Function

Contrary to the MFC function, the director of the BPC function did not have a deliberate plan for how he wanted to involve his middle managers in designing their new organization:

> (What kind of decisions do your reports make?) We have not formalized that… informally any resource allocation within the market where they need to divide things among their teams, then they are free to do that. They cannot make decisions on something globally, because we need to have a global organization. So we have some standardized procedures on how we do things and these cannot just be changed like that. That is where their decision right ends. (Director, BPC, phase 1)

As the above implies, although he had not explicitly formalized how middle managers should be part of the design process and which discretion should be delegated to them, he did have an informal plan, which implied a semi-formalized approach. He wanted to set the direction and decide on a number of issues related to specialization, but he also wanted to include middle managers in the process. While this informal plan had not been communicated to middle managers, it appeared that they shared the director's perception of the level of formalization and thus their discretion:

> We have not really talked about that. But I think that I have a lot of room to make the decisions that are relevant for my area. He [Director, BPC] does not overrule me or anything like that…. I make decisions about how we work, our deliverables and so on. So if I am supporting a VP from the line of business in doing a business review, I decide how to do it and how long it will take. It can also be about which targets we focus on—who will be doing what. (Manager, BPC, Phase 1)

> I know that I cannot do something that is completely misaligned with my manager's plans, but I think that I can influence it quite a bit. For instance, I was very careful in how I organized my team. I did not want a team of people who looked alike. I wanted people to bring different things to the table. So I made a number of replacements in my team, because otherwise I would not have been able to present it in an authentic way. I think that we are now benefitting from how the team is put together. We have different specialties, but also something in common. (Senior manager, BPC, phase 1)

The semi-formalized approach to organizational design thus provided middle managers with greater discretion to champion initiatives that they were passionate about. The middle managers were therefore willing to go beyond the short-term business case in how they used their resources in order to drive the new organization forward:

> We were struggling a lot with our new business partner role. We all thought that the idea of having business partners was a really good idea, but we could not understand why people were not performing in the role. My colleagues and I also differed in our opinion about what a business partner should do. Therefore, we set up the business partner community where we tried to define and understand the role together. (Senior Manager, BPC, phase 2)

As implied above, the support and flexibility provided by the semi-formalized approach to organizational design empowered managers with high discretion to build bottom-up design initiatives. As the main driver for the reorganization was cost cutting and still ensuring "business as usual," creative ideas for how challenges in the new organization could be addressed were crucial for moving the new organization forward.

While the high discretionary latitude allowed managers to go beyond simply implementing top management's mission, middle managers in business partnering noted that it could be difficult to sense the level of discretion, as it had not been explicitly formulated:

> It can be a bit hard to work out what exactly I am supposed to do, what my responsibility is and so on. Sometimes I feel like we are slowing things down because we expect somebody else to be doing something about a problem. It is not really clear what my mandate is. (Manager, BPC, Phase 2)

Although middle managers shared the director's informally formulated discretion, the lack of clarity in their discretion led to increased complexity. While the director may have held a high preference for delegation, the lack of explicitly formulated discretion left middle managers to

interpret their level of discretion, which affected productivity negatively. One explanation of this lack of clarity could be the director's perceived uncertainty:

> At the beginning [of the reorganization], I really tried to help calm things down. There was so much talk about the reorganization, and how everything was so different. Things were new and there were things that we had to sort out, but I definitely felt that it was manageable. You know, not overly complex… We made a logical construction of our organization to support the line of business, so for me, it was more a matter of getting back to work… When I look back, I guess it was a lot more challenging than I expected. I did not think that it would be this hard to implement the new [business partner] function. (Director, BPC, phase 2)

The above reflects a moderate perceived uncertainty; although the director acknowledged that some things were new, he also felt like he knew how to tackle the reorganization. His perception of the reorganization as being "manageable" influenced his approach to managing the reorganization. It might thus explain why he did not find it necessary to formulate expectations to middle managers about their role in the process.

Although the reorganization was handled more informally in the BPC function, the overlap to the approach taken in the MFC function is significant, as both directors applied a medium/semi-formalized approach and delegated high levels of discretion to middle managers. The main difference between the two functions is that the approach in MFC was more deliberate and planned, whereas the approach in the BPC function seemed to be more random. Nevertheless, both functions exemplify Sandhu and Kulik's (2019) semi-structured championing configuration. Similarly, Burton et al.'s (2011) "leader" role best describes the management style adopted here. However, as the preceding sections imply, the informal or random approach taken in the BPC function led to mere "noise" and confusion in the reorganization, as middle managers' discretion to build on the design was unclear.

