
FROM SCATTERED TO COHERENT – STRATEGIZING PROCESSES OF A MULTINATIONAL CORPORATION

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Abstract

Developing a dynamic-strategy perspective, which considers strategizing as practice rather than an outcome, we are able, applying case studies, to capture processes that explain how common cognitive frames are constructed, altered, tested through actions and re-constructed. Capturing several iterations of these processes allow us to understand how new strategy emerges from actors' strategizing scattered across the organization and how it eventually becomes part of the formal strategy of a multinational corporation. These findings add to the understanding of strategizing as bottom-up social processes that form new meaning, structures and actions.

Key Words

Strategy-as-practice; collaborative action research; strategizing; sensemaking.

INTRODUCTION

This study uses theory as a starting point for strategizing (Lewin, 1945) by constructing a theoretical framework that serves to build abstract common frames of reference to organizational practitioners. These form the basis within which inductive learning takes collectively place, so that new theorizing emerges. The outputs of these theorizing processes are expected to form the inputs to practical propositions on strategic actions, which are tested by managers in the field, producing new certainties, which question assumptions of formal strategies while providing new alternatives. These alternative strategic actions are expected to gradually spread through the organization to become a formal part of strategy. Taking a strategy-as-practice view on these processes, we are not only interested in the contents of new strategy, but we pay specific attention to the practices that detail what people do to create such changes and how these changes become enacted on a wider organizational level (cf. Kobernyuk et al., 2014). The study makes important contributions in understanding how organizational capabilities (e.g. Winter, 2003) are more than a top management activity but deliver empirical accounts and theoretical thoughts on the agency in the web of practice (Vaara & Whittington, 2012). Furthermore, this research also contributes to existing knowledge on strategy-as-practice by focusing on the Sensemaking and sensegiving practices of middle-managers, whose positions are beyond formal strategy ranks (McCabe, 2010; Vaara & Whittington, 2012) in MNCs. The findings of this research suggest that first, strategizing and theorizing are similar processes. That is, deductive thinking (exploiting given knowledge) and collective reflection are shaping organizational commitments, shared capacity and identity, and form expectations (Weick, 1988; Maitlis & Sonenshein, 2010; Maitlis & Christianson, 2014) that become inputs in new actions. We also found that new actions lead to retrospective Sensemaking as a social process in which collective evaluations of previously shared cognitive frames are negotiated in the light of newly explored information (inductive thinking). These lead to the enactment of new cognitive frames which give sense to organizational members and set in motion deductive thinking in new contexts that shape commitments, capacity/identity and expectations. Furthermore, we found that strategizing as a bottom-up process is an organizational learning process, in which implementation is part of strategizing. Thus, strategy formation can be a transparent process that is inseparably intertwined with operational action.

THEORETICAL FOUNDATIONS

To understand the sources and dynamics of organizational strategizing from a practice perspective, we build on two streams of literature, strategy as practice view and theories on shared cognitive frames which enable us to understand how ordinary actions, which are not ex-ante classified as strategic actions, redefine organizational structures.

Practice view on strategy

The perception of what strategy is and how it is formulated has considerably changed in previous decades. Traditional approaches on business strategy consider strategy as something created by top management, which is transformed into an organizational artefact; a somewhat abstract idea of where the organization is heading in the future, paved by more concrete action steps forming the yellow brick road to the imagined future (e.g. Chandler, 1962; Porter, 1985). In comparison to this, strategy process research has emphasized context and roles of various actors in creation of emergent business strategy (e.g. Mintzberg, 1978; Regnér, 2003). That is, strategies are constructed hierarchically top-down but also in the “peripheries” of organizations by middle managers or engineers, usually through the actions they perform, or by any other organizational members (Regnér, 2003; Vaara & Whittington, 2012). However, the question of how strategizing on the organizational level occurs when initiated from organizational periphery is treated as a black box (c.f. Parmigiani & Howard-Grenville, 2011) and explained merely being the result of interaction and recognition between top management and strategy initiators (Regnér, 2003) and not elaborating on the more fine-grained actions of individuals and their interaction, contributing to organizational action. Strategy-as-practice view is specifically interested in these actions; what organizational members creating strategy do in practice to create strategic outcomes (Johnson et al., 2007), and how they interact with each other (Balogun & Johnson, 2004). Therefore, strategy in this research is defined as “a situated, socially accomplished activity, while strategizing comprises those actions, interactions and negotiations of multiple actors and the situated practices that they draw upon in accomplishing that activity” (Jarzabkowski et al., 2007, p. 7-8). More specifically, those activities are considered strategic which are “consequential for the strategic outcomes, directions, survival and competitive advantage of the firm” (Jarzabkowski et al., 2007). By developing a dynamic strategy perspective (e.g. Johnson et al., 2007; Regnér, 2008), which considers strategizing as a string of practices that together enable strategy formation (Vaara & Whittington, 2012), this paper theorizes on the strategizing processes that explain how common cognitive frames are constructed, altered, tested through actions and re-constructed.

