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The Role of Middle Level Managers in Strategic Change and Decision-Making: A Case Study of Swappie.

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Abstract

Middle managers were overlooked and often labelled as change objectors by researchers for decades. From the 1970's, the view on middle managers changed. They were being viewed as an important link and information providers for the decision-makers on the top of the hierarchy. Nowadays, middle management are beginning to gain recognition as important players in strategy formulation and change implementation.

The aim of the research is to study the role of middle managers, in decision making and strategic change through an example of Swappie, a Finnish scale-up company that has been going through numerous strategic changes during the six years of its existence. Primary literature review indicated a vast number of opinions on the role of middle management in change, its initiation and implementation. The prejudice about middle managers being useful only as the source of information and arbitrators of change still exists. However, more and more modern researchers claim that the more middle managers are involved in the design of change, the more successful is the change.

In order to understand the importance of middle managers, case study on Swappie's RMA department was conducted. The study included qualitative and quantitative research in order to gain better understanding and context from the participants. Three participating groups (operations workers, middle managers and senior managers) were given extensive, open questions that would illuminate the views of each group on the role of middle managers in change. It has been concluded that middle managers do mainly take on the role of change implementor, rather than change actor. However, both their subordinates and seniors agree that the success of change process depends majorly on middle managers.

The research contributes to the perception of middle managers, their role in the company and in change and decision-making in particular. Even though the notion of middle managers having mostly assisting and implementing role still exist, the corporate world starts to understand that middle managers are pro-active participants of change who play a decisive role in decision making process, as well as in change management.

Keywords: Middle management, decision-making, strategy, change.

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1 Introduction

Leadership and change have been going hand in hand with each other for centuries. Researchers have primarily focused on how senior management impacts change, what their roles are and how they orchestrate change implementation. However, nowadays the focus increasingly falls on middle management. Managers have to motivate their employees and play an important role in explaining the vision and letting the employees believe that the organisational change is necessary. The employee's perceptions on a manager's leadership behaviour is positively correlated with the level of trust in the manager and emotions experienced during organisational change.

In the past, middle management has only been seen as a connective link between management and operations. However, their role has now expanded. The influence middle managers have over employees and over success of change implementation has become more recognized. Middle managers take on various roles when interacting with different levels of the corporate hierarchy and, therefore, influence change.

That is why this research will focus on the various roles of middle managers during change and how they can impact decision making in a company through the lens of the Finnish scale-up, Swappie. The research focuses mostly on the involvement of middle managers in change and decision-making process. It is worth noting that the impact of their actions on the success of change is not explored in this work.

2 Definition of middle management and strategic change

2.1 Middle management

The definition of middle management was given by a number of researchers. However, there is a lack of consensus on the literature over these definitions. Therefore, the interpretations used in this work reflect the views of the author.

Dutton and Ashford (1993) identify middle managers as managers that are operating two levels below the CEO. Aucoin (1989) defines middle management as subordinates of senior managers that are situated above the lowest operational levels. Many researchers agree on this definition. It is said that middle management is between upper- and low-level management. However, this definition does not give a deeper understanding of core responsibilities of middle management and what this position entails.

More recent explanations, on the other hand, acknowledge middle managers not just as operational supervisors, but also as idea generators and implementers. Such a case can be found in the work of Nonaka and Takeuchi (1996), who define middle managers as responsible for policy implementation coming from the above policy-making level. Albert (2000) refers to middle managers as strategy actors. Practice also suggests that middle managers impact change downwards and upwards, making them an important change initiator and promoter (Floyd & Wooldridge, 1992).

In early studies (before the 1970s) middle managers were seen as a source of opposition of change (Wooldridge et al, 2008). However, a number of researchers proved that middle managers can be valuable change actors, if given the ability to participate in decision making. They act as mediators between different levels and units and are more likely to resolve uncertainties arising in teams as a result of change. Basic definitions given to middle management were not detailed and explicit enough, only showing manager's position in the hierarchy. Nowadays as middle management is receiving increasing recognition, their strategic influence is reflected in how it is defined. However, the real value of middle management is still overlooked. In this work, middle managers

are assumed to be the company's employees taking up the position between senior management and operations, who also have power to generate and implement ideas.

2.2 Strategic change

Strategic change refers to the shift in a company's values, goals or priorities and it requires cognitive shift for understanding and adjusting to change (Balogun, 2015). Kanter (1992) identifies change as "new policies, new behaviour, new patterns, new methodologies, new products or new market ideas". He argues that change is a sign of new orders or rethinking of old ones that would lead to beneficial results. This means that change can happen on various levels and happens internally as a reaction to the external environment change.

There are five main triggers of organisational change (Huber at al., (1993)):
1. organisational environment
2. organisational performance
3. organisation's top managers
4. organisational strategy
5. organisational structure

Thus, the change is based on external factors (competition, industry stability, etc.) and internal factors (culture, talent, forward-looking plans).

The change type will be highly dependent on where (from outside or within) the trigger is coming from. Ackerman (1986) has defined three change categories: developmental, transitional and transformational. The first two types of change are initiated within what has already been done or known by the organisation, meaning that they primarily lead to revision and enhancement of already existing processes. Developmental change modifies secondary aspects, such as process improvement at a factory to increase efficiency (Senge, 1994).

The transitional stage is more complex than developmental, as it requires the complete replacement of an already existing process with a new one. Reorganisation, for instance, can be seen as the prime example of transitional change (Anderson, 2010). Both developmental and transitional change types are linear and have a predictable outcome the company is trying to achieve, meaning that there is an opportunity to create an

outline and plan the change through, as well as lead it in a controlled and calculable environment.

Transformational change is different from the previous two. This type of change requires a full shift in behaviour and culture on both the individual and corporate level. Unlike the other two types, transformational change does not have a clear plan and has unknown final results. This type of change is applied when external triggers are momentous and require a timely response. All these change aspects will greatly affect how change management is handled and whether and how middle management is involved in change response.

Huy (2015) argues that the definition of strategic change stems from three theories: rational, learning and cognitive lens. Rational lens focuses on the theoretical basis of change and connects most with the content school of thought. Learning and cognitive lenses, however, relate mostly to the process of school. If strategic change is implemented following rational theory, it resembles a clear step-by-step plan that strives for the best solution for a certain problem. According to this perspective, firms mostly change strategies to improve their financial performance, at least the majority of studies are focused solely on the economic performance of businesses. Samples studied through a rational lens are large and provide a clearer view on change in the context of strategy. However, they do not provide an insight into the role of managers in change implementation. Since performance is affected by both strategic change and the actions of managers to facilitate adaptability to change, the rational lens limits its usefulness as it does not pay enough attention to the managerial role in change to draw conclusions.

Learning lens argues that managers affect change through a well-designed set of steps to facilitate change implementation. These steps can lead to both major and minor changes. It helps to understand why the same change can be successful and unsuccessful in similar businesses from the perspective of management actions.

