

Discursive Resources, the Identities of  
Top Managers and the Long Term  
Sustainability of Their Organizations

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## **Abstract**

This thesis represents an attempt to understand the dynamics of the identity work in the context of the challenges top managers have to address. Managers' discursive resources influence what they notice and also the interpretation of what is noticed. Their ability to understand and challenge their discursive resources is crucial because the persistence of categories and metaphors that depicts a globalized world where they do not have capacity to react may explain the decline of their organizations. The stories they tell ground their emotions and their identities and then they see the world and themselves through them. Hence, their discursive resources and their emotions impact on the long term survival of their organizations through the strategic exchange between top managers and organizations.

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**Modes of approach to strategic decision process and their relationship  
with effectiveness**

**DOCUMENT 1**

## **1. Introduction**

In the context of the author's work, two years ago the association of enterprises in the area of clothing and textile industries, asked the author to create a course of strategy for high and middle managers especially designed for these sectors. During the last two years the author has lectured this course several times in different cities in the north and centre of Portugal where these industrial sectors are based. The idea of the project was born from this experience as a lecturer in these courses. The author concluded that for his work with these professionals to be more effective, it would be important to know how the decision makers within these sectors approach the strategic problems.

The clothing and textile industries in the context of the Portuguese industry encompass 24.2% of the employment, 11.2% of the total revenue of the industry and 13.4% of the total exports of the country. The knowledge of the companies approach to strategic decision making and their effectiveness is important since it allows an identification of more effective modes. Based on this data it will be possible to suggest changes adapted to their operating ways. The present project was already presented to association of the sector, which expressed its interest and support to the research project.

This document charts how the research project will be developed. Firstly, it presents the personal interest of the author in the topic selected, why the issue is relevant and worthy of being studied, the main objective of the research and the project's research questions. Secondly, it gives a preliminary literature review in order to explain how the present project fits in the current scholarly debate around this issue and proposes a conceptual framework. Thirdly, it presents the rationale behind the methodology and the methodological approach that will be adopted. Fourthly, a proposal of documents 2, 3, 4, 5 and 6 are set out. Finally, ethical issues and outcomes are also set out. However, the present chart will be worked in a dynamic way because through the development of the research new information and arguments will be found and therefore some of the intentions expressed in the present document may change.

## **2. Subject and objectives**

In this section it will be explained why the approaches to strategic decision making are relevant and worthy of being investigated, the broad objective of the research project and which are the research questions.

## **2.1. Why study the approaches to strategic decision making**

The reality that the enterprises are facing is characterized by a hypercompetitive environment and this entirely new competitive landscape has changed the nature of competition and the nature of strategy (Drejer 2004, p. 509). This makes it essential (Glaister *et al.* 2006, p. 206) to understand how companies approach the strategic decision processes and what the relationships between the modes of approach and the effectiveness of the strategic decisions are.

Some argue that formal strategic planning introduces rigidity and encourages bureaucracy that are not useful in a context of environmental turbulence characterized by the impossibility of predicting demand, prices and exchange rates (Grant, 2003, p. 493). As Mintzberg points out (1994, p. 111) “formal procedures will never be able to forecast discontinuities, inform detached managers or create novel strategies”. In reality there is (Grant, 2003, p 491) “little empirical evidence of whether and how companies plan” and the research about these issues has been developed mainly in the Northern European and North American contexts (Eisenhardt 1992, p. 33). Moreover, different types of organizations have different strategic decision processes (Johnson and Scholes, 1999, p. 44). Therefore, it is important to identify the modes of approach to strategy in other settings in order to evaluate the decision making processes and their connection with performance. To the best of the knowledge of the author, the present research will be a first study in the context of the Portuguese reality with a focus on the clothing industry.

## **2.2 .Objective**

Taking into account the importance of the clothing and textile industries in Portugal, both in exports and employment, an improvement of its effectiveness will have an important impact in the Portuguese economy. Therefore, the objective of the study is to identify the modes of approach to the strategic decision process and their relationship with effectiveness within the context of enterprises of the clothing and textile sectors in Portugal.

The issues that will be studied have points in common with those presented by Glaister and Falshaw (1999), Stonehouse and Pemberton (2002), and Glaister *et al.* (2006), the first and second one developed in the context of UK firms and the last one developed in the context of Turkish firms. The companies targeted shall be medium and large companies, therefore excluding the smaller ones. The concept adopted will be the concept recommended by the European Commission that considers a small enterprise has between 10 and 49 employees

and an annual turnover not exceeding 10 million euros. (European Commission 2003, p.39). Therefore enterprises with less than 50 employees and an annual turnover of less than 10 million euros will be excluded.

### **2.3. Research questions**

Wisker (2001, p. 117) considers that one way of finding the research questions is to break down the main question into fundamental variables. The researchers can then build hypotheses based on the relationships between these variables.

The specific research questions for this project are:

1. In the context of the clothing and textile companies in Portugal, what is the role of the top management in the strategic decision processes?
2. How are strategic decisions made in the context of the clothing and textile companies in Portugal?
3. In the context of the clothing and textile companies in Portugal, why are strategic decisions made in the way they are made?
4. What are the relationships between the modes of approach and the effectiveness of the strategic decisions?

### **2.4 Significance of the study**

The textile and clothing industry, that encompass 24.2% of the employment, 11.2% of the total revenue of the industry and 13.4% of the total exports of the country, represent Portugal's largest industrial sector. In recent years, the textile and clothing industries has met several major challenges. In January 2005, the World Trade Organization Agreement on Textiles and Clothing came to an end, so that quotas restricting textile imports to the European Union were removed entirely, increasing competitive pressure from Asian producers. In order to survive, Portuguese enterprises need to adapt to these new conditions by embracing new strategies based on innovation and creativity. In this context, the knowledge of the companies approach to strategic decision making and their effectiveness, allowing an identification of more effective modes would be an important contribution for the decision makers within the sector in order to help them to win the challenges that they face. Hence, the present research project will benefit strategic decision makers within the sectors

since they will have a better understanding of the modes of approach to strategic decision making and their effectiveness.

The present research project will also benefit the association of the sector because it has a learning project with the objective of developing the strategic skills of the top and middle managers in the clothing and textile industries, and that project could improve from the analysis and conclusions of this research project. The author will benefit, firstly, because it will aid his work as a lecturer and as a consultant, secondly, because the experience of the DBA will be in itself an important opportunity to improve his professional and personal skills and finally, because he will obtain an important post graduate qualification that will have a positive influence in his career.

The present project is unique because to the best of the knowledge of the author, the present research will be a first study in the context of the Portuguese reality with a focus on the clothing industry.

### **3. Literature review**

At this section a preliminary literature review is done assessing how the present research project fits in the current academic debate and a conceptual framework is proposed.

#### **3.1. Preliminary literature review**

Strategic management literature has developed different paradigms based on different assumptions about how strategy and business decision making works. According to some authors (Stonehouse and Pemberton, 2002, p. 853) strategic management is in the early stages of development and naturally there are conflicting viewpoints on this subject. However, this does not mean that different paradigms are always mutually exclusive. McKiernan (1997, p.791) identified four different schools with different viewpoints or approaches to strategic decision making. These are:

Prescriptive, also called deliberate or planned;

Competitive positioning;

Emergent or learning;

Core competence, resource or knowledge based.

The first one, the prescriptive school or deliberate is represented by Ansoff, Chandler and Andrews (McKiernan 1997, p.792) among others. According to this school the strategic

management is highly systematic and deterministic, based on a number of sequential steps (Glaister et al. 2006, p. 208) such as goal formulation, environmental analysis, strategy formulation, implementation and control, and with a clear separation (Mintzberg 1990, p. 184) between thinking and acting. The responsibility for this process (Mintzberg 1990, p. 176) belongs mainly to the chief executive officer (CEO) and corporate planners (Porter 1987, p.19). The main critics to this school consider that this model is inappropriate in an environment characterized by turbulence and change. This rationalistic approach is identified as (Dincer et al. 2006, p. 207) being formal, top down and done by specialists.

The second school is the competitive positioning school represented by Porter which is considered (McKiernan, 1997, p. 793) as the one with greatest impact on modern strategic management. According to Porter (1987, p. 19) “strategic thinking rarely occurs spontaneously. Without formal planning systems day to day concerns tend to prevail. The future is forgotten.” Thus, the formal planning system is an instrument that provides both discipline to those who have to address the strategic issues and a tool to communicate the strategic guidelines to line managers. But in contrast to the previous approach, the competitive positioning school stresses that strategic planning (Porter 1987, p. 21) “must become the job of line managers” under the leadership of the CEO. Also this school considers that in every organization there should be a strategic plan (Porter 1987, p.21) for each business. This school emphasizes an outside in approach based on the analysis of the five forces, generic strategy model and value chain analysis. Porter (1987, p. 21) considers that a good strategic plan should have an analysis of the industry in which the firm competes, an analysis of the competitive advantage, an analysis of existing and potential competitors, an assessment of the company’ s competitive position and a selection of the strategy.

These schools, the first and the second one, are characterized by decisions and actions that are assumed as rational and deliberate. Hence, strategies are the outcome of careful objective analyses and planning (Johnson and Scholes, 1999, p. 26). Also, central to these schools is a positive relationship between strategic planning and corporate performance (Dincer *et al.* 2006, p. 208).

In contrast, the emergent or learning school represented by Mintzberg (1994), considers that strategy is a pattern in a stream of actions taken by members of an organization in an emergent, unplanned manner. This school assumes that evolution in the organizational world is similar to the natural selection model where only those that are able to adapt to the

unpredictable and complex environment can survive (McKiernan, 1997, p 792). This approach sees strategy as a creative and intuitive process rather than a systematic and rational one. As Mintzberg (1994, p. 111) points out, “strategies can develop inadvertently, without the conscious intention of senior management, often through a process of learning”. According to Mintzberg *et al.* (2003, pp. 344-345) planning does not create strategy and cognitive strategy formulation is not possible in unpredictable environments. Besides, explicit strategy makes strategic action rigid and forecloses opportunities. As Mintzberg *et al.* (2003, p. 141) said “the crafting image better captures the process by which effective strategies come to be.”

Thus, strategic formulation is developed based on the managers’ experience, their sensitivity and what they learn from daily operations (Johnson and Scholes, 1999, p. 26). If strategy should be crafted there can be no hard distinction between developing it and implementing it (Koch 2006, p. 168). In other words, as Ansoff (1991, p. 454) suggests, it is an “implicit strategy formation” where managers should allow strategy and capabilities to evolve organically, through trial and experience. Therefore, it is expected that some of the standard tools and techniques of strategic planning will not be explicitly utilized such as strengths, weakness, opportunities and threats (SWOT) analysis, Porter’s five forces industry analysis or the Boston Consulting Group (BCG) growth-share matrix (Glaister *et al.* 2006, p. 208). It is therefore an emergent and bottom up strategic decision process.

Finally, there is the core competence, resource or knowledge based approach represented by the work of Prahalad and Hamel (1990, p. 82), which is an inside out approach with emphasis on the core competences “which are the collective learning process in the organization especially how to coordinate diverse production skills and integrate multiple streams of technology”. Thus, senior management should give priority in developing a strategic architecture that establishes objectives for competence building (Hamel and Prahalad 1990, p. 89). These authors also stress the emotional and passionate dimension of strategic activity: “strategy is extraordinarily emotional and demanding. It is not a ritual a once a year exercise” (Koch 2006, p. 176).

In figure 1 a graphical image of the different approaches to strategic decision making is given according to the preliminary literature review. Thus, the prescriptive approach is characterized as being deliberate and top down. The competitive positioning is characterized as being deliberate and top down although with some participation of the line managers and also as an outside in approach. The core competence, resource or knowledge based

approach is characterized as being emergent, bottom up although with a participation of the top management in the definition of a learning strategy and is also an inside out approach. Finally the emergent or learning approach is characterized as being emergent and bottom up.

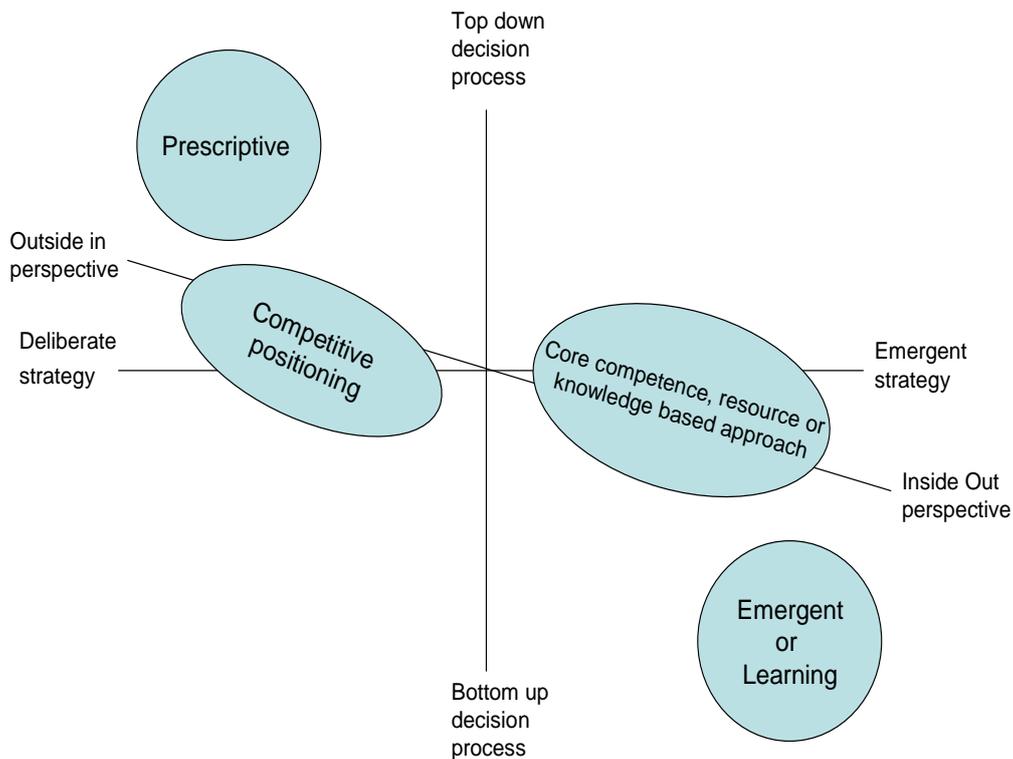


Figure 1: A graphical image of the different approaches to strategic decision making

### 3.2. Conceptual framework

The conceptual framework is the “building blocks of theory, hypotheses, explanation and prediction” (Grix 2001, p. 44). Thus, we will organize the concepts present in appendix 1 that were identified in the preliminary literature review, in a conceptual framework, which provides the interactions between these concepts according to the different strategic decisions approaches. Hence, based on these conceptual frameworks, the strategic decision processes in the enterprises of the clothing and textile sectors will be characterized.

When decisions are made within a rational strategic planning process based upon organizational objectives, environmental scanning, strategy formulation and implementation we are in the face of a prescriptive, deliberate or planned approach characterized by

decisions and actions that are assumed as rational and deliberate. In this context strategies are the outcome of careful objective analyses and planning. This rationalistic approach is characterized for being formal, top down, done by specialists and the concepts and tools used are the economic forecasting, financial budgeting, investment planning, SWOT analysis and the portfolio planning matrices such as BCG growth-share matrix (Davenport *et al.* 2006, p. 69).

When decisions are characterized as being formal, top down although with some participation of the line managers, done by specialists and with an emphasis on an outside in approach, which is based on the analysis of the five forces, generic strategy model and value chain analysis, we are in the presence of a competitive positioning approach. Those decisions are made within a rational strategic planning process based upon organizational objectives, environmental scanning, strategy formulation and implementation and the concepts and tools used are the industrial analysis based on the Porter's five forces industry model, competitor analysis and value chain analysis (Davenport *et al.* 2006, p. 69).

When the strategic decision process is characterized as being emergent, bottom up although with a participation of the top management in the definition of a learning strategy and is also an inside out approach with emphasis on the learning process we are in the presence of a core competence, resource or knowledge based approach. In this case concepts and tools used are resources analysis, core competency analysis, capability analysis, balance scorecard and the total quality management (Davenport *et al.* 2006, p. 69).

In the case that strategic decision process is emergent and bottom up and is based on the managers experience, their sensitivity and what they learn from daily operations we are in the face of an emergent or learning approach. In this case strategic decision process occur without the explicit intervention of the tools and techniques of strategic planning, such as SWOT analysis, Porter's five forces industry analysis or the BCG growth-share matrix.

#### **4. Methodological Issues**

Of major importance are methodological issues to be followed in this work, which are the assumptions that the researcher has to make as the basis for doing research. Therefore, the researcher needs, firstly, to analyse the ontological issues, which are the issues concerned with what he believes reality is, followed by the epistemological issues, which are the issues concerned with how the researcher can know reality (Hart 2005b, p. 193, p. 194).

Two major epistemological traditions are positivism and interpretivism. If we believe in objectivism (Bryman *et al.* 2007, p. 22) which is an ontological position that considers that social phenomena and their meanings have an existence that is external and independent to the individuals, then only what can be observed and measured can be considered as data. Therefore, a positivist approach should be adopted. On the contrary, if we believe in constructionism which is an ontological position that considers that social phenomena and categories are the product of social interaction, thus different social values and experiences create different realities, then, because it is important to understand the complexities of human behaviour, an interpretivist approach should be adopted (Bryman *et al.* 2007, p. 28). Thus, both the positivism research and the interpretivist research will be characterised and the approach for the proposed study will be outlined.

#### **4.1. Positivism research**

The beliefs that knowledge is objective, universal, and cumulative are some assumptions of the positivism position (Hart 2005b, p. 197). The emphasis here is in the explanation of the human behaviour through a causal logic (Bryman and Bell 2003, p. 15). The positivists believe that the world is external and objective, that the observer is independent and science is value-free. Therefore the researcher should focus on facts, look for causality and fundamental laws, reduce the phenomenon to the simplest elements, formulate hypotheses and test them through a deductive process (Hines, 2000, p. 9).

In some of the studies mentioned in the preliminary literature review such as those of Glaister and Falshaw (1999), Stonehouse and Pemberton (2002), and Glaister *et al.* (2006), the approaches adopted were positivist, based on the analysis of the tools and techniques used by the firms. The limitations of this approach are expressed by Mintzberg (1979, p. 583) when he points out, that this kind of literature of management are often a “sterile description of organizations as categories of abstract variables”.

#### **4.2. Interpretivism research**

In contrast with the positivists, interpretivists believe that the study of people and their institutions are different from that of the natural science. The function of the researcher is to understand the world and the reality that is being researched from the viewpoint of the actors. The emphasis here is in the understanding of the human behaviour rather than just explain it (Hart 2005b, p. 219). The interpretivist paradigm believes that the world is socially constructed and subjective, that the observer is part of what is being observed and science is driven by human interests. Therefore the researcher should focus on meanings in

order to understand what is happening and develop ideas through induction from data (Hines, 2000, p.9). Through this approach, the researcher is able to understand the importance of phenomena such as the impact that the personality of the CEO and their intuition plays in the decision making processes. This is in the words of Mintzberg (1979, p. 588), “the very lifeblood of the organization”. The limitation of this approach is that in being more concerned with a rich and complex description of specific cases the sample must be small and therefore the findings are less representative (Fisher 2004, p. 52).

### **4.3. Approach to the proposed study**

The present research project will be done based on the way top managers see and play their role in the context of the strategic decision process. Thus, it will be important to understand how top managers understand and make sense of their responsibilities, how that perception changes with time and experience, and the consequences that their viewpoint have in the way they act in the context of the strategic decision process. Therefore, the approach to the proposed study will be an interpretivist approach based on case studies.

## **5. Outline for documents 2, 3, 4, 5 and 6**

According to Clough and Nutbrown (2006, p. 185) all dissertations and theses contain the following elements: an introduction, a literature review, a research context, the research questions and rationale, an explanation of the research methods and methodological structures, the research action and research findings, a reflection on the study and the conclusions. The present study will encompass all these issues in documents 2, 3, 4, 5, and 6.

### **5.1. Document 2**

A literature review will be done in order to characterize the role of the top management according to the different approaches to strategic decisions processes identified in chapter 3. Therefore, the concept of strategy in the context of each approach will be characterized. Further, the role of the top management in each approach will be described, concepts will be defined and a conceptual framework will be proposed. The conceptual framework will provide focus and help to ensure that only relevant data are collected (Barnes 2002, p. 1093).

### **5.2. Document 3**

Semi-structured interviews with the top management team will be carried out in order to

understand how they make sense of strategic issues and the consequences of that evaluation on their behaviour in the context of the strategic decision processes (Bryman *et al.* 2007, p. 213). The aim is to understand the experiences, ideas and beliefs of the decision makers (Fisher 2004, p. 133). All interviews will be recorded and the transcripts will be analysed. Because the interviews will be done in each firm, supplementary data could be gathered by observation, providing additional data on the context. The analysis of the data will be done using an inductive approach based on coding techniques. Thus, a tentative explanation will be developed for each case based on the theoretical framework (Barnes 2002, p. 1095).

### **5.3. Document 4**

As Bryman *et al.* (2007, p. 626) point out, although interpretivist research is associated to qualitative interviewing, this connection is not deterministic. Therefore in document 4, a research will be made through structured interviews or self-completion questionnaires based on the way top managers see their role in the context of the strategic decision process. This will be done through the study of meanings in the form of attitude scales such as, for example, if they see themselves as strong leaders, as facilitators, as sponsors, or as bosses. The research that will be developed in document 3 will be a source of inspiration for the identification of the attitude questions. The interpretation of the data collected will remain rooted in the interpretation of meanings.

### **5.4. Document 5**

A small number of case studies will be done allowing a cross case comparative analysis of the findings in different organizational contexts. The case studies will be based on semi-structured, open ended interviews to more than one respondent in each company. The number of cases will vary between 4 and 10 cases as is suggest by Eisenhardt (1989, p. 545). The case studies will be based on data collected through interviews and field notes. The field notes are notes that are written down according to the impressions the author will have during the research process such as ideas based on cross case comparison, anecdotes and informal observations relevant to the research (Eisenhardt 1989, p. 539).

### **5.5. Document 6**

This document will review the experience of undertaking the DBA and will be based on a reflective journal where the author will register his main thoughts and experiences throughout this project. This document will be an opportunity to reflect on the learning

experience, on particular difficulties that will arise, and on the conclusions that will be reached.

## **6. Issues arising**

In this section the political and ethical issues and the outcomes of the present project will be discussed.

### **6.1. Political and ethical issues**

As was already stated in the introduction, the present project was presented to the association of the sector, and they expressed their interest and support to the research project. The author will have the support of this association in order to have access to the information required by the research. The association will also facilitate access to the companies when necessary. The association of the sector also expressed their intention to develop a strategic course specially designed for the sector, based on the conclusions that will be reached through the study. Regarding the questionnaires and interviews the responses will be voluntary and confidentiality will be guaranteed. It will also be explained what exactly will be done with the information gathered.

The author will also benefit in the research process from a personal knowledge of an important number of middle and high managers of clothing and textile companies from his experience in the last two years as lecturer of a strategic course for these sectors.

### **6.2 Outcomes**

The present research project will benefit the association of the sector, the strategic decision makers within the sectors and the author. The association of the sector will benefit because it has a learning project with the objective of developing the strategic skills of the top and middle managers in the clothing and textile industries, and that project could improve from the analysis and conclusions of this research project. Strategic decision makers within the sectors will benefit since they will have a better understanding of the modes of approach to strategic decision making and their effectiveness. As already mentioned, the author will benefit for the following reasons:

- Firstly, it will aid his work as a lecturer and as a consultant.
- Secondly, the experience of the DBA will be in itself an important opportunity to improve his professional and personal skills.
- Finally, the author will obtain an important post graduate qualification that will have a

positive influence in his career.

## **7. Appendix 1: Concepts**

### **Strategic decision**

Strategic decisions are the decisions that determine the overall direction of the firm.

### **Strategy**

Strategy deals with concerns that are central to the livelihood and survival of the entire corporation, and involves a large portion of the organizations resources, and typically addresses issues that are unusual for the organization and has repercussions for the way lower level decisions are made.

Mintzberg (2003, p. 4) defines strategy as a pattern “in a stream of actions”.

Others consider that strategy “is the direction and scope of an organization over the long term” (Johnson and Scholes 1999, p. 11).

### **Strategic management**

This concept can be defined as a framework, supported by tools and techniques, designed to assist managers of organizations in thinking, planning and acting strategically or in other words, it is the way through which managers can plan the future (Stonehouse and Pemberton 2002, p. 853). Daft (2000, p. 235) considers that “it is the set of decisions and actions used to formulate and implement strategies”. Also Dess *et al.* (2006, p. 9) considers that strategic management consist “of the analysis, decisions, and actions an organization undertakes in order to create and sustain competitive advantages.”

### **Strategic thinking**

Strategic thinking is defined as a “method for finding a vision and obtaining perpetual invigoration for that vision” (Pellegrino and Carbo 2001, p. 375). On the other hand Minzberg (1994, p. 108) considers that strategic thinking is about synthesis, intuition and creativity while Drejer (2004, p.518) considers strategic thinking as representing innovative thinking about new activities and relationships at the organizational level.

### **Strategic analysis**

It consists “of the advanced work that must be done in order to effectively formulate and implement strategies” (Dess *et al.*, 2006, p. 12).

### **Strategic learning**

Strategic learning is concerned with the processes by which organizations learn about themselves and the environment and devise long term goals with the appropriate strategies (Stonehouse and Pemberton, 2002, p. 853).

### **Strategic formulation**

This concept is concerned with how strategies are really made (Mintzberg *et al.* 2003, p. 139). Daff (2000, p. 244) defines strategy formulation as “the stage of the strategic management that involves the planning and decision making that lead to the establishment of the organization’s goals and of a specific strategic plan”. Strategic formulation is developed at several levels: at a business level, at a corporate level and at an international level (Dess, 2006, p. 14).

### **Strategic implementation**

This concept is concerned with the translation of strategy into organizational action (Johnson and Scholes 1999, p. 22). It is “the stage of strategic management that involves the use of managerial and organizational tools to direct resources toward achieving strategic outcomes” (Daff 2000, p. 244).

### **Strategic planning**

Strategic planning is the sequence of analytical and evaluative procedures to formulate an intended strategy (Johnson and Scholes, 1999, p.51). To Drejer (2004, p.518) strategic planning represents the analysis and formulation of action plans. According to Stonehouse and Pemberton (2002, p. 853) strategic planning is “the definition of broad objectives, strategies and policies of a business, driving the organization towards its vision of the future”.

### **Strategic decision effectiveness**

It is the extent to which the decision result in desired outcomes (Dean and Sharfman, 1996, p. 368)

### **Realized strategy**

Is the strategy actually being followed in practice (Johnson and Scholes, 1999, p. 49).

### **Deliberate strategy**

This concept means that strategy formation should be a controlled, conscious process of thought (Mintzberg H. 1990, p. 175).

### **Emergent strategy**

Emergent strategy means that the strategy formation is a process of conception based on trial and experience. In other words, strategy evolves organically through trial and experience (Ansoff 1991, p. 453-454).

### **Prescriptive strategic planning**

It is a planning built on a number of sequential steps, such as goal formulation, environmental analysis, strategy formulation, implementation and control. Central to this view is that there exists a positive relationship between strategic planning and corporate performance (Dincer *et al*, 2006, p.208).

### **Core competences**

The collective learning in the organization, especially how to co-ordinate diverse production skills and integrate multiple streams of technologies as formulated by Hamel and Prahalad (1990, p. 82).

### **Bounded rationality**

This concept means, according to Daft (2000, p. 274) people have the time and cognitive ability to process only a limited amount of information on which to base decisions.

### **Intuition**

Intuition is not the opposite of rationality, but on the contrary, it is based on extensive experience both in analysis and problem solving and implementation and to the extent that the lessons of experience are well founded, then so is the intuition (Isenberg 1984, p. 86). Thus, the concept means, as suggested by Daft (2000, p. 275) immediate comprehension of a decision situation based on past experience but without conscious thought.

### **Top down decision process**

According to this concept, strategy formulation and strategic decision making are centralized in the hands of the Chief Executive Officer (CEO) or the top management.

### **Bottom up decision process**

The line managers participate in the strategic decision making (Ansoff 1991, p.452).

### **Outside in perspective**

The firms positioned them within their sector where it could best defend against or influence these forces.

**Inside out perspective**

The attention goes to the analysis of the firms' resource base in order to identify the core competences which would deliver a competitive advantage (McKiernan 1996, p.793).

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**How top managers make sense of their roles in the strategic decision  
process**

**DOCUMENT 2**

## 1. Introduction

The present research project will be carried out based on the way top managers make sense of their roles in the strategic decision process. Porter *et al.* (2004, p. 71) point out, that top managers experience their jobs with an increasing sense of confusion and ambiguity. One of the reasons why top managers experience these feelings is because organizations ask them to be at the same time global and local, collaborative and to compete, to nurture people and achieve financial objectives in the short time, change the organization but maintain the order (Gosling and Mintzberg 2003, p. 55). These contradictions are well expressed by Bartlett and Ghoshal (2002, p. 35) when they point out that managers “are trying to implement third generation strategies through second generation organizations with first generation management”. This statement is a possible explanation for the sense of confusion and ambiguity that managers experience. For these authors, in today’s organizations there is a contradiction between the nature of the strategies, of the organizations and the mind set of top managers, due to drastic changes that are occurring. But the question is if these changes are in the outside world or if it is in their understanding of themselves and their relationships with the world they construct around them. My understanding is that the social world is constructed by our interpretations of what is happening which is based on implicit understandings created by our intersubjectivity, in other words through shared experiences (Hatch and Cunliffe 2006, p. 43). Therefore, organizations can be seen as social constructions, created by language and conversation through the creation of systems of shared meaning, the result of our experiences and shared history. This social construction is the result of humans’ interaction with each other in ways that produce both individual identity and experienced reality.

In relation to the methodological issues, which are the assumptions that the researcher has to make as the basis for his research, I will define my ontological perspective and then my epistemological position. The ontology is concerned with how I choose to define what is real, and epistemology is concerned with how I form knowledge and how I establish criteria for evaluating it (Hatch and Cunliffe 2006, p. 12). Because reality is socially constructed and the understanding of it is influenced by the values, the interpretations and the viewpoint of the actors and of the researcher, my ontological perspective will be constructivist. Constructivism considers that social phenomena and categories are the product of social interaction, thus different social values and experiences create different realities (Bryman and Bell 2007, p. 28). As Hatch and Cunliffe (2006, p. 11) point out, “beliefs, assumptions and knowledge of the world influence how researchers carry out their research, how leaders design and manage their organizations and how each of us relates to the world and to other

people". The interpretivist perspective assumes that knowledge is created from the point of view of individuals who live and work in a particular culture or organization through social constructions such as language and shared meanings (Rowlands 2003, p. 3). Therefore, my epistemological perspective will be interpretivist. The objective of the present research project will be to develop an understanding of the actors' definition of the situation (Poesi 2005, p. 182).

The literature review is relevant in allowing the identification of gaps and enabling the researcher to build a conceptual framework that is the expression of the researcher's understanding of the research topic (Cepeda and Martin 2005, p. 858). As Parry (2003, p. 258) points out, although the phenomenological approach assumes that the knowledge of the existing theory and literature should not be considered important until the new theory has been generated, that is not possible because the researcher cannot discard what he already know. Both inductive and deductive forms of research are pure models that do not in fact exist and there is a third one, the "abductive reasoning in which theory, data generation and data analysis are developed simultaneously in a dialectical process" (Parry 2003, p. 258). As Parry (2003, p. 258) mentioned, "the phenomenology can't take place in a vacuum and current theory must influence the development of categories". Thus, the study and understanding of the literature that will be outlined in this document will help the researcher in several ways such as to formulate questions for the interviews, increase his awareness as to what to look at, help the researcher to formulate a preliminary conceptual framework and provide concepts as a source for comparing data although the researcher must keep an open mind to new concepts that could emerge from the data (Goulding 2005, p. 296). The literature review will also provide the basis that will allow the comparison of the research results with the main theories of the area.

In chapter 2 and 3, different concepts of strategy will be explained in connection with the different approaches identified in document 1. In chapter 4, perspectives that are behind the approaches will be analyzed. In chapter 5, the roles of the top managers will be identified, in order to describe the patterns in the context of each approach. In chapter 6, concepts of effectiveness and performance will be developed and in chapter 7 research questions will be reformulated. Finally, in chapter 8 a personal reflection will be done.

## **2. Different views of strategy**

There is no consensus among researchers about the nature of strategy. As Anderson and Ovaice (2006, p. 30) observed, "strategy is one of those terms that, through its ubiquitous

usage, has become ambiguous". The subject itself is complex because strategy deals with the relations between organizations and environments which are more and more unpredictable. The unpredictability of the environment affects the substance of strategy in such a way that it becomes more unstructured and unprogrammed (Chaffee 1985, p. 89). Further, as Bartlett and Ghoshal (2002, p. 34) observed, managers outdated understanding of strategy is a major obstacle to the development and success of companies. In this chapter different concepts of strategy will be outlined in connection with the approaches identified in document 1 of this study. Therefore, the concepts of strategy as plan, strategy as position, strategy as strategic intent and strategy as a learning process will be developed.

## **2.1 Strategy as plan**

Although strategy is an expression that comes from the ancient Greeks, its application to business world was only relevant in the twentieth century. During the Second World War, the experience of allocating scarce resources across the entire war effort encouraged the mindset of using formal strategic thinking to guide management decisions (Ghemawat 2002, p. 39). The focus was on strategy as deliberate and rational, with the objective of profit maximization, and under the leadership of top management. It was influenced by notions of military leadership and therefore viewed corporations as hierarchies to be directed from the top. Andrews (1980, p. 72) defined corporate strategy as "the pattern of decisions in a company that determines and reveals its objectives, purposes, or goals, produces the policies and plans for achieving those goals, and defines the range of business the company is to pursue, the kind of economic and human organization it is or intends to be, and the nature of the economic and non economic contribution it intends to make to its shareholders, employees, customers and communities".

Planning suggests clear and articulated intentions. Leaders formulate their intentions as precisely as possible and articulate their intentions in the form of a plan, in as much detail as possible, with budgets and schedules. The key characteristic is reason, rational control, systematic analysis of competitors and markets, of company's strengths and weaknesses, the production of clear and explicit strategies (Mintzberg 1987, p. 141). Strategy in the classical planning school is seen as a rational process of analysis which is designed to achieve competitive advantage of one organization over another in the long term (Segal-Horn 2004, p. 2). The top manager is a special person who sets the direction, makes the key decisions, and energizes the troops (Senge 1990, p. 58). According to the framework proposed by Hart (1992) based on the relations between managers and the other organizational members, this way of managing corresponds to the command mode and to

the rational mode. In the command mode, strategy is a conscious and controlled process formulated at the top. In this case, strategies are fully deliberate and top managers are characterized by being strong leaders who expect others to obey like soldiers. In the rational mode the decision making process is based on a formal planning, with analyses of internal and external data, such as environmental scanning, portfolio analysis, industry and competitive analysis. The result is a detail plan that defines the product, the market, the distinctive competences and the competitive strategy. Top management has the responsibility of controlling the activities of the subordinates and assures that the implementation of the plan is effective (Hart 1992, p. 337).

One of the limitations with this approach is that often managers do not have clear and specific objectives because they live in a world that is ambiguous. If managers decide not to take decisions until goals are carefully defined, then organizations would be paralyzed (Klein and Weick 2000, p. 17). Mintzberg (1987) has criticized heavily this school considering that this approach sees strategy as an analytic process when the process of strategic creation is mainly a process of syntheses. As Mintzberg (1987, p. 148) points out, “show me managers who think they can rely on formal planning to create their strategies, and I will show you managers who lack intimate knowledge of their businesses or the creativity to do something with it”. In the same line, Hamel (1996, p. 71) considers that strategic planning is not strategy. As he points out, planning is about programming which is a function of technocrats and strategy is about discovering which is for dreamers (Hamel 1996, p. 71). The recent development in the understanding of the human brain supports the concept of strategy creation as a process of syntheses instead of a process of analysis. As Ingham (2007, p. 221) wrote, creative thinking can supply ideas and insights that rational and logical thinking can not provide. Creative thinking is associated with the right side of the brain characterized by the intuitive, imaginative, holistic and visual dimensions (Ingham 2007, p. 221). The left side of the brain, on the contrary, is characterized by the rational, logical, linear dimension of thinking. If strategy is concerned with the capacity of being different, having a holistic view and visualizing the future, then the capacity to do it lies mainly in the right side of the brain.

Grant (2003, p. 491) developed a research where he considered that views of the demise of strategic planning are greatly exaggerated. He developed his research within eight international oil corporations that agreed to participate. The research was done through a comparative case study approach, with interviews with the head of the corporate planning group and with the manager with the responsibility for the administration and support of the strategic planning process (Grant 2003, p. 496). The interviews were conducted between

1996 and 1997 and covered the planning process, the structure and role of the corporate strategic planning department, the role of the strategic planning process and the link between the strategic planning and other systems of decision making. He reached the conclusion that the critics made by Mintzberg (1987) had “little resemblance to the realities of strategic planning as pursued by large companies during the late 1990s”. The author described the strategic planning systems of international oil corporations as “processes of planned emergence” where the primary direction was bottom up, from business units to the corporate headquarters. The business managers had substantial autonomy and flexibility in strategic making. The planning system at the corporate level established guidelines and constrains through vision and mission statements, corporate initiatives and performance expectations. For Grant (2003), strategic planning still played a central role in the management systems of large companies although they had become more decentralized, with less staff and more informal. The strategic plans had become shorter, more goal focused and less detailed. As Grant (2003, p. 515) wrote, “strategic planning had become less about strategic decision making and more a mechanism for coordination and performance managing”.

Another reserve that plans arise is that they create the illusion that the world will evolve as expected. Because plans are built based on expectations, those expectations influence what people see. Therefore, when people impose their expectations on unpredictable environments, what happens is that they see the picture that confirms what they expect to see and through this way reduce the number of things people notice (Weick and Sutcliffe 2007, p. 66).

## **2.2 Strategy as position**

Although being different from strategy as plan, strategy as position has the same rational roots. Porter (1996, p. 61) began his analysis of the concept of strategy, by making a distinction between operational effectiveness and strategy. Effectiveness is about doing similar activities better than the competition and in contrast, strategy is about performing different activities or performing similar activities in a different way. Constant improvement in operational effectiveness is necessary to achieve superior profitability but is not sufficient. The reason way operational effectiveness is not enough to achieve superior profitability is the rapid diffusion of best practices and therefore the competitive convergence. Companies based their strategies on benchmarking and because of that, their activities become more generic and similar. Hence, operational improvements are not a sustainable base for long term profitability because operational effectiveness is “zero sum competition” (Porter 1996,

p. 44). Thus, the main challenge is to distinguish between operational effectiveness and strategy.

According to the author, strategy is about choosing deliberately different activities to deliver a unique mix of values. Further, a strategic positioning is not sustainable unless trade offs are made, because not all the activities are compatible. Hence, strategy is about combining activities that fit together (Porter 1996, p. 51). Therefore, for Porter (1996, p. 48), “strategy is the creation of a unique and valuable position, involving a different set of activities”. For an organization to have a strategy, it is necessary to choose what not to do, because in order that a position is considered a sustainable advantage, trade offs must be made between incompatible activities. Further, it is necessary to combine activities because competitive advantage comes from synergy between activities where the whole, the “activity systems”, are bigger than the sum of the parts (Porter 1996, p. 53).

In this perspective, the main job of a leader is to provide discipline to sustain a unique position over time. For this, top management has to define and communicate the company's unique position, making the necessary trade offs, and forging a fit among activities. The leader must provide the discipline to decide which industry changes and which customers' needs the company will satisfy, while avoiding organizational distractions and maintaining the company's distinctiveness. This function must be assumed by top managers because lower levels managers lack the perspective and the confidence to maintain a strategy. There will be constant pressures to compromise and relax tradeoffs. Therefore, the leader has the responsibility to teach others and ensure that everybody in the organization knows and understands the organization's strategy (Porter 1996 p. 78). Thus, strategy requires constant discipline and clear communication. This perspective of the functions of senior managers is identical to the rational mode proposed by Hart (1992, p. 337) where top management has the responsibility of controlling the activities of subordinates to make sure that the implementation of the plan is effective. This perspective is focused on issues such as business units, industry structure, competitive dynamics and vertical integration. There is no attention to managers because they were seen as capable of arriving at the right strategic decision. In this perspective the point of view of the members of the organizations plays no part in the environment and the organization as such. And yet we know that expectations are important in the way we see the environment, ourselves and the organization. We know that they are a construction based on shared beliefs among a group.