Constructing common cognitive frames: the Sensemaking perspective

Actions create an understanding of an environment, which has not prior existed (Weick, 1988). In our context of an MNC in the merchant shipping industry, we utilize the concept of Sensemaking as a process of social construction that retrospectively gives plausible meanings when people rationalize their own actions by connecting cues and frames that the environment provides (Maitlis & Sonenshein, 2010). This approach to understand how actions and ideas interact has been developed in the context of high-reliability organizations and catastrophic events (Weick, 1988; Weick & Roberts, 1993). It has been argued (Maitlis & Sonenshein,

2010) that this approach can be extended to turbulent organizational contexts such as strategic and organizational changes. It can shed new light on the question of how common cognitive frames are constructed, altered, tested through actions; as outcomes of collective enactments. The underlining assumption in this view is that the behaviour of organizations is often created by human beings who through their actions generate events and structures. Common cognitive frames serve as interpretive schemes, which are embedded in organizational structures (Bartunek, 1984; Balogun & Johnson, 2004). Strategic decisions cannot be separated from individuals' actions and their retrospective shared sensemaking because that constitutes the source of enablers, constraints and opportunities that did not exist before and independently of these actors. Weick's (1988) Sensemaking theory, which later has been extended (see: Maitlis & Christianson, 2014), encompasses at its core three constructs important to understanding the sensemaking processes: commitment, capacity and expectations. *Commitment* serves as a foundation for sensemaking by justifying retrospectively through the participation of others that actions taken are in line with the vision they are committed to. This is a critical factor for strategic change because it enables actions and serves participants to get retrospective approval, which is aligned with the underpinning assumptions about the environment. *Capacity* defines the response repertoire for actions as it rests on perceptions about the distribution of competence and control within the organizational context (Weick, 1988). Capacity determines which actions will be taken, based on the action in question being consistent with the organization's perception of having the need for competence or control in a given situation. Maitlis and Sonenshein (2010) relate capacity to shared identity, which can act as an enabler or a barrier for strategic change. That implies that a group can develop a shared identity about their own capacities to change the status quo. The third central construct of Weick's (1988) theory is *expectations*. It defines how organizational members act optimistically or pessimistically on cues they discover in their environment. Individuals might update their expectations in situ (Maitlis & Sonenshein, 2010) leading to variations across an organization which can lead to both; actions that drive organizational renewal, or disable change due to a lack of shared understanding on what is happening. As these three components of meaning in collective sensemaking are important in understanding how actions are enabled or limited. It is important to consider the roles of updating and hesitation in the process of enactment, acknowledging that sensemaking is provisional and commitment, capacity and expectations are '*just as contingent and fragile as the environments in which we construct them*' (Maitlis & Sonenshein, 2010). Considering this allows to develop alternative courses of action, experiment with them and to adopt, alter or abandon them (Locke et al., 2009). Existing research has provided us contradictory evidence on how shared cognitive frames of reference develop (e.g. Labianca et al., 2000). Bartunek (1984) found that existing shared cognitive frames are replaced by new shared cognitive frames of reference which are a synthesis of the old and new, while Newhouse and Chapman (1996) and Labianca et al. (2000) described the process as a new frame

replacing an old one. Whereas the existing theorizing on changing shared cognitive frames views the change being driven by structural changes (Bartunek, 1984; Ambos & Birkinshaw, 2010), understanding construction of shared cognitive frames as a Sensemaking effort stemming from action, Weick's (1988) theory of enacted Sensemaking is a viable mean to develop further our understanding on how shared cognitive frames of reference that guide the actions of organizational members develop.