Cognitive lens is the only theoretical approach where the role of management in change is explored the deepest. Cognitive approach studies process through which managers can establish the organisational context. Change is studied from a managerial action's perspective. Huy (2015) advocates using the multi-lens approach when assessing the

role of management in change implementation, as it allows for deeper understanding and allows the question to be studied from multiple perspectives. This is the approach used in this thesis.

3 Role of middle management in change and strategic decision-making

Balogun (2003) states that middle management is often seen by researchers and seniors in the company as a linkage between the decision making top and executive bottom through their interpersonal, "soft" skills. The role of middle management is often undervalued when it comes to change management and strategizing (Balogun & Johnson 2004). Even to this day strategy planning is designed with a bottom-up information flow and top-down planning and middle managers continue to be seen as a support, rather than decision-making actors (Westley, 1990).

3.1 Middle management as change objector

Gioia (1991) argues that the CEO and top-management team are ultimately the architects of the change. They are the ones who initiate the sensemaking and sensegiving process, they make the initial interpretation of the change and monitor the processes involved in managing change. When the notion of strategic change comes into play, the parties involved become tense as stabilised culture, processes, goals and priorities may change. It will require some internal rewiring to implement new practices. With this in mind, change implementation means sensemaking-for-self and sensegiving-for-others. Organisational members that take part in the change process have to understand the purpose of the change in a way that makes sense and that fits into an already created scheme or process.

In order to initiate the change, members have to develop an understanding of the internal and external environment of the business (Gioia,1991). Following that, a concept of change evolves as something rather imaginary and theoretical at this stage. This is the point where this vision is communicated to stakeholders at first and can create a misunderstanding and instability in the team, as it cannot make sense of the change yet. These are fundamental processes in change initiation. In this case, the vision must be advocated for by the initiator to make sense to involved stakeholders. Stakeholders, in turn, either make efforts to oppose the change completely or negotiate the change as

they see appropriate (another way of sensegiving activity). As a result, conceptual vision becomes a well-defined goal.

Gioia (1991) sees middle management as change agents and challengers, often resistant to change, rather than change initiators or facilitators. This opinion has formed due to the fact that the middle management is usually in charge of sensemaking and sensegiving, meaning that they are aware of the majority of internal processes and can object if the change proposal does not fit already designed workflow. That is why middle managers are often perceived as primary challenges and objectors of change.

3.2 Middle management as change objector

Despite being seen as the opposition of change, middle management has been trying to influence the decision-making process. Studies show that organisations where middle managers are allowed to take part in developing strategic change, have a higher success rate in change implementation and organisational performance overall (Floyd & Wooldridge,1992). Floyd marks four types of middle managers' involvement that contribute to success rate of change implementation. These types are visualised in Figure 1.
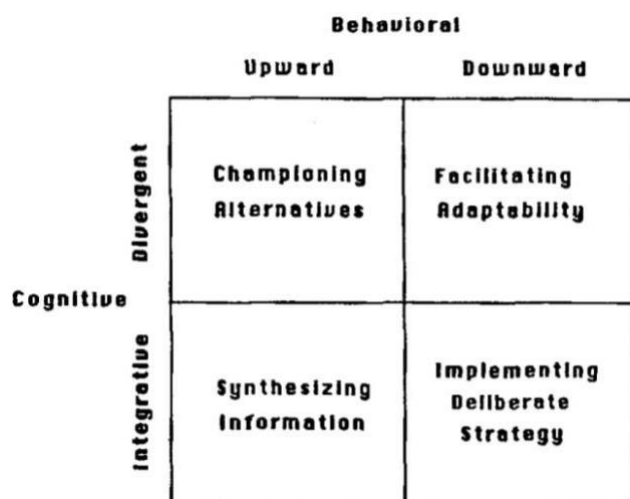

Figure 9. Involvement of middle management in strategy by Floyd (1992) .

Championing alternatives means the constant communication of possible strategic options to the upper management. These options arise from projects that middle managers nurture within their teams. Synthesising information refers to gathering and providing information about internal and external events to upper management. Middle managers have a perfect position to combine strategic and practical information, combine and analyse the two and provide it to the upper management. Middle managers can also use the information gathered to promote their own ideas. Facilitatingadaptability can be defined as encouragement of adaptable organisational arrangements(such as fostering perception of change, taking new approaches, informal information sharing, etc.). Implementing deliberate strategy is often seen as a key role of middle management. They are required to monitor performance to achieve anticipated results. However, the implementation process itself consists of various steps that have to be taken one after another to achieve the goal.

Middle management has to align their individual actions and the actions of the team. They connect strategic and operational levels of the company through mediation, negotiation and interpretation. The role of middle management is often undervalued when it comes to change management and strategizing. In the conducted study, middle managers were divided into two groups: change recipients and change actors (Balogun 2004). Change recipients had no say over the decision on change when it had been made, their job was to make sense of the change and communicate it to their subordinates, whether it aligns with their view on the strategy the company is taking or not. Change actors were put in different conditions and were allowed to participate in the decision-making process and impact the final decision at the end to a certain extent. The approaches to carry out change implementation differed vastly within the two teams. For change recipients who had to make sense of the change they were handed, it was challenging to come up with consensus on what it asked them and their subordinate team, since the result of change implementation is heavily dependent on how middle managers understand the change and how it is communicated further down the hierarchy. For change actors, however, the change process seemed much easier. Since they had a say and could influence the direction of change, middle managers were able to choose the route that would benefit their team and the company. It was also

noticeably easier for them to implement and monitor change afterwards, as they could explain the process and importance of shift to their subordinates.

The study proved the idea that by allowing middle managers to participate in the decision-making process, the company will be able to develop processes that do work for its benefit and in accordance with its requirements, as well as retain loyal workforce due to smooth change process. The role of middle management in change implementation differed based on the type of change and the approach middle management was supposed to take; whether they were change recipients or change actors, were they supposed to work in a team of other middle managers or on their own. However, it is evident that managers that were allowed to participate in strategy formulation of change were more successful in carrying out the change overall.

3.3 Middle management's role in decision-making process

Change is more often than not initiated by the top management; however, it always involves many hierarchical levels as they are attempting to make sense, argue for alterations in a change and respond to problems arising in the process. Middle managers, based on their knowledge, team satisfaction, personal preferences and scope of responsibility, will select different approaches when managing change. For now, the area of selecting the change management approach is understudied. Stensaker (2010) says that middle managers are both the object and agents of change. Overall, a change agent is a person that is responsible for initiation, guidance and implementation of change. Change agents have to control three parallel agendas: the general idea of change, managing and planning and communication with higher-ups and subordinates. Usually, all three agendas happen simultaneously. In addition to that, middle managers also have to keep in mind the general mood of their team.