### **2.3 Strategy as strategic intent**

Since the first oil price shock in 1974, many managers lost faith in long term predictions and turned to short term, open and flexible approaches to strategy, such as the logical incrementalism, where decisions were developed based on trial and error (Ingham 2007, p. 32). In the logical incrementalism, executives were able to predict the broad direction but not the precise strategy that would be implemented. Therefore, top managers allow details emerge over time. Thus, rather than seeking to be comprehensive, top managers tried to create a broad sense of direction through vision and corporate values (Hart 1992, p. 329). In the 1990s, the emphasis changed from the external competitive environment to the internal analysis of the firm as the basis for building strategies and finding sources of competitive advantage. These sources of competitive advantage arise from interests and passions inside the company rather than from concepts of best practices of the sector (Gratton 2007, p. 17). These resources, in order to sustain a competitive advantage, needed to be valuable, unique or at least rare so that they cannot easily be imitated. In the words of Gratton (2007, p. 17), these resources should be so idiosyncratic and part of the organizational heritage that they should be difficult to replicate. The main assumption is the concept that when the customer preferences are volatile, the identity of customers is changing, the external environment unpredictable, the firm's own resources and capabilities are a more stable basis on which to define its identity. Therefore, instead of defining a business based on customer's identity and their needs, they proposed to define the business of a firm in terms of what the organization is capable of doing. There is a key distinction between resources and capabilities. Resources are inputs into the production process such as financial, physical, human, technological, reputation, and organizational resources. Capabilities are the capacity of a team of resources to perform some task or activity. Thus, resources are the source of a firm's capability and capabilities are the source of its competitive advantage.

Hamel and Prahalad (2004) tried to understand why some companies were able to create new forms of competitive advantage, while others watch and follow. They applied the concept of genetic heritage to organizations and they concluded that the mind set of the members of an organization, which is their understanding of what that organization is about and what are the main features of their industry, influences the weaknesses of a company (Hamel and Prahalad 2004, p. 30). The consequences of the mind sets are visible in the managers understanding of what strategy means, in their choice of competitive strategies, and in the way they hold themselves as managers, including their relationship with subordinates. Therefore, the managers' mind set frames a company's approach to competition and thus determines competitive outcomes. Just as the survival of biological

species depends on genetic variety, so it is with companies. Thus, competitiveness depends on managers' ability to challenge their managerial frames. But because managers have studied in the same universities, worked with the same consulting firms, read the same journals, they are unable to challenge their mind sets. Today, competition is not only product versus product and company versus company but is also managerial frame versus managerial frame (Hamel and Prahalad 2004, p. 30).

Another important concept is the idea of stretch or misfit between resources and aspirations. This notion of "strategy as stretch" is completely different of the concept of strategy as a plan or as a pattern in a stream of actions. This concept is based on the idea that companies that outperform are characterized by having objectives disproportionate to the resources and capabilities of the organization. Instead of a fit, there is a misfit between resources and opportunities (Hamel and Prahalad 2005, p. 153). Therefore, the concept of strategic intent is concerned with the creation of a misfit between resources and objectives so that the organization can be challenged. The creation of this misfit is the most important task senior management have according to Hamel and Prahalad (2004, p. 32). Core competences are seen as the elements of collective learning which exist in an organization about how to coordinate diverse production skills and integrate multiple streams of technology. The organization itself is seen as a portfolio of these competences instead of a group of business units. As Hamel (1996) points out, it is necessarily to look the world through new lens to discover opportunities. The new lens, the new perspective is viewing corporations as "a bundle of core competencies rather than a collection of business units" (Hamel 1996, p. 79). Finally, the strategic architecture is the definition of which competences is necessary to build and how. The aim is to mobilize the skills and energy of all the employees of an organization, create conditions that allow ideas and information to be developed and move from bottom to the top and vice versa, in a constant dialogue to improve innovation and flexibility. Therefore, the style of management is participative and employees are empowered rather than obedient people.

This description of the functions of senior managers has points in common with the symbolic mode and the transactive mode suggested by Hart (1992, p. 337). In the symbolic mode, top management creates an emotional vision and a strong corporate culture. They act as coaches with the aim of motivating and inspiring the other members of the organization to act as a team. As Hart (1992) suggested, the image of top management in the symbolic mode is similar to a coach in athletics. On the other hand, the transactive mode is based on continuous learning in a process where organizational members are involved in the strategic

formation process and top managers act as facilitators. In the worlds of Hamel (1996, p. 81), it “is the CEO’s responsibility to stay close enough to the organization’s learning process so that he or she can share employees’ insights and understand their emerging convictions”. The organization is structured as a team and the role of top management is mainly to design effective organizational systems and processes. Strategy is therefore based on an iterative dialogue with key stakeholders that allow feedback and learning. As Hamel points out, senior managers do not have the monopoly of imagination. Often, the thinkers’ lies in the bottom of the organization and managers have to understand and endorse their new ideas because they have the capacity to allocate resources. Therefore, top down or bottom up strategic decision processes is not acceptable alternatives, because the first one achieves unity of purpose but not diversity of perspective and the second one achieves diversity of perspective but not unity of purpose. It is necessarily to bring both, the top and the bottom, to the strategic decision process to achieve at the same time unity of purpose and diversity of perspective (Hamel 1996, p. 80).

#### **2.4 Crafting strategy: strategy as a learning process**

Strategy as a learning process considers that strategies are emergent and, strategists can be found throughout the organizations (Mintzberg and Lambel 1999, p. 24). It is not a mechanic process but on the contrary, is a process developed through experience and commitment, where formulation and implementation are mixed. This perspective challenges the rational assumptions considering that today’s environment is so unpredictable and complex that organizations are forced to adapt and survive through an incremental process of evolutionary adjustments (McKiernan 1997, p. 792). Strategy is therefore an organic, unsystematic and informal process (Grant 2003, p. 494). While in the planning strategy people think in order to act, in the emergent strategy people act in order to think, in a process that is not deterministic and, on the contrary is evolutionary. This process cannot be top down because no one, including the CEO, can see the whole picture of his activity (Ingham 2007, p. 49). As Mintzberg (1987, p. 147) points out, the strategist is someone with the ability to recognize patterns, a learner, who manages a process where strategies are both emergent and deliberate, who are involved and in touch with the organization and the industry. For Mintzberg and Waters (1985), top management is not out of control. However, they are open, flexible and willing to learn. Therefore, the function of top management is to design the system that allows others the flexibility to develop patterns within it (Mintzberg and Waters 1985, p. 271).

According to Sense (1990, p. 59), in a learning organization, leader’s roles are different from

that of the charismatic decision maker. They are organizational designers, teachers, and stewards and these roles require new skills such as the ability to build a shared vision, to challenge mental models, and to developed systemic modes of thinking. The shared vision in contrast with reality induces a creative tension that frees the energy for change (Senge 1990, p. 59). The role of a leader as an organizational designer involves three levels. The first level is about the definition of the organization's purpose, the shared vision, and core values. The second level is about the definition of policies, strategies and structures. The third level is about the design of the learning processes to build a learning organization (Senge 1990, p. 60). As a teacher, the leader should help people in the organization "to gain more insightful views of current reality" which must be accomplished based on the attention to people's mental models and their assumptions about how the world works. This is difficult because working with mental models and assumptions is about working with a hidden reality that exists in a tacit way and is difficult to notice. Hence, the work of a leader as a teacher is about helping people to restructure their views of reality, identifying the underlying causes and therefore, finding new frontiers for the future. This becomes possible if instead of focusing attention on sort term events, top managers focus their attention on systemic structures which are the causes of the patterns of behaviour (Senge 1990, p. 62). The role of a leader as a steward is about the leader as a servant of the people he or she leads.

This view of the role of a top manager as a teacher and as a steward coincides with the transactive mode and the generative mode suggested by Hart (1992, p. 337). The transactive mode, as was already mentioned, is a mode where managers act as facilitators and the other members of the organization are involved in the strategic formation process through a process of continuous learning. The organization sees itself as a team and the strategy process is based on dialogue with key stakeholders that allow feedback and learning. Finally, in the generative mode strategy emerged from autonomous behaviour of organizational members. These organizations work as entrepreneurial firms where strategy emerges from the employee initiative. Thus, top managers act as sponsors, encouraging experimentation from the members of the organization and supporting the patterns of high potential that have emerged from the bottom (Hart 1992, p. 339).

The view of strategy as a strategic intent and as a learning process means that strategy is based on the importance of people. People are the key strategic resource and strategy must be built on a human resource foundation. Hierarchy must be replaced by networks, control by coaching and bureaucracy by flexible processes in order to find more dynamic and sustainable advantages. Hence, top managers' key responsibility is no longer the prudent

use of financial resources as the critical strategic resource but instead human resources issues must become the top strategic priority. This has important consequences in several dimensions including in the way the value created should be distributed. If the main strategic resource are knowledgeable people therefore companies cannot continue to assume that shareholders as contributors of capital have the primary claim. Another consequence is that knowledge and expertise cannot be accumulated at the top but instead individual expertise and initiative through out all the organization must be encouraged and nurtured. As Bartlett and Ghoshal (2002, p. 34) point out, the information based knowledge economy requires speed, flexibility and self renewal. Skilled and motivated people are the key strategic resource of companies that wish to succeed and strategy must be built on a human resource foundation.

Figure 1, is a graphical representation proposed by the author that represents the different views of strategy explained in this section according to their positioning in terms of being developed by whom and in terms of being deliberate or emergent. Therefore, strategy as plan is characterized as being deliberate and top down. Strategy as position is characterized as being deliberate and top down although with some participation of the line managers and also as an outside in approach. Strategy as strategic intent is characterized as being emergent, bottom up although with a participation of the top management in the definition of a learning strategy and is also an inside out approach. Finally, strategy as a learning process is characterized as being emergent and bottom up.

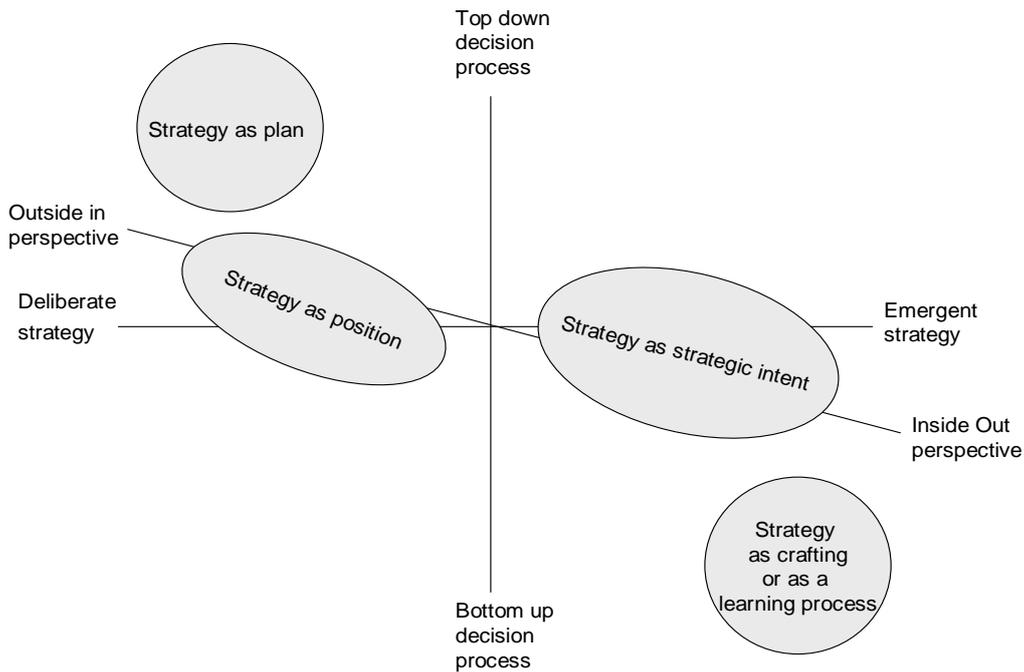


Figure 1: A graphical image proposed by the author of the different views of strategy applied to the conceptual framework proposed on doc. 1.

### 3. Other views of strategy

Mintzberg and Waters (1985, p. 272) proposed a definition of strategy as a “pattern in a stream of actions”, based on the idea that if strategies can be intended as general plans, they are also realized strategies and sometimes the realized strategy is not the deliberate one. The pattern is an expression of consistence of behaviour which could be intended or not. Thus, it is possible to distinguish between intended strategy, deliberate strategy and realized strategy. Intended strategies are the ones that were created through a general plan. Realized strategies are the strategies that happened in practice. Deliberate strategies are those where previously there was an intended strategy, and emergent strategies are those where patterns developed without previous intentions. As a pattern, this concept is based on action, on behaviour and consistence. However, as Mintzberg (1987) points out, all strategies are both emergent and deliberate. A purely deliberate strategy would prevent learning and a purely emergent strategy would prevent control. Therefore, effective strategies must encompass both learning and control characteristics, both emergent and deliberate dimensions (Mintzberg 1987, p. 144). Thus, the fundamental difference between deliberate and emergent strategy is that whereas the deliberate focus on direction and

control, the emergent focus on learning.

Mintzberg and Waters (1985) developed the following framework through these concepts. A pure deliberate strategy happens when the realized strategy is formed exactly as intended. In this case three conditions have to be satisfied. First, there must exist precise intentions in the organization and there can be no doubt about what is desired before any action is taken. Second, because organizations encompass the activities of several people and teams, the intentions must be common to all actors. Third, these collective intentions must be realized as intended, which means the environment must be predictable. The perfectly emergent strategy develops when there is consistency in action over time without intentions (Mintzberg and Waters 1985, p. 258). The planned strategy is characterized by clear and articulated intentions formulated in a precise way through a plan with budgets and schedules. Then, the organization develops the implementation based on the plan. In this case, the environment is predictable. The entrepreneurial strategy develops when one individual is able to impose his vision and that vision gives consistency to actions. These strategies are common in small or young organizations where personal control is feasible.

When members of an organization share a vision that is so strong that they pursue it as an ideology we are in the face of an ideological strategy. In this kind of strategies, the environment will not be able to impose change because the purpose of ideology is to change the environment. Hence, ideological strategy is deliberate. In contrast, when the environment is complex and unpredictable, top managers may design strategy guidelines letting their collaborators decide within them. In this case we are in the face of umbrella strategies which are strategies that are allowed to emerge within these boundaries. Because in the umbrella strategy top managers define the general direction, their function is to monitor whether or not the boundaries established are being respected (Mintzberg and Waters 1985, p. 262). Therefore, it is a deliberate emergent strategy. As Mintzberg and Waters (1985) observed, all real world strategies have umbrella characteristics. The process strategy has in common with the umbrella strategy a complex, unpredictable and, uncontrollable environment. However, the leadership instead of trying to control the strategy content through boundaries exercises his control through the process of strategic making. Therefore, top management designs a system that allows others the flexibility to develop the content within the system. The result is a strategic decision making that is deliberate and also emergent.

Research that was undertaken by Barnes (2002) and by Bourgeois and Eisenhardt (1988) supports this idea that strategic decision making is both deliberate and emergent. Barnes

developed a six case study research between 1995 and 1999, which encompassed the study of small manufacturing companies in the UK, with a sales turnover between £0.4m and £12m and several areas of activity from food products to electronic components. The author concluded that strategy is formed through a complex process that involves a combination of deliberate and emergent actions and decisions. As Barnes (2002, p. 1090) observed “the interpretative processes of managers, individually and collectively, under the influence of individual, managerial, cultural and political factors, significantly affect the manufacturing strategy formation process”. With similar conclusions were the four case study research developed by Bourgeois and Eisenhardt (1988). The perspective of this research was positivist based on prepositions for testing. It addressed the question of how executives make strategic decisions in the context of high velocity environments. Strategic decision making in this environment is difficult and firms must be able to do fast, innovative and high quality decisions.

As Bourgeois and Eisenhardt (1988, p. 817) observed, “strategic decision making is problematic in this kind of environment not only because change is so dramatic, but also because it is difficult to predict the significance of a change as it is accruing”. The research was done through extensive interviews and observation of decision making meetings. The questions were about facts and events rather than managers’ interpretations. They obtained qualitative and quantitative data from each executive, including descriptions of their interactions with their colleagues, descriptions of decision making sessions in terms of climate, conflicts and consensus in order to assess the top management team culture (Bourgeois and Eisenhardt 1988, p. 819). They concluded that strategic decisions were made carefully and quickly, that they seek risk and innovation but also a safe execution through incremental implementation. Thus, the strategic decision process is developed through small and adaptive steps rather than comprehensive and large options (Bourgeois and Eisenhardt 1988, p. 817).

The unconnected strategy occurs when part of an organization, one division or a single individual, is able to realize its own pattern in a stream of actions. Unconnected strategies appear in organizations of experts with considerable control of their own work. The consensus strategy develops when different actors naturally converge on the same pattern without the need for any central direction or control. It is different from the ideological strategy because here there is no previous system of beliefs. The consensus grows based on mutual adjustments among different actors, as they learn from each other. Therefore, a common and probably unexpected pattern develops in an emergent way (Mintzberg and

Waters 1985, p. 265). In the consensus and in unconnected strategies, strategy emerges as a result of organized anarchy (Hart 1992, p. 329). Finally, the imposed strategies appear when they are imposed from outside. This means that the environment forces the organization into a pattern in a stream of actions without any central control.

Eisenhardt (1999) has a different concept that is similar to the concept of process strategy identified by Mintzberg and Waters (1985), where top management designed the system that allows others the flexibility to develop the content within. The research projects developed by Eisenhardt (1999) were mainly in the context of rapidly changing markets where the ability to make fast, widely supported, and high-quality strategic decisions on a frequent basis are the main challenges managers face. She based her approach on two main ideas. Firstly, the idea that strategy is based on a continuing flow of temporary competitive advantages and, secondly on the concept of collective intuition, which is built from real time information about markets and about internal and external operations, allowing strategic decision makers to decide and move quickly (Eisenhardt 1999, p. 66). She concluded that managers, to be able to made effective strategic decisions, have to hold regular scheduled meetings that allow them the possibility of sharing information and building collective intuition. These meetings also allow the possibility of intense interaction between managers where they have the opportunity to know each other well. That familiarity and friendship make dialog easier because people are less constrained and more willing to express their views. They also rely on real time information about internal and external operations instead of accounting information and predictions of the future. They prefer internal operating information and key operating performance measures such as inventory speed, cash flow, average selling price, performance against sales goals, manufacturing production, or gross margins by product and geographic region. They also use other sources of information such as innovation related metrics about sales from new products, time related metrics such as trends in average sales size per transaction, number of new product introductions per quarter, and duration metrics such as how much time is necessary to launch a product globally. They also check external information through top management team members about new products from competitors, competition at key accounts, technical developments within the industry and industry gossip (Eisenhardt 1999, p. 67). Thus, the strategy is created through collective intuition that allows top management teams to evaluate threats and opportunities sooner and more accurately. In this process, the conflict is stimulated in order to improve the quality of strategic thinking.

Figure 2, is a graphical image proposed by the author that represents the several concepts

of strategy explained in this section according to their positioning in terms of being developed by whom and in terms of being deliberate or emergent. Thus, the planned strategy is characterized as being deliberate and top down. The entrepreneurial strategy is characterized as being emergent and top down. The unconnected strategies, the imposed strategies and the consensus strategies are characterized as being emergent and bottom up. The ideological strategy is characterized as being deliberate and bottom up and the process and umbrella strategies are characterized as being at the same time deliberate and emergent and with the participation of both the top managers and the line managers.

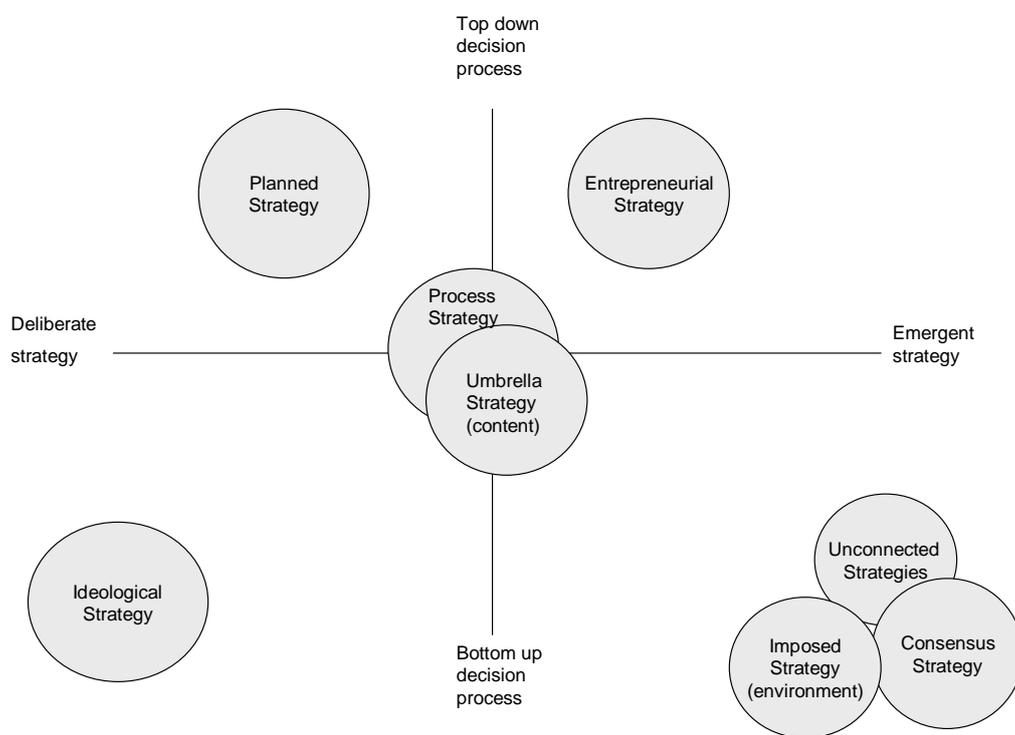


Figure 2: A graphical image proposed by the author of the Mintzberg and Waters framework applied to the conceptual framework.

#### 4. Assumptions

In this chapter, different perspectives that are behind the approaches that were already outlined will be analyzed. As Simon (1985, p. 293) said, nothing is more fundamental in setting our research agenda and informing our research methods than our view of the nature of human beings whose behaviour we are studying. Thus, the rational, the behavioral and the interpretative perspective will be explained.

## 4.1 Rational perspective

The rational perspective states that strategic decision processes are based on comprehensive and exhaustive analysis prior to decision encompassing several stages (Hart 1992, p. 328). First stage, identify a problem or an opportunity; second stage, collect information; third stage, develop an array of options; fourth stage, value the options through cost benefits analysis; and finally select the option with greatest utility (Baum and Wally 2003, p. 1109). This perspective assumes that through a logical and linear process of analysis and planning it is possible to identify the best strategy. As was already mentioned, it is represented by authors such as Andrews, and Chandler in the 1960s and Porter in the 1980s (Ghemawat 2002, p. 54). The majority of researchers in this area consider that strategic decisions are made intentionally, that they exist as such, and that they are implemented ((Hendry 2000, p. 958). There is a clear separation between thinking and doing (Mintzberg 1994, p. 107). In the same line, Eisenhardt and Zbaracki (1992, p. 18) consider that managers have objectives that allow them to value the consequences of their actions and based on that, managers gather information, develop alternative possible actions and then select the most appropriate one. Decisions are not always completely rational because, as Simon (1985) expressed through the concept of bounded rationality in the 1950s, managers are under such pressure that some times they are unable to process in a deliberate and comprehensive way all the information. However, when such a situation occurs, for the rational perspective it does not compromise the essential rationality of the strategic decision process as a whole. The image of managers as rational and analytical planners has its roots in the teachings of Henri Fayol<sup>1</sup> and this perspective does not question the status of the manager as a decision maker. Ontologically, it represents a positivist view of the world where decisions are unproblematic, are intentionally made, exist and are implemented. As Ghoshal (2005, p. 82) points out, most of the authors develop their work based on the assumption of people as rational and motivated by self interested maximization, the “homo economics”. This is a view of management as a controlled and predetermined activity, a view of organizations as neutral, technical and instrumental systems designed to convert inputs into outputs, and a view of strategy conceived as the determination of the objectives and the selection of means to achieve them (Shrivastava 1986, p. 371).

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<sup>1</sup> Henry Fayol (1841-1925) was an engineer and manager in the mining industry, and in his book, “General and Industrial Management”, first published in 1919, he presented what he believed to be the universal principles for the rational administration of organizational activities (Hatch and Cunliffe 2006, p. 34).

Mintzberg (1994) argued that this perspective is based on false assumptions or fallacies. The first one is the fallacy of prediction because the world changes continually while the plan is developed. Further, the instability and turbulence of today's environment compromises the level of predictability and increases uncertainty. The second fallacy is the idea that strategists can be detached from the subjects of the strategies because those who are able to develop strategies must fully understand the reality of the activity. As Mintzberg (1994, p. 111) observed "real strategists get their hands dirty digging for ideas and real strategies are built from the occasional nuggets they uncover". The third fallacy is the fallacy of formalization because formal and mechanical systems prevent learning (Mintzberg 1994, p. 111).

Management as other human activities must have space for improvisation in order to deal with the unexpected and unforeseen. As Weick observed (2000, p. 17) skilled executives are the ones who take action and redefine goals as they go along when the goals are vague. Research, as Watson (2001, p. 36) points out, does not show a picture of a manager who controls but instead a picture of a man who depends on others with whom he has to create relationships and "learn how to trade, bargain and compromise". Research also illustrates that the making of decisions is not a central part of the manager's schedule but as Laroche (1995, p. 65) points out, the identification of managers as decision makers is not neutral because it gives managers an important symbolic weight. With a similar view, Shrivastava (1986, p. 372), argued that this perspective with a focus mainly on the technical and material dimensions, ignoring social and cultural aspects, "is in the narrow sectional interest of those stakeholders who benefit most from such attention – top management".

#### **4.2 Behavioral perspective**

As already mentioned, managers have cognitive limits that determine them to accept simplified models of reality and choose the first satisfactory solution and outcome. Therefore, this reality compromises the rational view of the strategic decision process. In the words of Laroche (1995, p. 65) "decision-making is the emerging part of an iceberg of unreflective action". For the behavioral perspective, the focus of the rational perspective on the decision is a distraction that diverts attention from action and as decisions as commonly understood are rarely decisive (Hendry 2000, p. 960). The behavioural perspective tries to understand how strategy really works and has an approach that is not linear and where strategy is characterized as an emergent phenomenon rather than a planned one (Hendry 2000, p. 956). Ghoshal (2005, p. 82) believes that human behaviour can be shaped by factors other than conscious and rational self interest, researchers have increasingly adopted the notion

of behaviour as being their foundational assumption. Organizations should be seen essentially as generators of action. Decisions are an “artificial construct” that gets in the way of researchers understanding of action” and in order to avoid such a bias they do research without the concept of decision (Laroche 1995, p. 68). As Mintzberg (1990, p. 163) points out, if we ask managers what they do, they will tell us, according to the definition of Henry Fayol, that they plan, organize, coordinate and control. But if we observe them we will find out that they do not follow these activities. According to Johnson *et al.* ( 2003, p. 11), this perspective has opened up the “black box of the organization”, has humanized the strategic research, describing the real features of strategic actions made by human beings through small sample in-depth studies.

There are four myths about the manager’s job according to Mintzberg (1994). The first one is that they are reflective, systematic and planners. The second one is that effective managers have no regular duties. The third one is that top managers need structure information based on management information systems. Finally, the fourth one is that management is a science and a profession. The reality is completely different. Their duties are characterized by brevity, variety and fragmentation, they perform a lot of duties such as ritual ceremonies and negotiations, and they prefer information based on telephone calls and meetings instead of information based on documents. Mintzberg (1994, p. 112) observed, “because of their time pressures, managers tend to favor action over reflection and the oral over the written”. Although Mintzberg (1994) has considered that we think in order to act and we act in order to think, this perspective is partial because they do not include in their research strategic decisions. Laroche (1995, p. 68) pointed out that if senior managers believe that strategic decisions are important and if they build their pictures of organizational life around such decisions, these decisions need somehow to be incorporated in our theorizing and research.

#### **4.3 Interpretative perspective**

Laroche (1995) considers that because managers see themselves as decision makers and that decisions exist in the eyes of managers, decisions are important in the context of the organization process. In the same line, Weick (2000, p. 16) points out that “for an executive, decision making comes with the territory”. Decisions are “forms of common sense, socially built and socially shared, allowing managers to behave as managers in their professional organizational context” (Laroche 1995, p. 63). In this sense, decisions are self prophecies which enable managers to play their role as actors and also enable organizational members to make sense of what is happening around them. Therefore, decisions should be conceptualized as a phenomenon of social representation which are “modes of practical

thinking oriented towards communication, understanding, and the mastering of the social, material and ideal environment” (Laroche 1995, p. 68).

This perspective conceptualizes strategic decision as a process of retrospective rationalization, legitimation or sensemaking (Hendry 2000, p. 956). Sensemaking means literally the making of sense and in the words of Weick *et al.* (2005, p. 409) “involves the ongoing retrospective development of plausible images that rationalized what people are doing” and it is a search for meaning as a way of dealing with uncertain and unexpected situations. It is the process of structuring the unknown. When people face unexpected and different situations, they make attempts to sensemaking, trying to find reasons from frameworks such as plans, expectations, justifications, or traditions. As Weick *et al.* (2005, p. 410) points out, when people in the context of an experience ask “what’s the story here”, this question brings events into existence and when people add the question “therefore, what should I do”, this question brings meanings into existence. The meanings give them the confidence to act in the future.

Sensemaking is about ordering our experiences so that our lives make sense, which is done through mental models and presumptions about the future, in a process done through language, and based on plausible interpretations. Strategy is a construction that serves to make sense of the world (Hardy *et al.* 2000, p. 1229). In the same line, Barry and Elmes (1997, p. 432) point out, that strategy stresses how language is used to construct meaning, exploring ways in which stakeholders create discourses of direction to understand and influence one another’s action. It is something that is constructed to persuade others toward certain understandings and actions.

Through language the world becomes thinkable and controllable and therefore structures our experience of the world (Poesi 2005, p. 184). Sensemaking is about plausibility rather than accuracy because the story that each people build is not the only story, since plausible for one group may not be plausible for another group (Weick *et al.*, 2005, p. 415). Managers continually, at the same time, evaluate situations, make interpretations and choices and take actions in a dynamic process where the meanings that they develop are fluid and unstable. Thus, most of the time there is not a common representation in organizations. As Weick (1995, p. 188) points out, “shared meanings is difficult to attain” and if people in organizations want to share meaning they need to talk about their shared experience to enact what has happened. Enact means that organizational realities are socially constructed by their members as they try to make sense of what is happening and then act based on that

understanding (Hatch and Cunliffe 2006, p. 45). Sensemaking is about identity and about how organizational actors see themselves. Reality is not something objective that can be apprehended as correctly or incorrectly. Reality is instead apprehended through a process of social interchange in which perceptions are created and modified through that interchange with the perceptions of others. One example of this is the “redundancy” process identified by Nonaka (2007, p. 168) where dialogue and communication are encouraged to allow the creation of a “common cognitive ground”. Samra-Fredericks (2003, p. 143) pointed out that “when we observed managers / strategists at work, what we see is a lot of talk...it is through talking that strategists negotiate over established meanings, express cognition, articulate their perceptions of the environment and from this basis, legitimate their individual and collective judgments”. Thus, strategy is seen as “orienting metaphors or frames of reference that allow the organization and its environment to be understood by organizational stakeholders” (Chaffee 1985, p. 93). The process is done through everyday interactions and conversations, where people develop convergent expectations around issues, enabling them to coordinate their actions. It is a process that is retrospective and connects concrete with abstract, experimentation with interpretation. It is influenced by social factors, for example in the form of previous discussions and it is about action, in a continuous process of “acting thoughtfully” where “ignorance and knowledge coexist, which means that adaptive sensemaking both honors and rejects the past” (Weick *et al.* 2005, p. 412). It is about communication and interactive talk through which tacit knowledge is made explicit and usable.

One reality that illustrates the nature of the sensemaking is the image of improvisation in jazz. In sensemaking as in jazz there are at the same time reflection and action, rule creation and rule following, expected patterns and new patterns through interactions shaped by language rules. Management like jazz, is a controlled but not predetermined activity (Weick 1998, p. 549). In the words of Klein and Weick (2000, p. 18), “people don’t use rational choice methods. The strategy they actually use, what we call recognitional decision making is faster than the analytical approaches because it relies on memory and recognition to get an immediate sense of what is happening. It is also richer because it makes fuller use of context, experience, informed intuition, and imagination to flesh out the initial sense”. Experience enables managers to have an immediate sense of what is going on, because they have already been in similar situations, and therefore they know what to expect without having to analyze data. The time we are living is confused and as Weick (2002, p. 30) points out “we are all struggling with events that don’t make sense” and there are no easy answers. Leaders should not be paralyzed by the complexity when events are unusual but instead

help their collaborators not to give up, providing the resources and the courage to go ahead.

The properties of sensemaking are summarized by the expression SIR COPE which means social, identity, retrospect, cues, ongoing, plausible, and enactment (Weick 2002, p. 31). Sensemaking is social because people create sense by conversations with others. Meanings are constructed through discourse and conversation and people shape each other's meaning and conduct. People's projects and actions are dependent upon others' projects and actions. Sensemaking is about identity construction which is created through an iterative process that continually redesigns the image of the actors. The identity construction is a primary purpose behind finding meaning and the feedback that someone receives has the capacity to build the identity of those who received the feedback (Seligman 2006, p. 111). Therefore, the work we do, the actions of others, their observations and our reflections, all this contribute to our understanding of ourselves and as Weick (1995, p. 20) points out, "depending on who I am, my definition of what is out there will also change". Leaders should help people create identities that allow them the capacity to act in a creative way. Sensemaking is retrospective because people look back to their experience to make sense of what happened and what is happening. Meaning comes from experience. As Pye (2005, p. 38) points out, life is lived forwards but understood backwards. Weick (1995, p. 18) summarized this idea through the expression "How can I know what I think until I see what I say". In other words, it is through a lived experience that people can know what they are doing after they have done it and actions are known only when they have been completed which means that our actions are always a bit ahead of us (Weick 1995, p. 26). It is about cues that enable people to construct the bigger picture. Therefore, from familiar structures people develop a larger sense of what is going on by comparison (Seligman 2006, p. 113). Sensemaking is ongoing because is continually being made and remade. We are always making sense of what is happening around us. It is done by extrapolating from familiar points of reference and is driven by plausibility (Parry 2003, p. 244). In cases of uncertainty various plausible understandings are acceptable and the sense is always provisional in ways that allow us to go on with what we have to do. As Weick and Sutcliffe (2007, p. 56) point out, interaction is among people who have diverse expectations and experiences, and because action and cognition are linked, this means that people see different things when they view an event. Sensemaking is enactive because actions modify what is observed and our understanding of the situation. For instance, the environment is enacted by the members of an organization in the sense that they identify the features that must be addressed and through that process they constructed their environment. Thus, in the same sector of activity, different organizations enact different environments depending on the interpretation that

managers and collaborators have. Sensemaking is about action but it is also about thinking in an interactive way. As Weick (2002, p. 32) points out, “people have to keep moving...thinking while doing and in thinking by doing”. In difficult and unpredictable times, people can not become paralyzed. They have to keep moving because their actions are experiences that help them to make sense of what is happening.

Figure 3 is a graphical image proposed by Weick *et al.* (2005, p. 414) that represents the basic sensemaking process in which retrospective interpretations are built. As Weick *et al.* (2005, p. 413) point out, “sensemaking can be treated as reciprocal exchanges between actors (Enactment) and their environments (Ecological Change) that are made meaningful (Selection) and preserved (Retention)” In other words, in an ongoing flow of events, based on cues, people look back to understand what is going on. They developed explanations to enact order out of the chaos. A number of possible meanings are produced and a plausible explanation is selected and retained. The explanation that was retained “becomes substantial because it is related to past experiences, connected to significant identities, and used as a source of guidance for further action and interpretation” (Weick *et al.* 2005, p. 413).

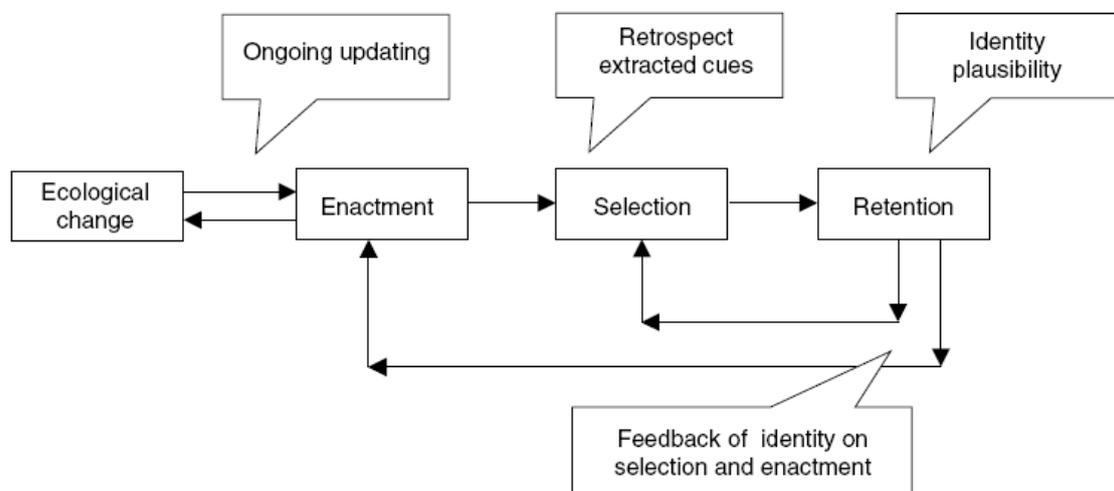


Figure 3: The relationship between Enactment, Organizing and Sensemaking<sup>2</sup>.

Parry (2003, p. 240) developed a research study to answer the question of how senior executives in his organization make sense of their professional life. He adopted a

<sup>2</sup> Source: Weick *et al.* (2005, p. 414)

phenomenological approach, based on the sensemaking perspective developed by Weick. Through his research he expressed his views about the nature of the sensemaking research. Using semi structured interviews, and through an inductive generation of theory and template analysis to generate categories, he developed seven themes of sensemaking and then compared with Weick's characteristics. The seven themes were: the value issue which deals with how personal values matched or not the organizational values; the cultural issue which deals with how senior executives make sense of their ethnicity, training and professional background; the experimental issue which deals with the experience of making sense by reference to previous similar experiences; the reflection throughout their careers, the story telling issue which is related to the stories that they heard about the organization; the action issue which is connected with the idea that stories are self fulfilling prophecies and finally the gender issue which deals with what affect the gender has on sensemaking. The interviews were taped, transcribed and coded. The author was the researcher and the CEO of the organization studied. He expressed his understanding of his role in this research through the words of Czarniawska "Thus, to me, fieldwork is an expression of curiosity of the other, about people who construct their worlds differently from the way I construct mine" (Parry 2003, p. 242). Parry reached the conclusion that each phenomenological research is unique because the methodology employed, the sample size and composition of participants affect the outcome of the research. The data itself reflects the views of the interviewee, the interaction that took place and the researcher's interpretation. As the author mentioned, "I must be very careful not to claim that my conclusions could be repeated in other trusts, or with other executive directors" (Parry 2003, p. 257).

This perspective considers organizations as communities of practice and as language communities. Communities of practice are formed when groups of people share ideas and knowledge that allow them to learn together. This approach explores how shared understandings of organizational realities are constructed and maintained through the interaction of organizational members. As Hatch and Cunliffe (2006, p.129) point out, people belong to many different communities of practice, each having their own ways of building meanings, identities and context, and an organization can encompass different communities of practice that emerged in response to particular needs and problems. Members of the organization can move between different communities and the manager's role within the organization is mainly a role of integration rather than of a role of authority (Hatch and Cunliffe 2006, p. 130).