4.3. The PMF Function

Compared to the other sub-functions, the PMF function adopted a more formalized approach to organizational design in which middle managers' discretion was very limited, making organizational design solely the responsibility of top management. Interestingly, however, the director believed that he was democratic in his management style and that he allowed subordinates to make independent decisions:

> I have great confidence in my people and their professional skills. Once they understand their job, I try to define some lines and space within which they can navigate and make decisions without involving me. We have an open dialogue about this. (Director, PMF, phase 1)

> I am quite democratic in my approach. I do not need to go into detail about operations. I trust that my managers will make the right decisions. I am happy to help, but I do not like to interfere unless it is really urgent. (Director, PMF, phase 2)

However, the middle managers in the PMF function did not share the director's perception of a democratic approach to organization and leadership:

> (What kind of decisions do you make?) It primarily relates to how we do reporting which is my area. But a big part of my job is to come up with recommendations and analyses based on which he [PM director] can make the final decision. So in a lot of the issues I work with, I am not the one making the final decision. Who to hire, how to prioritize, investments and so on—that is not my call. (Senior manager, PMF, phase 1)

As the above implies, the middle managers' perceived discretion was low. Their experience was that the director made all major decisions, while middle managers primarily made decisions about their specialist area, but not something that relate to organizational design. Although the director considered his leadership style to be delegating, his actions indicated a low preference for delegation.

Related to the above, the director perceived uncertainty to be low in the reorganization, as he considered their core tasks to be the same:

> Our role is actually not that much different (from the old organization). It is mostly business partnering and MFC that have a new setup. Our focus is mostly on prioritizing and optimizing processes, because we have a lot more tasks to solve now. (Director, PMF, round 1)

As the director perceived uncertainty to be low, he may not have found it necessary to delegate discretion to middle managers, although he considered himself a democratic leader. This approach corresponds to recommendations in the literature (e.g., Burton et al., 2002; Galbraith, 1973): when uncertainty is low, managers should centralize decisions. Relating this to Burton et al.'s (2011) leadership styles, the director can be compared to a "manager" characterized by high uncertainty avoidance and low preference for delegation. The manager does not delegate decision-making authority but instead uses formalized rules to manage subordinates.

Ways of working in PMF was highly formalized, with dictated initiatives and allocation of resources at both the macro and micro levels. These clear top-down guidelines provided by the organization's formalized approach to organizational design meant that middle managers did not engage in much upward selling to top management, and thus there was limited interaction between the macro and micro design. The role of middle managers was to facilitate top-level decisions, and thus implement macro design, rather than making independent decisions and building on the design. This approach ensured a clear division of labor. However, the high levels of formalization could be constraining. Some middle managers felt disempowered and frustrated that the PMF director interfered with their area of responsibility:

> My area of responsibility is one of the areas where my manager [Director, PMF] is interested in how things are going. He is very specific about how he wants us to use the figures we get, so I follow his instructions. (Is it helpful for you that he is so close to decisions?) Well, I think it is natural that he has an interest in this area. That is part of the way we are organized… Sometimes I feel like—especially in turbulent times like this when there is a lot of chaos—that I never really get the chance to step forward and show what I can do in this area because I always have so much luggage that I need to fix. (Senior manager, PMF, phase 1)

> We discuss how to prioritize in terms of building a base for running the department and for damage control. We do not always agree. I think that it is important that we get the basics right, and he [Director, PMF] brings in a lot of urgent issues that he believes need attention straight away. (Senior manager, PMF, phase 1)

Comparing the above to Sandhu and Kulik's (2019) configurations, the PMF function can be characterized as an orchestrating configuration. The high level of formalization in this configuration reduces confusion and role conflict, but—as illustrated above—leaves little scope for bottom-up initiatives.

4.4. Cross-Case Findings

As the previous sections show, the top-down (macro) and bottom-up (micro) dynamics in the reorganization of FOOD's finance function mapped across two overall approaches to organizational design: the formalized and the semi-formalized. These two approaches represent two ways of balancing macro and micro design.

In the formalized approach, exemplified by the "PMF function" case, organizational design was solely the responsibility of top management. It contained highly formalized ways of working that dictated initiatives and allocation of resources at both the macro and micro levels. The

role of middle managers was to facilitate top-level decisions, thus implementing macro design rather than making independent decisions and building on the design. In the semi-formalized approach to organizational design, exemplified by the "MFC function" and "BPC function" cases, there was a general commitment to involving all managerial levels in designing the new organization, without rigid constraints on specific initiatives as in the formalized approach. Top management focused on the overall configuration of the functional area and trusted middle managers to design the part of the organization that related to work processes and coordination. Boundaries were in place, but within these boundaries, the middle managers had autonomy to influence and sculpt the part of the organization that they were responsible for.

Macro–Micro Balance

Table 2 summarizes the selected functions in FOOD's finance function. What binds the three cases together is that they were all a part of the same macro design, which had recently been changed. The main driver of the reorganization was reducing costs by 25 percent, while still running business as usual, which implies "the same for less," and thus the three cases all had to find ways of achieving efficiency in their daily operations. In this sense, the "what" (the macro design) was the same across the cases, but the "how" (how do we deliver the intention in the macro design) was different. As Table 2 illustrate, the cases differ on four overall dimensions: 1) top manager's perceived uncertainty, 2) top-manager's preference for delegation, 3) level of formalization, and 4) middle managers' perceived discretion.