In large bureaucratic organisations, middle managers are often dissatisfied with the fact that they are not allowed to take part in strategic decision-making and that upper management is not willing to share the authority, which leads to internal conflict, frustration and exclusion. However, middle managers, due to their position in the hierarchy, have the power to influence the decision implementation process and disrupt it, if it is not in their interest, as a result of not being included in decision-making

(Westley, 1990). If middle management is allowed to participate in the process, the communication with the subordinate team improves and the results are positive. Pettigrew (1991) identifies three main approaches in which management can tackle change: innovator, sceptic and specialist. Innovators often argue that markets and processes should be under constant revision. Innovators use customers and users as a boost of innovation and development of completely new products. They stand for close relationships between the strategic and operational part of a business. Sceptics often oppose innovators, saying that the innovation grounds on chaos and that the role of a manager is to tame the chaos. In early studies (before the 1970s) middle managers were seen as a source of opposition. However, several researchers proved that middle managers can be valuable change actors, if given the ability to participate in decision-making. They act as mediators between different levels and units and are more likely to resolve uncertainties arising in teams as a result of change.

Arıcıoğlu, Gocke and Gülnar (2020) argue that in the process of strategy formulation, middle managers canbe assessed on strategic roles, sensemaking, resolving complex matters into simpler ones, and leadership. They mention that because middle managers have connections with both the strategic and operational side, they can implement changes in the most "painless" way, thereby lowering resistance and probability of failure, if allowed to participate in change formulation. This goes hand-in-hand with Floyd's (1992) types of managerial involvement in the change-making process (facilitating adaptability). Middle managers are also less formal in the sense of communication and passing the informationdown to operations. They are more flexible in adapting to operation's activities and are ready for constant upgrade and change, which they promote within their teams as well.

When talking about discursive skills, Arıcıoğlu, Gocke and Gülnar (2020) mention that middle managers use these skills to organise employees on various levels to ensure smooth decision making and implementation. Their influence on upper and lower levels should make them active participants in decision-making, rather than just information providers and followers. Leadership skills also provide significant leverage for middle managers in influencing both strategic and operational levels. Since middle managers transfer a company's mission and vision, they have influence over subordinates through communication via formal and informal channels and being a role model to the team. Leadership of middle management has direct correlation with performance of the

company. If employees see that their manager perceives the change as something positive, promotes flexibility and encourages ideas and innovation, they will mimic their behaviour and become more innovative and flexible. Leaders motivate subordinates and promote trust in the process, which results in positive reactions from employees, for instance engagement and high performance.

Friesl and Silberzahn (2017) see a clear path of introducing middle management in decision making circles and giving them more power to participate in change and keep it controlled by senior management at the same time. By establishing coordination between the top and middle management, the company is able to create and share the roles (which creates clear liability between the two levels) and install strategies to achieve goals. This accountability holds middle management responsible for actions they are taking and ensures that agreed change is implemented and the goal is achieved. Accountability leads to predictability, meaning that there are some expectations from the middle management and some actions can be anticipated from both parties.

In his research, Pettigrew (1991) argues that formulating and implementing strategy should come separately from each other. He believed that managers should operate logically and proactively. Specialists work on separate functions of a business, limited by the concept of change and already established practices within the company. However, the shift from strategic to operational form does not happen in a instant, it is the result of multiple steps and alterations, it might even require several attempts to commence. It requires attention to the relationship with stakeholders in order to emphasise the change. Pettigrew (1991) also believes that theorising has very little to do with what happens in practice. The concept might require adjustments as the change is implemented step by step to fit the situation at a certain point in time as new knowledge is gained through the implementation process.

Wooldridge, Schmid and Floyd (2008) argue that the model where ideas are generated on ideas coming from the operations level, pushed up by middle-management and polished by upper management are most likely to be successful. In this case, upper management just givesdirection to the middle manager's initiative and provides support and process for change. Wooldridge also claims that middle managers often have coaching responsibilities, as well as conduct intrapreneurial activities. Top management usually passes their responsibility for decision-making and strategy and focuses mostly on the development

of the business, setting up performance standards, vision and objectives. Middle managers, however, experience role conflict, which derives from different expectations in different settings. The change is often well accepted, if all middle managers agree on it and are equally determined and supportive. If there is no consensus on the middle management level, the change is doomed in the majority of cases and middle managers themselves have to be involved into building this consensus as a team. Research shows that middle managers have greater understanding about the core activities of the organisation and, therefore, are more likely to reach consensus than top management, for instance.

However, Wooldridge (2008) also mentioned that earlier studies show an example when a strategic decision was passed down on middle managers for implementation and caused resentment among them. Uncertainty usually arises due to the lack of information or due to this information being contradictory (Bordia et al. 2004). It raises doubt about whatis to come and affect the relationships and the environment. Uncertainty is most often reported during organisational change, this can be uncertainty about job security, fear of potential lay-offs, priorities within the company, etc. All these create an extra challenge for managers to get through and expand communication channels with their subordinates.

Uncertainty has been classified into three main groups: organisational (external business environments), group (structure of the organisation) and individual (tasks and role). All three categories require different strategic approaches, it also helps to see how they can be related to each other. Uncertainty is correlated with increased stress levels among employees and turnover, whereas commitment, trust and satisfaction drop significantly. Management communication is something that is often used by organisations undergoing change and there are two ways in which it can reduce resistance coming from the employees: quality of change communication (allows employees to obtain knowledge on change and feel more prepared when it strikes) and participatory nature of the communication (allows employees to participate in decision making and gives them a sense of control). Studies suggest, however, that managerial communication onlyhelps to reduce strategic uncertainty due to its one-way nature. Both formal and informal communication should be used in order to ensure that change is communicated properly and to ensure that employees have their own say in what they think about the situation.

When comparing executives and middle management, one can see that the latter are able to spend more time with their subordinates and attend to their emotional needs.

This literature review shows that middle managers can and usually do take larger roles than just monitoring daily performance of subordinates and maintaining operations of the company. Besides creating projects for the team, keeping the company going and promoting ideas, middle managers' sensemaking is also highly important. Sensemaking allows middle management to implement the knowledge about various areas of the company, understand why the change is required and how the company can successfully survive the change process. In addition, studies proved that involving middle management into change planning and strategy formulation contributes to greater success of change implementation as managers are able to reach the consensus between the two organisational levels they are linking. If the involvement is monitored and supported by upper management, the chance of a positive outcome from change rises drastically, as both sides understand their responsibilities towards each other, which makes their actions and the outcome more predictable.

3.4 Middle management's role in change implementation

Research shows that middle managers have four major roles when implementing change in the company (Balogun 2004). Undertaking personal change refers to adapting to change in their responsibilities. Development of the career path and job description involves taking care of unfamiliar processes and engaging in contact with other leads and departments, making sense of what is expected from them to carry it out and help others. Helping others through change means assisting in making sense of things. Why there is a change, why the team is involved, how they can benefit from it and what happens next. Informal communication in this sense is as important as formal (coaching, training, personal support). Even though the change is taking place, it does not mean that other processes stand still. Companies keep functioning to the fullest, meaning that apart from taking care of their duties, their teams and implementing change, regular tasks and routines have to be attended to as well. Implementing changes needed. Being involved in discussions, creating a set-up for the change to take place. Overall, the main task of the middle manager is to communicate the change to their subordinates and provide adequate support to both senior management and the executive team. Middle

managers play more of a strategic role and the success of change implementation is heavily dependent on the understanding of middle managers of what is expected from them, what actions are required from them and what is expected of their team in general (sensemaking).