The concept of culture is at the center of the interpretative perspective because as Watson

(2001 p. 21) points out, culture is “the system of meanings shared by members of a human group which defines what is good and bad, right and wrong and what are the appropriate ways for members of that group to think and behave”. Cultures are constructed through the interaction of people in their effort to understand what is going on around them. In this sense, culture is vital, helping people to construct their identities based on their assumptions about the nature of the world and of their understanding of what it is being a person (Watson 2001, p. 21). Culture manifests through symbols such as words, gestures, pictures or objects, through heroes, through rituals such as collective activities, meetings, and discourses which are the way language is used. Symbols, heroes, and rituals are the visible part of culture but their meanings are invisible and therefore it is necessary to interpret them. As Gratton (2007, p. 48) points out, stories provide crucial insight into the norms of a company. Through language and stories, members of an organization learn what behaviour is acceptable. It is related to things such as rituals and symbols, is socially constructed and is created and preserved by a group of people.

## **5. The roles of the managers in the strategic decision processes**

As Floyd et al. (2000, p. 157) observed, a role is a set of behaviours that others expect of individuals in a certain context. Hart (1992) proposed a framework for strategy making processes based on the different roles that top management team and other organizational members play in the strategy making and their relative levels of participation. Five modes were identified by Hart (1992), which are the command, the rational, the symbolic, the transactive and the generative. Each mode reflects a pattern of interaction between the roles performed by top managers and collaborators and organizations could develop skills in several modes over time (Hart and Banbury 1994, p. 253). The five models will be described through the patterns of relationship between top managers and other members, their respective roles and levels of involvement in the strategic decision process (Hart 1992, 333). Finally, research that was done based on the Hart framework will be outlined.

### **5.1 The command mode**

In the command mode, strategy is a conscious and controlled process formulated at the top, being fully deliberate. Top managers are strong leaders with an imperial style. They are viewed as having considerable capacity to change the organization and its most important measures of results are profit and productivity (Chaffee 1985, p. 90). Organizational members are not involved in strategic decision making and have little autonomy in their choice of action. Their role is to obey. Hart (1992, p. 342) considers that in this case,

organizations are small and the environment is not too complex, allowing therefore that one person or a small group is able to control the organization.

## **5.2 The rational mode**

In the rational mode, leaders have an analytical style with the responsibility of controlling the activities of the subordinates and ensure that the implementation of the plan is effective. In this mode the manager's role is to ensure that the workers' task is well defined, measured, and controlled with the objective of making them as reliable and efficient as possible. They see the collaborators just as another factor of production, focusing on control and conformity, and they inhibit creativity and initiative (Bartlett and Ghoshal 1995, p. 134). Top managers are also viewed as having considerable capacity to change the organization and their actions are mainly measured in terms of profit and productivity (Chaffee 1985, p. 90). This rational mode belongs to what Zaleznik (1977, p. 75) calls the managerial culture that emphasizes rationality and control where managers are viewed as problem solvers, concerned with "how things get done" and maintain a low level of emotional involvement with their collaborators. They focus the attention of the collaborators on procedures and rules and they do not have empathy towards them. On the contrary, they relate to people on the basis of the role they play. Their attitude towards goals is impersonal and managerial goals arise from necessities rather than desires (Zaleznik 1977, p. 78). Problem solving capacities and decision making ability are more important than social skills and charisma (Czarniawska and Wolf 1991, p. 532). This rationalistic perspective dominated until the 1980s and that period was characterized by great expectations on techniques, the view of management as a science and the idea that charismatic leadership was a relic of the past and that more impersonal techniques were seen as more professional and effective ways of behavior by top managers (Tengblad 2006, p. 1439). The role of top managers is to evaluate and control, and the role of the organizational members is to implement the plan.

## **5.3 The symbolic mode**

In the symbolic mode, top management creates an emotional vision and a strong corporate culture. Their style of leadership is therefore cultural where vision creates both chaos and order. Chaos by challenging the members of the organization to ambitious goals, and order by giving them long term direction. If organizational members perceived the vision as false, the result will be lack of commitment. Leaders in the symbolic mode are coaches with the aim of motivating and inspiring as coaches in athletics (Hart 1992, p. 337). Zaleznik (1977, p. 78) points out that leaders should attract strong feelings and create a turbulent atmosphere to intensify motivation and unanticipated outcomes. In the words of Zaleznik (1977, p. 78),

“leaders develop fresh approaches to long standing problems and open issues to new options”. Their role is to motivate and inspire and the role of the organizational members is to respond to the challenge. Therefore, effective leaders have sympathy towards those who work with them, paying attention to what events and decisions means to them. The symbolic mode is characterized by the quality of the relationships based on a cooperative mindset, and the capacity to work together in teams is at the core of this mode. For Gratton (2007, p. 53), a cooperative mindset arises in the context of a whole system of organizational practices, norms, language, stories and habits that are aligned. This concept of cooperation is not compatible with a competitive mindset. This does not mean that a company is a place where everyone has a great time but nothing gets done. To avoid this, it is necessary to develop a culture of excellence. Cooperation is not built but emerges from the system and is learned from others, in a process where senior managers provide a crucial role model of cooperative working based on trust and reciprocity (Gratton 2007, p. 56).

#### **5.4 The transactive mode**

The transactive mode is based on continuous learning. Organizational members are involved in the strategic formation process and top managers act as facilitators. In this way, the organization is structured as a team. The focus of top management is on the design of effective organizational systems and processes with a procedural style of leadership. Strategy is therefore based on an iterative dialogue that involves feedback from key stakeholders allowing a mutual adjustment through learning. Therefore, like in the previous mode, a key characteristic of the transactive mode is the quality of the relations based on a trust and reciprocity and where team members share explicit and tacit knowledge between them (Gratton 2007, p. 68). The role of the top managers is to empower and enable, and the role of the organizational members is to learn and improve. As Mintzberg (1994, p. 109) points out, “managers with a committing style engage people in a journey. They lead in such a way that everyone on the journey helps shape its course. As a result enthusiasm inevitably builds along the way”. In this mode top managers have a crucial role in enabling learning to occur.

#### **5.5 The generative mode**

In the generative mode strategy emerges from autonomous behaviour of organizational members. These organizations work as entrepreneurial firms where strategy emerges from the employees’ initiative. The role of the top managers is to endorse and support and the role of organizational members is to experiment and take risks. Organizational members have a great autonomy and are deeply involved in the strategic decision process. Hence, the

role of the top managers is more of a collaborator or a sponsor. Top managers act as sponsors, encouraging experimentation from the members of the organization with an organic leadership style based on the initiative of the collaborators (Hart 1992, p. 338).

Hart and Banbury (1994, p. 257) based on the Hart framework, made a survey to firms of all types and sizes, in the American Midwest to a representative sample of 3,625 firms. The questionnaire was mailed to CEOs and Presidents of the firms, 720 completed them which translated to a response rate of 20%. They examine multiple strategic decision processes combinations across several industries and compared them to organizational performance. They reached the conclusion that firms that were able to develop competence in multiple modes of strategy making processes have higher performance and the best performing firms combined competencies in all the five modes. As Hart and Banbury (1994, p. 265) pointed out, "these firms were simultaneously planner and incremental, directive and participative, controlling and empowering, visionary and detailed. Their strategic making process was by definition, complex and reached deep into the organization, involved people throughout the firm" (Hart and Banbury 1994, p. 265). Thus, they concluded that strategic making process constitutes a firm resource that has the potential for competitive advantage. Hart and Banbury (1994) did not analyze the individual contribution of each mode to performance. Snyman (2006) developed a similar research for the truckload industry. The sample consisted of small firms with assets of less than \$10 million, operating in the southwest of USA (Snyman 2006, p. 267). The questionnaires were similar to those that were used by Hart and Banbury (1994) but he reached completely different conclusions. He concluded that dominant managers who behave like commanders and who also encourage and sponsor the entrepreneurial activities of employees were unable to achieved high organizational performance. The best performing companies combined skills at the lower levels. Hence, Snyman (2006, p. 269) concluded that trucking managers should provide strategic direction and allow lower level managers and employees to provide information and take action.

Tegarden *et al.* (2003) developed a research based on the Hart framework with the aim of understanding better the relationship between firm performance and strategy processes. They wanted to determine which processes were related to what kind of performance considering the financial, operational and organizational performance (Tegarden *et al.* 2003, p. 136). They mailed survey questionnaires to CEOs of 2000 organizations from the directory of US Corporate Technology Information Services. They received answers from 377 questionnaires which means a response rate fo 19%. They concluded that different strategy processes support different types of performance. Symbolic and rational modes

related strongly to operational performance. The transactive and the generative modes related strongly to organizational performance. They concluded that firms have to develop skills in several modes to achieve results in the different performance types (Tegarden *et al.* 2003, p. 147).

## **5.6 Historical perspective**

The command and rational modes reflect an understanding of the roles of the top managers which has its roots back to the 1920s. Top managers viewed themselves as designers of strategy and the architects of the structure. For Bartlett and Ghoshal (1994), these modes are an expression of the strategy-structure-systems doctrine that supported successive waves of growth until the 1980s. This strategy structure system was built to standardized human behaviour and limited its idiosyncrasies in such a way that allowed people to be easily replaceable. The aim was to create a system based on discipline, focus and control (Bartlett and Ghoshal 1994, p. 79). Companies were viewed as profit maximization entities with a limited responsibility in the social environment. The function of strategy was, in the context of the relationships between shareholders, customers, employees, and communities, to manage these relationships so that the company achieved maximum benefit. In the early 1990s, the symbolic, the transactive and the generative modes gained importance and represent a post bureaucratic view where organizations are seen as flexible, non hierarchical, built on shared values, dialogue and trust and where top managers are partners and facilitators that empower employees to solve the problems by themselves through cross functional networks and project teams (Tengblad 2006, p. 1440). In relation to the command and rational modes, they reflect a shift from hierarchy to networks, from bureaucratic systems to flexible processes, from control based management to relationships, empowerment and coaching. In the center of the command and rational modes is the belief that capital is the key strategic resource and that top management has as a central responsibility its acquisition, allocation and effective use. On the contrary, in the other three modes, knowledge is considered the scarcest resource and therefore human resources issues are the company's strategic priority (Bartlett and Ghoshal 2002, p. 36).

Since the 1990s, reality changed completely and is characterized by overcapacity and convergence of markets, where the most important resource with the capacity to enable a positive differentiation is the knowledge and expertise of the people. The challenge is to use as much as possible the talent available in the organization and develop a type of leadership that helps to unlock human potential (Eigenhuis and Dijk 2007, p. 94). To face this new reality, new ways of leadership emerged such as the symbolic and transactive modes that

reflect a “leadership philosophy built on purpose, process, and people”. These new ways of leadership are based on a personalized approach that encourage diversity of views and empower employees in such a way that organizations became a reflection of their abilities. The shift from the command and rational modes to the symbolic and transactive modes is a shift from system driven models to people oriented models, which is depicted in figure 4. In people oriented models, for employees to care and have an emotional link with the organization it is necessary to capture employees’ attention and interest. This is done not through rational and analytical objectives but instead through human terms. Employees want to belong to an organization and therefore top managers must establish a link between the company and each of the employees in such a way that they are not seen as a cost but rather as an asset to be developed. To achieve this, top managers should recognize employees’ contributions, maximizing opportunities for employees’ personal growth, and ensure that everybody knows his/her role and how to contribute in reaching the organizational purpose (Bartlett and Ghoshal 1994, p. 86). Therefore, the role of the top managers shifts from a role where they define strategies and frame structures to a role where they build purpose and develop organizational processes (Bartlett and Ghoshal 1995, p. 135). The first task of top managers is to provide the frameworks to collaborators to transform themselves into leaders (Bartlett and Ghoshal 1995, p. 136). As Gratton (2007, p. 144) wrote, “leadership will be less about controlling and commanding, and more about igniting energy and enabling groups to volunteer and emerge”. In the same line Krogh *et al.* (2000, p. 4) considered that if knowledge creation is a source of competitive advantage and if knowledge cannot be managed, only enabled, then the function of senior managers includes facilitating relationships and conversations. These authors do not consider adequate the generative mode because, as was already expressed, top managers must ensure that the process is done in a way that reinforces the company’s capacity to reach its objectives and goals. Companies and corporations are seen as one of the most important institutions of the modern society with a responsibility for generating wealth but also for creating and distributing values and being an agent of social change as a “forum for social interaction and personal fulfilment”. Thus, corporate purpose is “the statement of a company’s moral response to its broadly defined responsibilities”. It is the reason why an organization exists and its definition is the top management most important responsibility (Bartlett and Ghoshal 1994, p. 88).

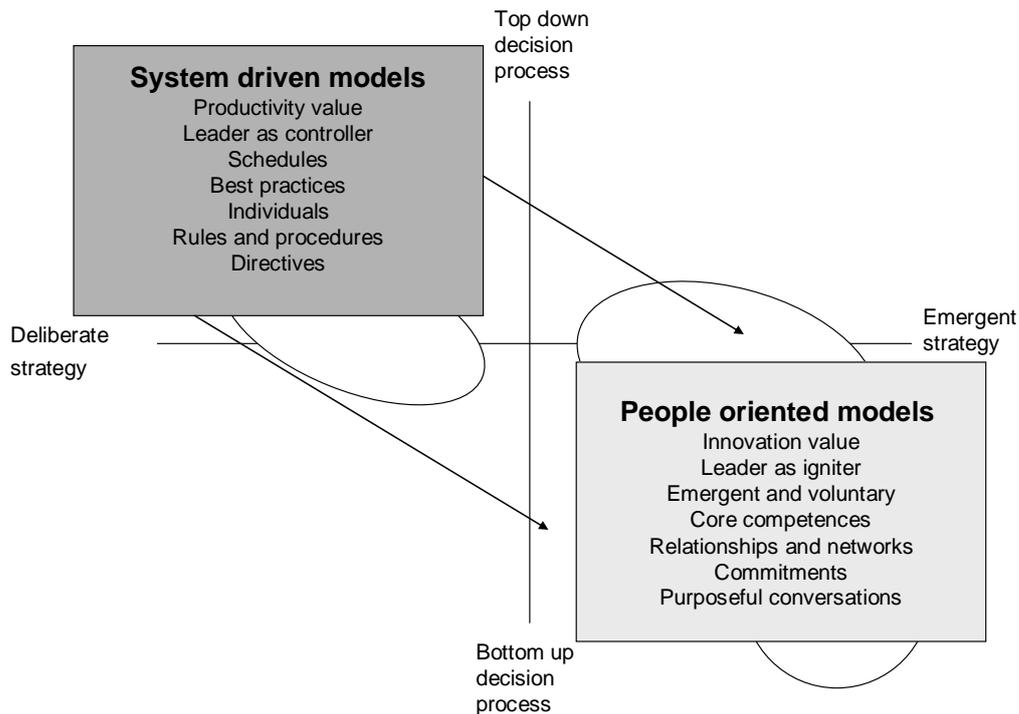


Figure 4: A graphical image proposed by the author of the shift from system driven models to people oriented models.

Nonaka (2007, p. 162) considers that in today's economy "the only certainty is uncertainty", and long term competitive advantage depends on knowledge creation. Thus, only the symbolic mode, the transactive mode and the generative mode can provide the right context where innovation and knowledge creation can prosper. As Krogh *et al.* (2000, p. VII) wrote, "knowledge cannot be managed, only enabled". Therefore, rather than control, managers need to provide support to knowledge creation. In the context of the command mode and rational mode, the organization is viewed as a machine for information processing of explicit knowledge. Explicit knowledge means the formal and systematic data, and codified procedures (Nonaka 2007, p. 64). In an organization not only the explicit knowledge is important but also the tacit knowledge, which is the "highly subjective insights, intuitions, and hunches of individual employees" (Nonaka 2007, p. 164). The tacit knowledge is rooted in action and consists of technical skills, mental models and beliefs (Nonaka 2007, p. 165). The key to unlock this knowledge is the personal identification of the employees with the organization and its mission, because tacit knowledge is highly personal. This means that managers can not look at the organization as a machine but instead as a living organism with a collective sense of identity and a purpose. This sense of identity is, in the words of

Nonaka (2007, p. 164), “a shared understanding of what the company stands for, where it is going, what kind of world it wants to live in, and, most important, how to make that world a reality”. The challenge in a knowledge-creating company is making individual knowledge available to others because knowledge begins with the individual. This implies that the major challenge managers’ face is to create the conditions that allow the conversion of tacit knowledge into explicit knowledge, thus “finding a way to express the inexpressible” (Nonaka 2007, p. 166). This is done through what Nonaka (2007, p. 168) named redundancy which, as already mentioned, is a process of encouraging frequent dialogue and communication that allows the creation of a “common cognitive ground” among collaborators to facilitate the transfer of tacit knowledge.

The role of the senior managers is to provide members of the organization with a conceptual framework that helps them to make sense of their own experience. They do it by “articulating metaphors, symbols and concepts” that give direction to the knowledge creation activities developed by the employees. This concept is similar to the concept of the umbrella strategy expressed by Mintzberg and Waters (2004, p. 22) where top managers design strategy guidelines which are boundaries letting the other organizational members decide within them and strategies emerge within these boundaries.

Harvard Business School has developed the “New CEO Workshop” where newly appointed CEOs from major companies are personally invited to participate in interactive workshops in groups of 10 CEOs. The aim is to explore the predictable and unpredictable aspects of the experience of being CEOs. There are discussion sessions based on structured sets of questions about their strategy, their relation with the board and the challenges that they face. The discussions are based on the personal experience of the participants (Porter *et al.* 2004, p. 65). Based on these workshops, Porter *et al.* (2004) realized that nothing in the CEOs background prepares them for the function. These workshops with the CEOs were interactive, involving in-depth sharing of personal experiences. Through these sessions they reached the conclusion that the CEOs influence is indirect. They realized that the CEOs words and deeds “are instantly spread and amplified, and drastically misinterpreted”, and that people in the organizations “developed assumptions and expectations based on the CEO’s background and previous experiences” (Porter *et al.* 2004, p. 68). They also recognize that CEO’s signals are subject to misinterpretations because “different constituencies will respond to the same news in different ways” (Porter *et al.* 2004, p. 69). The CEOs “remain bound by all too human hopes, fears, and limits” (Porter *et al.* 2004, p. 71). When the CEOs expressed their feelings about themselves they expressed a feeling of

losing control over their time, a feeling that they became the bottleneck, and a sense that employees developed stories that distort reality. These impressions expressed by the CEOs indicated that they experience their job with a sense of confusion and ambiguity.

Porter *et al* (2004, p. 71) recognize that the way CEOs and employees make sense of their experience in the organizations is completely different from the portrait made by the rational perspective. For these authors the role of the CEOs consist on the selection of the right senior management team, the articulation and communication of a clear strategy, the definition of structures, processes and the setting of values. For the CEOs messages to be understood according to their intentions, these messages should be clear, simple, repeated often and illustrated with stories (Porter *et al.* 2004, p. 65). Nevertheless, because the environment is complex, unpredictable, and uncontrollable, senior managers are not the only ones to have the capacity to make strategic decisions. This concept of strategy is similar to the umbrella strategy that occurs when top managers set guidelines and define boundaries letting other actors manoeuvre within them. He still thinks that top managers have the responsibility of articulating and communicating a clear strategy as it is defined in the rational mode. However, nowadays, the way Porter sees the role of the top managers has points in common with the description of their roles in the symbolic and transactive modes, where the setting of values, the importance of the stories as ways of helping the transmission of messages according to their intentions, and the idea that senior managers are not the only to have the capacity to make strategic decisions are important features.

### **5.7 An integrative conceptual framework**

In summary, it could be said that in the command mode the CEO sets the strategy, determines the vision and makes and executes the strategy. In the rational mode the strategic plan is a document elaborated by top management with a mission statement, developed through a formal procedure based on formal analysis. In the symbolic mode the main aim is to challenge people through a corporate dream designed by the CEO and the top management team. In the transactive mode strategy is iterative through a process that involves all the organization with attention to market feedback. Finally, in the generative mode people are encouraged to experiment and take risks. Hart (1992, p. 340) considers that both command and generative modes, which are in the extremes of the framework, underutilized the organizational resources. On the contrary, the three middle modes make better use of organizational resources, because they combine in a better way the skills and capabilities of the top management and other members. According to the author, transactive, rational and symbolic modes should allow a higher level of performance (Hart 1992, p. 340).

This framework for strategy making processes based on the contrasting roles that top managers and organizational members play, represent pure process types. In practice, the reality will mix in different combinations the modes that were identified above (Hart 1992, p. 327). These modes are present graphically in figure 5.

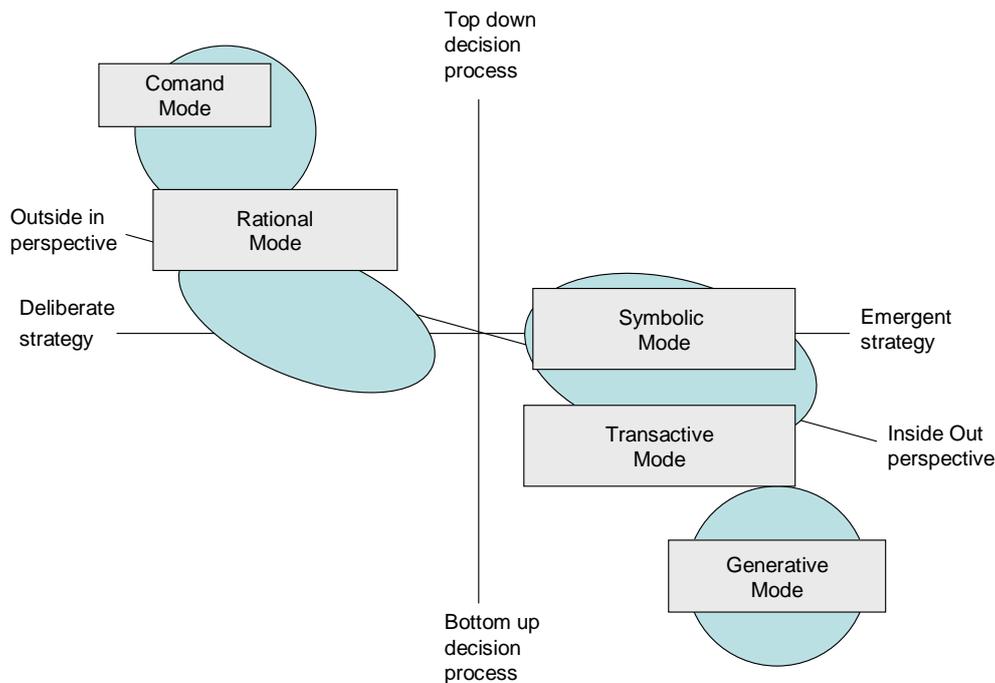


Figure 5: A graphical image proposed by the author of the strategic making modes.

A major difference between the command and rational modes in relation to the symbolic and transactive ones is the way information is managed. In the first two models, information is considered a scarce resource that top managers “collected, store, and allocated as they see fit” through formal systems. On the contrary, in the symbolic and transactive modes top managers create an environment where people can exploit information mainly through personal networks (Bartlett and Ghoshal 1995, p. 140). This is in line with the idea that in a changing, competitive and global environment, the critical resource is knowledge, composed by information, intelligence and expertise, and the capacity to exploit knowledge is what gives companies competitive advantage. This shift is not an overnight process but instead is a gradual transfer of responsibilities where top managers must ensure that the process reinforces the company’s objectives.

Between the symbolic, the transactive and the generative modes, there is an important

difference. In the symbolic mode there is the assumption that when a company faces a difficult problem the answer is more leadership and top managers play a crucial role. In contrast, in the transactive and generative mode the assumption is the opposite, the answer should be less leadership and the solution will emerge from the employees' initiative. In the end, the qualities of several modes are needed, and as Czarniawska and Wolf (1991, p. 532) pointed out "the fashion of the day elevates one role above the other and then abandons it again. Now we need order, next we need change, and then we need to control our fate". As Eigenhuis and Dijk (2007, p. 82) observed, leaders use different leaderships' styles depending on the concrete situation and on the other hand the same style could work in one organization and not in another.

## **6. Effectiveness and performance**

In this section, the concepts of effectiveness and performance will be outlined, and the link between strategic decision processes and effectiveness will be uncovered. Additionally, different perspectives of performance and the alignment of strategy and performance measure will be discussed. Effectiveness is defined as the extent to which decisions result in desired outcomes (Dean and Sharfman 1996, p. 386). Firm's performance is the accomplishment of something that is intended. It is therefore an appraisal of how organizations manage to get from point A to point B. As McAdam and Bailie (2002, p. 973) point out, performance measurement is the process of quantifying action, and more specifically as the process of quantifying the efficiency and effectiveness of action. According to Neely *et al.* (1994, p. 142), the key theme here is consistence between decision making and action, between strategies and patterns of decisions and actions. Therefore, both performance and effectiveness will be considered as the extent to which decisions result in desired outcomes.

### **6.1 The link between strategic decision processes and effectiveness**

As Tegarden *et al.* (2003, p. 133) observed, the question "why do some firms outperform other firms?" is the quintessential question in strategic management. The discussion about this issue was related to the question of whether managerial choice processes matter based on two assumptions: the first one is that different processes lead to different choices and the second one is that different choices lead to different outcomes. The research that has been done until now has examined mainly the link between decision process rationality and performance. These researches had equivocal results (Tegarden *et al.* 2003, p. 134). Some authors considered that the link between strategic decision processes and effectiveness has

not yet been convincingly demonstrated (Boyd 1991, p. 353; Dean and Sharfman 1996, p. 369; Falshaw *et al.* 2006, p. 22). For them there is limited evidence that strategic decision making processes influence decisions' effectiveness. Others consider that there is a positive relationship between strategic planning and firm performance (Miller and Cardinal 1994, p. 1662; Goll and Rasheed 1997, p. 583). The research developed by Fredrickson (1984, p. 445), concluded that there is a relationship between comprehensive decision processes and superior economic performance in stable environments and poorer performance in unstable environments. On the other hand, research developed by Eisenhardt (1990), concluded that higher performing firms used more rational decision making processes.

Another perspective to analyse the link between strategic decision processes and effectiveness is to assess if it matters what top managers do (Hales 2001, p. 55). The behaviour of top managers matters if it brings with it the desired organizational outcomes, such as if resources are used efficiently, if goods and services are delivered effectively, and stakeholders' needs are delivered accurately. Hart (1992, p. 341) suggested that research to evaluate effectiveness of strategic decision processes should focus on multiple dimensions of performance, including financial, operational and organizational indicators. The financial performance is assessed by performance indicators such as the return on investment (ROI), return on equity (ROE), earnings per share (EPS), and sales growth. The operational performance is assessed by performance indicators such as new product introduction and marketing effectiveness. Finally, organizational performance is assessed by performance indicators such as employee satisfaction, organizational focus on quality or adaptability. Hart and Banbury (1994, p. 255) concluded that high performance requires the simultaneous mastery of several modes which encompass different and some times contradictory skills such as decisiveness and reflectiveness, broad visions and attention to detail, major changes and incremental adjustment. To Hart (1992, p. 345) a better understanding of the relationship between types of performance and distinct strategy processes is important for the understanding of the relationship between effectiveness and different combinations of modes.

## **6.2 Historical perspective**

As already mentioned, firms' performance is the accomplishment of something that is intended. Therefore, performance encompasses all the dimensions of an organization and becomes the criteria for business success. Successful companies are those that increase their market share, have long term growth and profits (Hodgkinson 2002, p. 89). Traditionally performance measures have been seen as an integral element of the strategic planning.

Therefore, business performance used to be measured in relation to the objectives identified in the strategic plan through financial indicators such as the ROI, ROE, EPS, and sales growth (Pearce II *et al.* 1987, p. 659). This was a mechanistic view (Neely *et al.* 1997, p. 1132). In the 1980s, financial performance measures came under heavy criticism because the traditional financial measures were no longer enough to understand the factors that created organizations' success, because they encourage short term perspectives and lack strategic focus (McAdam and Bailie 2002, p. 972). The main limitation of this system is that it is unable to measure intangibles such as customer retention, innovation or research and development (Amaratunga *et al.* 2001, p. 180). As Amaratunga *et al.* (2001, p. 181) argued, in today's world non financial indicators are essential for characterizing an organization's future financial performance. Decision processes characteristics determine also processes outcomes such as speed of decisions, acceptability from organizational members, adaptiveness to change, and the extent of organizational learning (Rajagopala *et al.* 1993, p. 369). Since the early 1990s, alternative multi-dimensional performance measurement frameworks were developed focusing more on non financial information (Bourne *et al.* 2000, p. 754). One example of these multi-dimensional performance measurement frameworks is the balance scorecard that has adopted an approach with the aim of creating a balance between customer satisfaction, learning and growth, internal business processes and financial results. This model has been developed as a tool to complement the strategic planning and the implementation process. The new generations of performance measurement frameworks are applied to all stakeholders such as investors, customers, employees, suppliers, regulators and communities (Adams and Neely 2002, p. 28). These multi dimensional frameworks not only provide a balance between financial and non financial measures, between measures of external success and measures of internal success, but also give early indications of future business performance (Bourne *et al.* 2000, p. 756).

It is widely accepted today that measurement systems based only on financial measures can simply result in short term and dysfunctional behaviour and are inadequate for the 21<sup>st</sup> century. Business performance measures provide also one of the most effective means of communicating strategic direction (Neely 1999, p. 212). All these considerations mean that organizations have made a shift from a cost paradigm to a value paradigm because today businesses operate in an environment where organizations can only have success if they are able to deliver more value to their customers. This transition is shown in figure 6 where traditional financial measures shift to a multi-dimensional performance measurement frameworks. To do this, organizations have to upgrade their business performance measurement systems. This upgrade should address the financial dimension which is

related to the shareholders, the internal business dimension which addresses the challenge of how an organization could excel itself, the customer perspective which is related to the way customers see the organization and finally the innovation and learning dimension which addresses the challenge of how the organization could improve and create more value (Neely *et al.* 1997, p. 1131).

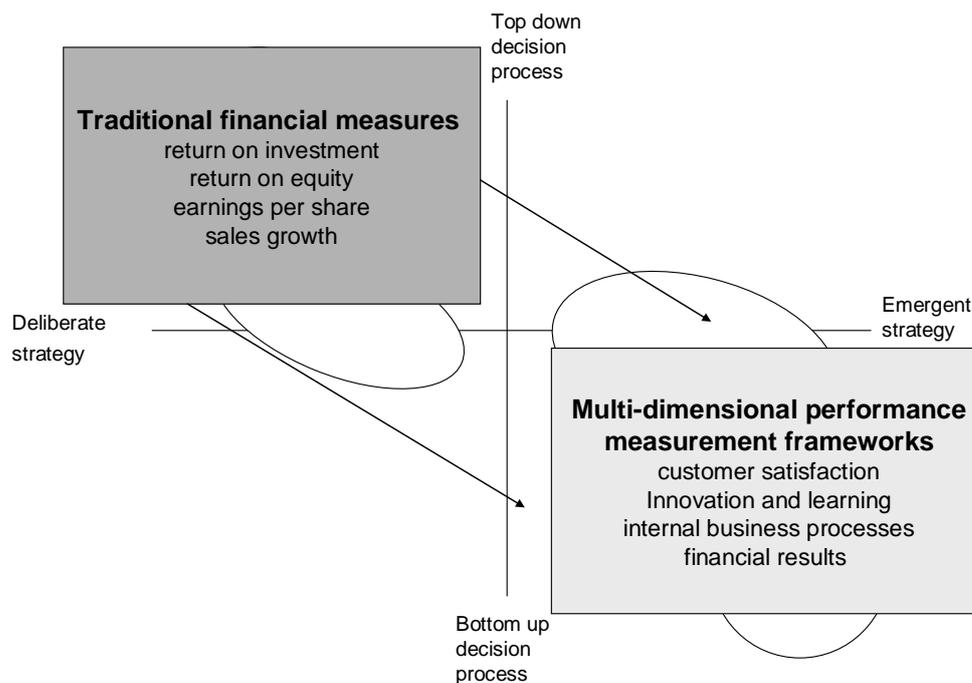


Figure 6: A graphical image proposed by the author of the shift from a cost paradigm to a value paradigm.

### 6.3 The alignment of strategy and performance measures

The issue of which performance measures a given business should adopt is a complex one and encompasses the design of the measures, the implementation and their use to manage the business performance. The effectiveness of a strategic decision is the consistence between decision and action and is achieved through the alignment between performance measures and strategy. For McAdam and Bailie (2002, p. 72), companies fail to turn strategy into effective action due to inadequate measures. Some authors claimed that the main function of performance measures in the strategic context is to provide the means of control to achieve the strategic objectives. This is illustrated by expressions such as “you get what you inspect, not what you expected” (Neely and Najjar 2006, p. 101). For them, performance measurement is the key part of strategic control and in times of rapid change, consistence of

decisions and actions are possible if strategic process and performance measures are linked (McAdam and Bailie 2002, p. 974). Nowadays, the level of competition that firms face is increasing on a global scale and businesses are under enormous pressure to reduce costs. The changing nature of work, the increasing competition, the changing organizational roles, the changing external demands, and the power of information technology demands that companies use relevant performance measures to sustain business success. Thus, companies need to differentiate from their competitors through quality of service, flexibility, customization, innovation and speedy response. Competing on the basis of non financial factors means that organizations require information on how well they are performing through all the dimensions of their activity. Therefore, organizations have to match measures and strategies to encourage the implementation of the strategy because performance measures influence behaviour. As Neely (1999, p. 212) points out, “measures that aligned with strategy not only provide information on whether the strategy is being implemented, but also encourage behaviours consistent with the strategy”. Further, the tendency for organizations to downsizing, by eliminating middle management and empowering the remaining collaborators, is only effective if those that are empowered know the strategic direction of the firm. In this context performance measures are a powerful way top managers have to communicate the organizations’ strategy.

The alignment of measures and strategy is important not only because measures affect the way people behave but also because measurement data can be used to challenge assumptions that support the strategy (Neely and Najjar 2006, p. 102). In many organizations performance data is analysed independently. The marketing manager explores the data relating to customer satisfaction, the human resources manager review the data from staff surveys, and the financial manager investigate the business’ financial performance. Managers are overloaded by data that is not well defined, is poorly integrated and is not aligned with business processes. As Neely (1999, p. 206) mentioned, comments such as “we measured everything that walks and moves, but nothing that matters” are common among managers.

Collected significant quantities of data are not worthwhile unless an integrated performance analysis is done as an opportunity to extract value form the data and learn how organizations are functioning. An integrated analysis allows the identification of unexpected links between different dimensions of performance, providing an opportunity for learning and to reexamine the assumptions about how the business operates (Neely and Najjar, 2006, p. 111). If the appropriate measures were identified and the right data collected, then it is

possible to identify causal relationships between different dimensions of performance that will allow strategic learning. Although this is easy to say, it is not easy to do because it is not obvious which measures a firm should adopt and also because these measures change over time (Neely 1999, p. 222). For Neely and Najjar (2006, p. 112), the capacity to make a better use of the data that exist inside organizations, the ability to perform an integrated performance analysis, the capacity to built and implement technical infrastructure that enables managers to undertake integrated analysis are major challenges that companies have to address. Therefore, performance measures should derive from strategy and should be designed to encourage behaviours that support strategy. These measures have two major functions. Firstly, to measure the success of the implementation of the strategy and secondly, the information and feedback from the measures should be used to assess the validity of the strategy (Bourne *et al.* 2000, p. 758).

Neely *et al.* (1994, p. 140) investigated the extent to which small and medium sized firms try to achieve the realization of their strategies through their performance measurement systems. In 1992, 858 firms were surveyed through a questionnaire that had three main sections. The first section was about how the firm competes, the second was about the processes they used to design their performance measurement systems and their strategies and finally in the third section the respondents were asked about the company's turnover, industrial sector and how it was organized. The firms that were surveyed were manufacturing firms, with 150 to 400 employees, from a wide variety of industries and based in the UK. The hypothesis to test was that managers of small and medium sized UK manufacturing companies attributed greatest importance to those performance measures which most closely match their firm's manufacturing tasks. They concluded that the hypothesis was true for firms that competed primarily on quality or time but not to those that competed primarily on price.

A longitudinal case study, based on a five year university industry partnership with an international aerospace organization to explore the alignment between performance measures and business strategy approach, was undertaken by McAdam and Bailie (2002, p. 977), through an inductive approach. The period considered was 1989 to 1999. The study had a phenomenological perspective and was done through semi structured questionnaire to 30 senior managers across different areas of the organization. The interviews were taped, transcribed and coded using the methods of Strauss and Corbin (McAdam and Bailie 2002, p. 978). They also used the organization's strategy documents, ethnographic observations and organizational archive material. The company did not have an integrated performance

measurement system but had non financial measures contained within initiatives that were implemented, such as the Six Sigma, the Total Quality Management (TQM), Performance Management Programme (PMP) and the Total Productive Management (TPM). The findings of the study confirmed that performance measures linked to strategy are more effective. They also concluded that the alignment between measures, measurement framework and the strategy must be continually reviewed because it is not a linear mechanistic relationship but instead a complex and dynamic issue.

## **7. Core objective and research questions**

In Document 1, I considered that the core objective of the research was to identify the modes of approach to the strategic decision processes and their relationship with effectiveness within the context of enterprises of the clothing and textile sectors in Portugal. Based on the reflections that I have done through document 2, I will redefine the core objective and the research questions. As I have already mentioned, the ontological perspective will be constructivist because reality is socially constructed and the understanding of it is influenced by the values, the interpretations and the viewpoint of the actors and of the researcher. The epistemology will be interpretivist because knowledge is gained through social constructions such as language and shared meanings (Rowlands 2003, p. 3). Therefore, the core objective of this research will be to understand how top managers make sense of their roles in the strategic decision process. The specific research questions for this project are:

1. In the context of the clothing and textile companies in Portugal, how do top managers make sense of themselves, their management, and their organizations in the strategic decision process?
2. How do their immediate collaborators make sense of their relation with top managers in the context of the strategic decision process?

## **8. Reflective chapter**

“Managers are trying to implement third generation strategies through second generation organizations with first generation management” (Bartlett and Ghoshal 2002, p. 35).

This statement by Bartlett and Ghoshal (2002) expresses the contradictions that researchers face when they tried to understand organizations today. The dominant mind set derives mainly from a mechanistic view of organizations. As Eisenhardt (2002, p. 88) pointed out,

strategy as changed because globalization is transforming the economic playing field. The scale of this phenomenon has changed the nature of organizations and work because the way firms have to create and sustain forms of competitive advantage has changed. Therefore, from a mechanistic and rational view of organizations, there is a need to view organizations based on the importance of people.

Still, for many authors the rational perspective is still attractive due to its simplicity. The complexity of these issues has another consequence. The researchers are not able to reach similar conclusions and on the contrary, sometimes they reach opposite conclusions within the same subject. As an example, Snyman (2006, p. 269) concluded that the best performing companies combined skills at the lower levels with a less complex strategic decision process. On the other hand, Hart and Banbury (1994, p. 265) concluded that firms that were able to develop competencies in multiple modes of strategy making processes have higher performance and the best performing firms combined competencies in all the five modes through a complex strategic decision process.

Considering these contradictions, discourses, values and culture became a way to understand what is going on inside organizations. This understanding helped me to be aware that the way people make sense of their experiences are the key in understanding organizations. It also occurred to me that the contradictions expressed by Bartlett and Ghoshal (2002) explain the evolution of the three perspectives characterized in section 4. The phrase by Bartlett and Ghoshal (2002, p. 35) also expressed the confusion and ambiguity that most of us experience in organizations. In fact, a lot of organizations have already updated their language and have already incorporated the idea that people are at the heart of the organization. Their discourses express that view. The problem with these discourses is that in many companies they are not felt as authentic by their collaborators. The implications are significant, not only in the research but also as a way of thinking about the experiences that I had throughout my professional life. In some organizations where I worked I experienced a divorce between the official discourses and what people inside these organizations felt. In some of them it was clear to me the divorce between the vision, mission and values that the company officially expressed and the feelings of the collaborators toward them. The experience and the sensemaking that we had as collaborators was an experience of alienation where our heart and feelings were playing no part in our involvement with these organizations. In one of them, a multinational company, I was a friend of the general manager and he himself felt the same experience of alienation. The challenge of thinking organizations with this perspective means that each collaborator is a unique human being

and the way each of them experience and make sense of the organization matters and must be taken into consideration.

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**How top managers make sense of their role in the strategic decision  
process**

**DOCUMENT 3**

## **1 Introduction**

“When we observed managers / strategists at work, what we see is a lot of talk...it is through talking that strategists negotiate over established meanings, express cognition, articulate their perceptions of the environment and from this basis, legitimate their individual and collective judgments”.