METHODOLOGY

This study examines how strategic change befalls in organizations through the practice lens, using a constructivist research approach. Conducting collaborative research, which we define as scholarship in inter-action between scholars and management practitioners, we build on creative tensions (Schiele & Krummacker, 2011) which can enhance the quality and reciprocal creation of new knowledge emerging between cognition and action (Feldman & Orlikowski, 2011), and between theorizing and implementation. This study was conducted as a case study (Eisenhardt, 1989) in two parts, the first part begun as an intensive collaborative effort between practitioners and researchers. Phase 1 of the study begun in 2013 and lasted until the end of autumn 2015 after which the strategizing made in the focal unit was purposefully spread to other divisions of the MNC. Phase 2 of the study consists of the processes related to spreading the strategizing, which originated from the focal unit to four other business divisions, which took place in late 2015 and early 2016. The five cases this research reports on are different divisions of the same MNC. Three of the divisions are in three different Nordic countries (Alpha, Beta, Gamma) and two of the business divisions are located in Asia (Delta and Epsilon). All of the subsidiaries operate in the same industry, however, in different markets and thus their product and service portfolios differ largely, not to mention their customers and other stakeholders. The strategic change that spread through all of the five divisions originated from division Alpha (the focal division). Based on the inductive theorizing made in the first phase of the study using data from division Alpha, theoretical propositions are drawn (Eisenhardt, 1989) which are further tested in the four remaining cases (Beta, Gamma, Delta and Epsilon).

The context of the case study is the global merchant shipping industry. Over the past two decades, the global shipbuilding activity in the focal firm's markets has steadily been relocating from Europe and concentrating in East Asia, with currently South Korea being the largest producer country, followed by Japan, and China, which over the past years has been increasing its share continuously at the expense of others. In the first phase of the study, data was collected during management meetings between 2013 and 2015 in which on average five practitioners and five researchers were present. The data on these sessions consists of field notes of the five researchers based on their notes on discussions and deep observations made on real life practices. Also, eight interviews of the practitioners in the focal organization

were conducted which were recorded and transcribed; one focus group interview in the focal organization's subsidiary; and two customer interviews which were not recorded due to sensitive nature and cultural considerations. However, extensive field notes were taken by two researchers conducting these three interviews, which were compared for coherence. In addition to the interviews and management meetings, archival data of the company was gathered in order to support the collected primary data (e.g. Eisenhardt, 1989). In the second phase of the study, one of the researchers accompanied one of the managers of the focal division in "spreading the strategy seed" visits made to four different organizational divisions. In all of the five meetings, five to ten people were present of which the researcher took ethnographic field notes of. The manager of the focal division was interviewed after all the visits to the four divisions had been completed. The interview was recorded and transcribed. The analysis of the data was a cyclical and iterative process during which a narrative describing the strategizing process was built retrospectively based on the data (e.g. Halinen & Törnroos, 2005). The approach used bears resemblance to the narrative approach in that sensemaking of organizational events is considered to require retrospective and prospective thinking while attempting to depict organizational realities as accurately as possible (Weick, 1995). Furthermore, analyzing the data using a narrative was considered appropriate as explaining organizational actions and events through a narrative is a "legitimate form of explanation" (Van Maanen, 1988).

RESULTS

Strategizing bottom-up through construction of common cognitive frames

Development of a new business model which became part of Formaco's (a pseudonym) corporate strategy started as an initiative to package certain products and services together to create added value for an end-customer. The initiative, which originated from one of the managers (Thomas from this point onwards) at division Alpha, was first discussed with another manager and an engineer who together cultivated the idea further. However, at this point the idea of what they wanted to accomplish was not yet refined to the level of a new business model or new business approach. Thomas explained this by stating:

"Actually, when we started, we started because we wanted to optimize one of the processes and the decision-making of that process. Then we noticed it also had a huge impact on the earning potential of the product. That's how it [the idea of the new business approach] came about".