The three cases differed in how the top managers (finance directors) perceived uncertainty related to the reorganization, which appeared to influence how they approached managing the reorganization and how much they involved middle managers in the design process. According to Burton et al. (2011), there are a number of biases related to a manager's perceived uncertainty, such as personality, the manager's background and experience, bounded rationality, the manager's fundamental understanding of the situation and its complexity, and the information available. Although the three cases represent quite different finance work, ranging from back-office to business partnering, which could explain why the top-managers' perceived the situation differently, managerial bias, such as preferred management style and cognitive capacity, is likely to be an influencer as well. This relates to Jaques' (1990) notion of requisite organization, which refers to achieving effective managerial organization based on the nature of work and the individual's capacity for work. According to Jaques, individuals have different cognitive capacity for understanding and managing complexity. The higher a person is positioned in

a hierarchy, the more complexity they have to handle, and the more abstract their work tasks will be. Consequently, the differences in how the top managers perceived the situation could be explained by varying levels of cognitive capacity to grasp the complexity of the new organizational design.

Related to perceived uncertainty is the top managers' preference for delegation. Although all top managers expressed a strong preference for delegation and intention to empower middle managers, only the top managers in the MFC and BPC functions acted accordingly. Although differing in how explicit delegation was made, both top managers considered middle managers a central part of their plan for implementing the new organization. They wanted to maintain what they termed a "global organization," where certain standards and procedures applied to all parts of their organization, but at the same time allow middle managers to make local decisions in how to organize work. In contrast, in the PMF function, middle managers felt frustrated because of conflicting messages from the top manager. On the one hand, they were told to make decisions and be in charge on daily operations. On the other hand, daily practice revealed a range of formalized work processes they had to obey, along with involvement of the top manager in micro-level decisions (e.g., daily decisions and prioritization).

This leads to another central dimension in which the cases differ: the level of formalization. In the PMF function, there was a high level of formalization in how the top manager approached organizational design. Almost everything in terms of prioritizing, ways of working, and people management was defined by top management in the macro design, all the way down to how work should be carried out. In comparison, the other two cases adopted a semi-formalized approach to organizational design in which there was a clear distinction between overall design elements that everyone had to obey, and discretion to lower levels to engage in micro design. The main difference between these two forms of formalization is who defines ways of working; that is, micro-level coordination. In the formalized approach, micro-level coordination was defined by top management, whereas in the semi-formalized approach this was defined by managers that were close to daily operations and had detailed insight into best ways of getting work done in appreciation of specific circumstances in that part of the organization.

Interestingly, although the top managers had different approaches in managing the reorganization, they all followed established recommendations in aligning perceived uncertainty with level of delegation and level of formalization (e.g., Burton et al., 2011; Galbraith, 2014). High

perceived uncertainty calls for a high level of delegation and a moderate level of formalization, whereas low perceived uncertainty calls for a low level of delegation and a high level of formalization. Accordingly, the primary source of difference is how the top managers perceived the situation.

As a consequence of the above, the middle managers in the three cases experienced significantly different levels of discretion and thus also differed in how they perceived their role in the design process. Interestingly, although middle managers in the MFC and BPC functions had almost identical discretion in terms of what they could influence in the design process, middle managers in the BPC function were confused, as the discretion had not been explicitly communicated to them. Therefore, they had to "fill in the blanks" themselves and define how it would be appropriate to contribute to the design process. As the findings show, the middle managers successfully interpreted their role, but the lack of clarity created unnecessary "noise" in the process, e.g., causing delays and stress, and lowering performance. The middle managers in the PMF function perceived their discretion to be very limited. Consequently, they were recipients and implementers of the new design rather than actively designing their part of the organization.

From the above, it can be inferred that the four dimensions—perceived uncertainty, preference for delegation, level of formalization, and perceived discretion—did not only distinguish the cases from each other. They also represent influencers on how macro and micro design was balanced in the three case; that is, how much of the organization was designed by top management, and how much was delegated to middle managers to be designed at micro level.

Output

As Table 2 shows, the cases adopting a semi-formalized approach to organizational design (the BPC and MFC functions) were more successful in leading the reorganization and achieving their targets. Also, the finance VP noted that middle managers being a part of designing the new organization had had a positive effect on the reorganization:

> It is really important that we use our specialized knowledge right. We in the executive management team focus on strategic overall decisions. So it makes a lot of sense that the people managers [middle managers] are in charge of everything that makes sure that thinks are running smoothly in our operations (VP Finance, round 2)

A year into the reorganization, the finance VP split the PMF function into two, because it had failed to deliver the intended results. Thus, a design change was needed to drive the reorganization forward. As mentioned above, the management style is likely to be influenced by the perceived uncertainty of the situation, and thus it seems likely that the director in the PMF function had not fully grasped the complexity of the new organization.

Based on the above, the study confirms findings by Sandhu and Kulik (2019) highlighting that the semi-formalized approach, which they term "championing configuration," provides the most appropriate conditions for managers to engage in organizational design. Although BPC and MFC functions had similar approaches in how much discretion was delegated to middle managers, they differed on a significant parameter: whether the discretion was explicitly formulated. Looking at the employees' experience in the MFC function in Table 2, the results imply that the more deliberate approach in which the managers' role was explicitly formulated was the most successful approach. In the BPC function, the middle managers expressed that it led to confusion and frustration that discretion was not made clear, which translated into stress and confusion at employee level. This might explain why the BPC function was struggling to meet its targets at the beginning of the reorganization. This way, the study also elaborates on Sandhu and Kulik's (2019) findings by showing that the semi-formalized approach can take two different forms.