Maitlis (2007) believes that sensegiving is an important activity in any business where organisational leaders and stakeholders (including middle managers) can influence each other through persuasion to interpret certain actions. A large number of studies has proven that sensegiving had a great impact on change. It has weighty consequences, affecting the decision-making process or execution. The conducted research attempted to find out what triggers sensemaking in companies undergoing change. It wasconcluded that for stakeholders the main trigger was the sense of bounded responsibility(meaning that they resorted to sensegiving when the issues were seen as vital, and thehigher-ups seemed incompetent in respect of the problem). For leaders, sensegiving was more complex as it included a number of contributing factors. Sensegiving is allowed bythe combination of ability of participants to understand and process the contributing factors, such as established routines, practices and performance. This means that middle managers, considering their awareness of processes on multiple organisational levels, are capable of sensegiving, which allows smoother transition during organisational change.

Apart from following the orders of the senior management, middle managers play a key role in the implementation of change by:

- Collecting and unifying information for upper management in regard to opportunities and threats of certain decisions
- Initiating projects within their own teams to ensure better adaptability
- Promoting innovative ideas coming from the bottom (Balogun, 2003)

Overall, change requires many techniques and skills in order to be successfully implemented. It needs attention to analytical, educational and political sides. This supports Friesl and Silberzahn's (2017) the idea that middle and senior management have to work collaboratively together in order to ensure a smooth change process.

However, this view seems to be less effective in situations like crisis management, for instance, when immediate decision and implementation are needed.

The way managers coordinate their teams may have an important effect on the whole business activity. Friels et al. (2017) mark three main coordination mechanisms: charter-based, experience-based and interaction-based. This mechanism is often used when a newly appointed manager enters the company. Charter-based coordination refers to clearly identified roles and skills required. It formalises the responsibility of managers. Experience-based coordination depends on the skills and experience of a manager. Such coordination mechanism is used when focusing on an actual operation of the business. At this stage, accountability becomes blurred. Interaction-based coordination refers to case-by-case coordination. It allows for avoidance of accountability due to its ad-hoc nature. Quy Nguyen Huy (2006) researched that middle managers exhibit emotional management during the times of radical change. This means that middle managers are deeply involved in the emotional management of the team, which might help with accepting and dealing with change. It is stated that people sharing similar organisational culture tend to have similar emotional responses to change as well. That is why one person's emotions can represent or even spread to an entire group. The role of a manager in this case is to notice the shift in the mood of employees and reduce negative emotions to the minimum.

However, driven by the same goal, middle managers were able to create a broader picture through collective sensemaking. Research that studied the effect of management's involvement on financial performance of the organisation shows a positive correlation between the two. This means that thanks to their combined roles, middle managers are able to positively affect the company's efficiency. However, this area still requires a deeper understanding of these processes and study of other contributing factors.

Rouleau (2007) adds to this idea by stating that middle managers shape the way senior management makes decisions and organises the implementation of management's ideas. Since one of the key roles of middle managers in decision making is gathering and transmitting information, middle managers can influence the way this information is perceived by altering the delivery of it through sensemaking. Middle managers, naturally, advertise the company's strategy through routines. They also have an emotional

balancing role during the change. Due to the fact that middle managers are involved in a number of daily informal interactions with their subordinates, they can establish trustworthy relationships, learn more about the team and their behaviours, which can prove to be useful when the change occurs, and it is necessary to deliver it to employees. Thus, middle managers rely on socio-cultural knowledge. With the knowledge they have of the organisation, processes and people, they can interpret change in a way that is more suitable for people and situations at a certain point in time. These interactions are what makes the change successful.

The outcome of change is assessed through three main dimensions: substantive (to what extent the proposed goal was achieved), relational (how the relationships between employees and managers changed) and political (how the change affects the relationships between corporate and operational level) (Stensaker, 2010).

4 Potential drawbacks for middle management

4.1 Corporate culture

Cremer (1993) classifies corporate culture as a code of conduct between employees of the organisation. It is an array of norms that are shared within the organisation and are followed on an intuitive level, meaning that the set of rules is unspoken, and it usually does not exist on paper. Lorsch (1986) advocates that corporate culture can become an "invisible barrier" to change. Change requires reconsideration of values the business has been carrying out through its activity, which means that organisational culture can be a crucial facilitator or challenger of change process and it affects member's daily tasks and activities.

Hill et al. (2012) characterise corporate culture as a pyramid that showcases the number of layers between members. The more layers there are, the more resistant to change all layers become, making it difficult for middle managers to break the communication barrier of internal tensions and commitment to change. A number of researchers argue for greater involvement of employees into various projects. In order to achieve this, the company has to create a safe space that would be able to support company members in various situations, including change, through allowing open communication, providing forums to criticise and offer suggestions for change. By doing that, an organisation can reduce the hierarchical distance and allow for a better culture that would allow greater change permeability (Hill et al, 2012).

Instrumental support also plays a decisive role. Malecki and Demaray (2003) argue that instrumental support involves providing resources, such as time and materials, as well as informational support and advice, sometimes even feedback. If the company does not encourage upper management to share experience, knowledge and provide timely advice, the change process can end up with a failure.

4.2 Organisational structure

Organisational structure can be flexible, when the company decides to lead itself to desired point. By establishing coordination between the top and middle management,

the company is able to create and share the roles (which creates clear liability between the two levels) and install strategies to achieve goals. Huy (2002) established that the greater assistance and encouragement was shown by senior managers, the more involved middle managers were in the change process, which positively impacted the change outcome in general. Middle managers are often overlooked in comparison to senior management, when it comes to carrying out planned change. In geographically dispersed companies, middle managers often lose the decision-making influence and act more as a ghost of sensemaking (Balogun 2004).

4.3 Communication

Communication is considered as one of the barriers and facilitators of change implementation. This includes transmitting the vision of change and the need for it, which is usually seen as middle management's role, as they are expected to interpret the vision of senior management for their employees. More often than not the outcomeof proper communication between management levels directly impacts the outcome of change (Herzig et al., 2006). In the study "Where Change Management Fails" (Weiss, 2016), participants were asked what the most important factor is when leading the company through change and the majority answered "communication". The survey concluded that persistent and transparent communication is the key to success for change-management. This includes both communication between managerial levels and communication of middle managers with their subordinates. Since middle managers are in more informal contact with their team, there are other triggers to react to and information flows to consider, such as gestures, informal conversations, rumours, discussions, behavioural changes. Unlike senior managers, a middle manager is usually the one exposed to those factors and has to react to them accordingly. This fact makes middle manager's role even more challenging, as they have to maintain positive and productive mood in the team, in addition to change management.

When workers encounter change, they become more aware of their actions and the actions of others, they start to gossip, spread rumours, compare with their previous experiences. This chaos requires guidance and supervision that middle management is often relied on to provide (Balogun 2004).