That is, at this stage through sharing ideas in a small team, the process of enactment started (Weick, 1988) with the members of the team negotiating what it was that they were doing, what was the purpose of their doings and

how they could move further to develop it into something that could be monetized. Also, at this stage the two managers and one engineer were not consciously creating strategy, or strategizing but post-rationalization shows this point in time was very important to the development of the new business approach which subsequently turned into corporate strategy at a later stage.

While the idea started shaping, there was no clear goal of what would come out of it. Thomas stated that at division Alpha they started developing the idea further nevertheless and that they were sure something positive would emerge from their efforts:

“I would say, in 2008 [when it all started] we didn't do so much yet because we thought that there was something, but we decided that hey let's build up one competence center and collect all the understanding in one place. So most probably that [missing] piece will be found after that when the people understand better the, really the system, from a technology point of view”.

From this stage, the self-organizing team grew with more managers and engineers joining the development team. Also, at this stage Thomas's superior had legitimized the work of the self-organizing team and their official goal became to develop a new business model based on the ideas created by the original team, to pilot it in practice and if succeeding, thinking of how it could be utilized in other parts of the organization as well. Once the team had grown, the idea of what the new business approach would look like became more and more clear. One of the managers (Nathan from this point onwards) commented on how information about the new business approach was first shared only within the self-organizing team after which the information was shared wider within the organization:

“Yes at first the only ones who knew about it [the new business approach] were the ones who were directly involved with it and the management [of the division]. When it started to look likely for new deals to be closed [using the new business approach], other parts of the organization had to become involved” (Nathan).

The discursive practices related to sharing knowledge of the new business model were developing alongside the business approach itself was constructed. Nathan highlighted this by explaining simply that: “me and [Thomas] were making these PowerPoints at first” which were creating and sharing the new vocabulary related to the new business approach which would enable development of shared frames of reference inside division Alpha.

The processes of sharing information across the organization and creating new discursive practices on the newly established business approach enabled spreading of the new cognitive frame (sensegiving) and for the cognitive frame to become shared within the organization (Sensemaking). The construction of the common cognitive frames was completed little by little expanding the group of people who knew about the new business approach and whose work was related to turning the new business approach

into an organizational reality. Through the processes of sharing knowledge, enacting on the shared knowledge and communicating, the cognitive frame of what the new business model was had developed; as a result of the iterative process. Organizational practices such as legitimization coming from higher levels of organizational hierarchy, discursive practices of organizational communication and practices of business development were turning the seed of an idea into a blossoming plant that was the new business approach. The development of new discourses was crucial as the new business approach was miles apart from the usual way of working at Alpha. While before, the discourses related to e.g. sales had been surrounded by concepts such as cost-cutting and minimizing capital expenditure, the new approach was centered around concepts such as value-in-use and operating profits (negative vs. positive connotations). At the stage when the new business model was first taken to market, it was still quite unclear how it would happen in practice; how all the parties involved in the transactions would react to the changed business approach Alpha was now offering. After the first sale had been completed using the new business approach, it seemed that in division Alpha, it was considered a major win for the company while in one of the Asian business divisions of Formaco, Epsilon, the perception of the same business case was quite contrary. "It was a complete failure", stated one of the managers in the Asian division of the MNC when he was interviewed regarding the first sales case. The disparity in the perceptions of the two business divisions' managers originated from two completely different cognitive frames on what the new business approach is versus how business is done at Formaco and what are the organizational practices related to it. This was an important finding as the conflict between the cognitive frames on how business is done at Formaco could easily be seen in how Alpha and how Epsilon perceived the same situation; two competing cognitive frames of the same thing existed.

While in division Alpha, it was clear that while closing the business deal using the new unconventional business approach, there might be some resistance from the manufacturer of the end-product. However, this would not matter to the extent that the sale should not be completed. If the sale would go through using the new business approach, this would be an extremely important milestone for the self-organized team to build legitimacy within Formaco but also to reshape the industry's thinking on how business is done. As for Epsilon, the division had not been involved in the process of developing the new business model, and subsequently their understanding of how Formaco did business was still consistent with the older cognitive framework, which was shared commonly across Formaco's divisions. Therefore, the employees at Epsilon could not comprehend how the first sale was a success as they were receiving negative feedback from the manufacturer related to the newly changes practices of Formaco. At division Alpha, while the first business case using the new business approach was perceived successful, it was clear that after the first transaction, the processes related to it would need to be refined further and the discursive practices related to made more coherent. While at this stage, it was evident that a common cognitive frame on the new business model had been