Looking at the top management's initiatives in the two most successful cases, MFC and BPC (e.g., overall strategy, overall structure, core processes, quality and service standards), these relate to standardization. The purpose of standardization is to establish provisions for common and repeated use, aimed at improving quality and efficiency (Galbraith, 1974). Standardization thus ensures stability in terms of output and forecasting (Donaldson, 2001). This way, the initiatives by top management, which constitute the macro design, serve to create stability and reliability. Building on this, the middle manager initiatives in Table 2 relate to coordination and how work is organized (e.g., business partner community, team members and team structure, daily operations at multi-sites). This implies the possibility to adapt or adjust procedures to specific requirements in different parts of the organization. Thus, middle managers' initiatives ensure adaptability at the micro level.

In sum, the findings of this study shows that top management's macro design aligns the organization and ensures reliability and stability, whereas middle managers' micro design ensures adaptability through local adjustments of the macro design. I also find that an organization's ability to balance macro and micro design depends on: 1) top managers' perceived uncertainty, 2) top managers' preference for delegation, 3) the level of formalization and 4) middle managers' perceived discretion. Based on this, it can be concluded that a semi-formalized approach to organizational design, in which there is a clear distinction between overall macro design elements that everyone has to obey, and a clear mandate to middle managers to engage in micro design, provides the most conductive conditions for balancing macro and micro design.

5. DISCUSSION AND CONCLUSION

This study leveraged the rich context provided by a reorganization in which the same macro design had to be implemented in different parts of the organization to examine the interplay between macro and micro design. This study makes several contributions to existing research on organizational design. Overall, it broadens our understanding of the interplay between macro and micro design by providing empirical evidence for how organizational redesign processes unfold and how successful organizational redesign is dependent on the active involvement of different managerial levels. Following Barley and Kunda (2001), the three studies brings "work back in" to the study of organizational design by providing detailed accounts of what managers do during organizational redesign.

The study identified two overall approaches to organizational design, with varying levels of top-down structural and bottom-up managerial discretion at play, each of which had distinct implications for how the organizations balanced macro and micro design. The findings suggest that a semi-formalized approach to organizational design, in which top management defines the overall structure of the organization and gives middle managers explicit mandate to design the part of the organization for which they are responsible, provides the most conductive conditions for balancing macro and micro design. This also implies that organizations need both macro and micro design to ensure reliability and adaptability. In relation to this, Sandhu and Kulik (2019) note that the management approach is not necessarily static. With the maturation of organizations and active championing by managers, the design of organizational functions and managerial roles can evolve. The authors refer to this as a process of "shaping and being shaped," as structure and managerial discretion coevolve over time. In this study, the findings

show how the BPC function started with a rather random approach to the reorganization and did not have a specific plan for how he wanted to involve middle managers. As the reorganization progressed, and he experienced the new organization to be more complex than originally anticipated, he became more deliberate and explicit about how middle managers should be involved and which decisions they should make. In this sense, his management style matured during the reorganization. This implies that in order for the management role to mature, it is essential to understand the complexity you are a part of. Relating this to the notion of requisite organization (Jaques, 1990), the director in BPC had the cognitive capacity to change his management style according to the complexity of the situation. Conversely, the director in PMF did not succeed in making such a transition. This does not necessarily make him a better or worse manager, but it could imply an insufficient match between the person and the requirements of the situation.

The findings also illustrate the process of organizational design, and how design elements are adjusted to correspond to the reality in which they have to be implemented. Particularly salient on the process of organizational design is the MFC function in which the top manager was very open in her communication about the complexity of the change, and that she did not know what the end result would be. She knew that she needed the middle managers' local insight to drive the reorganization forward, and thus she did not have a "finished" design or complete plan from start to finish when the reorganization was rolled out. These findings are a contrast to the fundamental thinking in macro approaches to organizational design (e.g., Burton et al., 2002; Donaldson, 2001; Nadler & Tushman, 1997), which relies on extensive up-front design in which all design components are defined before they are implemented in a top-down manner. Rather, the processual approach in the MFC function corresponds to research by, e.g., Bate, Khan, and Pye (2000), Orlikowski (1996), and Jarzabkowski, Lê, and Feldman (2012) that highlight organizational design as an ongoing process of interaction between structures and organizational members. The findings of this study also differ from these practice perspectives, however, as the new design in FOOD's finance function was not solely the product of ongoing interaction. There was an overall design at the outset within which the micro design could be developed. This way, the findings also elaborate on Galbraith's (1974) original theorizing about information processing, as high perceived uncertainty was not only associated with a high level of delegation and low level of formalization, but also with applying a processual approach to leading the reorganization. Furthermore, the findings elaborate on the information processing view of organizational design, and argue that achieving fit between information

processing demand and information processing capacity should not be addressed at the macro level alone, which has been the focus of most research within this area (e.g., Nadler & Tushman, 1997; Burton et al., 2011). Rather, the findings show that it can be beneficial to delegate part of designing information processing capacity to middle and lower-level managers, as they are closer to daily operations and thus have special perquisites for achieving differentiation and integration of the organization's tasks.