5 Swappie Case Study

5.1 Company background information

Swappie OY is Finnish-based start-up that refurbishes and resells used iPhones. The company was founded in 2016 by Jiri Heinonen (CMO) and Sami Marttinen (CEO) and continues to grow in 2022 (Billing, 2022). Nowadays Swappie operates in Finland, Sweden, Norway, Germany, Austria, Ireland, France, Italy and Poland (Buchter, 2022). In 2019 the company counted 400 employees, by 2022 this number doubled (Pääomasijoittajat, 2020). Swappie employs over 60 nationalities and 950+ talents across its 3 main sites (Swappie internal resource). The company is planning to further expand to new markets f, which will involve not just careful planning, but also careful consideration of strategic changes to come.

Over the 6 years of Swappie's existence the company has gone through a number of internal strategic changes. Some of them were minor and required a little change in organisational structure, such as introducing coaches as mid-level between operations specialists (factory workers) and team leads. Some changes required more attention and adjustment to new culture, such as opening a new factory site in Tallinn, Estonia and hiring personnel there. The research, however, will focus on the most recent organisational change that has had a strategic impact on the development of Swappie.

The change concerns a sub-department of the supply team, RMA department. Initially, the RMA team was responsible for returning faulty units back to suppliers based on contractual agreements and internal inventory status. However, as the company grew, the responsibilities widened. Team members took over the communication with suppliers, control of stock arriving and overall maintenance of relationship with suppliers. New task distribution in the team demanded major supply team reorganisation. With the introduction of new upper management, the reorganisation process became more difficult for the team. The reorganisation took more than 6 months, responsibilities were reshuffled multiple times and employees were not satisfied with the outcome. Some said that the interests of employees were not represented and/or not heard and that if upper management listened to their subordinates, the change would be accepted and implemented much faster by all layers.

5.2 Organisational change at Swappie

In September 2021, RMA manager (manager A) initiated the organisational change within the department, as it was becoming obvious that the team is responsible for support of supply inflow and outflow and would require new structure to continue moving forward and increase performance. The change initiative from manager A was challenged by various departments, including the RMA department itself, which was fairly resistant towards the way organisational change was performed. Manager A was forced to terminate the change in December 2021, leaving the RMA team in the uncertain position where old methods were no longer working and new methods were not yet established. Manager A was eventually relocated to a different department.

In January 2022, a new manager, Manager B, was appointed as team lead of the RMA department and encouraged to continue the change process. The organisational change started all over again, this time with a different manager and a different approach. It was scheduled to begin on January 10th and officially end on March 28th. The timeline was designed as follows:

January 10th — January 31st, 2022
Roles and responsibilities definition, detailed responsibility descriptions for roles and interfaces for Finance and Supply departments. Updated team structure outline and salary evaluation for roles, as well as career progression opportunities. Setting up key performance indicators (KPIs), requirements for processes and tools and setting up required training.

January 31st — February 14th, 2022
Preparation for change. Execute training. Evaluation, nomination and application of new roles.

February 14th — March 28th, 2022
Go live — operating model and changes in place. Troubleshooting taskforce and resolving any issues that may arise in the process.

5.3 Research framework

The aim of the research is to investigate the role of middle management in change and decision making, determine the level of involvement in change planning and conclude what could have been done differently.

A number of studies on change and middle management use mainly quantitative approaches. This research, however, combines quantitative and qualitative study, and focuses mostly on the qualitative part, allowing for greater understanding of how middle managers, their subordinates and seniors perceive organisational change and the role of middle managers in it. Combining qualitative and quantitative approaches is not new. Researchers have been increasingly turning to mixed-method techniques often in recent years. (Sandelowski, 2000). This method allows enlarging the scope of the study and combining "stories and numbers" (Ford-Gilboe, Campbell, & Berman, 1995). There is no one correct way to operate with this approach, which is why it is rather flexible with questionnaire design, depending on the aim of it.

The qualitative research part of the questionnaire allows for comprehension of why employees view the situation and their status in a certain way. Qualitative method was used to allow participants to express their opinions and give them an opportunity to share personal views and thoughts on the change and how it was carried out. Unlike the quantitative approach, the qualitative method does not hold respondents back by giving them a set of answers to choose from, making the research results more genuine and detailed. In fact, it supports the experience with rich examples and improves the understanding of the phenomena. (Taylor, 2005). The examples of qualitative questions are: "At the time of the change, can you cite an example in which your manager acted very well or less well? (What was said, what was done, where did the situation take place)", "What would you suggest to your manager to be done differently in terms of change management?". These and other similar questions in the survey allowed the participants to provide more detail and context to the situation in free form.

Quantitative approach was used to explain the standpoint numerically (Desai, 2010). Quantitative questions were asked when measurable indicators were established, to allow for objectivity of measurement and analysis. The examples of quantitative questions asked are: "On the scale from 1 to 5, how satisfied are you with the relationship you have with your manager?", "To what extent is your manager available for a meeting, a conversation, etc?". Questions like this provide numerical data that would allow for analysis of quantifiable factors, such as satisfaction level and relationship level with managers and/or subordinates.

The results of the study will help to determine how the theoretical framework conducted by numerous researchers and field experts corresponds or differs from the actual situation in the business field nowadays.

Research participants were divided into three main groups: subordinates (the group of employees reporting to the middle management, operational workers), middle management (team leads and middle managers in charge of the team and responsible for carrying out organisational change) and senior management (highest level of management overseeing team performances and changes). All research participants belong to the RMA team that experienced change in the past year, and they all were reporting to the same managers throughout the change process. Age, gender and educational background were not the main focus of the research and thus were not taken into consideration However, it is worth mentioning that the group is fairly heterogeneous, including males and females of various educational levels and of different ages.

For every participant group a separate questionnaire set was designed. All three questionnaires required basic information about the employee, their position in the company, how long they have been employed by Swappie and what their main responsibilities are. The second part of the questionnaire targeted each group's views on change and their view on the middle manager's role in it. Subordinates were asked about their perception of change, how it was carried out by the management, what theywould suggest be done differently. Middle management was asked to self-reflect on howthey carried out change, what the main blocker for them was and what they consideredto be the main bottlenecks for their participation in change management. Senior

management was asked to give a review on how change was carried out, who is responsible for initiating the change within the company and what was preventing managers from carrying out the change. All three questionnaires had questions on improvement of change management for the future and who is responsible for the change process and its success.

5.4 Findings

When asked about organisational change and their experience of it, the participants had a rather homogenous answer. Everyone admitted that the failed first attempt of reorganisation has left a negative mark on the perception of the change in general, making it more challenging for the team to adjust to new transformations. Both middle managers and their subordinates acknowledge that the change process brought a lot of confusion, frustration and uncertainty. However, everyone agrees that it was an important and necessary step for the team to take and after the change took place, the majority of respondents ended up being fairly satisfied with the result.

When asked about the level of satisfaction with how middle managers tackled organisational change, 50% of subordinates graded the satisfaction level with 4 out of 5, with 5 being "very satisfied". 33% of subordinates gave a grade of 5 and almost 17% of subordinates gave a grade of 3, which is "somewhat satisfied" (see Figure 2). This question allowed to measure the success of change perceived by the group that was affected by it the most. As the majority of respondents rated satisfaction level above 4, the organisational change result can be classified as "successful".