developed inside Alpha, for it to spread across Formaco's other divisions, there was more to do. On the higher hierarchical level of Formaco, piloting of the new business model had been redeemed as a successful pursuit and it was promoted from being a business approach of division Alpha into being a core part of the corporate strategy of Formaco. By giving the new business approach the status of a strategic goal, according to which all Formaco's divisions should try to adapt and attain, the bottom-up built strategy had become an organizational reality.

Based on our analysis on the development of shared cognitive frames and on how the strategizing efforts made by the self-organized team at division Alpha became a major part of Formaco corporation's strategy, we inductively theorize the following propositions:

Proposition 1: Bottom-up strategizing requires construction of shared cognitive frames, which support legitimization of strategizing efforts.

Proposition 2: Bottom-up strategizing is enabled by reconstructing and integrating discursive practices related to the new strategy across the whole organization; sensegiving and sensemaking.

Proposition 3: The processes of strategizing and theorizing are intertwined as the organizational processes of sensemaking and sensegiving, and are closely related to explaining change in an organizational setting.

The first proposition linking construction of shared cognitive frames with legitimization coming from higher in the organizational hierarchy, closely reflects on the temporal dimension of shared cognitive frames; shared cognitive frames change over time through the processes of sharing knowledge and negotiating and renegotiating the meanings of different aspects of organizational reality. The second proposition highlights discursive practices as a key element of creating cognitive frames that are shared inside an organization which, if coherent, enable creation and modification of other organizational practices that subsequently can lead to bottom-up strategizing. The third proposition reflects on the processes of theorizing about organizational reality and strategizing as being intertwined and constructed of loops iterating between action and abstract concepts in the process of developing. The propositions created in the first phase of our study are further analyzed in four other divisions of Formaco corporation; divisions Beta, Gamma, Delta and Epsilon.

Closing the strategizing loop top-down

After the new, more value-centric business approach had been validated by the top management of Formaco and placed as one of the strategic goals in the corporate strategy, what was needed was someone to visit all the different divisions to disclose the contents of the new corporate strategy. It was clear for Thomas, one of the originators of the idea that had turned into strategy that it would not be enough for different managers to read about the new strategic goal in the company newsletter but it was necessary to visit

the different divisions, talk about the new strategy with the same vocabulary used in division Alpha and thus give sense about the strategy in order to spur the sensemaking process in each of the division. *“The purpose of visiting the different divisions was really to open their eyes”* explained Thomas. The expectation was that in the first stage, sensemaking would occur in the divisions about the new strategy and after a short period of time the divisions would start to develop means to implement the strategy to their business practices.

Interestingly, in the two divisions located in Asia, the new strategy was received quite differently. At Epsilon, some of the employees had been involved in the sales process related to Alpha’s first business case utilizing the new business approach and therefore had first-hand experience about it. They were more enthusiastic about the idea, or the business concept, than the actual implementation of it, as they had to deal with the aftermath of some of the practicalities, which did not work out during the execution process of the first business case. It was evident that in Epsilon’s case, as they had been closely involved with Alpha, they understood clearly what the new business approach was about, but they had problems with how to articulate it forward to the customers. At Delta, the other business division located in Asia, the new strategy was received with open arms. *“They are going full-on with the new business approach as he’s [an expat manager] driving it heavily forward”*, had noted the researcher who had been present in the meeting where the new business approach had been discussed by Thomas and representatives of division Delta. The expat manager had been one of the originators of the whole concept of the new business approach, together with Thomas and one of the engineers at Formaco, which would explain further why the process of strategic implementation had been so rapid at division Delta. Furthermore, as the expat manager had been following so closely the development of the new business approach, it was easier for her to first fully understand the concept and secondly to help others in the division to make sense of the ideas originating from division Alpha.