Samra-Fredericks (2003, p. 143)

The aim of this research is to understand how top managers make sense of their roles in the strategic decision process. The research will be undertaken based on an organizational discourse perspective where organizations are seen as social constructions, created by language and conversation. This process is performed through everyday interactions and conversations, where people develop convergent expectations around issues, enabling them to coordinate their actions. It is about communication and interactive talk where organizations are seen as communities of practice. Communities of practice are formed when groups of people share ideas and knowledge that allow them to learn together. As Pye (1995, p. 445) points out “through listening and talking, creating and sharing meaning, things are made to happen and managing is said to have taken place. If, in this process, it is helpful to call this strategic decision making, then so be it”. Organizations are social constructions that are the result of people’s interaction with one another in ways that produce both individual identity and experienced reality.

The specific research questions for this project are:

- 1) In the context of the clothing and textile companies in Portugal, how do top managers make sense of themselves, their management, and their organizations in the strategic decision process?
- 2) How do their immediate collaborators make sense of their relation with top managers in the context of the strategic decision process?

### **1.1 Context of the study**

The study takes place within the clothing and textile industries in Portugal which encompass 24.2% of the employment of the industry sector in Portugal, 11.2% of the total revenue of the industrial sector and 13.4% of the total exports of the country. It is Portugal’s largest industrial sector. In recent years, the textile and clothing industries have met several major challenges. In January 2005, the World Trade Organization Agreement on Textiles and Clothing came to an end, so that quotas restricting textile imports to the European Union

were removed entirely, increasing competitive pressure from Asian producers. The companies targeted in this study are of medium and large sizes, excluding the smaller ones. I have excluded the smaller ones because in these companies the strategic decision process is in most cases concentrated only in the top manager. The concept of size adopted will be the one recommended by the European Commission that considers a small enterprise as having between 10 and 49 employees and an annual turnover not exceeding 10 million euros. (European Commission 2003, p. 39). Therefore enterprises with less than 50 employees and/or an annual turnover of less than 10 million euros will be excluded from this research project.

## **2 Methodological approach**

Methodology is the discipline that examines the underlying rationale for the methods which produces valid knowledge (Clough and Nutbrown 2006, p. 29). The objective is to identify the appropriate methods and procedures for generation of valid knowledge in the context of a specific research. Thus, the determination of the appropriate methodology can be described as the strategy lying behind the choice of the methods used. The strategy lying behind the choice of the methods encompasses the reflection about the relationship between philosophic assumptions and research. Therefore, in this section the philosophic assumptions will be outlined and an account of how the research has been carried out will be done.

### **2.1 Philosophic assumptions**

My belief on reality is constructivist because I consider that the understanding of it is influenced by the values, the interpretations and the viewpoint of the actors and of the researcher. As Saunders *et al.* (2007, p. 106) refers, the social world of management is too complex to be theorised by laws in the same sense as physical laws. The social world is negotiated, organized, and constructed by our interpretations of what is happening. These interpretations are based on implicit understandings created by our intersubjectivity, which means that they are created through shared experiences (Hatch and Cunliffe 2006, p. 43).

Constructivism considers that social phenomena and categories are the product of social interaction, thus different social values and experiences create different realities (Bryman and Bell 2007, p. 28). As Hatch and Cunliffe (2006, p. 11) point out, "beliefs, assumptions and knowledge of the world influence how researchers carry out their research, how leaders design and manage their organizations and how each of us relates to the world and to other

people". My epistemological position, which is concerned with how I gain knowledge and how I establish criteria for evaluating it, is interpretivist. The interpretivist perspective assumes that knowledge is created from the point of view of individuals who live and work in a particular culture or organization through social constructions such as language and shared meanings (Rowlands 2003, p. 3). Therefore, the researcher should try to understand people in their role as social actors to understand the world from their view point (Saunders *et al.*, 2007, p. 106). The aim is that the results should provide a plausible understanding of the phenomenon under study. As Shah and Corley (2006, p. 1823) point out, "it is the researcher's responsibility to rigorously gather and understand these disparate interpretations and, in a systematic and informed manner, develop his/her own interpretations of the phenomenon that makes sense to the informants who experience it first hand, are plausible to uninformed others, and can be expressed in relation to current theory".

## **2.2 Research strategy**

Because the research was concerned with the generation of theory out of the material collected, a grounded approach was adopted. Grounded theory is characterized by the idea of an interactive approach in which material collected and analysis proceed simultaneously (Parry 2003, p. 246). This analysis allows the generation of possible explanations which are then tested in further observations that may or may not confirm the predictions (Saunders *et al.* 2007, p. 142). Thus, the theory was developed through the process of collecting, coding and writing in a close connection between material and conceptualization. The process of generating themes from the material is based on coding of the material into categories which are conceptualizations of key aspects of the material (Dey 2007, p. 80). The decisions on material collection are taken as the research progresses and stops when "categories reach theoretical saturation" (Dey 2007, p. 80). Theoretical saturation means that new material will no longer help the researcher to find new perspectives. The coding process was undertaken from the beginning of the material collection, which means that the coding was done as the material was collected. There are different levels of coding (Bryman and Bell 2007, p. 585). The first level is the open coding, where material is broken down. The second level is the axial coding where connections between categories are made and the third level is the selective coding where a core category, the one that is central and around which all the others are integrated, is selected (Bryman and Bell 2007, p. 586).

As Poesi (2005, p.178) points out, sensemaking researchers consider that the access to the participant's point of view are essential because it is through the meanings and symbols that

they use and create from social interactions that they produce their world. The data gathering techniques used must allow the researcher to enter the world of the people being studied in order to see the situation as it is seen by the actors. Therefore, the data was collected through semi structured interviews with top managers and their immediate collaborators, because through the interviews the researcher was able to understand how participants see the situations, how they interpret what they take into account and how they interact. In similar research projects such as those developed by Gioia and Ghittipiedi (1991), Gioia *et al.* (1994), Parry (2003), and Pye (2005), the main data gathering technique used, was the interview and as Bryman and Bell (2007, p. 472) point out, this method is probably the most employed in qualitative research.

Through them I tried to understand how the world is known and seen by the interviewees. This method of data collection is appropriate for the present research because as Rapley (2007, p.15) points out, we live in an “interview society in which interviews seem central to making sense of our lives”. Usually, after the interviews I was invited to visit the company and in one case I was invited to lunch with the CEO. The themes and the order of the questions had varied depending on the flow of the conversation. The interviews were face to face and one to one and as soon as possible were transcribed. From the material gathered a grounded analysis was performed. As already mentioned, through this process sections of the material were selected, key terms were identified, and through constant comparison, categories that reflect the interviewees view point were identified. Because the interviews took place in each firm, supplementary material was gathered by observation. Notes were taken immediately after the interviews. The observation that was the basis for the field notes occurred in the companies, before, during and after the interviews.

### **2.3 The interview process**

Through the interviews there was no one set of questions placed to all interviewees and the sequencing of the issues was determined by the dynamics of the interview. Each interviewee had the freedom to talk about what they believed was important in relation to the subject, through their own terminologies and around the issues and concepts that represented better their own experiences and views. As Silverman (2006, p. 25) points out, in open ended interviews respondents should be encouraged to offer their own definitions. Questions also changed through the evolution of the research. As Rapley (2007, p. 18) refers, “questions can change because of the specific person I will interview or because of the influence of previous interviews”. I tried to create a relaxed atmosphere to encourage the interviewee to freely express his/her viewpoint and experience.

### 3 Framework and interview guide

As Dey (2007, p. 85) points out, the research must be undertaken without preconceptions but not without ideas. The interview guide encompasses a brief list of themes to be covered. As Weick et al. (2005, p. 413) point out, communication is a central component of sensemaking and organizing and takes place through interactive talk. Top managers spent the majority of their time talking, listening and networking and through them they develop a shared meaning which is the dominant shared sense of meaning (Boyce 1995, p. 109). As Pye (1995, p. 457) points out, “managing at senior executive level is about dialogue and doing, that is, the process and outcome of sense making”. Based on the metaphor of organizations as systems of sharing meanings and on my research questions, I developed a conceptual framework that I used as a guide for the interviews. The framework considers that the strategic decision process is the dialogue about the broader scheme of things. Therefore, for the purpose of this research, organization is what it means to top managers and to their immediate collaborators. Power is the capacity to ensure that the preferred meaning prevails and dialogue consists of listening and talking which is the process of sharing. Considering that organizations are systems of sharing meanings and managing is about dialogue, listening and talking, then the doing is the collective outcome of the dialogue which is the collective sensemaking. As Boyce (1995, p. 107) points out, the shared meaning is the organizational reality that emerged from the sensemaking processes.

The graphical representation of this framework is shown in figure 1 where the identity of the top managers is the result of the interrelations between the different dimensions represented by the different circles. All these dimensions are part of the shared meanings. The figure is based in circles because the process is continuous and dynamic and never stops. The identity of the top managers and their collaborators is negotiated and constructed by their interpretations of what is happening, which is done through the dialogue, the network and the doing. The power means that in the context of each organization some people, usually the top managers have more capacity to impose their meanings to others. The result of this dynamic is the shared meanings which is the organization itself and the understanding of the environment. These shared meanings are continuously being reconstructed by the interactions between people in each organization. It is a symbolic view of organizations that emphasize the role of language and conversation and where reality is constructed by the shared meanings.

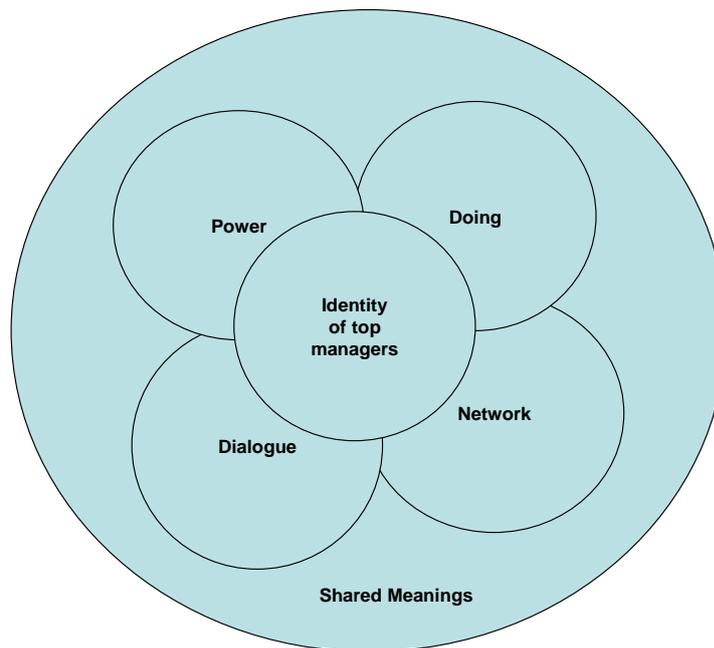


Figure 1: Graphical representation of the framework proposed by the author for the research of document 3.

Before the interviews were done, I evaluated the framework through an interview with the CEO of one of the companies targeted who was later interviewed again and is part of the research sample.

#### **4 The companies under studied**

The companies under studied, for the sake of anonymity, their names and of the persons I interviewed will be pseudonyms. Thus, the organizations will be named M, A, R, C and B. Table 1 presents information about these companies. In each organization I interviewed a top manager, usually the Chief Executive Officer (CEO) and an immediate collaborator of him/her, chosen by him/her. In order to get access to the companies, I had a meeting with the top manager of the *Associação Têxtil de Portugal (ATP)*, the association of the industry in Portugal. We identified the companies that met the criteria defined in point 1.1 of this document. The ATP sent a letter to these companies explaining the study and expressing the support and interest of the association.

Name of the Company	Turnover of the company	Employees	Year of the Foundation
<b>M Company</b>	100 M euros	1400	1958
<b>A Company</b>	28 M euros	330	1969
<b>R Company</b>	137 M euros	1400	1919
<b>C Company</b>	15 M euros	220	1974
<b>B Company</b>	20 M euros	80	1994

Note: M stands for million.

Table 1: List of the select companies

The group of companies which covers as much diversity in the sector as possible with turnovers ranging from 137 million euros like R Company and 15 million euros like C Company. Likewise, the number of employees varies from 80 to 1400 people. R Company was founded in late 1910s whereas the B Company was founded in the 1990s. They are positioned in different areas of the chain value. For instance, M Company is a producer and R Company works mainly in the retail sector. In three of the companies, R, A and M, I personally knew members of the board who facilitated the access to their companies. In each company two interviews were done in the same day. Table 2 shows a brief account of each of the organizations and the people I interviewed. The description will not be too specific for the purpose of protecting the companies' anonymity.

Name of the Company	Name of the Interviewee	Duration of the interview	Job Title
<b>M Company</b>	P	45m	CEO
	T	20m	Financial Manager
<b>A Company</b>	E	15m	Business-Unit Manager
	M	40m	CEO
<b>R Company</b>	G	40m	Commercial Manager
	H	30m	CEO
<b>C Company</b>	S	30m	General Manager
	L	15m	Financial Manager
<b>B Company</b>	A	20m	CEO
	I	20m	Commercial Manager

Table 2: List of the top managers and their collaborators of each company that were interviewed

#### **4.1 M Company**

This company was founded in late 1950s and belongs to three branches of a family with equal equity. The turnover was around 100 millions euros in 2007. The company has factories in Portugal and Brazil. In the next two years they intend to build another factory in Asia. The company has three business units and the main business is the production of high quality fabrics that they sell in around 50 countries to some of the most prestigious fashion brands like Hugo Boss, Gucci, Prada and Armani. I spoke with the CEO of one of the business units, P, that belongs to one branch of the family. I had met him previously in a professional meeting. I also spoke with the financial director of the holding. During the interviews the atmosphere was relaxed but formal. The CEO, P, never spoke about himself.

After the interview with the CEO he called the financial director and before leaving the room he made a synthesis of the opinions he had just expressed. I had a feeling that he was afraid that the financial director could make statements that would contradict his speech. The financial director, T, who is 50 years old and works for the company for 12 years, spoke in a relaxed way but always with a technical perspective. He is an economist with a military mind set. For instance when he spoke about the immediate collaborators of the top management team he used the expression "second lines". For T as well as for the CEO, the company is the holding and the family is at the center of the holding. The meetings were held in the head office of the company where most of the factories are placed. It was an old building that was restored in a very functional and impersonal way which reflected the ideas and reflections of the CEO.

#### **4.2 A Company**

The company was founded in 1969 and one of the businesses which is having difficulties in surviving. Their main activity is the manufacturing of home textiles and her turnover was around 28 million euros in 2007 and they employ 330 workers. Their main customers are from Europe, mainly from France, Netherlands and Sweden. I was acquainted with M, the CEO of the company and I had several meetings with him in the past. He is 45 years old and studied engineering. It was a family company created by the father of Ms' wife. After the interview he invited me to lunch with him and during the lunch he spoke about his life, how he entered the business, and his state of spirit. He is pessimistic about the future. He regrets that in 2000, in the face of the increasing competition from China and India in the sector he did not have the courage to disinvest from the business and close the factories. According to him, today is too late for that because he has lost money through these years and he does

not have the resources to close the factories.

I also spoke with a manager of the main business unit. His name is E, studied management and is in the company for about 10 years. In the conversation he always used technical jargon. He expressed a clear sense of respect and consideration in relation to the CEO. He was not aware of the state of spirit of the CEO. I performed both the interviews in one of the factories. It is an old building that was restored recently. Before this meeting I had been already in the factory with M. It was with him that I made a first interview to evaluate the framework. In the end of that interview he invited me to visit his factory. We walked throughout the entire building and what I noticed more was that the relationship with the staff seemed too distant.

### **4.3 R Company**

This company was created in the late 1910s by a family that had its origins in the North of Spain. Although they live in Portugal they never lost their connection with Spain. It is the third generation that runs the company. The mother of the CEO is still in the company but today she dedicates her time mainly to a foundation created by her that develops charitable activities. She has nine sons, all of them shareholders of the company and four of them work for the company. The group has 1400 collaborators, most of them in the retail business where they represent some of the most prestigious trade marks of fashion in Portugal. They have also a factory and a real estate business. The board encompasses the members of the family and also three persons outside the family. I knew one of them, V, and my contact with the company was through him. Of these three members that do not belong to the family, two of them are from two prestigious business schools, one from Portugal and the other from Spain.

The company is in a transition period to a major shift in their business strategy. They want to refocus the business because the market is saturated and they are dependent mainly on the Portuguese market which is in recession. I spoke with the financial director, G and with H, the CEO of the group. I met them at a century old building, which is the headquarters of the company since its foundation. The rooms are full of old documents and pictures that illustrate the history of the company. The meetings were very friendly and they enjoyed the opportunity to speak about their lives and their work. The atmosphere was relaxed. Although it was the first time I was with them, they both spoke about themselves, their lives, what their enjoyments and their hobbies.

H, before being the CEO of the group, lived in Spain and in the USA and has a straight forward way of speaking. He began the interview speaking about himself. He spoke about his life, the studies he took in Spain, USA and in Portugal. He studied management in Spain and has done two MBAs in the USA. Throughout the interview he spoke in the first person. He began his work at the company when he was twenty five years old. Before that he lived and worked in New York. His father died when he was 17 years old and his mother managed the business but in the earlier 1980s the company was nearly bankrupted. Then, his mother asked him to work with her to save the company. At that time the company was an industrial enterprise. He managed the situation with success saving the company and after a few years he was convinced that the future in the sector was in the retail area. So, in the 1990s he negotiated a partnership with Inditex, one of the major retail groups in the world, and today his company is one of the major players in this area in Portugal. The company still maintains a small industrial area but only because the mother does not want to close the factory. Today, H feels that the business in the retail area is no longer interesting because it is dominated by large international corporations. So, he is implementing a shift in the main business that will change the features of the company. In the end of the interview he gave me his mobile phone number and said that if I needed any additional information I could call him. The first interview was supposed to be with H, the CEO, but because he was late I first interviewed G.

#### **4.4 C Company**

This company was created in the 1970s and it is run, since the year 2000, by the founder of the company with his two daughters. The Company includes three business units in the textile sector and the one that was created in the 1970s works in the sports clothing industry. The second one is a modern business unit that was created already in the 21<sup>st</sup> century, and develops technical textiles, with a high incorporation of innovation and technology that works 24 hours a day. The third unit runs the other two businesses, developing new collections, doing the commercial work and the financial management. These last two businesses were created in 2000 and the staff is young, whereas the staff in the first business unit created in the 1970s is older. They work with markets in the USA and North of Europe and their competitors are mainly from Israel and Austria. The group has 220 collaborators and the turnover was about 15 million euros in 2007. I spoke with the financial director and one of the daughters, S, who is member of the board. The daughter studied economics, works in the company for 12 years and is about 35 years old. The financial director, L is around 55 years and works for the company for about 22 years. The meetings were friendly. In the beginning the atmosphere was formal but with time the conversation became very fluid.

## **4.5 B Company**

The last company studied was created in 1994. A, the CEO and founder of the company, is 44 years old. In the beginning the company was just an office that worked as an interface between international retail chain companies that needed someone in Portugal to control their suppliers. Step by step the company incorporated several areas of the business so that today it is the supplier of some of the biggest international retail chains. The CEO sees the company as a partner of these major retail chain companies. B Company offers them speed and flexibility of service which these retail chain companies cannot find in China, India or Turkey. His main client is the Inditex Group which represents 60% of the turnover which was in 2007 around 20 million euros. The company has 80 employees and has commercial offices in Galiza and Barcelona. Another commercial office in Madrid has just open and they intend to open another one in London this year. I knew the CEO. I am involved in a team that develops business studies for another company in a different sector where the CEO is a shareholder. He was very precise and concise and gave straightforward answers. He is very optimistic about the future and intends to do a major investment in a new factory next year. I also spoke with a senior collaborator of the CEO, I, who has the responsibility of managing the commercial relation with Inditex.

## **5 Analysis**

Language is a dynamic system through which meanings are created, changed and communicated (Taylor 2001, p. 6). The way someone talks makes a difference because it is through language that people and things are categorized and evaluated. Discourse analysis is a process of exploration and interpretation (Taylor 2001 b, p. 318). Hence, discourse analysis can be described as the study of patterns in the language in use. As soon as the interviews were transcript, they were sent to the interviewees so that they could validate if the researcher had understood correctly the interviewees' responses. The coding was performed as soon as the first interviews were done and transcribed. I analyzed my initial set of transcripts without taking any notes. Then, in a subsequent analysis, I took marginal notes. This was the beginning of the process of coding. I reviewed the codes that emerged from the material and based on them, a comparative analysis was done, and hypothesis about linkages between concepts were developed. The process of this analysis was an interactive process which involved listening to the records and reading of the transcripts over and over again in order to identify categories.

## 5.1 The Themes

The themes that were identified are the ones which considered the most relevant patterns throughout the analysis of all the material. The themes that shape how top managers make sense of themselves and emerged from the interviews are change, interactions, the crystal ball and control. In the following sections, the themes that were identified for this research will be developed according to the way they are understood by the interviewees. The parts of the interviews that were selected to illustrate the themes were translated to reflect the view of the interviewee. They are not direct translations.

### 5.1.1 Change

P, of M Company, used a culinary metaphor to express the way he understands the environment change:

*“with the ingredients we need to build a recipe the ingredients are completely different from situation to situation the changes are too deep throughout the year and they are constant and because of that the ingredients are never the same part of them change every year”*

For P, change is a constant challenge that the organization has to face:

*“changes are true, they exist they are not utopias fashion changes two times each year, sometimes four therefore there are radical changes in the colors, in the raw materials and the company must adapt to all of this”*

The way M Company has to adapt to the constant change is through a close dialogue with their customers. As he stated:

*“Our textile world changes so quickly, quickly that sometimes we are not aware, in the year 2007 for instance I have done things that one year before I had said I would not do and during the year things have changed and we pragmatically have to do two things or we also change or we anticipate the changes and when we are in a game with the customers we are able to anticipate the changes and if they change we also have to change in order to accompany them”*

For M of A Company change is imposed by the increasing competition from Asia. For him, the increasing power of competitor from China and India has transformed, as he said, his work into a journey in a desert. As he said:

*“These are structures that already worked for 30 years and the costs to stop organizations like these are too high I have already asked myself if I should not have in 2000 when I knew that this would happen, I asked myself the question, LETS STOP THIS<sup>3</sup> Asia will come into our markets and this will be a very difficult journey in the desert in the next few years”*

M used the desert metaphor several times. It is a metaphor that expresses his feelings of pessimism regarding the situation that he is living: As he said:

*“We have found some oasis through our journey in the desert”*

This feeling of living in a desert creates in him a sense of permanent distress.

Q: *“How do you manage this situation?”*

A: *In personal terms it is very distressing this situation where a person is working with external factors that we are not able to manage. This makes me very distressed*

### **5.1.2 Interactions**

Another major theme that emerged from the interviews covers the importance of the interactions within the family, with collaborators, with partners, with consultants and with customers. For P, the CEO of the M Company the organization is the holding that is controlled by the family. He spoke always about the company and in the name of the company. In this company the dialogue between the branches of the family is a dialogue between equals. And the true source of strategic thinking lies in this dialogue. As P, the CEO, said:

*“Our group of companies must have very strong boards because if they are strong the companies will also be”*

It is a truly collective process and this is why the top manager always speaks in the name of the company, in other words, the family that owns the firm. This dialogue allows them to have a common view about the future. As T, the financial manager of the company states:

*“At this moment there are three branches of the family that dominate the company there is no intention in the family to open the capital to private investors”*

---

<sup>3</sup> Part that was spoken much louder than the surrounding talk

In the R Company, H expressed the idea that his family is so important that he has shared the most profitable business that he had with all his brothers. As he said:

*“Later my mother saw that I had a business in expansion and with future and that for me the most important thing is the family and I decided later to divide the business with my brothers”*

But although he considers the family important and the company belongs to all of them, in reality he does not dialogue with them. As he said, in relation to the negotiation of one of the representation of one important fashion trade mark for the company:

*“Things are the way I want (laughs) period in relation to M. D.(brand), I decided against the will of my family; I was convinced and I took the responsibility; was the way I wanted they (the brothers) went there (Barcelona) to study (the proposal) and they liked it but the document that was necessary to sign they thought was too complicated and I signed it alone; things were done the way I decided, and after that fact the industry came into deep trouble and the retail area was going up”*

In the R Company, the brothers of the CEO and other collaborators run the company in a proper way. They run the everyday business in the most effective way but they are not asked to give their opinion in relation to the long term decisions of the company. As H, the CEO stated:

*“In any company it is necessary to have someone who acts like me do not give a chance for discussion the word market studies, because we are in this business for 80 years or 90 what value has a market study done by some students from the university to whom we pay x, I cannot stand the word market studies it is necessary to have the feeling of an entrepreneur”*

H concentrates all the capacity and responsibility to shape the future of the company. As G, the commercial manager, expressed:

*“H is the person here with a vision of the future”*

G, from R Company, reinforces this view later in the interview when she states:

*“Usually our businesses come from H; he identified them and makes a proposal to the*

board”

What is interesting is that for her, the fact that someone concentrates all the capacity to decide the future of the company seems natural. As she said:

*“A group that does not have a person like him dies because it is not keeping day by day, but thinking about the future, is it not?”*

This capacity of the CEO, H, to decide, comes from his deep relation with some of the most powerful owners of the biggest world groups in the retail fashion business. As G said:

*“He (H) has an easy access to the biggest world groups like Inditex, Sonae and others”*

Another interesting feature of H is that she recognizes that unless they agree with him he will develop his ideas with someone else. As she said:

*“H has a lot of resources, if we do not agree with him in relation to a particular idea he will do it with someone else”*

The CEO, H, has a strong belief that only him who has the capacity to have a clear view about the future. He does not accept the idea that those that belong to the board have the ability to understand and chose in a wise way what the future of the organization should be. His belief is based on two factors. The first one is that this way of doing things has had positive results in the past and he believes that most people do not have the courage to make difficult decisions when it is needed. Secondly, he has more qualified information based on his international contacts mainly with Ortega, the owner of Inditex. As he states:

*“If the board says no I say yes I am a bit enfant terrible, sometimes the consultants, one is a teacher at IESE of Barcelona and the other is from Lisbon suggest market studies; I have a brother that lacks the entrepreneurial life, he is an academic and the problem with the board is that these people are academics”*

He likes others to see him as an audacious man, someone that has the ability to foresee the future. As he said:

*“In any company there must be someone that is the leader; it must be an audacious it must*

*be an audacious man”*

H, Ortega, the owner of Inditex, and the other International partners like PA and EE, share information between them and through this process they build a view of the world and about the future. For H, this is his source of qualified information that allows him to have a clear view of the future.

*“The world is contacts; those who we know outside; know people; this is what gives; what brings business; for me this house are contacts; be open; travel; be good with public relations; let’s say know people”*

In the B and A Company, although the wives of M and A are shareholders of the companies, they do not play any role in the dialogue that shapes the future of the organizations. In relation to collaborators, P, the CEO of the M Company, never mentioned them as such, even when I asked him directly about them. He does not consider the dialogue with his subordinates important and in the interview he only mentioned the dialogue and the actions within the board. For him the most important things are customers and money. As he said:

*“Today there are two things that are scarce: money and costumers and it is from here that we must manage very carefully”*

For M of A Company, collaborators are viewed as a cost. As he said:

*“In this kind of industry the price of manpower is essential this is supported based on the cost of manpower”*

In the A Company the dialogue is restricted to a small group of top managers. As E from the A Company said:

*“The core group is the CEO, myself, J and the commercial manager and someone else directly connected to the issue under decision”*

In the R Company, although the dialogue with collaborators does not exist in relation to the life and the future of the organization, top managers see collaborators as being part of a large family. As an example given by G:

*“If someone is sick we send them flowers, in the end they are part of us, the shops must be open at 10 a.m.; all the departments must have someone at 9 a.m. but if someone needs to go to a doctor or needs to do something else he/she could come later and compensate another day we have an environment where people feel well”*

For top managers of the C Company, dialogue with collaborators and other partners, such as the universities, is the resource that they use to build the company. Therefore, the company invests in this dialogue and in their collaborators.

*“This a young group they are here for 8 years not more this group sees the company in the future we have got a member of the group taking a master degree people know that if they need the company provides them with training; the company has partnerships with universities this technology associated with innovation makes us work with universities”*

In the C Company it was not like this in the past. The founder of the company, the father of S had a different way of doing things. As L, the financial manager, said, speaking about a decision taken by the founder about one investment they did in 2000:

*“Q: the customers were interested in the new products?”*

*A: we did not know two or three months later the CEO went to Austria again he thought if China and India became our competitors we can compete with these products he was criticized and alerted that this was not a good moment to invest*

*Q: he accepted well the criticism?”*

*A: yes he accepted the criticism but he went ahead anyway with no changes”*

An identical situation occurs now in the B Company. I expressed the idea that the company is a team and their way of managing is through dialogue where collaborators must take part.

*“I believe that the biggest problem of companies is to enable the organizations to work at the same speed because in the end a company is a wheel and if we all do not work at the same speed and if we do not have the same perspective the company will get stuck. It is complicated; it is difficult to manage because this is always moving*

*Q: How do you manage it?”*

*A: We manage; we have to win the sympathy of the people, I am working for the company for three years and I did not have the experience of working in a textile company; human relations are difficult in any company; we have to work with all types of people with many*

*different ways of thinking but above all we have to convince people to what is important”*

This process of involving the collaborators in the dialogue is difficult. As I said:

*“We must try, attain goals without imposing, without imposing in a positive way, each person has a unique perspective is it not? We must have a different discourse to each person the way I speak with A if spoken with B ruins it is complicated sometimes I would like to have a degree in psychology (laughs)”*

In the M, A and B Companies, the dialogue with the customers is a dialogue where they impose their view and their will on the organization. In these organizations, customers are the main source of information about the future. The dialogue with customers is a unilateral dialogue from the customers towards them. In the M Company the only ones outside the family that they truly hear are the customers that they know one by one. As P stated:

*“Q: Is it easy when a decision is taken to achieve the agreement of the collaborators with that decision?”*

*A: there are two ways for those that are inside the business it is easy for the others the recipe is to take them and go to the customers, we do not lose any more time”*

### **5.1.3 The crystal ball**

Throughout the interviews most of the interviewees at some point used metaphors to express their ideas. These metaphors were taken into account as the lens of the interviewee because as Morgan ((2006, p. 337) points out, metaphors provide a comprehensive view of organizations and through them place the themes into a larger context. The metaphor of the crystal ball was used both by P of M Company and by M of A Company. As P stated:

*“No one has a crystal ball no one is able to do predictions for medium term no one dares to do that what we know is our positioning in the market our capacity to interact and act in the face of situations”*

For the M, A and C companies, they are unable to predict the future. This experience was expressed by S of the C Company when she said:

*“Our horizon is short term; we do not have contracts like the auto industry; we are working with technical textiles for ski and we have to do everything that is possible in terms of innovation, we do not have the possibility of having a medium term vision”*

A different situation is the one that both H and A experience mainly because of their close relation with one of the biggest groups in the world in the fashion retail business, Inditex. As A said:

*“Q: what is the secret of the growth of the company? The secret is the customers with whom I have a strong relation mainly Inditex what makes my company grow is Inditex.*

*Q: How is your relation with Inditex?*

*A: The relation with Inditex and our company is between the commercial teams of both companies; it is a relationship of 12 years, I do not speak with anyone in particular. It is a customer supplier relationship”*

#### **5.1.4 Control**

P also expressed the idea that for him control and dominance are essential features of their way of managing. As he said:

*“We believe it is essential to have the control of the business, being dependent on others is a big responsibility; if we think to grow we must control the business, we must dominate and control the process and in this case yes we go ahead”*

Also for P, the concept of measured performance is always based on financial measures. His discourse is full of financial jargon such as added value, break even, payback, revenues, growth in exports and growth in capital. As he stated:

*“In the last seven years we have 25% growth in revenues we have 75% growth in our exports and 50% growth in our capital”*

Through this kind of language, the idea that control is reinforced. In the same line is T, the financial manager of M Company. His military discourse with expressions such as tactics, second lines, hierarchy, units and positions, is an expression of this idea that it is not possible understand what is an organization without the concept of control. As T said:

*“This group is not used to ask the collaboration of the second lines to think about strategic issues, period; tactics are top down does not mean that there is no collaboration bottom up but it is rare second lines are for execution, execution, there is no interaction there is no contribution even of the kind of suggestion box nothing of that kind exists here”*

M of A Company, his competitors are from Asia and Turkey and therefore he considers that his main advantage is to keep the prices low. All his efforts are towards maximum productivity. As he said:

*“It is essential from the production area to do everything to improve our productivity and our quality to allow us to keep the prices low so that we can compete”*

A similar mindset exists in the R Company. Speaking about their collaborators, G said:

*“We work a lot with our collaborators and we give them objectives, we like everyone to have some level of freedom but of course it is a decentralized but controlled process”*

The system of management that they have is based on the definition of objectives, rules and budgets inside each business unit. As she said:

*“It is like that we have objectives we have systems to measure performance, objectives are given in each business unit inside the group and it is done through directives and we elaborate an annual budget and then the objectives are communicated to the managers”*

In contrast, in the C Company, they emphasize the idea of learning, of innovation and of cooperation. Dialogue, instead of control with collaborators and other partners such as universities, is considered essential and part of the way of managing the organization. As S stated:

*“We have daily meetings questions are put forward about developments that were made and difficulties felt and we try to find solutions what is important is that everyone feels responsible for what they do and ask for help when needed in the past; people acted individually but today people share successes and failures”*

In order to increase this mindset of cooperation and improve their capacity to work together, they have asked the contribution of a consultant who attends their meetings and helps them in this process. As S said:

*“There are differences that we confront and discuss between us we have a consultant that is with us in our meetings and helps us in this process so that we can be a team”*

A similar experience occurs in the B Company. This feeling is expressed by I when she speaks about the CEO:

*“A manages the company, he has a quality that I much admire, he has total trust in his collaborators he is not that kind of boss that is always interfering he lets things flow”*

## **6 Talking and listening**

As Pye (2001, p. 39) points out, current executives spent large amounts of time communicating their intentions and their explanations both to internal as well as external audiences. According to the sensemaking theory, organizations exist in the minds of people and managers enact leadership all the time through the process of talking, listening, shaping meaning, and communicating the prevailing meaning to others. Considering that the identity of the top managers and their collaborators is negotiated and constructed by their interpretations of what is happening, which is done through the dialogue between them, in this section I will try to represent in each company studied, how they understand and see this dynamic process of building shared meanings. This analysis will be based on figures which are a general representation of the interaction between the stakeholders. The circles represent the different stakeholders that participate in the construction and shaping of shared meanings. The dimension of each circle represents the power / contribution to shape these meanings. This general representation shall be adapted to each company in accordance with my analysis.

### **6.1 The process in the M Company**

The above figure represents M Company. The arrows in the graphic are an expression of the dialogue and because dialogue is talking as well as listening, the directions of the arrows represent those who listen and those who talk. The dialogue between the three branches of the family is a dialogue between equals. And the true source of strategic thinking lies in this dialogue. It is a collective process and this is why the top manager always speaks in the name of the company, in a dialogue where customers impose their view and their will to the organization. In the context of strategic thinking, the dialogue is mainly developed between these three branches of the family and the customers. They also dialogue with the consultant asking him some support in terms of technical analysis. Other collaborators do not participate in this dialogue.

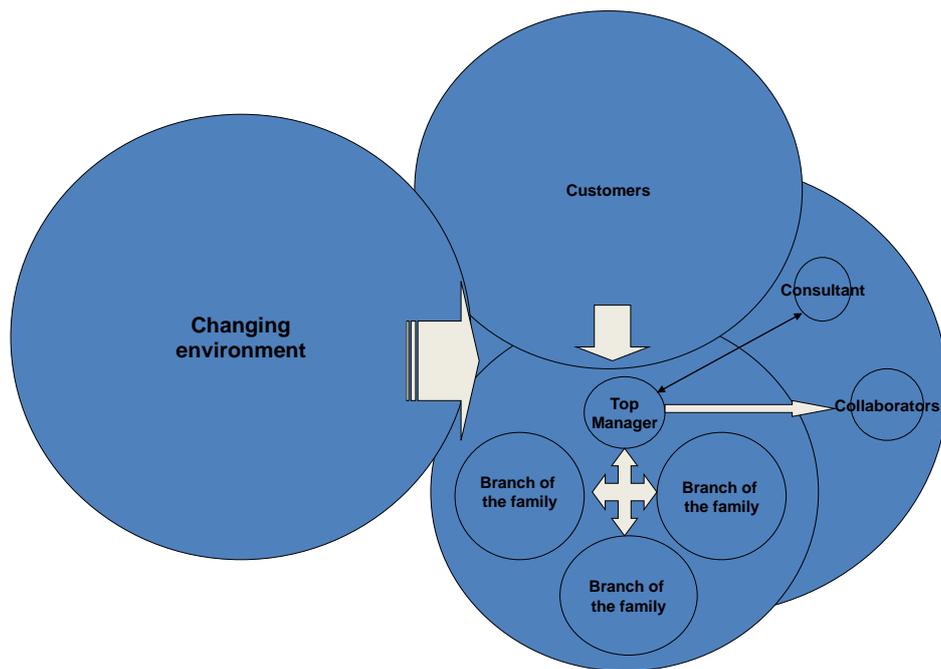


Figure 2: The graphic represents the interactions that emerged from the analysis of the interviews in the M Company (Authors' own).

## 6.2 The process in the A Company

Figure 3 represents the A Company. There is dialogue between the top manager and their direct collaborators. They both talk and listen. But in the end the shared meanings are mainly constructed by the top manager and imposed on their collaborators. The capacity of the collaborators to participate in the process of building and shaping the meanings are very limited. With customers it is the opposite situation because they impose their views on the organization. There is no dialogue between the top manager and the rest of the family.

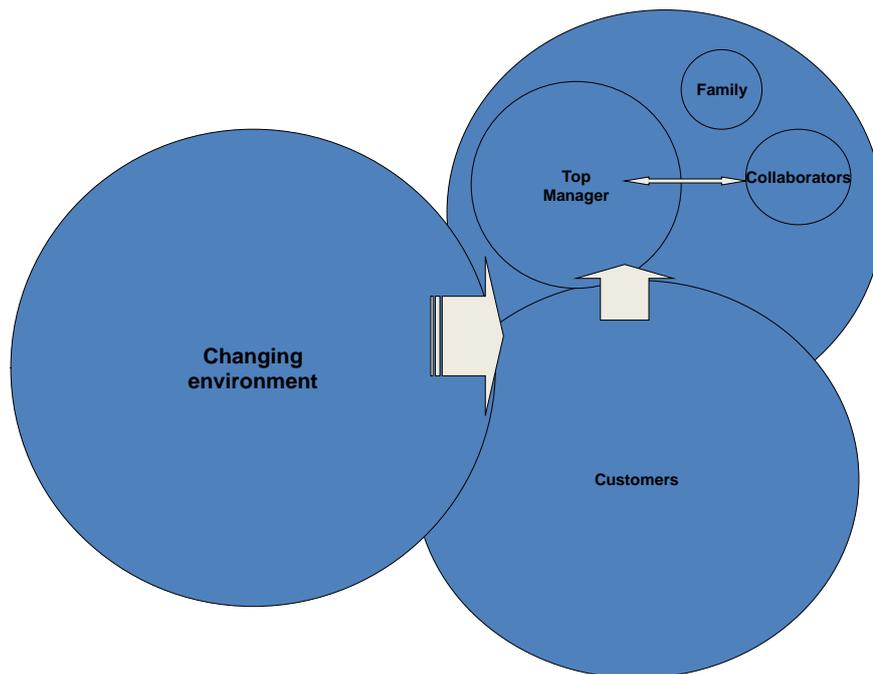


Figure 3: The representation of the interactions that emerged from the analysis of the interviews in the A Company (Authors' own).

### 6.3 The process in the R Company

There are two contrasting groups and realities in the R Company, represented by figure 4. One is the relationship between H and his partners and the other is the relationship between the family, the collaborators and customers. Inside each group there is dialogue between them but the dialogue that shapes the future of the organization is between H and the partners. This dialogue is done between H, Ortega, the owner of Inditex, and other International partners. They share information between them and through this process they build a view of the world and about the future. For H, this is his source of qualified information that allows him to create and evaluate the options for the company. He is the entrepreneur with the willpower to shape the future. The other group is the family, the consultants and the collaborators. They belong to a larger family, where dialogue his effective. They are the ones that run the everyday business in the most effective way.