As the findings illustrate, formalization at the organizational level, coupled with flexibility at the managerial level, enabled middle managers to develop meaningful micro dimensions of an overall macro design. These managers were confident that their roles had considerable negotiation latitude in terms of deciding how to carry out daily operations within the constraints of a macro design. These conditions enabled middle managers to be part of the design process and develop micro design based on their specialized insight. This corresponds to findings by Birkinshaw et al. (2016), who argue that top managers' focus should be on reconfiguring the overall organization, whereas middle and line managers should engage in sensing and seizing activities to ensure adaptability to local conditions. As Table 2 shows, the initiatives introduced by middle managers primarily related to people management and coordinating. This implies that organizations should define the overall configuration in the macro design and empower middle managers to design coordination mechanisms that relate to solving daily tasks at the micro level. This points to an important implication of the study: adopting the semi-formalized approach to organizational design requires organizational and managerial maturity. Top managers need to be specific about which parts of the organization are "non-negotiable" and defined in the macro design and give middle managers a clear mandate to engage in micro design. This requires middle managers to be both willing and able to take part in the design process and build micro design, which implies reframing how we traditionally think about middle managers (Livijn, 2019).

The implication of the above is that organizations should not only focus on redesigning the macro design, but also consider how to gain adaptability through continuous changes in the micro design. Changing macro design entails both process and content costs (Burton et al., 2011), which may explain why many reorganizations fail. This study offers an alternative way of thinking about organizational design in which macro design helps ensure stability and reliability, much like the original thinking in configuration and complementarily theories, and micro design represents the more dynamic part of the organization that is adapted continuously.

If the premise is that organizations must be both reliable and adaptable (Bernstein et al., 2016), the implication of this study is that organizations need both macro and micro design. Therefore, organizational design as a field can benefit from changing the discussion on macro and micro design from *either or* to *both and*.

5.1. Implications for Practice

Traditionally, organizational design is considered a top management discipline aimed to create and maintain fit through episodic sequences of static (re)design (e.g., Burton et al., 2002; Donaldson, 2001; Nadler & Tushman, 1999). With the increased complexity that modern organizations face, researchers and practitioners are increasingly interested in understanding how organizations can achieve greater agility by delegating parts of the design task (Clement & Puranam, 2017; Sandhu & Kulik, 2019). This study has shown that organizations need both macro and micro design, which implies rethinking top managers' role in organizational design to ensure a proper balance between macro and micro design.

One of the implications of the study is that organizational design is a continuous process that takes place at all managerial levels. Thus, organizations and their managers have to think more about *designing* and less about *design* as a stable product that can be implemented. Redesigning the organization at a macro level is time consuming and costly. Organizations may benefit from adopting the semi-formalized approach to organizational design illustrated in this paper in which macro design, focusing on stability and reliability, is rarely redesigned, and rather rely on agility and adaptability from continuous adjustments in the micro design. In organizational redesign, the findings of the dissertation imply that top managers need to be conscious about which parts of the organization should be defined in the macro design (e.g., overall strategy, structure, LEAN processes, agile methods), and which parts are better designed at lower levels in the organization to ensure proper fit to internal and external contingencies. Micro design does not mean that "anything goes." The findings show that the successful involvement of middle managers in the design process was dependent on clear expectations about what was already defined in the macro design. Accordingly, the macro design defines the borders within which middle managers can make micro design.

The above implies at least two fundamental changes in the top manager role in organizational design: 1) leave the design half done and 2) let go of (some) control. As evident in the PMF

function, micro design will not emerge if top management has already defined the organization's design down to the level of how employees should carry out their jobs. If top managers want a dynamic organization that is able to adapt to changing circumstances, middle and lower-level managers need to experience real discretion to make qualified decisions in terms of micro design. Moreover, top managers must resist the temptation of short-term efficiency, refrain from micro-management, and accept that things may not always be done according to their preferences. In sum, combining macro and micro design in organizational redesign has the potential of improving macro-level performance, in addition to proactively addressing potential challenges at micro-level, hereby possibly accelerating the transition.

5.2. Limitations of the Study

The research setting of this dissertation is unique, as the cases studied were a part of the same macro design, which allowed for a comprehensive examination of how organizations relate macro and micro design. The detailed insights gained from the case studies do also have natural limitations in terms of generalizability, especially as the empirical foundation is derived from the same company. Although a part of the research design is a multiple case study, the cases in focus were a part of the same functional unit (finance), which on the one hand provides unique detail in data, but on the other hand represents challenges related to generalizability. An appropriate alternative approach would have been to examine the macro-micro balance in different functional units in the case company, as it is likely that the finance function is influenced by its own subculture. Related to this, although the study has confirmed existing research promoting a semi-formalized approach to organizational design, an appropriate avenue for future research would be to conduct similar studies in other organizations to see if the same patterns and interactions occur. Moreover, future research might apply other methods, such as simulations or surveys to test the generalizability of the findings.

In relation to this, although the study is based on a global company and data was collected in four different countries, the company is headquartered in Denmark and thus the corporate culture is likely to be influenced by Danish or Scandinavian values. In this sense, how much discretion is considered appropriate to delegate to middle managers might vary across cultures. Therefore, an appropriate focus for future research would be to examine the findings in different cultural contexts.

Finally, this study is based on organizational redesign in what can be characterized as a “traditional” organization; it is essentially a classical hierarchical organization with a total of eight managerial levels, based on functional specialization. Although market conditions are increasingly complex, market turbulence in the case company is considered limited. These contingencies on which this study is based should naturally be taken into consideration when considering the findings in a broader context.