At division Beta, located in one of the Nordic countries, the first impression on how they could implement the new strategy in their business was negative. The reason for the negativity was that they failed to understand how such a “simple” product that they were selling could be sold using a value-centric argument related to the new business approach. *“They thought that their product is just a compulsory part that the customer needs to buy”*, asserted Thomas. After giving the employees of Beta some illustrative examples on how their business could be repackaged using the new business approach, they changed their minds and saw the opportunities the new strategy could provide them. Beta’s case was a good example of how important it was for Thomas to visit them in person and “sell” the new strategy to them.

Alike at division Beta, at division Gamma, the discussion about the new strategy moved from initial misunderstanding about the potential use of the new business approach to excitement about the possible opportunities it could create. Division Gamma was in a Nordic country, as were divisions

Alpha and Beta. Thomas explained that the top management of the division was enthusiastic about the new strategy, yet the middle management was sceptical.

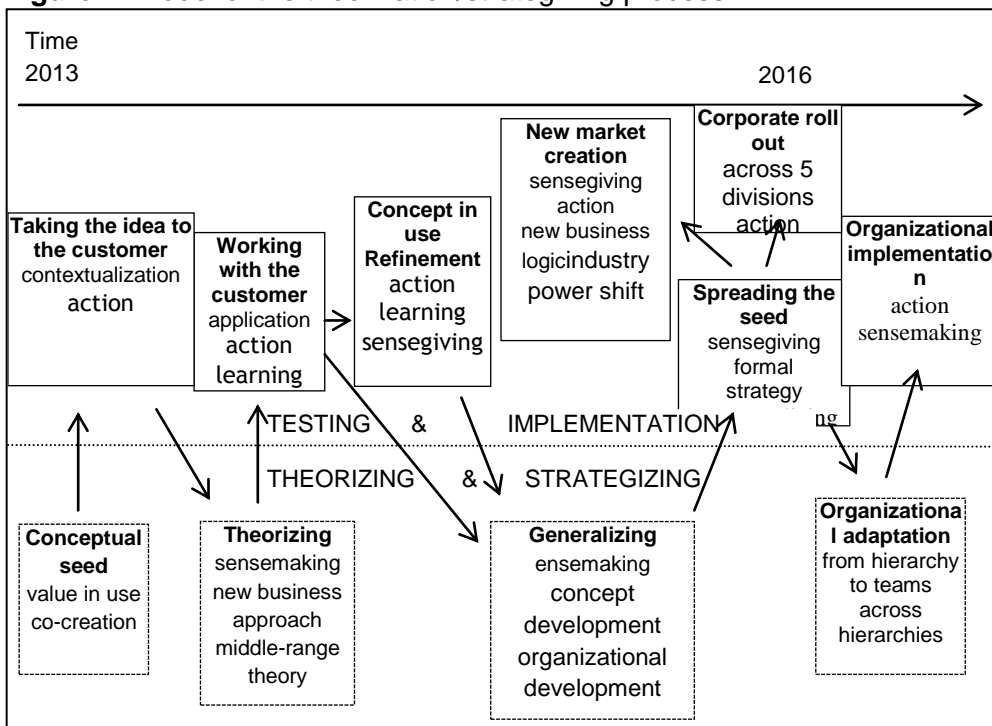
“They saw it as a trade-off if you focus on the value perspective rather than on the technical drawings etcetera which would not be delivered on time because of it...however, after a bit of bickering with them, they seemed to have a great motivation to get started with this thing” (Thomas).

Very much akin to Beta’s case, in Gamma’s case, it was crucial for spreading the new strategy across the MNC to visit the location and make sense together with key personnel about it; what this strategy means in general, what it means for us and our business and how can we implement it in practice.

DISCUSSION AND CONCLUSION

Our research shows that peripheral strategizing (Regnér, 2003) is a retrospective process of social sensemaking in which individuals in small groups gradually share views on organizational commitments, capacities and expectations (Weick, 1988). Figure 1 below visualizes the model of peripheral strategizing at Formaco.

Figure 1: Model of the theorization/strategizing process



Source: Figure 1 is derived from the data of the case study.