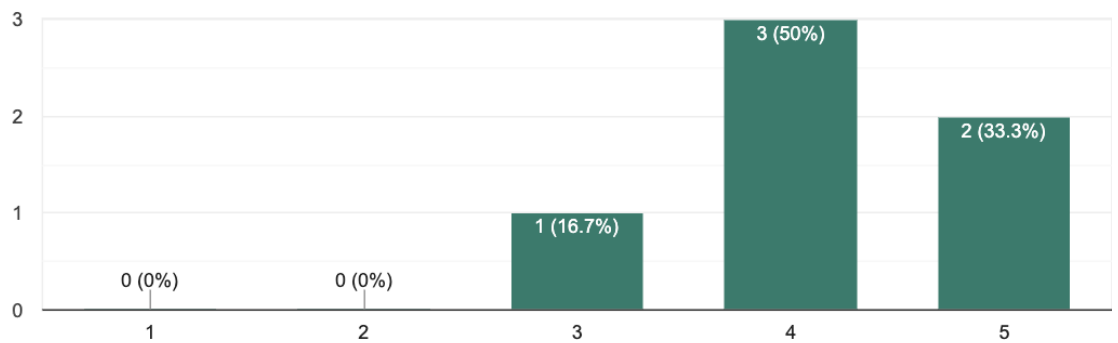How has your manager tackled the organisational change?

Figure 10. The level of satisfaction with middle manager's actions expressed by the subordinates.

The same exact result can be seen in answers to the question "How satisfied are you with the relationship you have with your manager?". The answer summary can be found in Figure 3.

How satisfied are you with the relationship you have with your manager?
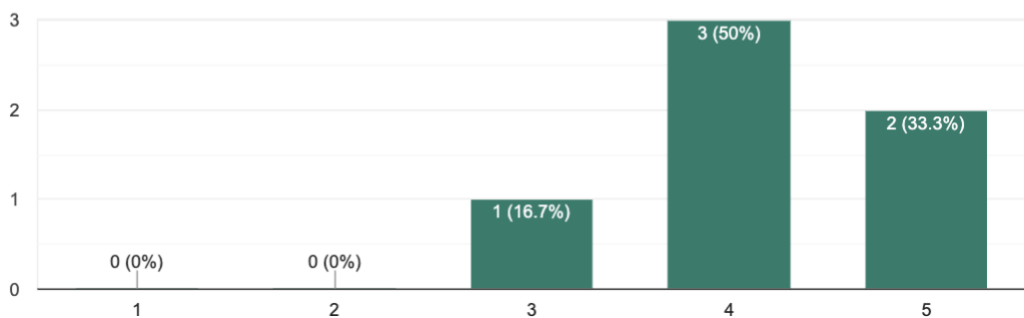
Figure 11. The level of satisfaction with the relationship with middle management expressed by the subordinates

Top management, middle management and subordinates all point out that open collaboration and having a number of communication channels help to ensure that every level of hierarchy is heard and allows for open discussion forums. Management has pointed out a few ways to ensure open communication flows with all levels of hierarchy:

"...have multiple communications channels open (Peakon, weekly team meetings, bi-weekly pulse discussions, regular one on ones), and also maintain low hierarchy and build inclusive environment at work where people are

> comfortable speaking up. Also, a limited number of decisions are made without input from my subordinates."

This open communication approach and organisation of sessions for discussions contributed to smoother transition during the change and higher trust levels of the employees to their middle managers. In fact, employees have noted that communication with managers is constant, constructive and effective, which has positively impacted the team's morale during the change transition.

It seems that the closer the employee's relationship with the manager, the easier it is for them to get through the change process and the more satisfied they are with the result of change. Middle managers and top management were also asked to comment on their relationship with subordinates. The management team reported that the relationship with the team is open, light-hearted, informal and collaborative, which is rather supported by the mood of the team and their satisfaction with the change. This supports Rouleau's (2007) and Floyd's (1992) idea of emotional balancing, as middle managers focused heavily on establishing open and trustworthy relationships in order to complete change successfully. Arıcıoğlu's (2020) argument that middle management facilitates adaptability through controlling and monitoring communication flow is supported by the questionnaire's results as well.

When giving examples when the middle manager acted exceptionally well during the change process, subordinates mentioned the following:

> "Motivation was the first thing provided by my manager and he promised that I will fight for you guys till the end.", "I was happy that at the end one of my requests were taken into account".
>
> "Manager listened to our concerns and complaints, did not give any specific promises but drove the question through".

These comments are supported by middle management's answers to similar questions about themselves:

> "Understanding that this must be a very stressful, frustrating and emotional time for the team, I tried to make sure my behaviour was tuned for this. In general, this meant trying to spend as much time as I could with the team, listening

intently what they had on their mind and taking into account their concerns, ideas and thoughts".

It seems that both subordinates and middle managers understand that middle management often operates as a mediator, especially in challenging times of organisational change.

From the given question set it is evident that middle managers were not just mediators, they also acted as change actors, taking into account interests of the subordinate team. In this case, Swappie middle managers had power of decision-making and could directly influence the direction of change in order to achieve positive results. Balogun's (2004) study result was verified by Swappie's case study, as middle managers, being change actors, have positively impacted the outcome of organisational change in the team.

Middle managers were asked to reflect on how they handled organisational change. This question was supposed to clarify the views of middle managers on the result of their work and compare it to how the rest of their team perceived the change process. Opinions were divided. 50% graded their performance as 3 out of 5, another 50% graded their performance as 4 out of 5 (visually represented in Figure 4) and 100% of top managers graded performance of middle management as 4 out of 5 (see Figure 5).

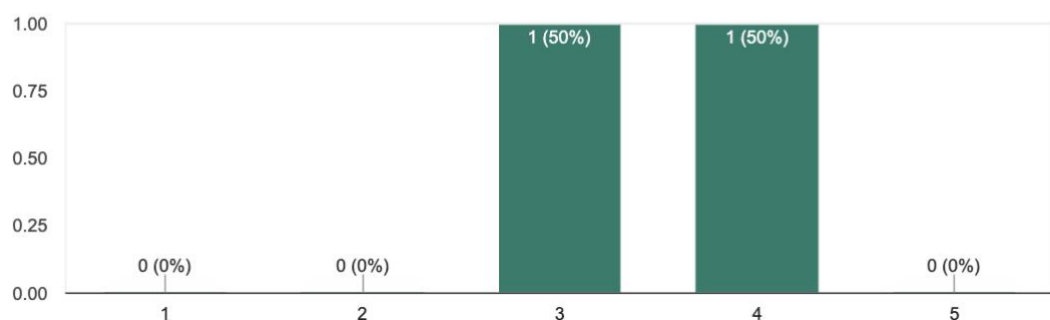How you as a manager tackled the organisational change?

Figure 12. The rating of middle management's actions given by the middle management.