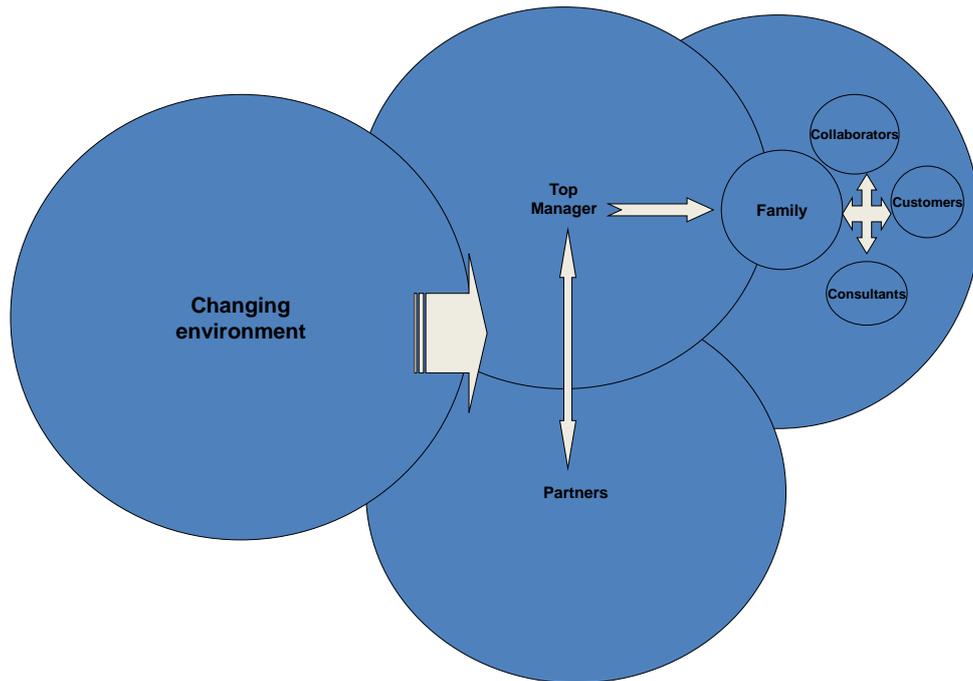


Figure 4: The representation of the interactions that emerged from the analysis of the interviews applied to the R Company (Author's own).

#### 6.4 The process in the C Company

In the C Company, represented by figure 5, there are two contrasting realities. One is the relationship between the CEO and the daughters. The CEO and founder of the company is the entrepreneur that like the CEO of R Company has the willpower to shape the future. In the past he alone made the most important decisions. He decided in investing in the new company in 2000 against the advice of the financial director. He based his decision on information that came from his experience, dialogue with customers, attention to competitors and qualified information from suppliers. Today however, the daughters run the business and because the business is supported by constant innovation there is an intense dialogue between the daughters, collaborators, suppliers, customers, universities and the consultant. Collaborators are asked to participate in this dialogue through suggestions and they have a regular feedback about the evolution of the company both in financial and non financial information.

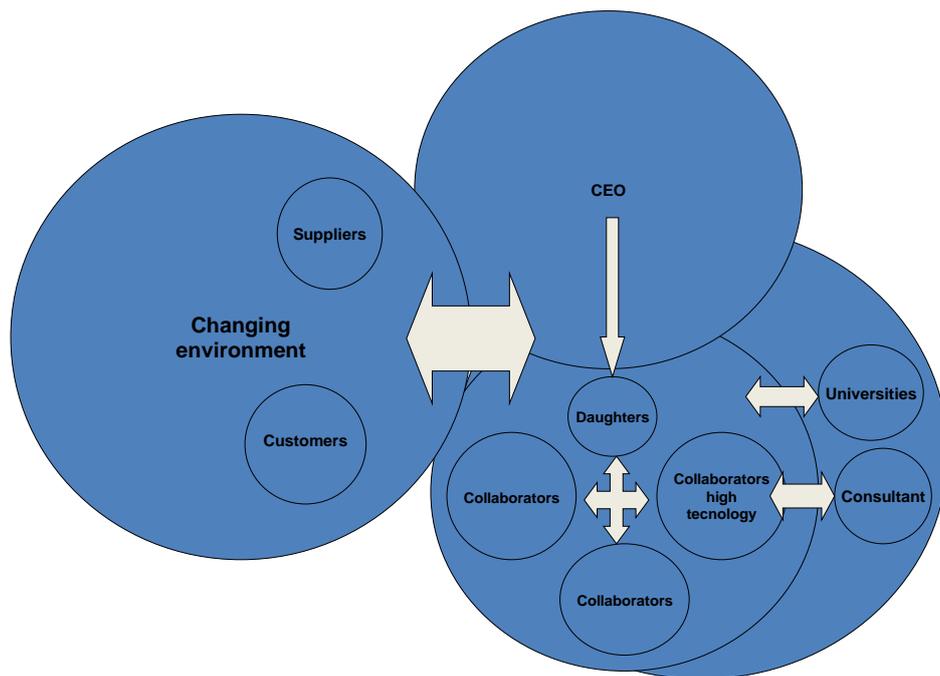


Figure 5: The representation of the interactions that emerged from the analysis of the interviews in the C Company (Author's own).

### 6.5 The process in the B Company

Figure 6 is an analysis of the process of sharing meanings in the B Company. The CEO and founder of the company is the entrepreneur that makes the most important decisions mainly based on information provided from his main customer, Inditex. Regarding the everyday business, he delegates to his staff the responsibility to manage the company as a team and with autonomy. I, during the interview nearly did not speak about the CEO except to mention that he gives them autonomy to act and that he had confidence in their work.

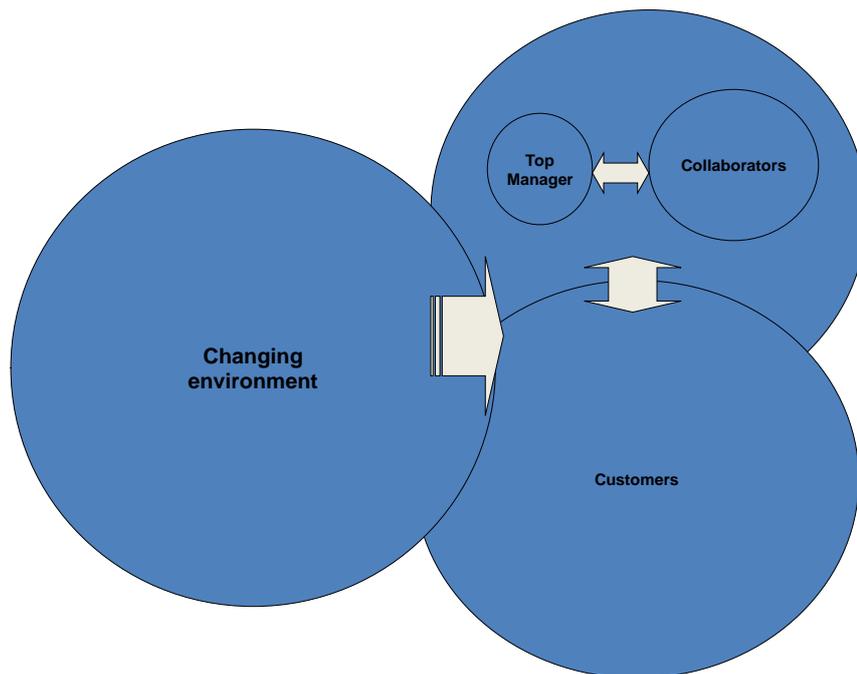


Figure 6: The representation of the interactions that emerged from the analysis of the interviews in the B Company (Author's own).

## 7 The Sensemaking Process

As Clegg and *et al.* (2008, p. 18) point out, we all make sense of everything around us all of the time. Sensemaking is about ordering our experiences so that our lives make sense which is done through mental models and presumptions about the future in a process, done through language, and based on plausible interpretations. We are in a process of constantly sensemaking which can be defined as an ongoing accomplishment through which people create their situations and actions and attempt to make them rationally accountable to themselves and others (Poesi 2005, p. 171).

Weick's (2002, p. 31) considers that sensemaking has seven properties. Sensemaking is social, is about identity, is retrospect, based on cues, is ongoing, is plausible, and is enactive. It is social because managers and collaborators make sense by conversations with others. It is about identity because the knowledge that they have about themselves and their organizations is created through an iterative process that continually build their identity. It is retrospect because they look back to their experience to make sense of what happened and what is happening. It is about cues that enable them to construct the bigger picture. It is ongoing because sensemaking is continually being made and remade. The way they understand the environment, themselves, their collaborators, the customers, the challenges

that they need to address, is ongoing. Their understanding is plausible rather than accurate because the sense they made is always provisional. It is enactive because they create the environment and the organization. Sensemaking is an issue of language, talk, and communication and through them, situations, organizations and environments are talked into existence. As Weick *et al.* (2005, p. 411) point out, sensemaking means “inventing a new meaning for something that has already occurred but does not yet have a name”. These seven properties provide a conceptual framework for understanding the sensemaking process. Therefore, an analysis of these properties in relation to the interviews is called for.

M, A and C companies, all of them enact the environment as uncertain and unexpected. Sensemaking is a search for meaning, through a continued redrafting story that is plausible (Weick *et al.* 2005, p. 415). As P stated:

*“No one has a crystal ball no one is able to do predictions for medium term no one dares to do that, what we know is our positioning in the market our capacity to interact and act in the face of situations”*

P sees the identity of the board of his company as strong. This identity construction constitutes a fundamental purpose of the sensemaking process because we need to know enough about ourselves and others to get on with our projects and responsibilities. As P, the CEO, said:

*“Our group of companies must have very strong boards because if they are strong the companies will also be”*

The social activity of the sensemaking process is constructed through conversations. In the R Company, H makes sense of his identity as someone that is above all a family man. As he said:

*“For me the most important thing is the family and I decided later to divide the business with my brothers”*

But although H shared the business with his brothers and the company belongs to all of them, in relation to strategic issues, he does not dialogue with them. He looked back to the experience of negotiating the representation of a fashion brand. H said:

*“Things are the way I want (laughs) period in relation to M. D. (brand) I decided against the will of my family I was convinced and I took the responsibility, was the way I wanted they (the brothers) went there (Barcelona) to study (the proposal) and they liked it but the document that was necessary to sign they thought was too complicated and I signed it alone”*

This retrospective characteristic of sensemaking was expressed by Weick (1995, p. 18) through the expression “How can I know what I think until I see what I say” which means that is through an experience that people can know what they are doing after they have done it. As H stated:

*“In any company it is necessary to have someone who acts like me do not give a chance for discussion”*

The sensemaking that H does about past experiences allows him to create an identity where he sees himself as the one with the capacity and the power to decide strategic issues. As Seligman (2006, p. 111) points out, the identity construction is a primary purpose behind finding meaning and the feedback that someone receives has the capacity to build the identity of those who received the feedback. The feedback of G helps to create the image that H has about himself as a leader. As she states:

*“Usually our businesses come from H; he identifies them”*

The conversations that H has with these major players enable him to construct the bigger picture about the sector. It is the enactive dimension of sensemaking where the environment and the organization is enacted through conversations and actions, and the challenges that must be addressed are identified. As Weick (1995, p. 30) points out, “the action of saying makes it possible for people to see what they think”. Action, which could be the conversations, is a precondition of sensemaking and through these conversations H creates discourses of direction. It is something that is constructed to persuade others toward certain understandings and actions. It is also the social dimension of the sensemaking. As Weick (2002, p. 32) points out, sensemaking is a social activity where meanings are constructed through discourse and conversation because the projects and actions of the CEOs are dependent upon others. As G said:

*“He (H) has an easy access to the biggest world groups like Inditex, Sonae and others”*

The feedback that H receives builds his identity and because R Company is a successful story, the members of the organization, like G, have confidence in the abilities of their manager to decide the future of the organization. As Weick *et al.* (2005, p. 416) point out, “who we are lies importantly in the hands of others, which means our categories for sensemaking lies in their hands”. The understanding that each actor has about himself are the result of the work they do, the actions of others, their observations and reflections and as Weick (1995, p. 20) points out, “depending on who I am, my definition of what is out there will also change”. That is why H has a strong belief that only he has the capacity to have a clear view about the future and he does not accept the idea that the board has the ability to understand and choose in a wise way. His belief is based on the fact that this way of doing things has had positive results in the past which is the retrospective dimension of sensemaking.

That is why he says:

*“If the board says no I say yes I am a bit enfant terrible, sometimes the consultants, one is a teacher at IESE of Barcelona and the other is from Lisbon suggest market studies I have a brother that lacks the entrepreneurial life, he is an academic and the problem with the board is that these people are academics”*

This statement from H provides an example why rational decision making in organizations is complex. The conflicts, the ambiguity of goals and lack of information interfere with the possibility of a rational decision process. H is in conflict with other members of the board and they as a board cannot agree on their end goals. Weick and Sutcliffe (2007, p.52) point out that when an organization succeeds, its managers usually attribute success to themselves. For H, the most important thing is his contacts with Ortega, the owner of Inditex, and other International partners like PA and EE. As he said:

*“The world is contacts; those who we know outside; know people; this is what gives, what brings business; for me this house are contacts; be open; travel; be good with public relations; let’s say know people”*

In this statement by H, several properties of the sensemaking are present. When H says “the world is contacts”, it is the social dimension because he makes sense by conversations with them and because his projects and actions are dependent upon their partners’ projects and actions. It is also the enactive dimension of sensemaking because H creates the world as

contacts. The statement “this is what brings business” is the enactive dimension of sensemaking because these contacts and dialogue create the environment, the opportunities and businesses. H enacts a vision of the future from these conversations. The phrase “this house are the contacts” is at the same time the social and the enactive dimension of sensemaking. The process is ongoing because sensemaking is continually being made. It is done through cues because from familiar structures H develops a larger sense of what is going on and it is plausible.

In the R Company, top managers enact collaborators as a large family. As G said:

*“In the end they (collaborators) are part of us”*

P, the CEO of the M Company does not consider the dialogue with his subordinates important and in the interview he only mentioned the dialogue and the actions within the board. He enacts as the most important things customers and money. As Weick *et al.* (2005, p. 409) point out, situations, organizations and environments are talked into existence. As P said:

*“Today there are two things that are scarce: money and costumers and it is from here that we must manage very carefully”*

The same view is held by T, the financial manager of M Company, who sees the organization through a military discourse with expressions such as tactics, second lines, hierarchy, units and positions. During the interview he reinforced the idea that dialogue with collaborators is not considered relevant. His discourse is in line with the discourse of P. As he pointed out:

*“This group is not used to ask the collaboration of the second lines to think about strategic issues, period, tactics are top down does not mean that there is no collaboration bottom up but it is rare second lines are for execution, execution, there is no interaction, there is contribution even of the kind of suggestion box, nothing of that kind exists here”*

Discourses produce concepts, categories, relationships and theories, through which we understand the world (Hardy *et al.* 2000, p. 1234). M of A Company considers his collaborators as a cost, which means that he enacts them just as another factor of production. As he said:

*“In this kind of industry the price of manpower is essential this is supported based on the cost of manpower”*

The excerpt below from P of M Company, expresses the retrospective, identity, ongoing and plausible dimensions of the sensemaking process because in the face of change, he (identity) has done things (retrospective) that he thought (ongoing) he would not do (plausible). As P says:

*“Our textile world changes so quickly; quickly; that sometimes we are not aware, in the year 2007 for instance; I have done things that one year before I had said I would not do and during the year things have changed”*

In contrast to the sensemaking of P, T enacts the M Company as a paralyzed organization unable to deal with the ambiguity of the world today.

*“It is a traditional family company that intends to survive in the global world but does not have the audacity nor have an open mind does not have audacity does not take risks”*

For M of A Company, change is imposed by the increasing competition from Asia. For him, the increasing power of competitors from China and India has transformed, as he said, his work into a journey in the desert.

*“These are structures that already worked for 30 years and the costs to stop organizations like these are too high I have already asked myself if I should not have in 2000 when I knew that this would happen; I asked myself the question, LETS STOP THIS Asia will come into our markets and this will be a very difficult journey in the desert in the next few years; I have already asked myself if I should not have in 2000 when I knew that this would happen”*

Through this statement, we can understand how M makes sense of what is going on around him. Mario looked at events that have occurred, the retrospective dimension, and try to understand and justify his actions. M acted first and then tried to rationalize why he did act the way he did. As Weick (1995, p. 26) points out, “actions are known only when they have been completed, which means we are always a little behind or our actions a bit ahead of us”. In this statement we recognize the identity dimension of sensemaking because he considers himself a victim of globalization. He enacts himself and his organization as victims of the

increasing power of competitors from Asia. He expressed it when he says:

*“I can be a great strategist and understand very well how to position my troops on the ground but if the machine gun is broken they could be well positioned in the right path but without machine guns...”*

This sensemaking process is retrospective because as Pye (2005, p. 38) points out, life is lived forwards but understood backwards. Mario is struggling to make sense of what is happening. He still seems confused and paralyzed with the difficulties that he is facing and assumes an identity of a victim with limited options. He uses the desert metaphor several times and this feeling of living in a desert creates in him a sense of permanent distress.

Q: *“How do you manage this situation?”*

A: *In personal terms it is very distressing this situation where a person is working with external factors that we are not able to manage; this makes me very distressed”*

Still, he keeps moving because as he said, in the middle of the desert there are some oases. It is the enactive dimension of the sensemaking because as Weick (2002, p. 32) points out, people have to keep moving. Actions modify what is observed and our action enacts our understanding of the situation. M enacted the environment as a desert but because as a leader, he needs to give some courage and meaning to his journey and to the journey of his collaborators, he also enacted some oases. As Weick (2002, p. 30) points out “we are all struggling with events that don’t make sense and there are no easy answers. Leaders should not be paralyzed by the complexity when events are unusual but instead help their collaborators not to give up, providing the resources and the courage to go ahead”. As M said:

*“We have found some oases through our journey in the desert”*

The concept of control lies at the core of numerous discourses on organizations and as Gabriel (1995, p. 1) points out, “control has become virtually co-extensive of what we understand by organization”. It reflects the belief that people work through the carrot and the stick (Dick and Ellis 2006, p. 191). In the M Company, top managers are concentrating on what they can control through routines and standard procedures. As P said:

*“We believe it is essential to have the control of the business; we must dominate and control*

*the process”*

Control is achieved by the use of the military language used by T, the financial manager of M Company, when he said:

*“This group is not used to ask the collaboration of the second lines to think about strategic issues, period; tactics are top down; does not mean that there is no collaboration bottom up but it is rare; second lines are for execution, execution, there is no interaction”*

Weick and Sutcliffe (2007, p. 50) point out, that to detect a failure is one thing but to report it is another. These authors consider that people need to feel safe to report incidents and failures, a challenge that S tries to address. As she said:

*...”and we try to find solutions; what is important is that everyone feels responsible for what they do and ask for help when needed; in the past; people acted individually but today people share successes and failures”*

The way S understands her role in the organization is similar to the way Sense (1990) sees the role of the top manager. For Sense (1990, p. 59), top managers are teachers that help people in the organization “to gain more insightful views of current reality” which must be accomplished based on the attention to people’s mental models and their assumptions about how the world works. It is the identity dimension of the sensemaking. In order to increase this mindset of cooperation and improve their capacity to work together, she has asked the contribution of a consultant who attends their meetings and helps them in this process. In this statement S also explains how the team that works with her make sense of what is happening around them collectively. Through this process, the members of the team tried to structure meaning out of ambiguous situations. As S said:

*“There are differences that we confront and discuss between us”*

It is a process where the members of the team, engage in the frame of the problems and opportunities that need to be addressed. They shared their experiences and have the opportunity to express an understanding of what was shared between them. They, as a team, engage in a collective sensemaking which can be understood as the process whereby groups interactively create social reality, which becomes the organizational reality (Boyce 1995, p. 109). In the C Company this is essential because as Clegg *et al.* (2008, p. 67) point

out, “management is above all about managing people” and innovation processes requires that all that are involved understand each other’s language. As Clegg *et al.* (2008, p. 388) states, innovators must understand corporate requirements, budgets, and deadlines, whereas managers must let go and trust in the people involved in a process with unknown output. A similar experience occurs in the B Company. I enacts the company as a team. As she says:

*“I believe that the biggest problem of companies is to enable the organizations to work at the same speed because in the end a company is a wheel and if we all do not work at the same speed and if we do not have the same perspective the company will get stuck; it is complicated; it is difficult to manage because this is always moving*

*Q: how do you manage it?*

*A: we manage; we have to win the sympathy of the people; I am working for the company for three years and I did not have the experience of working in a textile company; human relations are difficult in any company; we have to work with all types of people with many different ways of thinking but above all we have to convince people to what is important”*

This process of involving the collaborators in the dialogue is difficult. This experience of I is in line with what Weick (1995, p. 188) points out, that people share experiences, activities, moments of conversation but shared meaning is difficult to attain. As I said:

*“we must try, attain goals without imposing, without imposing in a positive way, each person has a unique perspective is it not?; We must have a different discourse to each person; the way I speak with A if spoken with B ruins it; it is complicated sometimes I would like to have a degree in psychology (laughs)”*

## **8 Conclusions**

Discourses produce concepts, categories, relationships and theories, through which we understand the world (Hardy *et al.* 2000, p. 1234). The themes that emerged are concepts through which the interviewees understand and create their realities. As Weick (1995, p. 26) points out, “language is action: whenever people say something, they create rather than describe a situation which means it is impossible to stay detached from whatever emerges”. The themes that were identified in this research are change, interactions, the crystal ball and control. Change is the condition for sensemaking because as Weick *et al.* (2005, p. 409) point out, sensemaking occurs when the current state of the world is perceived to be different from what was expected. In the face of change, people develop sensemaking

activities to enact order out of the chaos. It is the desire for control. Although we keep hearing the expression “expect the unexpected”, people are not able to do that (Weick and Sutcliffe 2007, p.30). A number of possible meanings are produced and a plausible explanation is selected. It is the metaphor of the crystal ball. The process is developed through interactions.

This research supports Weick’s (2002, p. 31) view that sensemaking is social, is about identity, is retrospect, based on cues, is ongoing, is plausible, and is enactive. Through a sensemaking process, people look at events that have occurred and try to understand what is happening. It is not a rational decision process that involves the identification of the problem, the analysis and evaluation of the possible solutions and finally the choosing of the optimal solution. Rather, they act first and then try to rationalize their actions. As Klein and Weick (2000, p. 18), point out, ““people don’t use rational choice methods. The strategy they actually use, what we call recognitional decision making, is faster than the analytical approaches because it relies on memory and recognition to get an immediate sense of what is happening”.

Throughout the analysis we have noticed contrasting views of managing and of organizations in the companies studied. The M, A and R Companies, believe in a management by rules and instructions and in the C and B Companies, believe in a management by dialogue and discussion. For instance, Paulo of M Company believes in formal relationships between managers and collaborators in which everyone is called by their title and people keep their distance from each other. A different experience happens in the C and B companies where they emphasize the importance of team work and their relationships are highly informal between top managers and collaborators. We can consider that in the cases of A and S, their managing emphasizes shared values, dialogue and trust whereas in the cases of P and M, their managing emphasizes control. This research also suggests that one of the main factors that influence the way top managers make sense of their managing in the context of strategic issues, is if they have access or not to information and cues that allows them the possibility of creating a vision of the future. This vision could be enacted from conversations and discourses with major players of the sector allowing them to enact the external environment as predictable.

## **9 Limitations of the findings**

According to the positivist tradition, research should be done based on three criteria which are reliability, validity and replication. Reliability means that the tools used should measure

consistently; validity refers to the accuracy of the generalizations made; and replication means that future researchers could replicate the project and produce similar results. Otherwise, for the constructivist perspective, the knowledge produced is situated, contingent and reflexive (Taylor 2001b, p. 319). In this case, the findings are situated because they are about specific circumstances of place, time and participants. It is contingent because social phenomena, such as management, is created by the perceptions and actions of the social actors and are in a constant state of revision. They are reflexive because the views, experience and interests of the researcher are reflected on the findings. As Riessman (1993, p. 8) points out, “investigators do not have direct access to another’s experience, they deal with ambiguous representations of it – talk, text, interaction, and interpretation and therefore, they cannot be neutral and objective”. In a story that is being told to particular person it could have taken a different form if someone else were the listener (Riessman 1993, p. 11). Therefore, each phenomenological research is unique and data itself reflects the views of the interviewee, the interaction that took place and the researcher’s interpretation. Parry (2003, p. 257) expressed that view when he said that “I must be very careful not to claim that my conclusions could be repeated in other trusts, or with other executive directors”. Thus, since my position is constructivist, the criterion for assessing my research is if it was developed in a credible way, which could be assessed by respondents’ validation. The use of respondents’ validation consists of asking them to validate if the researcher has understood correctly the interviewees’ responses. Therefore, as soon as the interviews were transcript, they were sent to the interviewees for that purpose.

## **10 Reflective chapter**

As Weick (1995, p. 26) points out, “actions are known only when they have been completed, which means we are always a little behind or our actions a bit ahead of us”. I notice in my experience this idea. During several years, I developed an intense commercial activity. I remember that at some point I realized that if I could postpone my decisions during the negation process, so that I could have more time to reflect, I was able to reach better deals. I had that feeling that our actions are a bit ahead of us.

Parry (2003, p. 246) pointed out, that “research is itself a sensemaking process”. The process of doing document 3 seemed to me like a puzzle. In the beginning the general impression I had was of confusion. The process of having comprehensive understanding of the research was done step by step and the process of writing was similar. Throughout all the process I went through the document several times from the beginning to the end, from the end to the beginning time and time again.

One of the things I have gain through the process of elaborating this research is a much bigger perception of the importance of language used. The expressions, the metaphors, and the concepts that people choose to describe a particular situation become meaningful to me while in the past I was only aware of the general meaning that people tried to communicate. This understands is allowing me to grasp the way people construct their realities.

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**How top managers make sense of their role in the strategic decision  
process**

**DOCUMENT 4**

## 1. Introduction

This report is the fourth document in the DBA process. The main objective of this project is to understand how top managers make sense of themselves and their management in the context of the strategic decision process. The research questions were suggested from my own experience because as a business man I felt difficulty in conceptualizing a vision of the future. Therefore, I felt the need to understand how people developed their concepts of the future. How do they decide? Do they feel comfortable with their decisions? This interest increased from the moment I began to teach strategy to high and middle managers from the “*Associação Têxtil de Portugal (ATP)*, an association of enterprises in the area of clothing and textile industries. During the course of my lectures I realized that on one hand, I did not know how they approach strategic issues and on the other hand I was not sure if my approach was adequate. This is an important issue because leaders are made or broken by the quality of their decisions and yet, as Regnér (2003, p. 57) points out, there are still surprisingly few answers in strategy research for the question of how managers create and developed strategy.

In Document I, I made a preliminary literature review that allowed me to create a framework where I map the different approaches to strategic decision making. Based on that framework I characterized the prescriptive approach as being deliberate and top-down; the competitive positioning as being deliberate and top-down although with some participation of the line managers and also as an outside-in approach; the core competence approach as being emergent, bottom-up and also as an inside-out approach; and finally the emergent approach as being emergent and bottom-up.

In Document II, I used the above mentioned framework to map the literature review. In Document III, I undertook a qualitative research through an inductive methodology. This research allowed me to get closer to the mindset of top managers and their way of managing. I also applied the framework that I created to the companies that I studied in this document. The result is illustrated in figure 1. In this figure, the R and B companies, based on an outside-in perspective have a deliberate approach. The difference between these companies is that in the R Company, the process is top-down and in the B Company the process is simultaneously top-down and bottom-up. On the other hand, M and A companies try to foresee their strategies according to an-outside in perspective but the difference is that they do not have a source of information to rely on as does R and B companies. Therefore, they have a top-down and emergent approach, with an emphasis in control, which seemed ineffective because on the one hand, companies need the capacity to learn and react

according to the unpredictable nature of events and on the other hand, the responsibility to act and learn is concentrated at the top, which creates a bottleneck in the process. In contrast to all these companies, C relies on its capacity to learn and innovate, which allows the creation of its market in a proactive way.

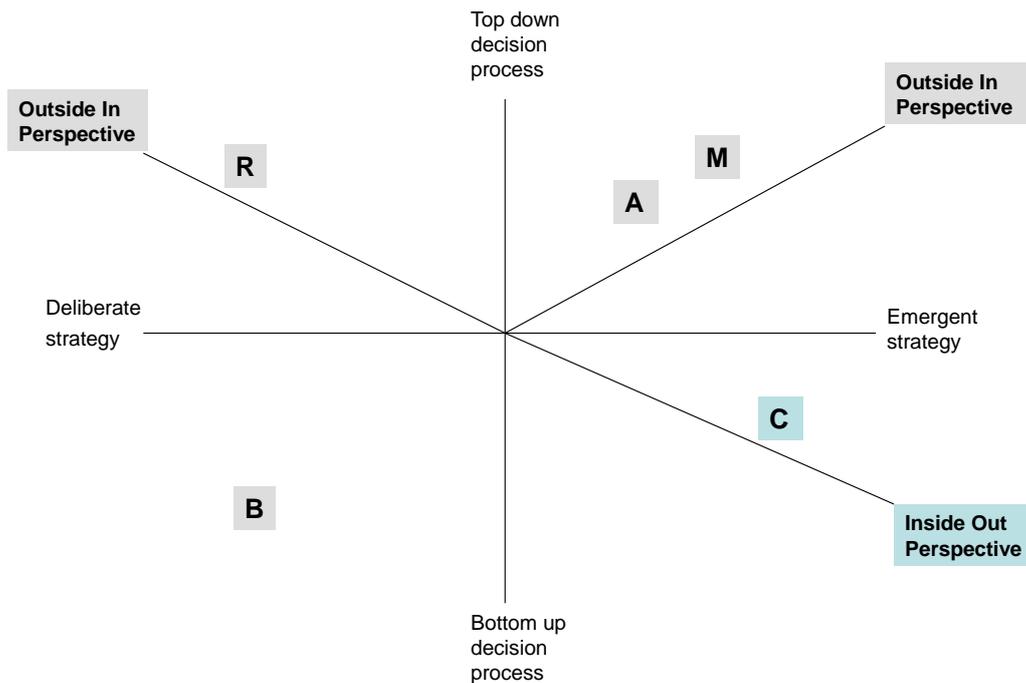


Figure 1: A graphical image of the position of the companies studied in Document III (Author's own).

Thus, C has an inside-out approach based on the idea of the leader as igniter of the creative energy of their collaborators. Hence, its approach is bottom-up and top-down simultaneously. In the C and B companies, top managers emphasize the importance of team work and their relationships with collaborators are highly informal. Their managing emphasizes shared values, dialogue and trust. The M, A and R Companies, believe in a management by rules and instructions and the C and B Companies, believe in a management by dialogue and discussion. The results gained by the research developed in document III, show that management have to make sense of dilemmatic tensions, which requires making trade offs between stability and flexibility; between internal consistence and external adaptation; between top down mission and bottom up involvement; between control and learning; and between continuity and disruption.

Therefore, in Document IV, I will try to understand through a quantitative research and for a

wide number of companies, how top managers see themselves as managers. I will review the literature to develop testable hypotheses. In order to do this I will need to understand top managers' cognitive frameworks because their sensemaking depend on their abstract representations of things. I then outline the research methodology and analytical techniques and finally I report the results of the analysis and discuss the implications of these results.

## **2. Focused literature review**

In this literature review we will map the main paradigms about strategy to identify the dominant cognitive frameworks related to the role of top managers.

Strategy remains a problem concept and the strategic management literature has becoming increasingly fragmented by contrasting paradigms, based on different assumptions about how business, strategy and decision making works (Henderson and Zvesper 2002, p. 476). These different paradigms have treated the role of top managers and the environment differently.

The prescriptive school considers that the environment is seen to be dynamic but essentially predictable. Therefore, strategic decisions are made based on a number of sequential steps such as goal formulation, environmental analysis, strategy formulation, implementation, control, and with a clear separation between thinking and acting (Glaister *et al.*, 2006, p. 208). Monitoring and control are basic functions of the managerial activity and failure is seen as resulting from deviations from this process. The responsibility for this process belongs to top managers. This rationalistic approach is characterized as being formal, top down and done by specialists (Dincer *et al.*, 2006, p. 207). It is, according to Combe (1999, p. 347), a school of thought that reduces and rationalizes complexity in an attempt to make sense of the environment. As Brown (2005, p. 213) points out, Hart (1992) produced a typology of strategic making modes which gained wide acceptance as a theoretical model. According to Hart (1992), this way of managing corresponds to a mode where strategy is a conscious and controlled process formulated at the top where strategies are fully deliberate and top managers are characterized as being strong leaders with the responsibility of controlling the activities of the subordinates and assuring that the implementation of the plan is effective. This paradigm encompasses the rational planning literature, the scientific management literature, the functionalist literature addressing bureaucracy and the total quality management (Combe 1999, p. 347). Such rational actors are rarely found because as Clegg *et al.* (2008, p. 286) point out, "real life is a bit more complicated". Rarely, it is possible to perceive and define a problem, then design an appropriate action, and finally select the

single course of action, and a too simplistic and linear view can prevent managers from seeing what is possible and find working solutions for real life situations (Aaltonen 2007, p. xx).

Another paradigm is represented by the competitive positioning school. According to Porter (1987, p. 19) strategic thinking rarely occurs spontaneously and without formal planning systems, day to day concerns tend to prevail and the future is forgotten although, as Cohen (2001, p. 18) points out, “after over 20 years of research, the effect of strategic planning on performance is still unclear and the true relationship that exists between planning and performance remains elusive”. Still, for Porter, (1987) the formal planning system is an instrument that provides both discipline to those who have to address the strategic issues and a tool to communicate the strategic guidelines to line managers. A good strategic plan should have an analysis of the industry in which the firm competes, of the competitive advantage, of the existing and potential competitors, an assessment of the company’ s competitive position and a selection of the strategy. The market structure should drive the company conduct and the environment context should be analyzed by tracking out the impact of the five forces and a market positioning choice should be done by selecting one of the generic strategies. Porter provided an outside-in approach where the analysis of the environment context in a systematic manner was a pre-requisite to a successful strategy process, and as McKiernan (2006, p. 15) points out, business schools students digested the five forces instantly and the “consideration of whether the environment existed or whether it was socially constructed was rarely part of their dialogue”. The environment context is considered as an outer reality within which the elements of the organizational strategy are combined (McKiernan 2006, p. 7). Therefore, the environment is observable and analyzed in order to create a deliberate strategy. The emphasis is on predicting what is certain and strategy is a linear and stage-based process. As McKiernan (2006, p. 11) points out, this perspective is captive of stable contexts, the perception is outside-in and the positivist epistemology is at its core.

We can conclude that stable environments facilitate formal planning because in this case, the future can be forecast and the components of the environment can be labeled and analyzed. Hence, for this perspective, the strategic decision process is characterized as being formal, top-down although with some participation of the line managers, and with an emphasis on an outside-in approach. Strategy, according to Porter, is a purely economic phenomenon where performance is judged by economic returns.

Some authors consider that in today's shifting scenarios, the view of strategy as a logical long term planning process does not work in environments characterized by intense rivalry, instant imitation and minimal entry barriers (Dick and Ellis 2006, p. 265). For them, strategy cannot be about predicting the future but instead should be about envisioning methods and systems to deal with the requirements of the unexpected, because the usual recipes for sustained advantage do not last (Doz and Kosonen 2008, p. 17). As Clegg *et al.*, (2008, p. 41) point out, "managing will rarely if ever correspond with the management presumed in rational plans and principles". These perspectives are normative and prescriptive models but management models must also be considered in relation to the meanings that they have for the different stakeholders because managing involves making sense collectively (Clegg *et al.*, 2008, p. 469). Rationality as a metaphor influences the way we describe, analyze, and think about things (Clegg *et al.*, 2008, p. 27). In that sense, this approach is attractive for top managers because through this view they are important actors, able to control events and people. This rationalistic approach could be seen as attractive by top managers as a template for them to make sense of themselves. These rationalistic perspectives, that view organizations mainly as machines operating in an efficient, reliable and predictable way, do not allow the understanding of them outside the mechanistic thinking. As Morgan (2006, p. 13) points out, "images or metaphors only create partial ways of seeing, for in encouraging us to see and understand the world from one perspective they discourage us from seeing from others". This is an unfortunate consequence of the rationalistic view when organizations need to replace the mechanistic thinking with different approaches. Still today, many authors believe that these rationalistic approaches are the most adequate. As Ketchen *et al.* (2004, p. 41) point out, in today's ever changing business environment, "careful analysis of the setting in which the firm competes, combined with consideration of process issues such as comprehensiveness and participation, can help reduce uncertainty and lead to better decision quality".

In contrast, the core competence approach is an inside-out approach where the organization is seen as a portfolio of competencies instead of a group of business units (Hamel and Prahalad 1990, p. 89). The aim is to mobilize the skills and energy of all employees of an organization, through a constant dialogue that improves innovation through a process where ideas and information move from bottom to the top and vice versa. This style of leadership is participative and employees are empowered. The emphasis is no longer on the external competitive environment, but on the internal analysis of the firm as the basis for building strategies. As Hart (1992, p. 337) points out, in this case, top managers create an emotional vision and a strong corporate culture and they act as coaches with the aim of motivating and

inspiring the other members of the organization to act as a team. Their job is to motivate and inspire. Strategy is, therefore, based on an iterative dialogue that involves feedback and a key characteristic which is the quality of the relations based on trust and reciprocity. This strategic decision process is characterized as being emergent, bottom-up although with the participation of top management in the definition of a learning strategy. It is an inside-out approach in the sense that organizations have to find ways of inventing new possibilities of seeing their environment and through it, be able to create new horizons. This process allows them to reinvent themselves, and their relationships with competitors, customers, and the broader environment, on a continuous basis (Morgan 2006, p. 88). Through it, organizations, instead of accepting their current reality as the reality, they are able to challenge the status quo and the rules of the game. This approach is closer to the social interpretivism paradigm that considers interpretations of the environment are socially constructed in communities of practice via language, symbols and shared values systems (McKiernan 2006, p. 20). This emphasizes a model of decision making leading to a continuous adaptation to a changing environment, belongs to the biological level. As Meyer (2002), points out, in knowledge based society, organizations need the ability to balance conflicting tensions between stability and change, central strategic leadership and bottom up entrepreneurship, individual autonomy, and collective cooperation. This requires from organizational members the need to “balancing inevitable tensions, finding viable solutions rather than ultimate solutions” (Meyer 2002, p. 537). This can be achieved, according to Meyer (2002, p. 538), because people, if left to themselves, create order not through a top down coordination but spontaneously.

Finally, with many points in common with the previous approach, the emergent or learning school considers that strategy “is a pattern in a stream of actions” taken by members of an organization in an emergent, unplanned manner (Mintzberg and Waters 1985, p. 272). This approach sees strategy as a creative and intuitive process rather than a systematic and rational one. As Mintzberg (1994, p. 111) points out, “strategies can develop inadvertently, without the conscious intention of senior management, often through a process of learning”. Planning does not create strategy and “the crafting image better captures the process by which effective strategies come to be” (Mintzberg *et al.*, 2003, p. 141). If strategy is to be crafted, there can be no distinction between developing it and implementing it (Koch 2006, p. 168).

Strategy as a learning process considers that strategies are emergent and, strategists can be found throughout the organization (Mintzberg and Lambel 1999, p. 24). The function of

top managers is to design the system that allows others the flexibility to develop patterns within it. In this case, hierarchy is replaced by networks and control by coaching and therefore, the strategic decision process is emergent and bottom-up, based on the managers' experience, their sensitivity and what they learn from daily operations. Organizational members have a great autonomy and are deeply involved in the strategic decision process and the role of the top managers is of a sponsor. This view, as Morgan (2006, p. 113) points out, invited us to rethink key management principles and create a completely new theory of management such as the importance of central leadership and control, how sensible it is to define clear goals and objectives, and the conventional top-down system of decision making.

For the core competence and emergent approaches, the environment is unpredictably and managers are generally unable to predict environmental change. Therefore, their approach to strategy is reactive and the concept of environmental enactment has center stage. Hence, environmental context instead of an objective entity that could be analyzed is a socially constructed entity perceived cognitively and enacted by those within organizations. The emphasis is placed upon perceptions over analysis when dealing with the turbulence of the environment and in that sense, as McKiernan (2006, p. 8) points out, the environment is sense made by organizational actors through invention. The attention is placed on organizational adaptation because the rational design manner constrained by external and internal variables no longer works. Therefore, the perception of the environment is inside-out. This school of thought believes that the long term survival lies in the adaptive evolution of organizations whose management and workforce can influence through the capacity to absorb more information, capabilities and resources (Combe 1999, p. 347). As Doz and Kosonen (2008, p. 10) point out, the insight needs to replace foresight because "the world around us keeps emerging, and our perception of it keeps reshaping itself as we play".