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Appendix 1 – Coding structure

Empirical themes	2nd-order categories	Aggregate theoretical dimensions
We have not formalized that	No explicit formalization of middle manager role	Level of formalization
We have not really talked about that		
She expect me to take the lead	Top-management provide overall mandate and direction	
She is very clear that she wants me to make the decision		
He is very explicit on how he wants me to do things and how things should run	Centralized decision making based on formal procedures	
He goes into a lot of detail about rules, procedures and stuff like that		
We have no idea how it looks like when we are there	New organization considered a major change	Perceived uncertainty
…there were things we had to figure out, but it felt like it was manageable	Focus on getting back to business	
Our role is actually not that different	Consider new organization minor change and predictable	
They do the local decisions pretty much on their own	High level of trust to middle managers	Preference for delegation
I want to make sure that they take ownership for their own multisite	Intention to empower middle managers	
It is their responsibility that things are running smoothly		
They know better than me how to run daily operations		
I know a lot about their areas, so I think it is natural that I tell them how I want things done	Top-manager wants to do things himself	
I am not the one making the final decision	Middle managers as top-management's messenger	Perceived discretion
I never really get the chance to step forward		
She does not interfere with my business	Middle managers as local champions	
I will get help, but I have to make the call		
I have a lot of room for making the decisions that are relevant for my area		
It can be a bit hard to work out what exactly I am supposed to do	Unclear mandate and decision rights	

PART III:
DISCUSSION AND CONCLUSION

7. KEY FINDINGS AND CONTRIBUTIONS

This dissertation set out to explore how organizations relate macro and micro design during organizational redesign. In the following, I discuss the contribution of each study, reflect on the how these contributions relate, discuss theoretical and practical implications, and finally point to potential areas for future research.

Study #1 considered the role of middle managers in adapting macro design at a micro level. The main contribution of this study is the identification of a new middle manager role, a *designing* role, that relies on lateral rather than vertical coordination and interaction. The implication of this study is that organizational design is not just for top managers. It is an iterative process that requires active involvement of middle managers in designing micro dimensions of a macro design. Organizational design is initiated by top management, but I show how middle managers play a crucial role in developing micro-level organizational elements needed to realize the intent behind top management's strategy and make the macro structural arrangements work.

Study #2 zoomed in on Study #1 and examined how formal roles are implemented in organizational redesign. I find that the implementation of new formal roles is not a straightforward process, as it leads to role conflict, which averts role enactment and performance. Based on the findings, I developed a model that shows how role conflict is addressed through an interactive and iterative process between managers and job incumbents. The model expands existing research by enhancing our understanding of the process through which roles are implemented and provides practical guidance to managers leading organizational redesign. In seeking to cope with role conflict, managers and job incumbents explored *how* to carry out the job and ensure coordination, but there was limited leeway in *what* the job entailed. In this process, they built on the job incumbents' ability and capacity to carry out the job. An important implication of this study is that we need to think beyond *implementing* roles *on* people.

Study #3 built on the findings of study# 1 and study #2, and considered how organizations relate macro and micro design during organizational redesign. The findings show how top management's macro design aligns the organization and ensures reliability and stability, whereas middle managers' micro design ensures adaptability through local adjustments of the macro design. The study thus contributes to literature on organizational design by providing

empirical evidence of how organizations relate macro and micro design. I find that an organization's ability to balance macro and micro design depends on: 1) top managers' perceived uncertainty, 2) top managers' preference for delegation, 3) the level of formalization, and 4) middle managers' perceived discretion. Based on this, I conclude that a semi-formalized approach to organizational design provides the most conductive conditions for balancing macro and micro design.

The three studies are summarized in Table 1. Taken together, the studies in this dissertation investigated the "how" of organizational design and how different levels in the organization take part in organizational redesign processes. Combined, the findings show that organizational design is not just a top-management discipline, but requires active involvement of the whole management system to ensure sufficient adaptability of a macro design to micro-level dynamics. Combining macro and micro design in organizational redesign has the potential of improving macro-level performance, in addition to proactively addressing potential challenges at micro-level, hereby possibly accelerating the transition. Instead of thinking of organizational design as a stable and final product, the findings in this dissertation illustrate design as an ongoing process of adapting to organizational contexts, hereby shifting focus from *design* to *designing* (Liedtka, 2014).

TABLE 1: OVERVIEW OF ARTICLES

Article	RQ	Method	Contribution	Status
# 1: Navigating in a hierarchy - how middle managers adapt macro design	What is the role of middle managers in adapting a new macro design at a micro level?	Embedded case study	• The identification of a new middle manager role, a *designing* role, that relies on lateral rather than vertical coordination and interaction. • The implication of this study is that organizational design is not just for top-managers. It is an iterative process that require active involvement of middle managers in designing micro dimensions of a macro design.	Published in Journal of Organization Design 30 March 2019
# 2: Working through tension – implementing roles during organizational redesign	How are new roles implemented during organizational redesign?	Embedded longitudinal case study	• Implementation of new formal roles is not a straight forward process, as it leads to role conflict, which averts role enactment and performance • Development of a model that shows how role conflict is addressed through an interactive and iterative process between managers and job incumbents	Submitted to Organization Science
# 3: A balancing act – how organizations relate macro and micro design during organizational redesign	How do organizations relate macro and micro design during organizational redesign?	Embedded longitudinal case study	• A semi-formalized approach to organizational design provides the most conductive conditions for balancing macro and micro design. • An organization's ability to balance macro and micro design depends on: 1) top managers' perceived uncertainty, 2) top managers' preference for delegation, 3) the level of formalization and 4) middle managers' perceived discretion.	Submitted to Journal of Organization Design