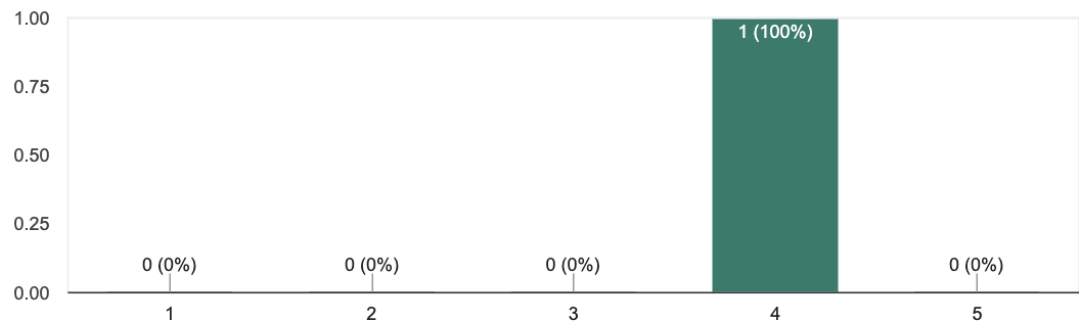How you as a manager tackled the organisational change?

Figure 13. The rating of senior management's actions given by the senior management

In this particular case, self-criticism could play a big role. Since middle managers were responsible for the change process and were given a relatively large freedom in decision-making and strategy formulation, they are more driven to be self-aware and critically perceive the outcome of their work, that is why expecting the answer 5 would be rather unrealistic. Hence, the majority of respondents given the answer 4 indicates fairly high satisfaction with their work.

In order to clarify the question above, middle management was asked to give improvement ideas for a similar organisational change. As a reply to the question "What do you think could have been done differently?" a few clear reply trends were noticed. It was mentioned that more time should have been spent on getting to know the team and learning about the intricacies of work in more detail. Knowing all possible issues that the team is facing and being aware of the processes would allow for even more beneficial decision making and even greater satisfaction level of the team. However, this would also impact the time and resources managers have in hand in order to satisfy all demands of their subordinates.

Another important point stated that it would be more beneficial for the team and the process if they (middle managers) were more critical and less supportive of initiatives coming from stakeholders unfamiliar with the processes within the department.

> "I would be more critical, actionable, and less supportive [of ideas coming from outside the team] in certain places".

This aspect is tightly connected to the concept of sensemaking and sensegiving (Gioia, 1991). As middle managers are receiving demands, ideas and offers from different hierarchical levels and even different departments, the skills of sensemaking and judging whether the presented idea fits the team and whether it has any practical implication becomes highly crucial.

> "I would also know better how to estimate and understand the politics within the organization. How to pull certain levers internally and with which people and how to work. I was completely not ready to face this type of game on the internal field".

This answer indicates the corporate culture and structure as one of the main bottlenecks for middle management during the change, as argued by Lorsch (1986). It seems that managers were facing difficulties pushing the ideas through and progressing on certain tasks. Improving the instrumental and informational support within Swappie would greatly improve experience of middle managers and facilitate reaching the goals.

Finally, all participants were asked to determine who is responsible for the success of the change. 83.3% of subordinates and 100% of top-managers stated that middle management is responsible for the favourable outcome. The visualised summary can be seen from figures 6 and 7, respectively.

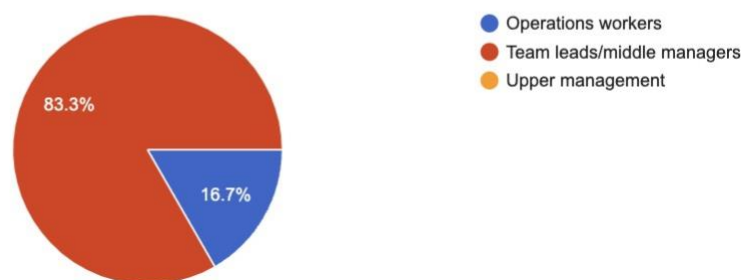Who do you think is responsible for the success of the change?

Figure 14. "Who is responsible for the success of change?" Subordinate's opinion.

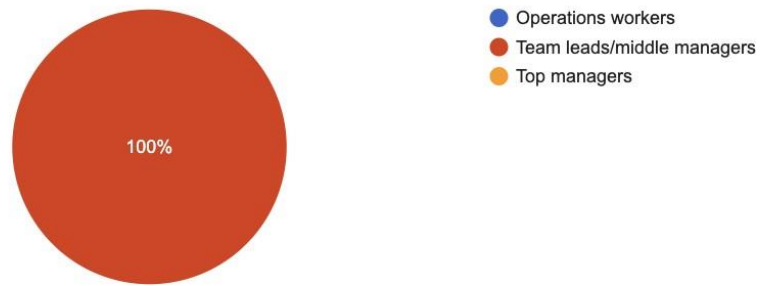Who do you think is responsible for the success of the change?

Figure 15. "Who is responsible for the success of change?" Senior manager's opinion.

However, middle managers had different views. 50% of middle management said that the group responsible for the success of change is the upper management and 50% mentioned that it is operations employees that are responsible for the success of change, as illustrated in the Figure 8.

Who do you think is responsible for the success of the change?
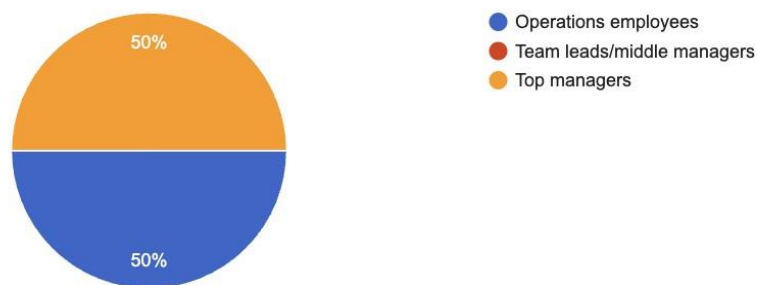

Figure 16. "Who is responsible for the success of change?" Middle manager's opinion.

It seems that the idea of middle managers being seen as merely process facilitators is deeply rooted in Swappie's middle management. Despite the fact that the rest of the team sees them as the main driving force of organisational change and its success, managers still believe that they do not play a decisive role in the process. The question results clearly demonstrate that even though the trend of involving middle managers in the process and enabling them with decision making and strategy formulating power is positive, middle management still requires recognition and attention to realise its hidden potential and use it for the benefit of the team and the company.

5.5 Limitations of the research

Participants were asked to answer the questionnaire during the last stage of organisational change. They might not therefore have a full overview on the implications of change and how it would impact each group and the whole team long term. Since the change was still taking place, there was a lot of uncertainty about the future of jobs and their status in the company in general, which could have impacted the results. It has been suggested that the procedure with a questionnaire be repeated in a year after the reorganisation has taken place to more unbiased results.