In a longitudinal case study involving four multinational companies, developed by Regnér (2003, p. 57) with the aim of understanding how managers create and developed strategy in practice, he observed how strategy was created at the corporate center and how it was constructed at the periphery by managers. As Regnér (2003, p. 66) points out, strategy making in the periphery can be described as external and exploration oriented, including inductive reasoning or sensemaking. At the periphery, managers relied on direct knowledge rather than reports and forecasts and they worked closely with customers, consultants and competitors. At the corporate center, managers relied more on inferences based on historical strategy and deductive sensemaking with an emphasis on the current knowledge

structure (Regnér 2003, p. 72). These activities at the center included formal inquiring, models and algorithms. Another characteristic of the center was that there seemed to be firmer, more established patterns and structures of strategy interpretations compared to the peripheries (Regnér 2003, p. 73). Therefore, Regnér (2003, p. 77) concluded that strategy making in the periphery was inductive since it was developed through externally oriented activities, involving trial and error, informal contacts and experiments. In contrast, at the center, strategy making involved formal reports and analysis, and was developed on the basis of existing knowledge. Deductive strategy making at the corporate center is largely a mechanistic activity which emphasizes traditional sources of knowledge to improve the existing strategy while inductive strategy making is external focused, generating new organizational knowledge through dialogue and discussion, conversation and negotiation between individuals and groups. In this view, the strategist is seen as “bricoleur” which is someone that uses skills, knowledge, instinct and interpretation to craft an understanding of the world within which actions are meaningful but temporary (Wright 2005, p. 94).

McKenzie *et al.* (2009) developed a qualitative research through six in depth interviews to CEOs in order to identify, in complex and unknowable conditions, how successful leaders make strategic choices. They concluded that effective leaders use more than one frame or cognitive frameworks to make sense of the world, allowing them to notice discrepancies and nuances (McKenzie *et al.*, 2009, p. 218). Most of the people, in the face of complex and unknowable conditions, rush into action or try to break problems down, in an effort to make them manageable. On the contrary, successful leaders, remain openly attentive to new ideas, thoughts and possibilities without evaluation (McKenzie *et al.*, 2009, p. 219). This capacity is what French (2001, p. 482) considers a “negative capability” which is a capacity to tolerate ambiguity and paradox in a non defensive way. This capacity allows us, in the face of uncertainties, to be able to stay with the moment and, by doing so, discover new ideas and learn. Another capacity that they notice in effective leaders was the ability to acknowledge and hold contradictions until one finds a position that transcends the tensions.

The literature relating to strategy is full of contradictions. Top managers are expected to be tough-minded but flexible, to have tight controls on some areas and loose controls on others, to have an inspiring broad vision along meticulous attention to detail, to have a linear sense of rationality but to thrive on chaos (Moore 1995, p. 19). It is therefore, interesting to understand how top managers make sense of these contradictions, how they integrate these contradictions in their experience and their management because, as Moore (1995, p. 19) points out, top managers live very fragmented lives. Strategic decision making has long

been a topic of great interest in the field of strategic management but as Bonn (2005, p. 336) points out, most of these studies have not addressed the cognitive dimension of decision making, namely the question of how decision makers actually think. According to Wright (2005, p. 89), strategy is a work of fiction and therefore all strategists are authors of fiction and the question is how top managers understand this fiction, their role and how they see themselves in this fiction.

Managers, like everyone, shy away from ambiguity, and uncertainty (Lundberg 2005, p. 290). So, managers, in the face of an uncertain situation, try to make sense of them asking questions such as “where are we now”, “where do we want to be”, “how shall we move from where we are to where we want to be”. This sensemaking process is a process of construction which begins when a person notices something, the cue, in the ongoing flow of his experience, and uses his cognitive frameworks to retrospectively create a plausible explanation to what was noticed (Lundberg 2005, p. 291). In this context, cognitive frameworks are maps of learned beliefs and assumptions and the sensemaking process is the meaning created by relating a cue to cognitive frameworks through a process that is not linear.

As Toit (2006, p. 290) points out, we are not victims of our environment, but rather of our sensemaking processes. The sensemaking process influences our views and beliefs and they influence the sense made and the realities that we experienced. Hence, in order to understand top managers’ sensemaking process we need to understand their cognitive frameworks because their sensemaking depend on their abstract representations of things. As Aaltonen (2007, p. 7) points out, cognitive frameworks influences what is noticed and the interpretation of what is noticed, enabling individuals to make inferences and predictions. During the sensemaking process, they filter, categorize and integrate new stimuli into existing cognitive frameworks of reference. Whenever they experience change, their assumptions about reality and their cognitive frameworks and roles are challenged to deal with the new situation, they have to redefine the cognitive frameworks because there is a need for a re-evaluation of existing values and meaning systems. As Toit (2006, p. 282) points out, managers constantly face wave after wave of changes and to deal with these changes, they engage in the process of sensemaking. Much of that process is subconscious and their sensemaking activities influence what they came to experience. Therefore, organizations are systems in continuous change and adaptation. As Landau and Drori (2008, p. 701) point out, sensemaking affects the way organizations are themselves perceived and contributes to the construction of organizational identity.

According to the cognitive theory, individuals construct meaning and make sense by building cognitive frameworks that guide their thinking and the direction of their decisions. These cognitive frameworks structure the unknown, define what decision makers' regard as relevant and act as a filter that influences their perception of organizational life and what should be done. Decision makers who receive the same stimuli may use different frameworks to interpret them and, therefore, disagree about meanings, causes and effects. By enacting their environments, decision makers develop subjective representational systems that influence how problems are framed and how managerial and organizational meanings are developed. Therefore, from a sensemaking perspective, top managers are viewed as social constructors of sensible events which imply making sense not only of them but also supply others with a workable interpretation (Ericson 2006, p. 123).

In this process, Business schools play an important role because they influence and shape the identity of managers as influential actors within the economic institutions. As Khurana (2007, p. 7) points out, business schools were created by entrepreneurs with the aim of legitimizing the occupation of management through a concept of the CEO as one of the pillars of the managerialism and the belief that management is a technical activity. As Tietze *et al.* (2003, p. 34) point out, the machine metaphor as a way of seeing organizations has been the most dominant metaphor of the previous century. This perspective shaped managers' understanding of organizational issues and shaped the way in which managers make sense of themselves and their organizations (Khurana 2007, p. 297).

### **3. Methodological approach**

As Hatch and Cunliffe (2006, p. 11) point out, beliefs, assumptions and knowledge of the world influence how researchers carry out their research. The questions that we will try to understand in this section are questions such as the nature of reality and if human beings are better characterized as transcendent personalities or situated meaning makers and these questions have implications regarding the nature of knowing about social issues. Should knowledge be a search for universal laws and essences or a search for interpretations and meanings? Therefore, in this section the philosophic assumptions will be outlined and an account of how the research has been carried out will be detailed.

#### **3.1 Assumptions**

For the positivist paradigm, the world is external and objective, the observer is independent,

his research is based on facts and looks for causality and fundamental laws. As an epistemological position, the main characteristic of the positivism approach is that only phenomena confirmed by the senses can be warranted as knowledge. Therefore, the purpose of theory is to generate hypotheses that can be tested and that will thereby allow explanations of laws, that science must be conducted in a way that is objective or value free and that knowledge is arrived at through the gathering of facts (Bryman and Bell 2007, p. 16). As Dervin *et al.* (2003, p. 6) point out, this view as an understanding of reality as orderly and universal allows any person with normal faculties of perception to be able to observe and describe the same phenomenon as could any other person do in a given situation. An important component of the positivism approach to research is that the research is undertaken in a value free way in the sense that the intervention of the researcher will not alter the substance of the data collected (Saunders *et al.* 2007, p. 103). The assumption is that the researcher is independent of and neither affects or is affected by the subject of the research. Quantitative research typically has a logical and linear structure, in which hypothesis take the form of expectations about likely causal links between the concepts identified (Elbadi *et al.*, 2002, p. 65). The determination of a causal links specified by the hypotheses will result in the acceptance or rejection of the theoretical proposition. Thus, quantitative research relies on the measurement and analysis of statistical data to determine relationships between one set of data to another. They use mainly quantitative research methods in order to answer questions about relationships among measured variables, through mainly deductive methods. The positivism paradigm, according to Sobh and Perry (2006, p. 1196) is the most widely used paradigm for business research. This paradigm assumes that reality can be measured and this approach is appropriate in physical sciences but is inappropriate when approaching a complex social phenomenon such as management which involves reflective people.

The realism paradigm considers that reality exists independently of the researcher's mind, which means that it is an external reality. This external reality consists of abstracts things that are born of people's mind but exist independently of any one person. It is therefore largely autonomous from any one person (Sobh and Perry 2006, p. 1199). A person's perception is a window to that external reality. Realism assumes a scientific approach to the development of knowledge because what the senses show us is the truth because they believe that there is a real world out there to be discovered (Saunders *et al.* 2007, p. 105). Therefore, realism shares with positivism the belief that there is an external reality and that the approach to study the natural and the social world should be similar. As Fisher (2004, p. 16) points out, realist researcher puts things into categories and labels them to measure and

quantify the things in order to discover mechanisms that bring about events, and are concerned that their theories should be verifiable and have some generalisability. However, they recognize the role of subjectivity and therefore, accepted the existence of competing explanations because different researchers could develop different theories. One form of realism is the critical realism which considers that we can only understand the social reality if we identify the structures at work that generate those events. These structures can only be identified through the practical and theoretical work of social science. Therefore, science can be seen as the systematic attempt to know the structures which are the ways of acting of things that exist and act independently of thought. For the critical realist and in contrast with the positivists, their explanations do not arise directly from observation (Bryman and Bell 2007, p. 18).

On the opposite side, the constructivist paradigm sees the world as socially constructed, where the observer is part of what is observed and where the focus is on meanings because social reality has a meaning for human beings and therefore human action is meaningful (Bryman and Bell 2007, p. 20). This paradigm argues that the world is constructed by people and that these constructions should be the driving forces investigated in social science research. For this perspective, business situations are complex and unique because they are a function of a particular set of circumstances (Saunders *et al.*, 2007, p. 107). In this sense, as Fisher (2004, p. 41) points out, the process of understanding is mediated through people's thinking, values and relationships. This view assumes that there are human differences in experience and observation because it is impossible to separate the inner and outer worlds of human experience. The real is always potentially subject to multiple interpretations, due to changes in reality across space, changes across time, differences in how humans see reality arising and differences in how people construct interpretive views of reality. People are involved in a constant journey through sensemakings and sense unmakings because they and their worlds are constantly evolving and becoming (Dervin *et al.*, 2003, p. 141). Hence, social phenomena are the product of social interactions and in a constant state of revision. Therefore, categories that people employ to understand the world, both the natural and the social world, are social products because their meaning is constructed through interaction and could vary in the context of different times and places. In this context, the work of the social scientist is to understand the actions and the social world of people from their point of view. They used mainly qualitative and inductive research methods and this kind of research sees reality as an emergent social process that must be understood at the level of subjective experience.

It was mentioned in document III that my ontological perspective, which concerns what I believe reality is, is constructivist. Therefore, I see organizations not from an external viewpoint but as socially constructed realities that must be understood from the point of view of people who are directly involved in its activities. For this perspective, every sense maker is a social constructionist in the sense that differences in understandings, experiences and practices result in differences in the sense making of the same information or situation (Aaltonen 2007, p. XIX). This means that the social world is negotiated and constructed by our interpretations and that our interpretations are based on implicit understandings found in our intersubjectivity (Hatch and Cunliffe 2006, p. 43). My epistemological position, which is concerned with how I form knowledge and how I establish criteria for evaluating it, is interpretivist.

### **3.2 Research strategy**

Based on the framework proposed in Document I, the focused literature review and the research questions, I developed a theoretical model with variables and testable hypotheses. Through questionnaires, data was collected and based on that data, scatter diagrams and graphics of the views and positions that top managers and collaborators have about the issues under study were created. These scatter diagrams and graphics are an expression of how people make sense of the phenomenon under and upon which I developed my own analysis and conclusions.

#### **3.2.1 Self completion questionnaires**

The data was collected through a self completion or self administered questionnaire. As Bryman and Bell stated (2007, p. 241), self completion questionnaires have the same advantage of the structured interview, that by giving exactly the same stimulus to each respondent, ensure that interviewee's replies can be aggregated. Since there is no interviewer present, therefore interviewer effects are eliminated. The main difficulty with the self completion questionnaires is that they typically result in lower response rates (Bryman and Bell 2007, p. 243). This could create a bias if those who do not answer differ from those who decide to participate. In order to increase the rate of answer, a letter from the ATP was sent to the participants explaining the interest of the ATP in the survey and encouraging them to participate. The letters were personalized, with the respondent's name and address based on the information provided by the ATP. The questionnaires themselves had a cover letter explaining the research, objectives and providing guarantees of confidentiality. The questionnaires were sent with a stamped addressed envelope so that the respondent, after completion, returned it by post. Follow up phone calls were made to remind them to

participate. In five cases, I personally asked non respondents top managers and collaborators to fill in the questionnaires to increase the responses rate.

Regarding the questions, closed ended questions were chosen through Likert scales, which is one of the most frequently used formats for questions about attitudes and beliefs (Bryman and Bell 2007, p. 264). Closed questions were chosen because the questionnaires were pre coded and they were also easier for the respondents to answer (Bryman and Bell 2007, p. 260). The respondent just had to place a circle in the appropriate response and for each answer a pre code was already created. There are some disadvantages with the closed ended questions such as the loss of spontaneity from respondents and the fact that the answers are mutually exclusive. The categories that I intend to measure through the questionnaires, will be identified and illustrated. As Graziano and Raulin (2004, p. 155) point out, developing operational definitions of the variables is critical in correlational research because measurement or the assignment of numbers to variables depends on the adequacy of operational definitions.

### **3.2.2 Questionnaires**

Two sets of questionnaires were designed, one for the top managers<sup>4</sup> and the other for their immediate collaborators<sup>5</sup>. The reason why I included the immediate collaborators of top managers in this research, is because, as Weick *et al.* (2005, p. 416) point out, “who we are lies importantly in the hands of others, which means our categories for sensemaking lies in their hands”. It is the social dimension of sensemaking where the projects and actions of the CEOs are dependent upon others. Each questionnaire had a letter explaining the purpose of the research. The questionnaires were done so that they were as short as possible, and in a sequential structure so that the respondents could understand the themes. They consisted of statements and respondents were asked to choose a position on a six point scale according to their opinion. Through these Likert scales, respondents could indicate their opinions and attitudes.

### **3.2.3 The analysis**

Since one picture is worth a thousand words, as a Chinese proverb states, the analysis was done through scatter diagrams and graphics that portray the views and positions that top managers and collaborators have about the issues under study.

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<sup>4</sup> Appendix 2

<sup>5</sup> Appendix 3

#### **4. The companies studied**

As stated before in documents I and III, the study takes place in the context of the clothing and textile industries in Portugal and the companies targeted in this study are of medium and large sizes, excluding the smaller ones. I have excluded the smaller ones because in these companies the strategic decision process is in most cases made solely by the top manager. The concept of size adopted will be the one recommended by the European Commission that considers a small enterprise as having between 10 and 49 employees and an annual turnover not exceeding 10 million euros (European Commission 2003, p. 39). Therefore enterprises with less than 50 employees and/or an annual turnover of less than 10 million euros is excluded from this research project.

I asked the general manager of the *Associação Têxtil de Portugal* (ATP), the association of the industry in Portugal, to identify all the companies that met the criteria defined. The requirements were satisfied by 68 companies. The ATP sent a letter to these companies explaining the study and expressing support and interest in the research. Then, two questionnaires, one for the top manager and one for a direct collaborator were sent to all the companies identified. Phone calls were made to remind the respondents to complete the questionnaires. I received 20 questionnaires from top managers and 19 from direct collaborators.

#### **5. Research framework and hypotheses**

As already mentioned, in order to understand top managers' sensemaking process we need to understand their cognitive frameworks. The objective of the research is to identify the dominant cognitive frameworks in the organizations under study, both from top managers and collaborators because top managers' sensemaking processes depend on their abstract representations of things. Research on cognitive frameworks and how they are constructed and applied in the decision making process shows that they represented organized knowledge that is used to simplified large amount of data and to organized and interpret data and guide action (Bonn 2005, p. 341).

Based on the focused literature review, I will consider two main streams of thought, the rationalist approach which encompasses the prescriptive and competitive positioning schools, and the emergent approach which encompasses the core competence and the learning schools. This choice was based on the common features that each stream of thought has in terms of characteristics of the decision process, style of leadership, mindset

and view of the environment. The first stream of thought is an expression of a model that sees organizations as machines that should operate in an efficient, reliable and predictable way. For this view, monitoring and control are basic parts of the managerial activity and the responsibility for this process belongs to top managers. This rationalistic approach is characterized as being formal, and top down. It is a perspective of managing that sees strategy as a conscious and controlled process formulated at the top where strategies are fully deliberate and top managers are characterized as being strong leaders with the responsibility of controlling the activities of subordinates and assure that the implementation of the plan is effective. It is also an outside-in approach which means that the environment context is observable and analyzed in order to create a deliberate strategy. The emphasis is on predicting what is certain so that the future can be forecast and the components of the environment can be labelled and analyzed.

The second stream of thought considers that in today's shifting scenarios, strategy cannot be about predicting the future but instead should be about ways of dealing with the unexpected, because the usual recipes for sustained advantage do not last. It is an inside-out approach in the sense that organizations have to find ways of inventing new possibilities of seeing their environment and through it, be able to create new horizons that allows them to reinvent themselves and the broader environment, on a continuous basis. Through it, organizations, instead of accepting their current reality as the reality, they are able to challenge the status quo and the rules of the game. In this case, top managers act as coaches with the aim of motivating and inspiring the other members of the organization to act as a team. Their job is to motivate and inspire. Strategy is therefore based on an iterative dialogue that involves feedback and a key characteristic is the quality of the relations based on trust and reciprocity. This strategic decision process is characterized as being emergent, bottom-up although with the participation of top managers in the definition of a learning strategy. This approach sees strategy as a creative and intuitive process and strategists can be found throughout the organization. In this context, the function of top managers is to design the system that allows others the flexibility to develop patterns within it. The environment is unpredictable and managers are generally unable to predict environment change. Hence, the environment context, instead of being a reality that could be analyzed, is perceived cognitively and enacted by those within organizations. The emphasis is placed upon perceptions over analysis when dealing with the turbulence of the environment and in that sense, the environment is sense made by organizational actors through invention.

Based on these streams of thought, the definitions of categories will be set out and in order

to do this, theoretical concepts will be translated from the abstract level to a concrete level so that they can be measured. Concepts, as Bryman and Bell (2007, p.157) point out, are the building blocks of theory, or in other words, labels, that represent the points around which research is conducted. Concepts employed in quantitative research must be measured. Therefore, a variable is any set of events that may have different values, or, it is any characteristic that can take more than one form or value, such as attributes on which people, organizations, or whatever exhibit variability (Graziano and Raulin 2004, p. 77). The variables will be classified as independent and dependent. The independent variables could be of two kinds. The first are the manipulated independent variables that the researcher controls by actively manipulating them to see what its impact will be on the dependent variables. The second are the non manipulated variables which are assigned to groups on the basis of pre-existing characteristics. A dependent variable is a variable that is hypothesized to be affected by the independent variable. A causal relationship between independent and dependent variable exists when changes in one variable result in a predictable change in another.

As Clegg *et al.* (2008, p. 41) point out, what people choose to do will depend on their understanding of the context and the resources that they find at hand because their choices are grounded in their understanding, in the way they socially construct reality, as well as the way they are constrained by other people's social constructions. Therefore, we are in the face of an outside-in perspective when the environment context is observable and analyzed in order to create a deliberate strategy. The emphasis is on predicting what is certain so that the future can be forecasted and the components of the environment can be labeled and analyzed. In contrast, we are in the face of an inside-out perspective when the external environment is unpredictable and managers are generally unable to predict environment change. Hence, the environment context instead of an objective entity that could be analyzed is a socially constructed entity perceived cognitively and enacted by those within organizations. I will consider these as independent variables

Also, for the purpose of this research, the dependent variables will be split into three groups: the characteristics of the decision process, the style of leadership and the mindset. Regarding the characteristics of the decision process, it could be deliberate or emergent. It is deliberate when it is perceived as a controlled and conscious process, and it is emergent when it is perceived as a process based on trial and experience. The decision process could also be top-down or bottom-up. It is top-down when the strategic decision making is centralized on top managers and it is bottom-up when line managers participate in the

strategic decision-making. Regarding the style of leadership two different categories were chosen: controller or facilitator. The controller is a top manager that believes his role is mainly to evaluate and control the activities of subordinates and the role of organizational members is to implement the orders according to procedures and rules. The facilitator is a top manager that believes his role is to empower and enable, and the role of the organizational members is to learn and improve. Regarding the mindset, the cooperative mindset is characterized by the capacity to work together in teams based on the quality of the relationships in a process where senior managers provide a crucial role model of cooperative working based on trust and reciprocity. On the other hand the competitive mindset is characterized by relationships based on the role they play, where the attitude of top managers towards their collaborators is impersonal with a focus on the goals.

Through the theoretical overview outlined previously and the definitions of categories that were set out, a research framework was created. Figure 2 depicts the variables assignments described above. As mentioned earlier, the variables identified were done according two streams of thought. The upper left quadrant represents the first stream of thought. When top managers are convinced that they have an outside-in perspective because they believed that the environment is predictable, it is plausible that top managers develop a controller profile, in an organizational environment dominated by a competitive mindset and where the strategic decision-making is an exclusive competence of the top manager. This defines them as dependent variables.

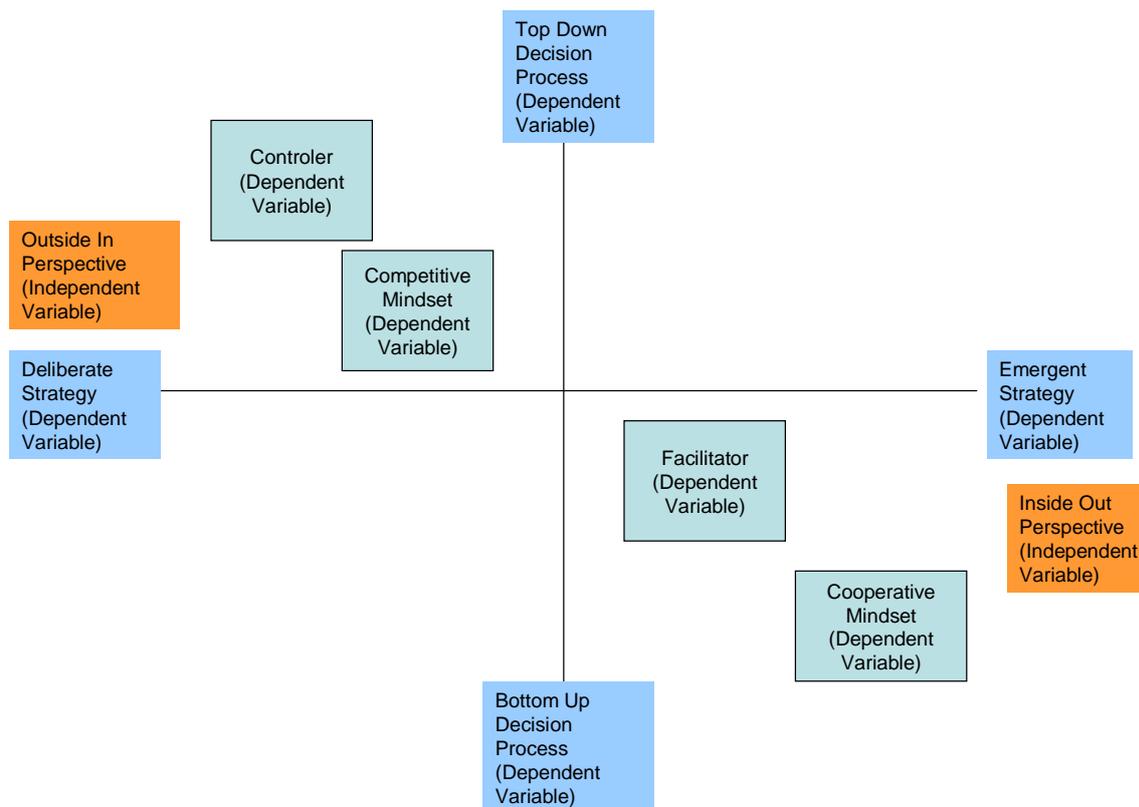


Figure 2: A graphical image of the research framework with the identification of independent and dependent variables (Author's own).

The lower right quadrant represents the second stream of thought. When top managers are convinced that they have an inside out perspective due to an unpredictable environment, it is plausible that organizations build their strategies based on a strategic decision process where collaborators are encouraged to participate, in a process that is emergent and bottom-up and where top managers act as facilitators of that process in a context dominated by a cooperative mindset.

Based on the focused literature review and the research framework outlined previously, I hypothesize the following:

Hypothesis 1: An outside in perspective will be positively associated with a top down strategic decision process and will be negatively associated with a bottom up strategic decision process

Hypothesis 2: An outside in perspective will be negatively associated with an emergent

strategic decision process and will be positively associated with a deliberate strategic decision process.

Hypothesis 3: An outside in perspective will be negatively associated to the role of the top manager as a facilitator and will be positively associated to the role of the top manager as a controller.

Hypothesis 4: An outside in perspective will be negatively associated to a cooperative mindset and will be positively associated to a competitive mindset.

Hypothesis 5: An inside out perspective will be positively associated to an emergent strategic decision process and will be negatively associated to a deliberate strategic decision process.

Hypothesis 6: An inside out perspective will be negatively associated to a top down strategic decision process and will be positively associated to a bottom up strategic decision process.

Hypothesis 7: An inside out perspective will be positively associated to the role of the top manager as a facilitator and will be negatively associated to the role of the top manager as a controller.

Hypothesis 8: An inside out perspective will be positively associated to a cooperative mindset and will be negatively associated to a competitive mindset.

## **6. Analysis**

*Hypothesis 1: An outside in perspective will be positively associated with a top down strategic decision process and will be negatively associated with a bottom up strategic decision process*

This hypothesis is not supported either by top managers or by collaborators. The answers illustrate in figures 3 and 4, show that they see their strategic decision process as outside in and bottom up because in both cases the answers are concentrated mainly in the lower left quadrant. The answers show that top managers and collaborators believe that the process is essentially an outside in and bottom up which means that they believe that the environment context is considered as an outer reality that is observable and analyzed. It means also that

top managers see themselves and the other members of the organization as a team where dialogue move smoothly from top to bottom and from bottom to top.

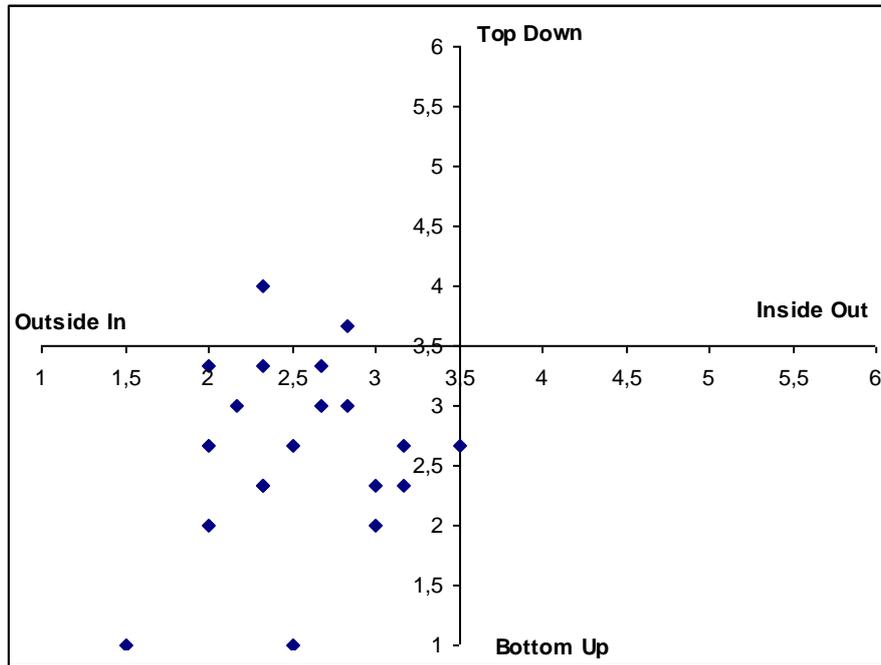


Figure 3: Scatter diagrams of the answers of top managers in relation to the hypotheses 1 and 6.

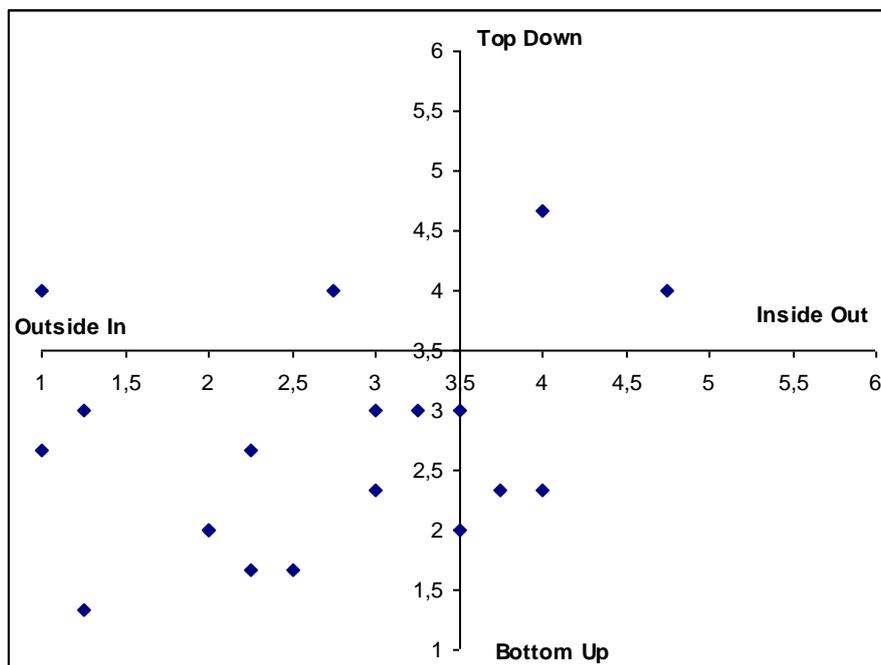


Figure 4: Scatter diagrams of the answers of collaborators in relation to the hypotheses 1 and 6

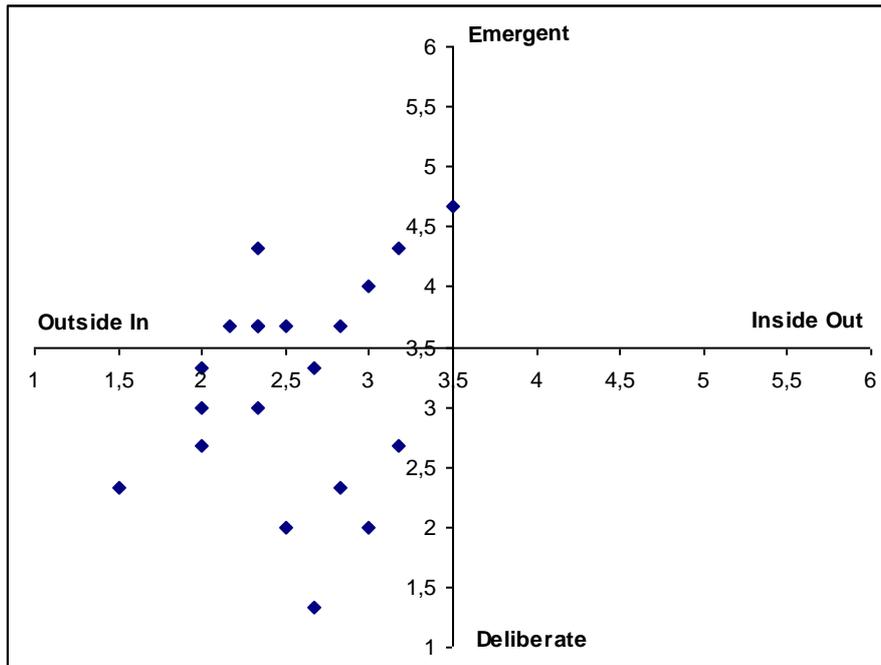


Figure 5: Scatter diagrams of the answers of top managers in relation to the hypotheses 2 and 5.

*Hypothesis 2: An outside in perspective will be negatively associated with an emergent strategic decision process and will be positively associated with a deliberate strategic decision process.*

Figures 5 and 6 provide an image of the answers by top managers as well the answers by collaborators regarding this hypothesis. The results indicate that both top managers as well as collaborators believe that their way of deciding is essentially a controlled and a conscious process and at the same time a process based on trial and experience. This is clearly shown in figures 5, 6 and 11.

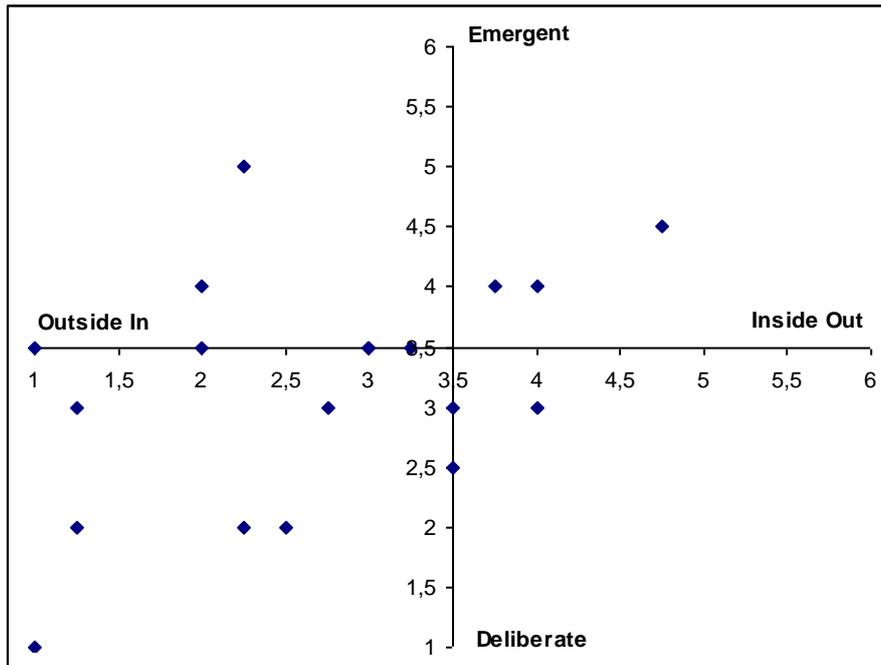


Figure 6: Scatter diagrams of the answers of collaborators in relation to the hypotheses 2 and 5.

*Hypothesis 3: An outside in perspective will be negatively associated to the role of the top manager as a facilitator and will be positively associated to the role of the top manager as a controller.*

The answers by top managers do not support this hypothesis because, according to figure 7, the answers are mainly in the upper left quadrant. Top managers believe that their role consists of acting as coaches with the aim of motivating and inspiring their collaborators through an iterative dialogue based on trust and reciprocity. In contrast, their collaborators see them in a mixed way which is shown in figures 8 and 11. Collaborators see top managers with the role of evaluating and controlling the activities of their subordinates but at the same time they empower and enable their collaborators.

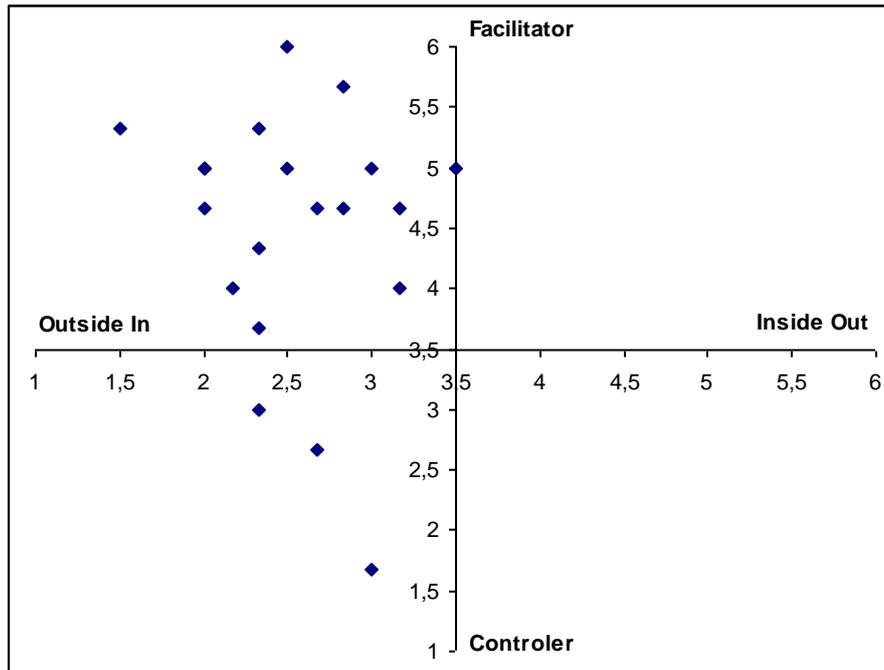


Figure 7: Scatter diagrams of the answers of top managers for hypotheses 3 and 7.

*Hypothesis 4: An outside in perspective will be negatively associated to a cooperative mindset and will be positively associated to a competitive mindset.*

The answers, both by top managers as well as collaborators, do not support this hypothesis. According to figures 9 and 10, their answers are mainly in the upper left quadrant which indicates that they see themselves with a cooperative mindset.

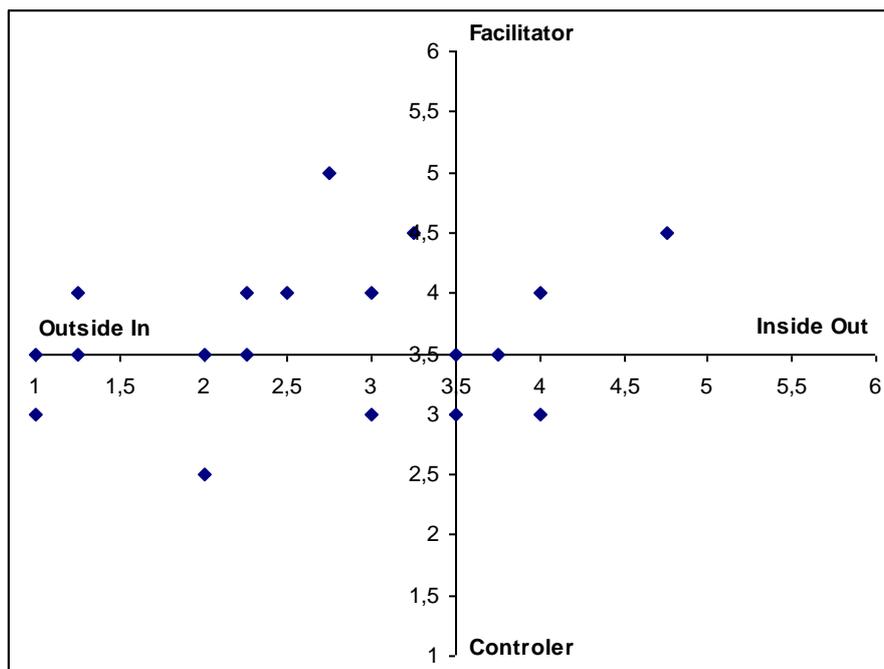


Figure 8: Scatter diagrams of the answers of collaborators in relation to the hypotheses 3 and 7.