7.1. Theoretical Implications

This dissertation makes several contributions to existing research on organizational design. Overall, it broadens our understanding of the interplay between macro and micro design by providing empirical evidence for how organizational redesign processes unfold and how successful organizational redesign is dependent on the active involvement of different managerial levels. Following Barley and Kunda (2001), the three studies brings "work back in" to the study of organizational design by providing detailed accounts of what managers do during organizational redesign. To get to these overall contributions to research on organizational design, the dissertation validates and elaborates on existing research within organizational design and related fields.

Firstly, I provide an extension of Floyd and Wooldridge's (1997) prior work on the strategic role of middle managers by introducing a new middle manager role, designing, that relies on lateral rather than vertical coordination and interaction. I show how this role creates micro-level organizational elements needed to make macro structural arrangements work.

Secondly, I elaborate on previous research by, e.g., Burton, Obel, and DeSanctis (2011), Galbraith (2014), and Nadler & Tushman (1997) by providing detailed accounts for how formal roles are implemented through a continuous process of interaction between managers and job incumbents.

Thirdly, I confirm and elaborate recent research by Sandhu and Kulik (2019). I confirm that the semi-formalized approach to organizational design provides the most conductive conditions for relating macro and micro design. I elaborate on Sandhu and Kulik's (2019) findings by arguing that the semi-formalized approach can take two different forms: the planned and the unplanned.

Based on the above, this dissertation puts forward the synthesis of macro and micro design. It argues that organizational design is a process, and the most conductive setup for relating macro and micro design is a semi-formalized approach in which top management defines the overall configuration of the company and empowers middle managers to actively take part in designing micro dimensions of the macro design. This way, this dissertation defines macro design as an organization's overall design (strategy, structure, processes, rewards, and people) determined

by top management. Micro design refers to "local" adaption of the overall design undertaken by middle managers. Building on this definition, this dissertation offer an alternative way of thinking about organizational design in which macro design helps ensure stability and reliability, much like the original thinking in configuration and complementarily theories, and micro design represents the more dynamic part of the organization that is adjusted continuously. If the premise is that organizations must be both reliable and adaptable (Bernstein, Bunch, Canner & Lee, 2016), the implication of this dissertation is that organizations need both macro and micro design. Following this logic, in their endeavor to adapt to VUCA environments, organizations should not only focus on redesigning the macro design, but also consider how to gain adaptability through continuous changes in the micro design. Changing macro design is time-consuming and entails high process and content costs (Burton et al., 2011). Therefore, organizational design as a field can benefit from changing the discussion on macro and micro design from *either or* to *both and*. The static and linear thinking that most organizational design frameworks are often criticized for may not be that inappropriate for modern organizations after all, as long it 1) relates to the organization's macro design that is changed infrequently and 2) is combined with a more dynamic approach in the micro design that needs continuous adjustment. Relating this to Burn & Stalker's (1961) classical notions of mechanistic and organic organization, the findings in this dissertation show how different approaches to organizational design can co-exist within the same organization.

The insights gained in this dissertation elaborate on the information processing view of organizational design, and argue that achieving fit between information processing demand and information processing capacity should not be addressed at the macro level alone, which has been the focus of most research within this area (e.g., Nadler & Tushman, 1997; Burton et al., 2011). Rather, the findings show that it can be beneficial to delegate part of designing information processing capacity to middle and lower-level managers, as they are closer to daily operations and thus have special perquisites for achieving differentiation and integration of the organization's tasks. As the three studies have illustrated, if an organization relies too much on a macro approach design, there is a risk that the organization will not ensure sufficient fit between information processing demand and capacity. As a consequence, managers and employees will end up compensating for insufficient information processing capacity, which can lead to frustration, decreased motivation, stress, and employee exit.

The above also brings attention to the unit of analysis applied when studying organizational design. Rather than focusing on organizational level constructs, we may be able to develop better theories of organizing by using multiple or lower-level unit of analysis, focusing on departments, functions, or managers. This will enable us to understand micro processes of organizational design better, and thus how organizational design and people interact, which may help top management make more informed organizational design decisions at macro level.

7.2. Practical Implications

As the studies in this dissertation have illustrated, organizational redesign significantly affects macro and micro level outcomes, which calls for a holistic approach to organizational design. This dissertation has shown that organizational design is a continuous process that takes place at all managerial levels. Thus, organizations and their managers have to think more about *designing* and less about *design* as a stable product that can be implemented. While organizational design is traditionally considered a top-management discipline, this dissertation has shown that organizations need both macro and micro design. This implies rethinking top managers' role in organizational design to ensure a proper balance between macro and micro design.