Another limitation is the size of the interviewed group. Since the team that had experienced change is rather small, the number of respondents is statistically low. In addition, the number of employees decreases the higher they are located in the company's hierarchy, the number of respondents on every higher level is also smaller, which impacts the size of the group on each level, as well as statistical reliability of the gathered data. Number-wise, the team consisted of 10 subordinates, 3 middle managers and 2 senior managers, making it a representative hierarchical model, but not an entirely statistically representative sample.

In addition, the research was done at a young scale-up company. This means that experience within one company does not reflect the general situation in the business field. Furthermore, since it is a scale-up, culture and work practices might differ from older and well-established organisations. Thus, not reflecting the wider experience of the majority of middle management during organisational change. The recommendationis to choose a larger and older company to see how the change is tackled by the management in a more traditional business environment.

Making a distinction between behaviour and role is challenging, as they can often overlap. Especially taking into account that middle managers build personal relationships with their subordinates and certain managerial actions can be interpreted as more or less friendly, depending on the person answering the questions. This study in particular does not make clear distinction between behaviour and role; however, it focuses mainly

on interpreting certain actions in reliance with literature on change management in the literature review.

Even though questions were demanding an open and extensive answer, not everyone was willing to or had enough time to answer the questionnaire in more detail. As a result, most of the open questions still have room for further exploration. Conducting an interview and facilitating even more detailed discussion on the topic would be beneficial for further research.

Overall, the questionnaire manages to fulfil the initial aim, which was to determine the role of middle management in change, as well as their involvement in the process and the view on the change seen from multiple hierarchical levels. However, the research is not ideal and has a number of potential improvements to be done for even more detailed and insightful results.

6 Conclusion and Recommendations

The research aimed to broaden an understanding of what role middle management plays in strategic change and decision making through reviewing a theoretical framework and closer case study of the organisational change process in Swappie.

Literature on middle management has suggested a number of ways in which middle management is involved in decision-making and change through sensemaking, sensegiving, emotional mediation and by being pro-active change actors and change recipients. Even though it is still evident that change mostly happens due to upper management's initiative, middle management still makes positive contributions to the process, as can be seen from Swappie's case where middle managers were given the opportunity to design and implement organisational change themselves.

Despite juggling their everyday responsibilities, middle management is often involved in change implementation through sensemaking and sometimes even in strategy development under the supervision of upper management. Being in the middle of two large hierarchical levels allows middle managers to direct actions of executives and subordinates to the benefit of the business by being mediators between the two. The research provides evidence of great involvement of middle managers into strategic change and allows us to understand how the change process happens in organisations (Stensaker, 2010). Although mid—level managers do not have straightforward decision-making power, they utilise their strategic influence on upper and lower levels of hierarchy through already established relationships, sensemaking and sensegiving, and leadership skills. This results in shared responsibility and motivates middle managers to achieve positive results (Wooldridge, 2008).

A positive trend can be seen in the change of strategic position of middle management in the companies. It can be argued that with time the influence of middle management on strategic change and decision-making process will become even more noticeable, which might lead to increased effectiveness of businesses.

Further research should focus on firmer analysis of middle manager's roles that would help to determine how middle managers develop as strategic leaders and how middle managers can communicate change to their subordinates.

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Appendix 1. List of questions for the subordinates

1) What position do you currently hold?

2) What are your main responsibilities?

3) How long have you been in this position?

4) How long have you been working at Swappie?

   a) Less than 1 year

   b) 1-3 years

   c) 3-5 years

   d) More than 5 years

5) How did you experience the organisational change/what did you think of it?

6) On a scale from 1 to 5, how well has your manager tackled the organisational change?

7) On a scale from 1 to 5, how satisfied are you with the relationship you have with your manager?

8) To what extent can you ask your manager for help?

9) To what extent do you feel valued by your manager?

10) To what extent is your manager available for a meeting, a conversation, etc?

11) How would you describe communication with your manager (please cite examples)?

12) At the time of the change, can you cite an example in which your manager acted very well or less well? (What was said, what was done, where did the situation take place)

13) How did you deal with this?

14) How did you feel about this situation?

15) What were the consequences of this behaviour for your manager and for yourself?

16) How did the company react to this situation?

17) Who do you think is responsible for the success of the change?

    a) Operations workers

    b) Team leads/middle managers

    c) Upper management

18) What would you suggest to your manager to be done differently in terms of change management?

Appendix 2. List of questions for the middle managers

1) What position do you currently hold?

2) What are your main responsibilities?

3) How long have you been in this position?

4) How long have you been working at Swappie?

a) Less than 1 year

b) 1-3 years

c) 3-5 years

d) More than 5 years

5) How did you experience the organisational change/what did you think of it?

6) How have your employees been able to adapt to the new organisation?

7) Is something standing in your way or has something helped you achieve your new goals?

8) Do you think your employees can achieve their new goals: why yes / why not?

9) How would you describe the relationship with your employees?

10) How do you ensure that employees have a say?

11) How do you show your employees your appreciation?

12) How do you ensure that you are available to your employees?

13) How would you describe your communication with your employees? (Please cite examples)

14) At the time of the change, can you cite an example in which you, as a manager, did you act very well or less well? (What was said, what was done, where did the situation take place)

15) Who else was involved in this and what was their role in the situation?

16) What was your role in the situation? And how did you deal with this?

17) How did you deal with it?

18) How did you feel about this situation?

19) What were the consequences of this behaviour for your subordinate and for yourself?

20) Was your behaviour, mentioned in the question above, typical of your way of doing things?

21) What behaviour would you like to show?

22) What behaviour do you think employees would like to see in you?

23) On a scale from 1 to 5, how you as a manager tackled the organisational change?

24) Who do you think is responsible for the success of the change?

    a. Operations workers

    b. Team leads/middle managers

    c. Upper management

25) What would you suggest to your manager to be done differently in terms of change management?

Appendix 3. List of questions for the senior managers

1) What position do you currently hold?

2) What are your main responsibilities?

3) How long have you been in this position?

4) How long have you been working at Swappie?

a) Less than 1 year

b) 1-3 years

c) 3-5 years

d) More than 5 years

5) How did you experience the organisational change/what did you think of it?

6) In your opinion, what (or who) initiates change within Swappie?

7) How have your subordinates been able to handle the change process?

8) Was something standing in your subordinates' way or has something helped them achieve the new goals?

9) Do you think employees understand the meaning of change and change management?

10) How would you describe the relationship with your subordinates?

11) How do you ensure that your subordinates have a say?

12) How would you describe your communication with your employees? (Please cite examples)

13) At the time of the change, can you cite an example in which you, as a manager, did you act very well or less well? (What was said, what was done, where did the situation take place)

14) What was your role in the situation? And how did you deal with this?

15) How did you deal with this?

16) What were the consequences of this behaviour for your subordinate and for yourself?

17) Was your behaviour, mentioned in the question above, typical of your way of doing things?

18) What behaviour would you like to show?

19) What behaviour do you think your subordinates would like to see in you?

20) Who do you think is responsible for the success of the change?

   a. Operations workers

   b. Team leads/middle managers

   c. Upper management

21) What would you suggest to your manager to be done differently in terms of change management?

22) On a scale from 1 to 5, how well has your manager tackled the organisational change?