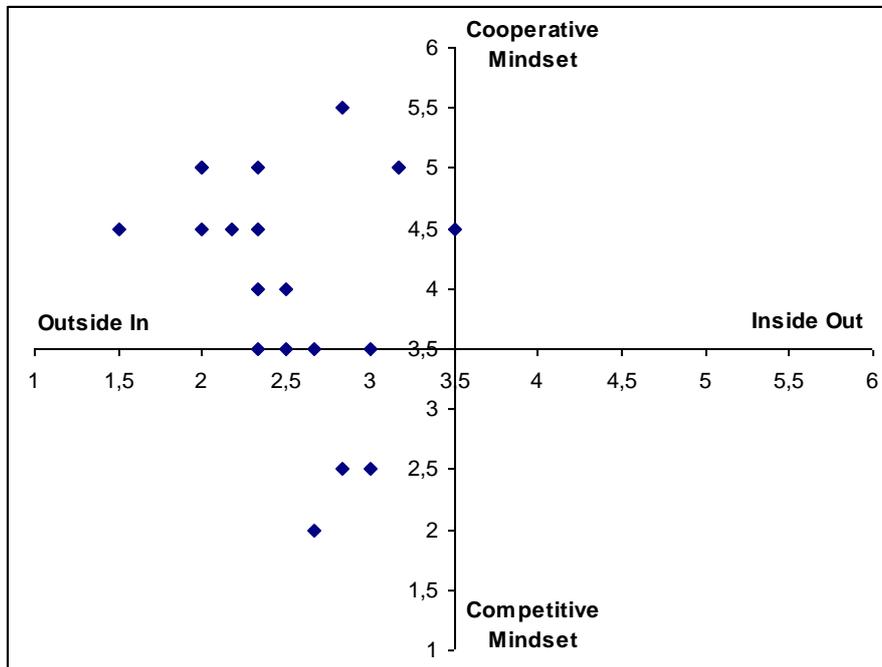


Figure 9: Scatter diagrams of the answers of top managers in relation to the hypotheses 4 and 8.

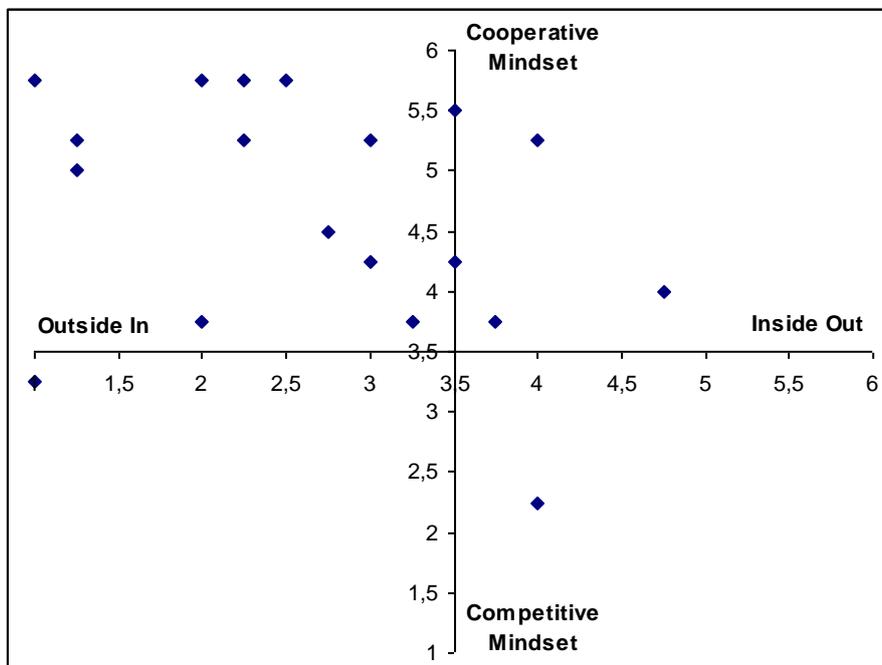


Figure 10: Scatter diagrams of the answers of collaborators in relation to the hypotheses 4 and 8.

*Hypothesis 5: An inside out perspective will be positively associated to an emergent strategic decision process and will be negatively associated to a deliberate strategic decision process.*

As can be seen from figures 5 and 6, top managers and collaborators do not recognize their approach to strategic issues as an inside out approach. This is shown mainly in figure 5, where none of the respondents are placed in the inside out quadrant. However, the large majority of answers are placed in the outside in quadrant in figure 6. Therefore, this makes the hypotheses where the independent variable is inside out as not applicable. This conclusion applies also to hypotheses 6, 7 and 8.

Figure 11 is a graphical representation of the average answers both by top managers and collaborators in relation to each variable which helps to reveal their dominant cognitive frameworks. Considering these values we can understand that both collaborators and top managers believe that the approach to strategic issues is done mainly through an outside in perspective. This means that for them the environment context is considered as an outer reality that is observable and analyzed. They also believe that their approach to strategic decision is bottom up. This means that they believe that strategy is based on an iterative dialogue that involves feedback.

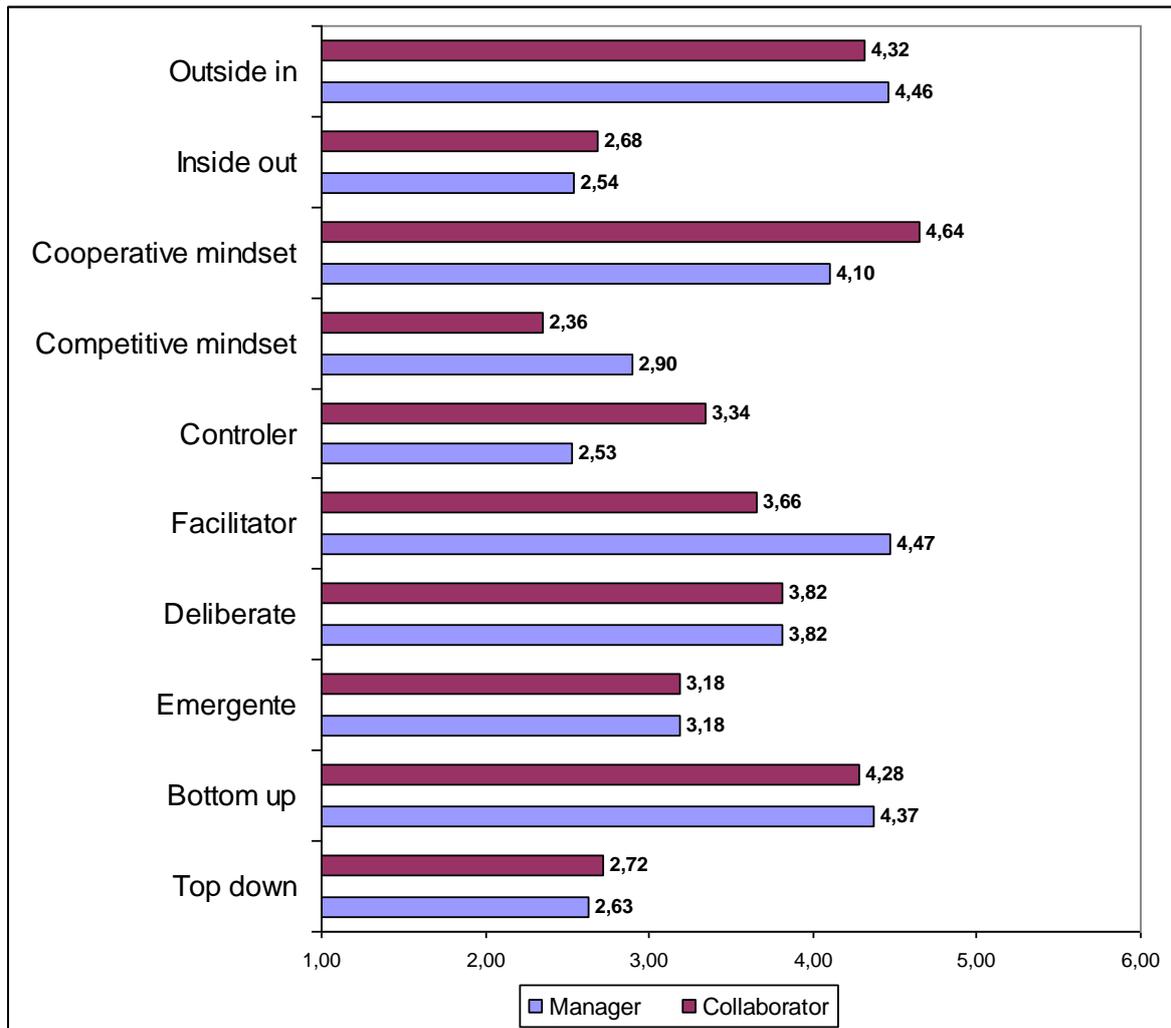


Figure 11: Graphical image of the average values of answers for each variable given by top managers and collaborators

Figure 11 also indicates that top managers see themselves as facilitators with the role of empower and enable the participation of organizational members in the strategic decision process. This view is not shared in the same way by their collaborators, who consider that top managers are equally facilitators and controllers. Their collaborators consider that monitoring and control are basic parts of the top managers' responsibility as well as the function of motivating and inspiring them to act as a team. Both managers and collaborators display a mind set characterized by the capacity to work together in teams. Finally, both top managers and collaborators believe that their approach to strategic issues is more deliberate than emergent. Therefore, for them the strategic process is at the same time a controlled and conscious process and a process based on trial and experience.

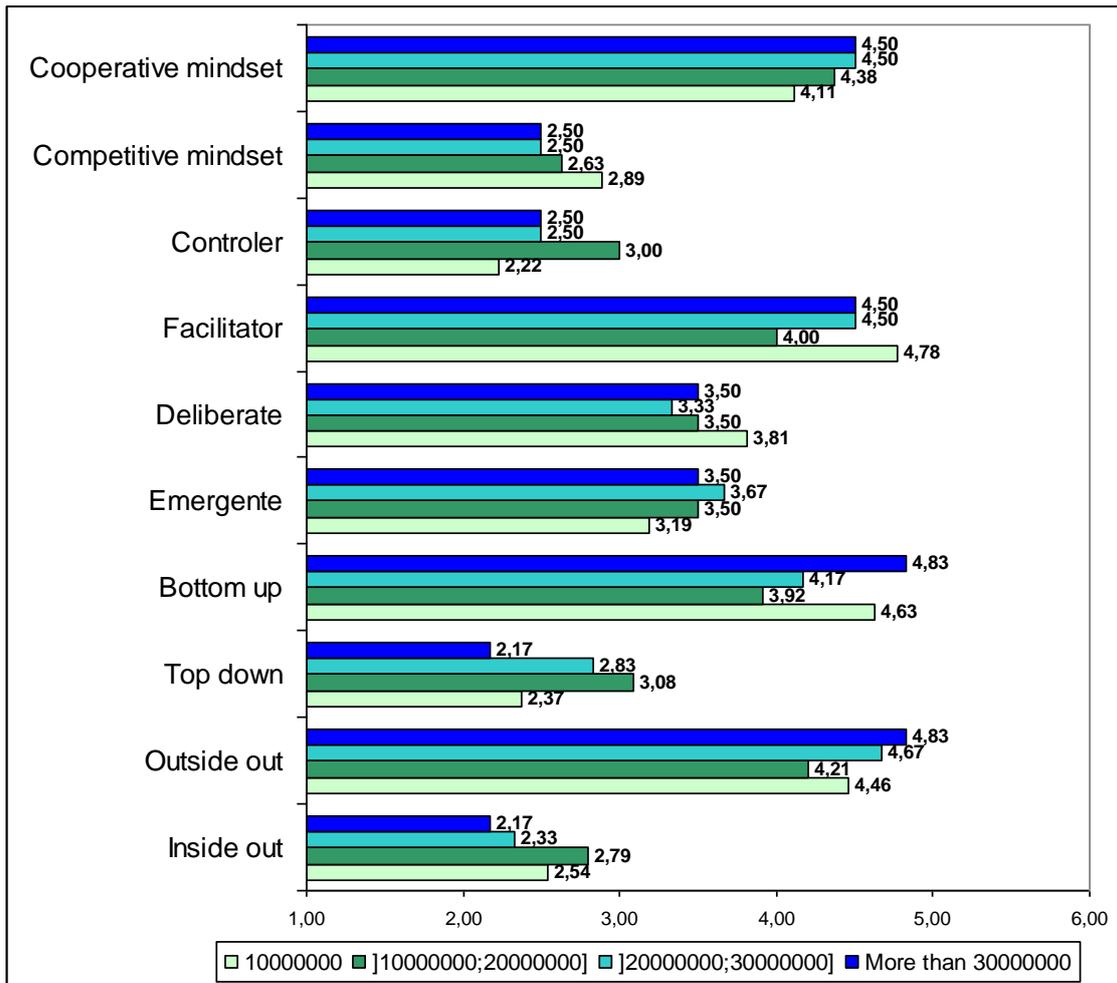


Figure 12: Graphical image of the average values of answers for each variable based on the turnover of the companies.

If we analyze the respondents' answers according to the turnover of the companies we can verify that there is no significant differences in relation to the conclusions outlined previously. This means that the dimension of the companies do not change the perception that respondents have about these issues.

## 7. Discussion

The objective of the research was to identify some of the dominant cognitive frameworks in relation to the way top managers see themselves in the context of the strategic decision process. Top manager's cognitive frameworks are their strategic mind sets which reflect organization's stories, how past crises were overcome, preferred metaphors, how leaders think and feel, assumptions about reality and strategic beliefs. These cognitive frameworks guide the attention of top managers and provide meanings about who are the important stakeholders, how to relate to other organizational members and how to manage

organizational change (Lundberg 2005, p. 295). Figure 12 summarizes the dominant cognitive frameworks identified through this research in relation to the issues under study. The value 3.0 separates the concepts indicated in each bar. Based on this I crossed the concept that was less supported.

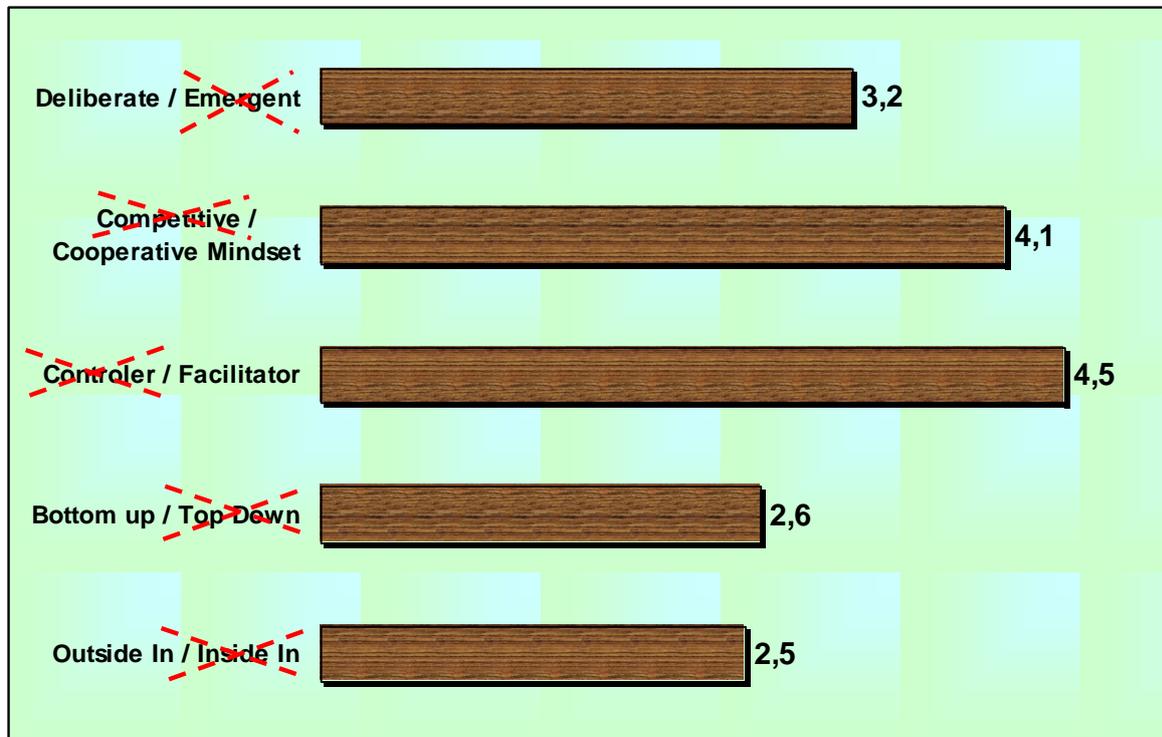


Figure 13: Graphical image that summarizes the way top managers understand their roles in the strategic decision process.

The deliberate approach considers that the environment is dynamic but essentially predictable. Still, when we consider the answers provided by top managers regarding if their approaches are deliberate or emergent, the difference is negligible. This ambivalent position could indicate that, although the environment is unpredictable, in spite of this, they believe that the future can be known. Another possible explanation is that it is difficult to live without a feeling of confidence and safety. As Weick and Sutcliffe (2007, p.30) point out, we keep hearing the expression “expect the unexpected” but people are not able to do that because it is hard to live without a sense of security. Therefore, people “live as if their expectations are basically correct and as if there is little that can surprise them” (Weick and Sutcliffe 2007, p.30). This desire for stability and predictability, as Dick and Ellis (2006, p. 266) point out, is particularly easy to see in management thinking although they also consider that much of the strategic management literature is a fantasy defence against anxiety. In an interview made by Burrell (2008, p. 55) to documentary maker Errol Morris, about how business leaders try

to get the truth, he said that business leaders have a narrative about what happens and that they believe in that narrative because their thinking is influenced by an unconscious desire to believe in that narrative. Similarly, it is possible that top managers believe that they have a deliberate approach to strategic issues because it is simpler to think like that and because their roles make sense according to that view.

As Bogner and Barr (2000, p. 213) point out, how individuals make sense of and act within their environments depends on their cognitive frameworks that influence what they noticed and the interpretation of what is noticed. Thus, is it possible that some top managers manage as if the world is controllable but they find that this no longer works. Therefore, they have changed their management style from management by rules and control to indirect techniques such as managing through dialogue. Through that change, they are trying to overcome the limitations of the rationalistic perspective that, as Morgan (2006, p. 27) points out, tends to underplay the human aspects of organizations. This is seen by the fact that most top managers and collaborators tend to adopt simultaneously a cooperative mind set, a facilitator view of their roles and a bottom-up perspective. Management by rules and control are changing to management styles based on dialogue and discussion (Clegg and *et al.* 2008, p.33). As McKenzie *et al.* (2009, p. 210) point out, an environment of uncertainty and contradiction, where generally dilemmas are seen as insoluble, is an uncomfortable place for any figure of authority. This trend that the era of managing by dictating is ending is supported by the answers of top managers. However, considering the answers of collaborators, in nearly the same proportion they expressed the view that top managers are facilitators and controllers, showing that the perception of top managers about the way they manage, did not coincide with the perception of their direct collaborators.

We can understand also that top managers do not see their organizations as machines that operate in an efficient and predictable way. In fact, for this perspective of organizations as machines, control is considered a basic part of the activity of top managers. The results show that instead of control, top managers believed in dialogue and team work. Still, they believe that they have a deliberate approach to strategic issues. One way to understand this is that when confronted with unfamiliar territory, top managers make sense with representations of things such as models and plans and in that sense, the rational management theories are still major sensemaking tools because they provide the categories with which managing is experienced (Clegg *et al.* 2008, p. 26). According to that view, top managers are portrayed as actors who have the responsibility for setting strategic directions and plans for the organization, as well as the responsibility for guiding actions that will

implement those plans (Gioia and Chittipeddi 1991, p. 433). As Wright (2005, p. 86) points out, greater uncertainty can lead to confusion if individuals become overwhelmed by unforeseen signals. In these circumstances, the ability to make sense can collapse resulting in a loss of meaning and in an ineffective decision making and the symbolic use of formal analyses serves to reduce anxiety and promotes a social consensus around a course of action. This perspective reassures people inside and outside organizations that the decision makers care about an issue, are using the best methods possible to find a solution and are committed to action, even in the face of turbulent and uncertain environment. This allows people both inside and outside organizations to maintain their commitment to it. Perhaps the social consensus building that is facilitated by a deliberate approach is of greater value in highly dynamic environments because of the uncertainty and anxiety that changeable environments can create. Maybe this perspective can reduce anxiety by reassuring organizational members that proper decisions are being made in response to the volatility of the environment and because of that, confidence will be maintained in the organization.

Their answers also show that they have mainly an outside-in approach with an emphasis on prediction of the future through analysis and forecasts. But because it is difficult to predict the future they try to deal with this challenge through dialogue with other members of the organization. In fact, the turbulence of the present environment produces unforeseeable outcomes that, as Bogner and Barr (2000, p. 212) point out, generate unique challenges to the cognitive frameworks managers use to make sense. Therefore, in relation to their collaborators they see their role as facilitators and coaches.

Paradoxes confuse us because they confront us to live simultaneous opposites. Our time, which has a context of uncertainty and ambiguity, seems to need leaders who are able to understand that their roles are paradoxical. As Bonn (2005, p. 341) points out, complex decision making tasks require managers to use multiple sense making frameworks, which may be inconsistent with one another or even contradictory with each other. The reason why they need to use multiple sense making frameworks is because such diversity of perspectives leads to a larger set of alternative potential solutions (Bonn 2005, p. 343). One way of achieving this is to balance opposite frameworks. This conclusion is in line with the paradigm shift in organizational theory from models that emphasize order, determinism and linearity to models that emphasize complexity, non determinism and non linearity (April and Hill 2000, p. 45). This shift reflects a shift of mental models from models of individualist cultures to models that emphasize the importance of relationships, dialogue, interdependence and teamwork. It is the difference between listening rather than speaking,

collaborating rather than doing things on your own, asking different people for their perspectives instead of making decisions yourself. For this shift to happen, the traditional constructs of hierarchy and power need to be dislodged from the mental models, which is a tremendous challenge for leaders because they have to give up the individual status and prestige that the formal position of leadership confers them (April and Hill 2000, p. 48).

Managing paradoxical tensions demand from top managers the capacity to encompass at the same time in their way of managing, tensions such as flexibility and control, authority and democracy, discipline and empowerment, formalization and discretion (Lewis 2000, p. 769). In today's complex organizations, managers need to recognize and become comfortable with tensions and anxieties instead of adopting a defensive attitude suppressing the contradictions and maintaining a false appearance of order allowing them temporarily reduced anxiety (Lewis 2000, p. 763). A possible answer to this problem is what Lewis (2000, p. 764) calls paradox management, which means exploring rather than suppressing tensions. This capacity to think paradoxically makes it possible to discover meaningful solutions out of contradictions. This is not easy because as Lewis (2000, p. 766) point out, actors choose interpretations that support, rather than challenge, their frames.

## **8. Limitations of the research**

Reliability refers to the consistence of a measure of a concept (Bryman and Bell 2007, p. 163). Therefore, reliability is the extent to which a test or procedure produces similar results under constant conditions on all occasions (Amaratunga *et al.* 2002, p. 29). The idea is to ensure that, if a later investigator followed exactly the same procedures, the same findings and conclusions would result. Validity is concerned with whether the findings are really about what they appear to be about (Saunders *et al.* 2007, p. 150). In other words, validity has to do with whether or not a measure of a concept really measures that concept (Bryman and Bell 2007, p. 164). Internal validity refers to whether or not the causes identified actually produced what has been interpreted as the effect or responses or in other words, if the right cause and effect relationships have been established (Amaratunga *et al.*, 2002, p. 29). External validity or generalisability refers to the extent to which any research findings can be generalized beyond the immediate research sample or the extent to which findings drawn from one group are applicable to other group or settings (Amaratunga *et al.* 2002, p. 29). Thus, generalizability is concerned with how far the findings from a specific research situation may be extrapolated to other, more or less similar situations (Oulton 1995, p. 64).

Regarding the reliability, if a later investigator followed exactly the same procedures he could

reach different findings and conclusions because the answers provided by respondents could be different. This is due to the fact that sensemaking is a product of human observation which means that differences in understandings, experiences and practices result in differences in the sensemaking of the same situation or of the same information. As Aaltonen (2007, p. 102) points out, the Knowledge gained by any description is always relative to the perspective from which the description was made. Therefore, in relation to this research I consider that the results are circumstantial because attitudes are too complex and people are in a constant state of debate trying to make sense of what is going on. As Weick points out (2002, p. 31) sensemaking is ongoing because it is continually being made and remade and in cases of uncertainty various plausible understandings are acceptable. The results are also not completely objective because the data was subjectively analysed both by participants and by myself. As Hatch and Cunliffe (2006, p. 46) point out, the researcher has his own interests and ways of talking about the world that influence what and how the researcher describes and interprets the issues under study. Thus, I consider that the results are not replicable and should be used with caution.

Regarding if the right cause and effect relationships have been established, we must recognize that the characteristics that were taken into account are simplified models and that the reduction of complexity could have left out important aspects that could have changed the results. Organizations are complex systems and the knowledge gained was based on the analysis of a limited number of characteristics. As Bryman and Bell (2007, p. 168) point out, the discussion of reliability and validity is potentially misleading because it would be wrong to think that all new measures of concepts are submitted to the rigours described above

## **9. Reflective Chapter**

“Reflexivity is similar to a journey in which we start off a certain way, act out certain way, act out certain things, and then stop to think about how we acted and how the action affects future action (Clegg and *et al.* 2008, p.108).

Through this process of doing the DBA, I realized that the mechanistic perspective of management does not allow managers to understand and deal with the difficult times dominated by unpredictability that we are living. As Morgan (2006, p. 46) points out, in organizations facing uncertain and turbulent environmental conditions, the mechanistic approach tended to be abandoned and more organic and flexible approaches to organization were required. In the beginning of the process of doing the DBA, my mindset was positivist

in the sense that I did not question the idea that knowledge is objective, universal, and cumulative. As Aaltonen (2007, p. 20) points out, “management science has painted a picture of an ordered universe where everything is or should occur in orderly fashion”. The process of questioning began when I confronted myself with different views and ways of thinking about social issues in doing the literature review. Although today I am able to think about issues both through a positivist as well as an interpretivist perspective and understand the different assumptions and the impacts that these different perspectives have, this process in the beginning was difficult. This was a major obstacle that I had to overcome. Through this internal debate, I was able to understand the ideas of the interpretivist authors and through this process, I realized that my view of the world was also interpretivist. Today it is clear to me that the positivist view of the world does not always help top managers to deal with the challenges that they have to face.

I also concluded, based on the experience of doing document III and document IV, that the most adequate way to understand the questions under study is through a qualitative research because attitudes are too complex and circumstantial to be captured and analysed through a quantitative research. Although Bryman and Bell (2007, p. 630) consider that it is not demonstrated that qualitative research is more adept at gaining access to the point of view of those being studied than quantitative research, it seems to me that the design of questions based on pre coded concepts is an obstacle to the process of understanding the respondents point of view. Furthermore, there is the possibility that respondents do not share the same meanings of terms employed in the questions and answers. As Burrell (2008, p. 53) points out, the information that top managers receive is rarely unfiltered and people do not see “outside the frame”, and as Meyer (2002, p. 535) mentioned the language used by organizational members is key to understand organizations.

Based on the experience gained in the DBA, I recognize that the knowledge captured in doing document III through a qualitative analysis and with a grounded approach, was more informative and allowed a deeper understanding of issues at stake than the knowledge captured in document IV. As Aaltonen (2007, p. 89) points out, complex systems are moving from a linear mechanistic view of the world to a non linear dynamic view, which represents a “dramatic new way of looking at things”. These complex systems, such as organizations, markets and economies in today’s world, are full of connections, relationships and changes in dynamic processes that are not linear and predictable. These complex systems are characterized as non equilibrium systems between the extremes of order and disorder. These systems “often surprise us, because through the process of emergence, a system as

a whole creates new macro behavior or new patterns of interaction” and therefore, they are best understood through qualitative descriptions instead of quantitative analysis (Aaltonen 2007, p. 91). This represents a major challenge for managers because as Aaltonen (2007, p. 96) points out, instead of reducing ambiguity in organizations’ strategic work it might be more pertinent to assess those issues that are not under control in order to improve the quality of our sensemaking and decision making. Nonetheless, quantitative analysis seems to be adequate as a method to identify patterns or tendencies in the context of complex puzzle of ideas, allowing some order and clarification. Therefore, in same way, the inputs from the qualitative and quantitative research are complementary.

## **10. Proposal for document V**

Greater uncertainty can lead to confusion that paralyzes organizations and their managers, but ignoring complexity can lead to decision making undertaken with important cues being rejected as they do not conform to existing mental modes. Therefore, a major challenge top manager’s face is to be better prepared, in a context of an escalating uncertainty, to develop their capacities to make sense of unexpected and equivocal cues that allows them the capacity to create a perspective of the future. As Wright (2005, p. 86) points out, organizations today face an increasingly turbulent external environment and this dynamic complexity requires us to rethink our approaches to strategy and strategizing if we are to provide insight that helps organizations in their efforts to transform themselves. And yet, as Bogner and Barr (2000, p. 213) point out, “little has been written on the cognitive challenges such environmental changes represent and how managers are responding”. Therefore, in document V, I intend to analyze how top managers enact the environment, based on which cues they envision the future and the implications that these have in the way they make sense of themselves and their managing. Taking into consideration the reflections mentioned in the previous chapter, this analysis will be made through a qualitative research with a grounded approach.

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Figure 13: Graphical image that summarizes the way top managers understand their roles in the strategic decision process.

## Appendix 1: Conceptual framework

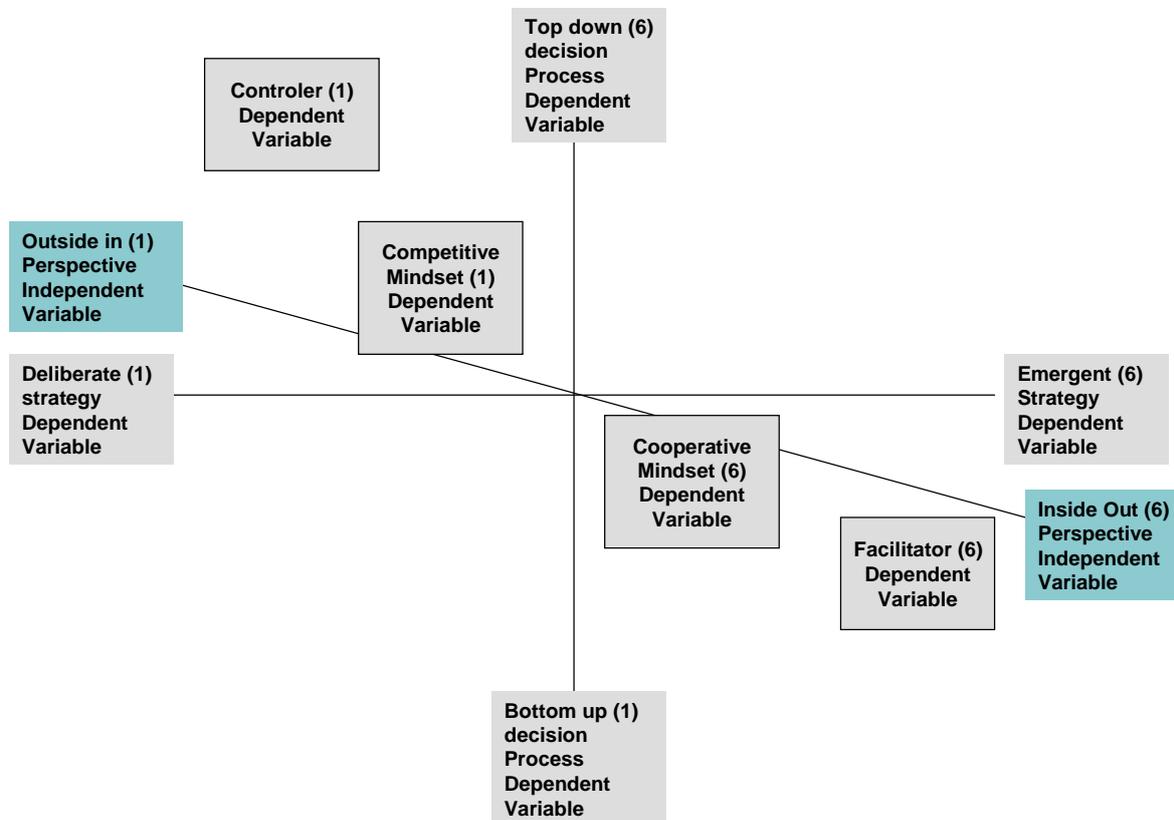


Figure: Classification key

### Independent Variables

1 - **Outside In**: happens when the environment context is considered as an outer reality that is observable and analyzed in order to create a deliberate strategy. The emphasis is on predicting what is certain so that the future can be forecast and the components of the environment can be labeled and analyzed.

2 - **Inside Out**: happens when the external environment is unpredictable and managers are generally unable to predict environment change. Hence, the environment context instead of an objective entity that could be analyzed is instead a socially constructed entity perceived cognitively and enacted by those within organizations. I will consider these as independent variables

## Dependent Variables

### The characteristics of the decision process:

- 1 - **Deliberate**: when the strategic process is perceived as controlled and conscious process.
- 2 - **Emergent**: when the strategic decision process is perceived as based on trial and experience.
- 3 - **Top down**: when the strategic decision making is centralized on top managers.
- 4 - **Bottom up**: when line managers participate in the strategic decision making.

### The style of leadership:

- 5 - **Controller**: the top manager believes that his role is mainly to evaluate and control the activities of their subordinates and that the role of his collaborators is to implement the orders according to procedures and rules.
- 6 - **Facilitator**: the top manager believes that his role is to empower and enable, and that the role of the organizational members is to learn and improve.

### The mindset:

- 7 - **Cooperative mindset**: the capacity to work together in teams based on the quality of the relationships based on trust and reciprocity.
- 8 - **Competitive mindset**: relationships are based on the role they play, where the attitude of top managers towards their collaborators is impersonal with a focus on the goals.

## Appendix 2: Questionnaire to top managers<sup>6</sup>

Dear manager

I am sending the questionnaire, following the letter sent to you by ATP, explaining the study that I am undertaken. The aim is to understand how top managers make sense of themselves, their management, and their organizations in the strategic decision process and how their collaborators make sense of their relation with them. This study, with your participation, will allow a better understanding on how the strategy, in your industry, is formulated. The enclosed questionnaire will require about 10 minutes of your time. The result of the survey will be kept strictly anonymous and confidential. To ensure complete confidentiality, data collected will be aggregated and used only for academic research. When you finish, please fold your survey, sealed the envelope provided and returned it. There is no specific right or wrong answers. Thank you for time and assistance.

Sincerely

Manuel Aguiar

1 – You consider that the responsibility to decide about strategic issues is a competence that belongs only to you.

TOP DOWN	6							BOTTOM UP	1
Always								Never	
1	2	3	4	5	6			6	

2 – You give the opportunity to your collaborators to challenge and refute your decisions when the subject is a strategic issue.

BOTTOM UP	1							TOP DOWN	6
Strongly								Strongly	
Agree								Disagree	
1	2	3	4	5	6			6	

3 – You do not ask for suggestions from your collaborators on strategic issues.

TOP DOWN	6							BOTTOM UP	1
Strongly								Strongly	
Agree								Disagree	
1	2	3	4	5	6			6	

---

<sup>6</sup> In each question there is the indication of the variable that the question intends to measure.

4 – You consider that the main surge of inspiration about strategic issues is experience.

EMERGENTE 6

DELIBERATE 1

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

5 – The implementation of strategic decisions is developed according to a plan.

DELIBERATE 1

EMERGENTE 6

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

6 - How do you describe the process that you use to take strategic decisions?

DELIBERATE 1

EMERGENT 6

Very

Very

Analytical

Intuitive

1

2

3

4

5

6

7 – I encourage discussions about strategic issues with and among my collaborators

FACILITATOR 6

CONTROLLER 1

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

8 – I believe in the ability of my collaborators to decide about subjects concerning strategic issues

FACILITATOR 6

CONTROLLER 1

Very

Very

Extensively

Inextensively

1

2

3

4

5

6

9 – I usually tried to build a consensus with my collaborators around strategic decisions

FACILITATOR 6

CONTROLLER 1

Very

Very

Extensively

Inextensively

1

2

3

4

5

6

10 – In relation to strategic decisions, it is not important for me to have the support of my collaborators

COMPETITIVE MINSET 1

COOPERATIVE MINSET 6

Strongly  
Agree

Strongly  
Disagree

1

2

3

4

5

6

11 – A different opinion from my collaborators will affect my decision in relation to strategic issues.

COOPERATIVE MINSET 1

COMPETITIVE MINSET 6

Strongly  
Agree

Strongly  
Disagree

1

2

3

4

5

6

12 – It is not possible to anticipate and predict the changes in my business environment.

Inside Out 6

Outside In 1

Strongly  
Agree

Strongly  
Disagree

1

2

3

4

5

6

13 – I use my predictions about the external environment to make strategic decisions.

Outside In 1

Inside Out 6

Very  
Extensively

Very  
Inextensively

1

2

3

4

5

6

14 – Considering the way you decide about strategic issues, which factors do you consider as most relevant:

*Product or manufacturing technology*

Outside In 1

Inside Out 6

Almost

None

A Very

1

2

3

4

5

6

*Actions and decisions from main competitors*

Inside Out 6

Outside In 1

Almost

None

A Very

1

2

3

4

5

6

*Innovation*

Inside Out 6

Outside In 1

Very

Very

Important

Unimportant

1

2

3

4

5

6

*Market share*

Outside In 1

Inside Out 6

Very

Very

Important

Unimportant

1

2

3

4

5

6

*Development of employee competences*

Inside Out 6

Outside In 1

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

*Employee satisfaction*

Inside Out 6

Outside In 1

Very

Very

Important

Unimportant

1

2

3

4

5

6

Thank you for your assistance. Please return this survey using the reply envelope provided.

### Appendix 3: Questionnaire to collaborators<sup>7</sup>

Dear participant

I am sending the questionnaire, following the letter sent to you by ATP, explaining the study that I am undertaken. The aim is to understand how top managers make sense of themselves, their management, and their organizations in the strategic decision process and how their collaborators make sense of their relation with them. This study, with your participation, will allow a better understanding on how the strategy, in your industry, is formulated. The enclosed questionnaire will require about 10 minutes of your time. The result of the survey will be kept strictly anonymous and confidential. To ensure complete confidentiality, data collected will be aggregated and used only for academic research. When you finish, please fold your survey, sealed the envelope provided and returned it. There is no specific right or wrong answers. Thank you for time and assistance.

Sincerely

1 – How do you describe the way strategic decisions are made in your company?

DELIBERATE 1						EMERGENT 6
Very						Very
Analytical						Intuitive
1	2	3	4	5		6

2 – The implementation of strategic decisions is developed through a controlled process and according to a plan.

DELIBERATE 1						EMERGENTE 6
Strongly						Strongly
Agree						Disagree
1	2	3	4	5		6

3 – The top manager does not encourage discussions about strategic issues with and among his collaborators.

COMPETITIVE MINDSET 1						COOPERATIVE MINDSET 6
Strongly						Strongly
Agree						Disagree
1	2	3	4	5		6

---

<sup>7</sup> In each question there is the indication of the variable that the question intends to measure.

4 – Your top manager listens openly and attentively to suggestions from collaborators about strategic issues.

COOPERATIVE MINDSET 6			COMPETITIVE MINDSET 1		
Strongly					Strongly
Agree					Disagree
1	2	3	4	5	6

5 – The top manager decides strategic issues without consulting his collaborators

COMPETITIVE MINDSET 1			COOPERATIVE MINDSET 6		
Strongly					Strongly
Agree					Disagree
1	2	3	4	5	6

6 – The way top managers manage is characterized by teamwork, consensus and participation.

COOPERATIVE MINDSET 6			COMPETITIVE MINDSET 1		
Strongly					Strongly
Agree					Disagree
1	2	3	4	5	6

7 – The top manager in your organization emphasizes the importance of having a collective sense of mission.

FACILITATOR 6			CONTROLLER 1		
Strongly					Strongly
Agree					Disagree
1	2	3	4	5	6

8 – The top manager does not have confidence in the ability of his direct collaborators to decide about strategic issues.

CONTROLLER 1			FACILITATOR 6		
Strongly					Strongly
Agree					Disagree
1	2	3	4	5	6

9 – When you disagree with your top managers in relation to a strategic issue, this could influence his decision.

BOTTOM UP 1

TOP DOWN 6

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

10 – I have the opportunity to challenge and refute the views of top managers about strategic issues.

BOTTOM UP 1

TOP DOWN 6

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

11 – The top manager does not ask for suggestions from his collaborators on strategic issues.

TOP DOWN 6

BOTTOM UP 1

Strongly

Strongly

Agree

Disagree

1

2

3

4

5

6

12 – How important do you believe are the following issues when strategic decisions are taken in your company?