Redesigning the organization at a macro level is time-consuming and costly. Organizations may benefit from adopting the semi-formalized approach to organizational design illustrated in Paper #3 in which macro design, focusing on stability and reliability, is rarely redesigned, and rather rely on agility and adaptability from continuous adjustments in the micro design. In organizational redesign, the findings of the dissertation imply that top managers need to be conscious about which parts of the organization should be defined in the macro design (e.g., overall strategy, structure, LEAN processes, agile methods), and which parts are better designed at lower levels in the organization to ensure proper fit to internal and external contingencies. Micro design does not mean that "anything goes." The findings of the three studies in this dissertation show that the successful involvement of middle managers in the design process was dependent on clear expectations about what was already defined in the macro design. Accordingly, the macro design defines the borders within which middle managers can make micro design. In this sense, the findings in this dissertation offer a way for managers to navigate in environments that are experienced as increasingly uncertain.

The above implies at least two fundamental changes in the top manager role in organizational design: 1) leave room for flexibility in the design, and 2) let go of (some) control. Micro design will not emerge if top management has already defined the organization's design down to the level of how employees should carry out their jobs. If top managers want a dynamic organization that is able to adapt to changing circumstances, middle and lower-level managers need to experience real discretion to make qualified decisions in terms of micro design and handling uncertainty in the environment. Moreover, top managers must resist the temptation of short-term efficiency, refrain from micro-management, and accept that things may not always be done according to their preferences.

This leads to another central implication of this dissertation: organizational design is also a middle-manager competency that most likely has to be trained or learned by most middle managers. If middle managers are to play a central role in organizational redesign processes in the future, they may have to spend less time on the "traditional" middle manager roles (implementing, facilitating, synthesizing, and championing) and more time building microstructures. This also implies rethinking management training and development programs that typically focus on leadership, change management, motivation, coaching, etc. Training programs could benefit from establishing a common language for organizational design at all managerial levels and teaching middle managers how to design their part of the organization. However, top managers cannot expect that middle managers will develop micro design simply because the macro design is insufficient or middle managers have received training in organizational design. Therefore, as this dissertation has shown, organizations need to communicate a clear expectation that middle and lower-level managers should design their part of the business and give them a clear mandate to do so.

A related issue is timing and pace. As Studies 1 and 2 in particular illustrate, the insecurity about the future that is associated with changing the macro design can lead to a lot of turbulence within the organization. Therefore, the faster organizations can get the macro design in place, the better. Once the overall design has been set, and there is clarity about who is in or out, then another and perhaps slower pace can be applied in defining the micro design. It is important that the macro design only defines the overall design and thus refrains from defining how work is to be organized and carried out at lower levels to facilitate the emergence of micro design.

8. METHODOLOGICAL REFLECTIONS AND FUTURE RESEARCH

As research on micro design and how it relates to macro design is still limited and mostly conceptual, this dissertation applied a qualitative research approach to gain in-depth insight on the phenomenon through a longitudinal case study based on a process perspective. The research setting of this dissertation is unique, as the cases studied were a part of the same macro design, which allowed for a comprehensive examination of how organizations relate macro and micro design. The detailed insights gained from the case studies do also have natural limitations in terms of generalizability, especially as the empirical foundation is derived from the same company. Although a part of the research design is a multiple case study, the cases in focus were a part of the same functional unit (finance), which on the one hand provides unique detail in data, but on the other hand represents challenges related to generalizability. An appropriate alternative approach would have been to examine the macro-micro balance in different functional units in the case company, as it is likely that the finance function is influenced by its own subculture.

Related to the above, an appropriate avenue for future research would be to conduct similar studies in other organizations to see if the same patterns and interactions occur. Moreover, future research might apply other methods, such as simulations or surveys to test the generalizability of the findings.

This dissertation is based on organizational redesign in what can be characterized as a "traditional" organization; it is essentially a classical hierarchical organization with a total of eight managerial levels, based on functional specialization. Although market conditions are increasingly complex, market turbulence in the case company is considered limited. These contingencies on which this study is based should naturally be taken into consideration when considering the findings in a broader context. Therefore, although this dissertation has highlighted the semi-formalized approach as the most conductive conditions for relating macro and micro design, it may not be the case for companies operating in markets with high turbulence or companies with less traditional organizational setup. As there is a trend toward "flatter" organizations with fewer or no managerial levels, an interesting area for future research would therefore be to examine if, and how, the macro-micro interplay changes in organizations that adopt more untraditional forms of organizing. In the same vein, future research could benefit from an even stronger micro focus than the one adopted in this dissertation by focusing on employees rather

than middle managers. This will help us understand how people and structures interact in organizations moving toward self-organization, and what organizational design looks like when employees are the primary designers.

9. CONCLUSION

This dissertation set out to explore how organizations relate macro and micro design. The three studies included in this dissertation have shown that although there are numerous ways of relating macro and micro design, involving multiple managerial levels in organizational design require considering organizational design a process rather than a product. In the context of organizational redesign in large organizations with a rather traditional hierarchical setup at macro level, the findings suggest that a semi-formalized approach to organizational design provides the most conductive conditions for relating macro and micro design. This implies that organizational design is a process in which top management defines the overall configuration and empower middle managers to adapt and design micro dimensions of the macro design. In this process, macro design ensures stability and reliability, and the micro design ensures adaptability and agility.

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