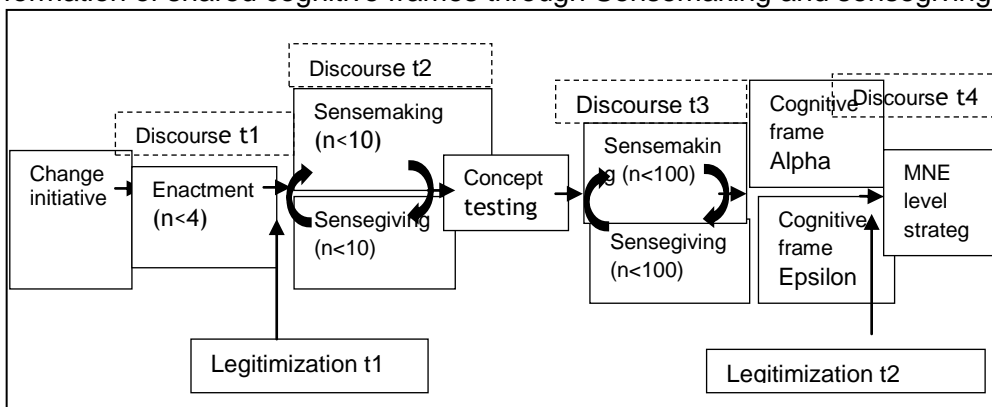
The process begun from development of the “conceptual seed” of what the goal of the company was; to start doing something in which value would be co-created with the customer. From that point, the conceptual idea was tested in practice by introducing it to a customer (action) which also gave context to the conceptualization of the initial idea (seed). That is, the small groups of organizational members were acting on their preconceptions (Weick, 1988) and their actions produced new cognitive frames while conscious strategizing produced new meanings through sensemaking. Testing the initial idea (concept) by introducing it to a customer (action) was the first loop in the concept-practice cycle. After the initial concept was discussed with a customer, it was further developed on a conceptual level through sensemaking. The further development, or theorizing through collective sensemaking, formed a new business approach from the more abstract and vague initial idea. Reformed shared cognitive frames and subsequently an enacted environment were the results of the strategizing and sensemaking processes.

Once a middle-range theory of the new business approach was enacted at Formaco, the process was again taken from the conceptual level to the practice level by working together with the customer to refine the business approach further. In practice, this meant learning more about the customer’s problems while thinking of practical applications for the new business concept. The new business concept was then tested in use, after which it was further refined as learning in the organization evolved. Through discursive practices sensegiving occurred extra- and intra-organizationally which took the process back to the conceptual level in which generalizations from the tested new business concept could be drawn. Generalization about the business concept could be developed through collective sensemaking, which again further refined the concept itself and led to a need for organizational structures to be changed to fit the new business approach; actions changing structures. Successful testing of these frames provides inputs to new actions, which spread within the unit and across divisions and firm boundaries. That is, sensegiving occurs which consequently leads to formation of formal strategy. At this stage, the business case was solid; it had been tested with the customers successfully and had thus gained attention and legitimacy from the top management of Formaco. It was embraced as part of the corporate strategy and subsequently from top-down in the organizational hierarchy; it was declared that the new strategy should be implemented in different parts of the organization. Hence, it was necessary to “spread the seed” or the message of the new business approach to other divisions which was completed through the process of sensegiving. Being part of the formal strategy of the organization gave context to the ideas the new business approach was based on. Spreading the seed through discursive practices developed earlier in the process and by renegotiating the common understanding of what building commercial vessels is about with other industry players’ led to new market creation, which subsequently modified the existing industry logic and shifted the power set-up among the players in the industry. Inside Formaco, this meant the organization adapting to the new way strategizing was accomplished; not

anymore hierarchically top-down but across teams within the organizational hierarchy. Through the change in the theory of the organization of what strategizing is, the implementation of the strategy could be completed in practice via sensemaking and taking action.

Our study shows that theory is a useful starting point for strategizing, constructing the frameworks that serve to build abstract common frames of references (cf. Lewin, 1940) which form the basis within which inductive learning takes collectively place, enabling new theorizing. The outputs of such theorizing processes form the inputs to practical propositions, which are tested by managers in the field, producing new certainties, which question assumptions of formal strategies while providing new alternatives. These gradually spread through an organization and become a formal part of strategy. By taking a strategy-as-practice view on these processes, specific attention on the practices that detail what people do to create such changes and how these changes become enacted on a wider organizational level (cf. Kobernyuk et al., 2014) can be paid and hence not solely focusing on contents of the newly formed strategy. Therefore, important contributions in understanding how organizational capabilities (e.g. Winter, 2003) are more than top management activities but deliver empirical accounts and theoretical thoughts on the agency in the web of practice (Vaara & Whittington, 2012). This research contributed to existing knowledge on strategy-as-practice by focusing on the sensemaking and sensegiving practices of middle-managers whose positions are beyond formal strategy ranks (Vaara & Whittington, 2012) in MNCs. Furthermore, legitimization and constant development of discursive practices related to change initiative were identified as mechanisms enabling bottom-up strategizing. As figure 2 below illustrates, legitimization in time point 1 enabled increasing the amount of resources allocated for the building up the strategy initiative; the number of people involved grew steadily, making the sensemaking-sensegiving loop more intricate, simultaneously gradually refining the discourse related to the strategy initiative.

Figure 2: Legitimization and discursive practices as mechanisms enabling formation of shared cognitive frames through Sensemaking and sensegiving



Source: Figure 2 is derived from the data of the case study.

Disparity in the cognitive frames of division Alpha and Epsilon created an identity crisis in a sense within the organization, which was solved by legitimizing the strategy initiative as part of corporate strategy, subsequently further developing discourse related. That is, in our research, we could capture several iterations of processes related to construction and change of cognitive frames through these processes which allow us to understand how new strategy emerges from actors' strategizing scattered across the organization and how it eventually becomes part of the formal strategy of the MNC. Interaction and recognition between top management and strategy initiators have been found in previous research as key aspects of bottom-up strategizing (Regnér, 2003). In comparison to Regnér's study (2003), external actors did not play a significant role in the strategy formation, but the strategy initiative came from inside the studied MNC.

The theoretical implications of this research suggest that first, strategizing and theorizing are similar processes. That is, deductive thinking (exploiting given knowledge) and collective reflection are shaping organizational commitments, shared capacity and identity, and form expectations (Weick, 1988; Maitlis & Sonenshein, 2010; Maitlis & Christianson, 2014) that become inputs in new actions. In line with our first and second theoretical propositions (bottom-up strategizing requires construction of shared cognitive frames which support legitimization of strategizing efforts; bottom-up strategizing is enabled by reconstructing and integrating discursive practices related to the new strategy across the whole organization; sensegiving and sensemaking), we found that new actions lead to retrospective sensemaking as a social process in which collective evaluations of previous shared cognitive frames are negotiated in the light of newly explored information (inductive thinking). These lead to the enactment of new cognitive frames, which give sense to organizational members and set in motion deductive thinking in new contexts that shape commitments, capacity/identity and expectations. Furthermore, in comparison with existing research on shared cognitive frames (Bartunek, 1984; Labianca, 2000), we find that changes in shared cognitive frames do not necessarily originate only from structural changes but can be the result of actions taken by organizational members, which then reform organizational structures. In accordance with our third theoretical proposition (the processes of strategizing and theorizing are intertwined as the organizational processes of Sensemaking and sensegiving, and are closely related to explaining change in an organizational setting), we found that strategizing as a bottom-up process is an organizational learning process, in which implementation is part of strategizing. Thus, strategy formation can be a transparent process, which is inseparably intertwined with operational action.

In terms of practical implications, our research suggests that firms can empower operation-level individuals to engage in strategizing, which strengthens their organizational commitment, structurally enables their organizational capacity and formation of organizational identity. Creating positive preconceptions lead to actions, which set in motion strategizing

processes, in which strategic propositions and implementation/testing occurs iteratively; creating formal strategies as an outcome of organizing. Furthermore, considering development of discursive practices as a mechanism for enabling change in shared cognitive frames is a valuable notion for managers in all change initiatives. Concerning limitations, this research is informed by multiple accounts of cases referring to core processes of deductive and inductive sensemaking, testing and iterating these processes in one global firm, therefore generalizability cannot be defended but transferability of key processes can be assumed (Feldman & Orlikowski, 2011) providing us with suggestions for further research. For future research, testing the propositions outlined in our paper with a larger sample could provide valuable information on bottom-up strategizing practices.

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