*Product or manufacturing technology*

Outside In 1

Inside Out 6

Almost

None

A Very

1

2

3

4

5

6

*Actions and decisions from main competitors*

Inside Out 6

Outside In 1

Almost

None

A Very

1

2

3

4

5

6

*Innovation*

Inside Out 6

Very

Important

1

2

3

4

5

Outside In 1

Very

Unimportant

6

*Market share*

Outside In 1

Very

Important

1

2

3

4

5

Inside Out 6

Very

Unimportant

6

*Development of employee competences*

Inside Out 6

Strongly

Agree

1

2

3

4

5

Outside In 1

Strongly

Disagree

6

*Employee satisfaction*

Inside Out 6

Very

Important

1

2

3

4

5

Outside In 1

Very

Unimportant

6

Thank you for your assistance. Please return this survey using the reply envelope provided.

**How top managers make sense of their identities: seven case studies in  
the context of the Portuguese textile Industry**

**DOCUMENT 5**

## **1. Introduction**

This report is the fifth document in the DBA process. In this project, I am interested in studying the discursive resources managers in the Portuguese textile industry employ to make sense of “who they are” and their environment, how they enact their identities and what are the effects of their identities on the long term survival of their organizations.

### **1.1. How the issue emerged**

This issue emerged from my professional experience as a lecturer. Some years ago, an association of enterprises in the clothing and textile sector, asked me to create a strategy course for managers of this sector. Over a period of two years I lectured this course several times in different cities in the north and center of Portugal where these industrial sectors are based. The idea of this project was born from this experience because I understood that I did not know how those who participated in these courses made sense of the environment and themselves and approached strategic problems. I recognize that in the beginning of my experience as a lecturer, I lectured based on prescriptive recipes from different authors. Thus, my relation with the students was not close, probably because I myself felt some insecurity. But as I gained experience as a lecturer, that difficulty was overcome and gradually my relation with students improved. Then, I realized, based on the interactions with them and also based on my experience, that there is a gap between what we learn and teach at the school and what happens in the organizational world regarding how managers address strategic issues, and I wanted to better understand this issue.

Another reason why the theme emerged is my personal experience. As Etherington (2004, p. 42) writes “the topics we choose to research often have some personal significance for the researcher, whether conscious or unconscious”. I live the experience of trying to build my identity or identities in an ambiguous and contradictory context. I was born in Angola, a former Portuguese colony in Africa. During the process of the independence of Angola, my parents lost everything they had and they went to Portugal. I studied there and once I finished my studies I went back to Angola and requested Angolan nationality. Since then, I divide my life between Portugal and Angola. I work for a company in Portugal and I teach in a business school in Portugal and I also work for a company in Angola and teach in a business school there. I have my wife and my children in Portugal and while in Angola I live in an apartment that I share with other work colleagues. I spend, more or less, one month in Portugal and another month in Angola. It is difficult although interesting to balance these diverse situations. This situation also creates a problem of identity.

One of the fundamental assumptions about personality is that personality is stable (Burr 2003, p. 31). In fact, we think of our personality as more or less unified and stable. Although we possess a number of traits, we feel that these are brought together in a coherent way to form a whole, and that our personality is fairly stable (Burr 2003, p. 29). Just as we take for granted the idea that our personality is stable, so do we also tend not to question the notion that each person has a unified, coherent personality, a self which is made up of elements that are consistent with each other (Burr 2003, p. 31). However, scholars of the social constructionist tradition paint a picture of a person fragmented and incoherent. Burr (2003, p. 141) suggests that our feeling of consistency and continuity in time are provided by our memory. Our memory allows us to look back on our behaviours and experiences, to select those that seem to hang together in some narrative framework, literally the story of our lives, and to look for patterns and repetitions that provide us with the impression of continuity and coherence. Thus, none of us has a fixed inner self existing separately from the way we relate to and talk with other people because we are always becoming (Watson and Harris 1999, p. 19).

In fact, I like to live in Portugal, an old country, with my family but the professional challenges in Angola, a very young country, are incredibly interesting. The environmental differences between these countries are enormous. This is important because as Kohonen (2005, p. 25) points out, one source of identity is nationality which is a representational system which produces meanings based on discursive resources such as traditions, stories, heroes, historical events and memories. Thus, our identity is constructed out of discourses culturally available to us and by discourse, we refer to a set of meanings, metaphors, representations, images, stories, statements, that in some way together produce a particular version of events (Burr 2003, p. 64). As an example, Angola as an independent state is only 35 years old and there are still difficulties from those that have the responsibility to manage the country in dealing with the memories of the colonial past. Although I have Angolan nationality, my family lived there for three generations as members of the colonial community. Thus, I am confronted with this dual reality of being a national and at the same time someone whose family was part of the colonial past. Therefore, my life is an experience of sensemaking between different realities and identities. I have two nationalities, one from a European country and other from a young African country that belongs to the third world with an impressive potential but full of contradictions and problems. I live with my family in Porto, an old conservative city and I work in three different cities, Porto, Lisbon and Luanda. I have different jobs, in different companies, in different cities and in different countries, in the

context of different challenges. Because of that, in some way I am a stranger to the organizations where I work because I am not completely involved with any of them.

Work is increasingly about engaging with colleagues who make claims about each others' conducts, identities and work practices. This happens because we must continuously adjust our identity, through an ongoing process, to the context where we are. Furthermore, with people's actions being less mapped in advance and more localized in negotiations with others about what is appropriate to do, say and be, our identity also becomes contingent upon the vicissitudes of interaction at work (Iedema *et al.* 2005, p. 333). Thus, we should in a non defensive way manage our self through a constant and increasingly speedy reconstitution of meaning and identity (Iedema *et al.* 2005, p. 335).

I live this experience of fluid identity construction and the need to negotiate and construct permanently this "reality". As Kohonen (2005, p. 23) argues individuals who make geographical and organizational moves, tend to develop a reflexive identity construction or a process of identity development. The reason why this happens is the fact that in these circumstances people tend to encounter more discontinuities and occasions for reflection than at home. Thus, expatriation is a process which represents a special situation for self examination and self renewal. This personal experience is the reason why the subject became so interesting to me.

## **1.2. The experience of doing the DBA**

From a personal point of view, I have benefited from the experience of doing the DBA in several ways. First, this experience allowed me to understand the way I make sense of situations and allowed me to adopt a less defensive attitude in situations of ambiguity and discomfort. I believed that my decision process was mainly according to the rationalist perspective. This brought some difficulties and limitations to my sensemaking process. I was not aware of the retrospective dimension of sensemaking, of the importance of the cues we notice and the constraints that our dominant beliefs represent. This knowledge is an important personal benefit because today I understand better the way I make sense of things, the way I react, and this understanding allows the possibility to improve my capacity to address the challenges I have to face. It also allowed me a better understanding of the capacities and limitations of those with whom I interact. Secondly, it also allowed me to think and be aware of my view of the world as explained in chapter 5.1. Thirdly, as a lecturer, I benefit from the knowledge gained because this area is characterized by significant limitations, reflecting contrasting perspectives between classroom concepts and workplace

reality. The experience of the DBA was an opportunity to have a deeper understanding of the different perspectives, possibilities and limitations of this area of knowledge. Finally, the qualification itself will have an important influence in my career and future perspectives, in opening new horizons.

### **1.3. Significance of the study**

The findings from this study add to the theoretical knowledge of the sense-making literature and have practical consequences for the textile sector in Portugal and how strategic issues are addressed, in allowing an understanding of the influence that discursive resources have in managers' identity construction and the effects of their identities on the long term survival of their organizations. Thus, the present research project will benefit managers within the sector since they will have a better understanding of the processes they use to build their identities, how their identities impact in the future of their organizations, which is important considering the relevance of the sector in the Portuguese economy. Ultimately, the present research will also benefit managers from other sector and academia, given that the findings have broader implications.

In fact, textiles and clothing companies still represent Portugal's largest industrial sector, although in decline. In 2007 the turnover of the industry was 6,200 million Euros, representing 3% of the national product, accounted for 12% of total exports of the country and employed 180,000 people, providing 25% of the total manufacturing employment in the country (Bessa and Vaz 2007, p. 18). The industry is mainly made up of small factories, 80% of which have less than 100 workers. Companies are mainly placed in the north of the country that is highly dependent on this sector. The export markets are strongly concentrated in the European Union (EU), where Germany, France, United Kingdom and Spain represent 70% of the markets in turnover. In the past, the Portuguese textile and clothing industry was able to compete on the basis of low wage levels. But new shifts in global production have resulted in the relocation of production to East European and Asian countries, with a consequent loss of jobs. In the last years, an important number of firms went bankrupt while others relocated their operations in other countries in an attempt to reduce costs, resulting in a large number of redundancies.

### **1.4. The previous documents**

In document I, I made a preliminary literature review and an outline of my research project. In document II, I made a deep literature review on strategy where I characterized different approaches to strategic issues. The approaches characterized encompass prescriptive

paradigms, the competitive position school, the core competence approach and the emergent or learning schools. The prescriptive school is a school of thought that reduces and rationalises complexity to be able to make sense of the environment (Combe 1999, p. 347). This paradigm encompasses the rational planning literature, the scientific management literature, and the functionalist literature addressing bureaucracy and the total quality management (Combe 1999, p. 347). These are linear views that prevent managers from seeing what is possible and finding working solutions for real life situations (Aaltonen 2007, p. xx). Another approach, the Competitive Positioning School developed mainly by Porter (1987) provides an approach where the analysis of the environment context in a systematic manner was a pre-requisite to a successful strategy. According to this approach, the environment context is considered as an outer reality. The emphasis is on predicting what is certain and strategy is also a linear and stage-based process, where the environment is observable and analyzed in an objective way in order to create a deliberate strategy. In this regard, as McKiernan (2006, p. 11) indicates these perspectives are captive of stable contexts and the positivist epistemology are at their core. These theories provide a limited explanation of how an organization works because they depend upon the possibility of prediction over the long term, control is their central concern and managers are viewed as independent observers.

In contrast, the core competence approach views organizations as a portfolio of competencies instead of a group of business units (Hamel and Prahalad 1990, p. 89). This process could help managers to reinvent themselves and their relationships, on a continuous basis, with competitors, customers, and the broader environment (Morgan 2006, p. 88). Through this view, organizations should be able to challenge the status quo and the rules of the game. This approach is closer to the social interpretivism paradigm that considers interpretations of the environment are socially constructed in communities of practice via language, symbols and shared values systems (McKiernan 2006, p. 20). The emergent or learning schools considers that strategy “is a pattern in a stream of actions” taken by members of an organization in an emergent and unplanned manner (Mintzberg and Waters 1985, p. 272). This view, as Morgan (2006, p. 113) claim, invited us to rethink management principles such as the importance of central leadership and control, how sensible it is to define clear goals and objectives, and the conventional top-down system of decision making. In this case, environmental context, instead of an objective entity that could be analysed, is a socially constructed entity perceived cognitively and enacted by those within organisations.

In document III, I undertook a qualitative research through a grounded approach.

Grounded theory approach is a methodology that involves allowing the data from natural settings to form the foundation from which theory emerges rather than imposing an analytic scheme from an existing paradigm (Baran and Scott 2010, p. 46). Thus, it is a process where the researcher inductively derived themes and potential theoretical relationships from the data rather than testing theoretical frameworks through deductive hypothesis testing. As Kathy (2005, p. 507) states, grounded theory methods are a set of flexible analytic guidelines that enable researchers to focus their data collection and to build inductive theories through successive levels of data analysis and conceptual development. This research allowed me to get closer to the mindset of top managers and their way of managing. In this research I noticed contrasting views of managing in the companies studied. Some top managers believe in a management by rules and instructions while others believe in a management by dialogue and discussion. Some emphasize shared values, dialogue and trust whereas others emphasize control. The results gained by the research developed in document III, showed that managers have to make sense of tensions between stability and flexibility; top down and bottom up involvement; between control and learning. The themes that emerged from the coding process were change, interactions, the crystal ball and control. Change is the condition for sensemaking because as Weick *et al.* (2005, p. 409) showed, sensemaking occurs when the current state of the world is perceived to be different from what was expected. Another theme that emerged from the interviews was interactions within the family, collaborators, partners, consultants and customers. Throughout the interviews most of the interviewees at some point used metaphors to express their ideas. One metaphor that emerged as a theme was the crystal ball as an expression of the difficulty that they felt in predicting the future. Finally, another theme that emerged was the idea of control as an essential feature of their way of managing, reinforced sometimes with military expressions such as tactics, second lines, hierarchy, units and positions.

The objective of document IV was to identify some of the dominant cognitive frameworks in relation to the way top managers see themselves. By top manager's cognitive frameworks I consider their strategic mind sets which reflect organization's stories, how difficulties were overcome, metaphors used, assumptions about reality and strategic beliefs. These cognitive frameworks guide the attention of top managers and provide meanings about how to manage organizations (Lundberg 2005, p. 295). The analysis revealed that top managers do not see their organizations as machines that operate in an efficient and predictable way. The results showed that instead of control, top managers believe in dialogue and team work. Still, they believe that they have a deliberate approach to strategic issues. One way to understand this is that when confronted with ambiguous situations, top managers make sense of them

with representations such as models and plans and in that sense, the rational management theories are sense-making tools that provide the categories with which managing is experienced.

So after having written four documents, I was aware that managers have to cope with dilemmatic tensions between stability and flexibility, control and learning and that when confronted with ambiguous situations they tend to rely on models provided by rational management theories. So, these documents allowed me to understand that these theories provide limited and sometimes contradictory explanations of how top managers make sense of themselves and the environment and how they address the strategic issues. Thus, to understand how they make sense of “who they are” and what are the effects of their identities on the long term survival of their organizations, I performed the present research.

### **1.5. Ethical issues**

The research was developed with respect to all ethical considerations relevant to qualitative research. I informed the interviewees that their participation was voluntary and that they had the right to withdraw from the study at any time, and in which case their data would be destroyed. I informed interviewees of the purpose and nature of the research and how the findings were to be used, documented and communicated. It was explained to the interviewees what exactly would be done with the information gathered. I asked each of them for their expressed agreement for the interview to be digitally recorded. They were told that all information generated from this research would be present anonymously. I guarantee to them full confidentiality of the material that was collected since the names of the firms and individuals that took part in the research were coded. As soon as the transcripts of the interviews were made, they were sent to the interviewees and asked them to censor anything they were unhappy to have included, and to verify that their meanings remain intact. One of the interviewees asked me to eliminate part of the interview, which was done. I had no professional relations with the interviewees although I knew two of them. After a period of three years counting from the conclusion of the DBA, all the material will be destroyed except the data that will be fully anonymous.

### **1.6. Outline of document V**

First, I will develop an updated literature review to establish my understanding of the subject and position my study. Then, I will explain my methodological assumptions and options and I will outline my conceptual framework upon which I built my research questions. The analysis will be done according to the research questions and the conceptual framework proposed.

Then, I elaborate the findings and recommendations.

## **2. Updated Literature Review**

To contextualize this research, I will undertake an updated literature review focused on research-based studies on identities and sensemaking. Then I will draw attention to key issues and finally I will define key concepts.

### **2.1. Literature review**

Research on the processes of identity construction proceeds from an interest in understanding how individuals deal with their complex, ambiguous and contradictory experiences of work and organization (Alvesson *et al.* 2008, p. 14). Sensemaking begins with a sensemaker and is grounded in the process of constructing identity. This process is seen as retrospective through reflexive examination of lived experiences. Individuals are intimately connected with their social environment, and through their interactions create their constraints and opportunities. Thus, sensemaking is a social process in which the concept of self is constructed in the context of others. Weick *et al.* (2005, p. 416) suggest that the properties of identity construction and plausibility are more central than other properties to the sensemaking process. Identity construction is about who we think we are and it shapes how we enact our environment. Weick *et al.* (2005, p. 59) regard one's personal identity as being shifting and multiple. Thus, the identity of top managers is the result of a sensemaking process, constructed out of discourses available to them. Burr (2003, p. 105) claims, "all objects of our consciousness, everything we think about, including our identities, our selves, are constructed through language". Managers' sense of self identity emerges as they enact their current self identity within their social environment. Weick (1995, p. 20) writes, "depending on who I am, my definition of what is out there will also change".

Alvesson *et al.* (2008, p. 5) consider that organizational scholars are increasingly concerned with organizational, managerial, professional and occupational identities, as well as how organizational members negotiate issues surrounding self in workplace settings. Alvesson *et al.* (2008, p. 6) suggest that identity refers to the subjective meanings and experiences, to our ongoing efforts to address the questions "who am I?" - and by implication - "how should I act?". They also stress the temporary, multiple and shifting nature of identities due to the dynamic character of the social world. Hence, people can be seen to engage in identity work when the routinized reproduction of a self identity in a stable setting is discontinued and may be triggered by uncertainty, anxiety or self doubt. Alvesson *et al.* (2008, p. 15) describe

identity work as the ongoing mental activity that an individual undertakes in constructing an understanding of self that is coherent, distinct and positively valued. In attempting to answer the question “who am I?” and “who are we?”, an individual crafts a self narrative. The emphasis on identity work is on becoming, rather than being. Hence, it is an ongoing process for it requires constant reproduction and maintenance and may increase during periods of transformational shift such as when a person transitions to a new job or when repeated frustrations are encountered (Alvesson *et al.* 2008, p. 20).

Identity is produced through the narratives people used to explain and understand their lives (Lawler 2008, p. 17). Thus, identity could be viewed as a narrative or a story that “refers to an individual’s account of self relevant life events that lends coherence to those events” (Kopelman *et al.* 2009, p. 266). Nowadays, the identities of managers tend to be destabilized because of the increasing fragmentary nature of managers’ roles which is expressed through clashing discourses and multiple identity positions (Mischenko 2005, p. 214). Hence, people tend to create unstable and contradicting identities rather than one fixed. Thus, the self concept consists of multiple, conflicting and ambiguous identities and identity work could be defined as people’s engagement in forming, repairing, maintaining, and strengthening or revising their identities (Ibarra and Petriglieri 2010, p. 10).

Sharon (2004, p. 822) claims that self identities are constructed by and through discourses and contemporary organizations are multi discursive settings open to a multiplicity of ideas, vocabularies and practices of the contemporary world. In fact most contexts, including organizations, consist of multiple and fragmented discourses (Hardy *et al.* 2000, p. 1232). As Doolin (2003, p. 752) argues, different narratives coexist and interact within an organizational setting and each narrative tells how the organization and its members should be. Thus, organizations are multi-discursive set of strategic narratives (Doolin 2003, p. 764). Strategy is a construction, reproduced by a variety of texts and practices that serves to make sense of the world. Strategy discourse does not simply mirror social reality, it creates it (Hardy *et al.* 2000, p. 1229). Thus, as Hardy *et al.* (2000, p. 1231) claim, strategy making is largely the management of meaning. In the same line of thought, Watson (2008b, p. 50) considers that organization is a negotiated order that emerges out of the process whereby different groups make use of rules, procedures and information in the day to day negotiations that occur between them about what is to happen in any given situation at any particular time. Hence, organizations are “social and technical arrangements and understandings in which a number of people came together in a formalized and contractual relationships where the actions of some are directed by others towards the achievement of

work tasks carried out in the organization's name" (Watson 2008b, p. 334).

The idea that identities are multiple and that they shift according to the circumstances was supported by an auto ethnography performed by Vickers (2007). This research was about Vickers' experience of being bullied at work and was done using Weick's analysis of sensemaking. The study was developed based on her personal diaries, memoirs, journal entries, letters and witness statements. She worked in a toxic workplace culture, where incivility, bullying and antisocial behaviour were the norm, which influenced her identities. As Vickers (2007, p. 234) states "it is apparent that my identities did and have changed as a result of my stay in that toxic workplace". Then she adds: "this is evident to me, through retrospective reflection on the changes in myself or selves, many of which still remain as part of me today, and many of which I don't especially like but which are now part of me and part of what I do" (Vickers 2007, p. 234). So, Vickers (2007, p. 224) recognized her personal identity as being shifting and multiple.

Watson (2008a, p. 122) through a case study research examined closely Leonard Hilton's identity work, who was a senior Operation Manager, to provide insights about how working lives are shaped and work organizations manage. Leonard Hilton was a deeply reflective individual and personally believed that clarity about "who one is" is something that one may have to work on (Watson 2008a, p. 133). In his autobiography, he suggests that circumstances forced him to change from the quiet man he once was, to a man that his wife did not like. According to him, his personality changed due to the need to establish and maintain relationships that were essential for his performance and personal survival at the company. In his autobiographical account, which was an example of identity work, he indicated a high level of personal discomfort with this situation mainly because his wife did not like the man that he became. He felt worry about how well he treated his wife in the years before his death and mentions as an example, his use of bad language at home.

Watson (2008a, p. 122) claims that managers cannot simply be themselves at work because they have to act as the voice or the face of the corporation. But because their work activities are only one part of their lives, they need to understand themselves both as managers at work and as private persons at home. A key concept adopted in this approach is identity work, which describes the ongoing mental activity that an individual undertakes to understand who he is. Watson (2008a, p. 129) also refers to the importance of considering an external identity and an internal identity, or in other words, the "interplay between public and private identities. These are complex realities in the sense that varies from person to

person. Thus, Watson (2008a, p. 129) suggests that identity work “involves the mutually constitutive processes whereby people strive to shape a relatively coherent and distinctive notion of personal self identity and struggle to come to terms with and, within limits, to influence the various social identities which pertain to them in various milieu in which they live their lives”. Watson (2008a, p. 130) claims identity work should be understood as a coming together of internal self reflection and external engagement, through talk and action, with various discursively available social identities. Hence, self identity is the individual’s own notion of who he is and social identities are cultural, discursive or institutional notions of who any individual might be (Watson 2008a, p. 131). Nevertheless, self identities are socially constructed and only have meaning in the context of the social world and the notion people have of whom and what they are is shaped by the discourses surround them. Thus, individuals have to work with existing discourses, but as they do this, they craft a self which is their own. Individuals will of course vary in the extent to which they are relatively active or passive in these matters (Watson 2008a, p. 130). Anyway, managers actively story their lives and as Watson (2008a, p. 125) states, a growing body of empirical evidence recognizes the active work which people do on their identities.

The importance of managers’ mental maps as constraints of their views and actions was explained by a research developed by Mills and Weatherbee (2006). This research was performed based on the actions, activities and sensemaking processes that occurred within and between several organizations that were working collectively in response to the hurricane Juan in the city of Halifax in Canada, the worst hurricane to hit the region in 40 years, in September 2003. The study used Weick’s sensemaking properties. People of the region were unaware of the hurricane’s destructive potential and this happened because for them hurricanes were a common weather phenomenon, and this made them feel immune from major disaster. Sensemaking is grounded in identity construction and the experiences that make up who we are effect how we interpret events. Hence, their response to the state of emergency was to rely mostly upon routines and municipal governance scripts that had worked well in the past. These scripts were written and rewritten through the years by previous professionals and reflected an identity that was no longer suitable for the times. The extraction of plausible cues was influenced by an identity that encouraged many people to downplay the seriousness of the warnings and continue about their daily routines. Mills and Weatherbee (2006, p. 272) concluded that the sense of identity of the people living there did not provide them with the experience they needed to understand and deal with this hurricane. Thus, they suggested that identity construction and to a lesser degree plausibility are primary influences on what appear to be contradictory responses by those involved in

the response to the disaster. Thus, for Mills and Weatherbee (2006) identity construction as a sensemaking property is particularly relevant.

Simpson and Carroll (2008) performed a research based on three interviews with a lawyer and two teachers, who, in addition to their professional responsibilities, also undertake management tasks as part of their working lives. These interviews were conducted as part of a much larger study into the identity constructions of professionals who manage from an Australasian sample of law and education professionals. Simpson and Carroll (2008, p. 29) drawing on three interviews, developed the notion of role as a boundary object, conceptualized as different social masks that actors may choose to adopt in their ongoing constructions whereas identity is conceived as temporary, precarious, fluid construction achieved through struggle. Role provides a set of social expectations that prescribe how someone should occupy a social position and communicating how individuals should think, feel and act. Role may be seen as a vehicle that mediates and negotiates the meanings constructed in relational interactions. As Simpson and Carroll (2008, p. 33) states, role can be considered as an "intermediary translation device that sits within the relational process of identity construction". Role marks the point where one's own presentation of self meets that perception of how others desire that self to be constructed (Simpson and Carroll 2008, p. 41). Hence, role is a boundary object that is specific to the context of identity construction. Roles also can be seen as sites where one can become locked into a particular view of the self. Conversely, shifting between role worlds potentially provides a key with which to unlock the identity construction process (Simpson and Carroll 2008, p. 43). Identity construction is a dynamic and relational process. It is thus, inherently emergent, precarious and negotiated (Simpson and Carroll 2008, p. 34). The attention is turning toward the "becoming" rather than the "being" of identity. This formulation of identity and identity construction embraces the possibilities of emergence, plurality, discontinuity and the social dimension of identity process (Simpson and Carroll 2008, p. 31).

Considering the challenges that they face, managers construct different identities, like chameleons, as a way of adjustment to different contexts and realities. This was illustrated in a qualitative research developed by Myers (2004) in the context of local organizations from the nonprofit sector. The study was based on in-depth semi structured interviews with 20 chief executives and the aim of the research was to understand how they respond to changing circumstances, how they enhance their practice and how they learn from their experiences and their identities. Myers (2004, p. 645) concluded that they are like chameleons which implies the construction of different identities in different situations,

contexts and in different sets of interrelationship.

Our view of ourselves is constantly subject to re-affirmation, negotiation and change in the light of how we see ourselves dealing with situations in our everyday life and how others view us and respond to us (Watson and Harris 1999, p. 116). In the context of our workplace, we work out our identity and our sense of what we are which affects how we see and feel about ourselves, which impacts on our perspective of the world. People are always striving to come to terms with the circumstances in which they find themselves and to shape their existence. Thus, people are the authors of their identities in pursuing their projects in life and manage continuously emerging identities through exchanging meanings and resources with others (Watson 2006, p. 113). Hence, they continually make adjustments in their thinking and their actions as they come to terms with the changing circumstances of their existence. Watson (2006, p. 96) claims this work that people develop to actively shape their lives and their identities is strategic because survival depends on it.

The processes of adjustment to different and complex situations are difficult because managers' mental maps influence their expectations and what they notice. This was suggested by Blenkinsopp and Zdunczyk (2005, p. 362) who conducted a research, through a qualitative approach. This study used unstructured interviews with seven managers in mid career, to examine how they made sense of their perceived mistakes. The aim of the research was to understand the causes and consequences of problematic mid career work role transactions due to mismatch between expectations and reality. Blenkinsopp and Zdunczyk (2005, p. 371) mentioned that many of the accounts of the interviewees were attempts to reduce cognitive dissonance, which happens when people are confronted with information that is inconsistent with their beliefs. Blenkinsopp and Zdunczyk (2005, p. 372) suggest that expectations about their roles "may arise more from prior experiences than from any explicit information provided from the organization". This means that if existing mental maps of managers are sufficiently robust to remain unaltered, then the information provided may fail to prevent them from having unrealistic expectations.

Blenkinsopp (2009, p. 1) examined how emotions can stimulate storytelling and how these stories can become scripts for lives in early career. Through an auto ethnographic study, he analysed how he constructed a narrative identity which was plausible but wrong, in response to an emotion of feeling lonely for a short period of time (Blenkinsopp 2009, p. 4). Emotions are the way sensations are made sense of with reference to a context (Watson 2006, p. 130). This narrative identity although inaccurate, drove his sensemaking for an extended

period because as Blenkinsopp (2009, p. 6) argues, we attend less to information which conflicts with the narrative since the narrative serves as a heuristic. Past experiences are interpreted in order to understand and structure the present. Thus Identity work can be viewed as a learning process, enacted within a complex system of interactions and where frames of reference serve to inform an individuals' sense of identity.

Sensemaking process is a process where language is a critical tool, embedded in ongoing reflexive conversations with our self and others (Blenkinsopp and Stalker 2004, p. 420). Wetherell (2003, p. 16) claims that language is constructive in the sense that discourses builds objects, worlds, minds and social relations. It does not just reflect them. What reality is, what the world is, emerges through human meaning making (Wetherell 2003, p. 16). Discourses, which are most of the times ambiguous and contradictory, create the social reality that we experience as solid and real (Phillips and Hardy, 2002, p. 2). This social reality includes our identities which are created through discourses and as Phillips and Hardy (2002, p. 2) argue, "our talk, and what we are, are one and the same". Thus, discourses define the ways in which we think, talk and act in an around contexts (Tietze et al. 2003, p. 79). Different discourses construct the phenomena of the world in different ways because each discourse raises different issues and has different implications for what we should do. Hence, discourses make it possible for us to see the world in a certain way, and in that sense, they produce our knowledge of the world (Burr 2003, p. 79). Discourse is a way of thinking about and acting within the world and as Blenkinsopp and Stalker (2004, p. 420) suggest, individuals can be seen to reconstruct self identity within a given context, drawing upon a range of discursive resources in doing so.

Managers today are constrained by dominant discourses of time compression and acceleration and they live their life with feelings of alienation. This was suggested in a study performed by Sharon (2004). This study was developed with the leaders of a large public sector organization in United Kingdom, to understand the relationship between time and self identity. In the leaders' narratives of career, work, life, and family, the research performed, identified dominant discourses of time compression and acceleration. Top managers expressed a feeling of finding it difficult to synchronize the demands of organizational time, and still retain interaction time. In those cases self time seemed to be almost entirely suppressed (Sharon 2004, p. 817). Top managers also expressed a feeling of alienation, an experience where there is discordance between clock time and lived time, or in other words, discordance between time and meaning. In sum, life is felt by top managers as destabilized and fragmented (Sharon 2004, p. 821).

The identity work of adjustment to complex situations is felt as problematic because it is influenced by conflicting discourses. This was testified by Mischenko (2005, p. 204) who performed a research based on an auto ethnographic approach, using poetry as the empirical data, to understand the meanings of self, identity, and power. Mischenko (2005, p. 210) observed that there was a combination of conflicting discourses of the need to be the best, to survive, to achieve all the objectives and at the same time to spend more time with her family. It was a personal narrative of someone who felt that it is increasingly difficult and painful to maintain an experience of someone who delivers and is in control. Hence, she had to make an “identity work”. She acknowledged that within her world, there were various social roles, ways of being projected via media, films and soaps. In fact, people are exposed to multiple possibilities and this constant exposure to multiple points of view, challenges the modernist absolutes of truth, objectivity, authority and knowledge. Thus, she concluded that everything in her life had become messier, contestable and incoherent. She had a feeling of frustration for not being the best mother, wife, and daughter she ought to be.

Leading is an emergent phenomenon in which top managers manage the organization to enable it to continue in its environment. Achieving the survival of their organization is central to the logic of the work of all people involved in strategic management (Watson 2006, p. 351). Strategic issues are about how organizations relate to the larger environment in which they are a part and shape themselves for a future within that environment. Thus, strategic management could be defined as “the element of managerial work that concerns itself with taking the organization as a whole forward into the long term” (Watson 2006, p. 353). This activity, as Watson and Harris (1999, p. 15) point out, looks messy, confused and fragmented and it involves all sorts of conflicts and rivalries but the outcome is to keep the enterprise running. Strategy making involves strategists in making sense of the world and acting in the light of the sense they make of it. The environment in which an organization exists and in which its management works towards its long term survival is not simply given. The world “outside” the organization is enacted, just like the organization itself (Watson 2006, p. 382). Those who are employed as managers have the formal responsibility for the general direction of these exchanges in order to contribute to the long term viability of their organization. It is therefore vital to look at the nature of the strategic exchanges that exists between top managers and their organizations (Watson 2006, p. 393). There is a two way relationship between how key managers shape their lives and how the organization is shaped. Weick (1995, p. 20) states, sensemaking begins with a sensemaker, that “is himself an ongoing puzzle undergoing continual redefinition”. Whenever he defines self he defines it,

but to define it is also to define self (Weick 1995, p. 20). Whenever we want to understand the strategic direction taken by any organization we must always take into account the assumptions, values, backgrounds and orientations of those that have the responsibility to shape those strategies. Watson (2006, p. 396) suggests, these are only one element in the vast range of factors that play a part in how any organization strategically emerges, but it is a significant role.

This process of strategic exchange involves paradoxical choices from managers. In fact, McCarthy *et al.* (2005, p. 458) developed a case study research through on site interviews, to understand contemporary leadership. The case study was based on a situation that happened in 1989, when the CEO and the entire senior and middle management team of 49 people of Wilhelmsen Lines, a shipping company, disappeared in a plane crash. Because of that, the company was in shock and its long term survival was at stake until a permanent leadership team could be put in place. Skaug, a manager with experience in running large organizations but without experience in the shipping industry, was chosen as CEO of the company. Skaug discovered that little about the current strategy of the company had been written down and when senior leadership perished, so did in some way the strategic knowledge. The case study examined how Skaug, as a leader, addressed this challenge. The research showed that Skaug's response was paradoxical. Skaug decided to wait until the first year anniversary of the tragedy because he realized that the organization needed additional time to mourn. Meanwhile he invested significant effort in talking with employees, customers and suppliers, spending substantial time with people at the company's headquarters as well as travelling to ports and offices around the world. During this first year, Skaug shared very openly his own personal values and beliefs while encouraging people to talk about their own values and emotions as they were going through that difficult grieving period. It was a combination of being very open and encouraging people to become involved and express themselves, while also being clear about certain issues such as what was the direction of the firm and what was nonnegotiable. Skaug felt that it was critical to debate actively the company's key values and philosophies and once a strong sense of consensus was gained, senior managers should get on board to ensure consistent leadership messages (McCarthy *et al.* 2005, p. 463). Skaug addressed each decision making and resolved each dilemma in a complex manner, through adaptability and paradoxical choices. Thus, in order to navigate in complex change, managers must embrace paradox and come to grips with the fact that paradoxical tensions are a normal part of contemporary organizational life.

The strategic exchange implies that people seek roles that allow them to behave in ways that give expression to aspects of their notion of self. This idea emerged from a study developed by Mills and Pawson (2006, p. 328) based on a case study, to explore the experiences and sensemaking of a woman entrepreneur in New Zealand, in order to understand how she constructed her identity, her sense of who she is, and how this relates to her approach to risk. Data was gathered through semi structured interviews and was coded and analyzed through a grounded approach. Through this research, Mills and Pawson (2006, p. 341) concluded that her perception of herself shaped the perception of risk and then structured the way in which these risks were addressed or avoided. The conclusions were consistent with the idea that identity and enterprise development were mutually informing of each other, through a strategic exchange. This concept of strategic exchange was also present in the framework proposed for my research.

As a synthesis, we can conclude that research shows that identity construction and plausibility are more central than other properties of the sensemaking process in the sense they are primary influences on responses to the challenges we face. The research stresses the temporary, multiple and shifting nature of identities due to the dynamic character of the social world. Managers, considering the challenges that they face, construct different identities as a way of adjustment to different contexts and realities and their identities are constantly subject to re-affirmation, negotiation and change. Thus, the emphasis on identity work is on becoming and identities are multiple and shift according to the circumstances due to the need to establish and maintain relationships that are essential for personal survival. When managers' identity is based upon routines and scripts that were rewritten through the years, they could reflect identities that are not suitable for the present challenges. In fact, the processes of adjustment to different and complex situations are difficult because managers' mental maps influence their expectations and what they notice. Nevertheless, individuals are the authors of their identities in pursuing their projects in life and manage continuously emerging identities through exchanging meanings and resources with others and this identity work is strategic because their survival and the survival of their organizations depend on it. Hence, identity and enterprise development are mutually informing of each other, through a strategic exchange.

This process of strategic exchange involves paradoxical choices from managers and implies that people seek roles that allow them to behave in ways that give expression to aspects of their notion of self. Thus, managers must embrace paradox because paradoxical tensions are a normal part of organizational life.

The identity of top managers is the result of a sensemaking process, constructed out of discourses available to them. This identity work is felt as problematic because it is influenced by conflicting discourses and life is felt by top managers as destabilized and fragmented. Research shows that managers are constrained by dominant discourses of time compression and acceleration and they live their life with feelings of alienation. Organizations themselves are multi discursive settings open to a multiplicity of ideas, vocabularies and practices.

Research shows that individuals engage in identity work in attempting to answer the question “who am I?” and “who are we?” through self narratives, based on available discursive resources. Through this process managers construct different identities and this is strategic because survival depends on it. The research also shows that achieving the survival of their organizations is managers’ central responsibility. Thus, strategic management is the work managers develop with the aim of creating conditions so that organizations as a whole have capacity to survive. This implies managers who make sense of the world and act according to the sense they make. It is a two way relationship between how key managers shape their lives and how the organization is shaped.

## **2.2. Key issues**

Management literature have constructed organizations as being flexible, dynamic and competitive and as Iedema *et al.* (2005, p. 328) argue, what is essential is to reinvent ourselves and the ability to face up to the increasing degrees of interactive intensity and uncertainty. New forms of work interaction require an increasing variety of conducts for people to incorporate the changes that are occurring. This may signify that identities are increasingly fragmented. As Iedema *et al.* (2005, p. 331) write, “social relations are expected to be less oriented towards stable identity and interaction routines, and more towards flexibility and reflexivity”. Thus, the current organizational change involves a shift in the nature and definition of an individual and organization’s work and identity (Iedema *et al.* 2005, p. 333). Today, we see organizations as compose of people who speak to each other and where narratives, symbols and discourses hold them together (Phillips and Hardy, 2002, p. 15).

Sensemaking begins with a sensemaker and is grounded in the process of constructing identity. Identity, as Watson (2006, p. 96) suggests, is a consistent notion of who they are, where they have come from and where they might be going. It is a retrospective process performed through reflexive examination of lived experiences. It is a process where

language is a critical tool, embedded in ongoing reflexive conversations with our self and others (Blenkinsopp and Stalker 2004, p. 420). Weick *et al.* (2005, p. 416) suggest that the properties of identity construction and plausibility are more central than other properties to the sensemaking process. Identity construction is about who we think we are and it shapes how we enact our environment. Weick *et al.* (2005, p. 59) regard one's personal identity as being shifting and multiple.

Our view of ourselves is constantly subject to negotiation and change based on how we see ourselves dealing with situations and how others view us and respond to us (Watson and Harris 1999, p. 116). Burr (2003, p. 31) writes, "we behave, think and feel differently depending on who we are with, what we are doing and why". In the context of our workplace, we work out our identity and our sense of what we are which affects how we see and feel about ourselves, which impacts on our perspective of the world. This identity work allows us to redefine what we are, which means that our choice of metaphors and identities affect how we create our realities. Thus, people are the authors of their identities in pursuing their projects in life and manage continuously emerging identities through exchanging meanings and resources with others (Watson 2006, p. 113). Watson (2006, p. 96) claims this work that people developed to actively shape their lives and their identities is strategic because survival depends on it.

Wetherell (2003, p. 16) claims language is constructive in the sense that discourses builds objects, worlds, minds and social relations. It does not just reflect them. What reality is, what the world is, emerges through human meaning making (Wetherell 2003, p. 16). Discourses, which are most of the times ambiguous and contradictory, create the social reality that we experience as solid and real (Phillips and Hardy, 2002, p. 2). This social reality includes our identities which are created through discourses. As Burr (2003, p. 4) points out, "when people talk to each other, the world gets constructed". As already mentioned discourses can be understood as systems of shared meanings which we use in making sense and encompass metaphors, representations, images, stories, statements, that in some way together produce a particular version of events (Burr 2003, p. 64). Thus, discourses define the ways in which we think, talk and act in an around contexts (Tietze *et al.* 2003, p. 79). Different discourses construct the phenomena of the world in different ways and have different implications for what we should do. Burr (2003, p. 67) considers that objects and events come into existence for us as meaningful entities through their representation in discourses. Hence, discourses make it possible for us to see the world in a certain way, and in that sense, they produce our knowledge of the world (Burr 2003, p. 79).

Narratives of self identity are likely to be congruent with available discourses (Blenkinsopp and Stalker 2004, p. 419). Burr (2003, p. 7) argues, we are born into a world where the conceptual framework and categories used by people in our culture already exist (Burr 2003, p. 7). Concepts and metaphors are acquired by each person as they develop the use of language and the way a person thinks are provided by the language that they use. When narrating their lives, people usually follow a chronological structure and emphasize their intentions through story. They are authors of their self narratives. Through constructing the autobiographical narratives people make sense of themselves and also make their personal experiences socially understandable. Thus, Kohonen (2005, p. 27) argues, life stories are tools for self management in the sense that the stories told shape the identity of the teller. Past experiences are interpreted in order to understand and structure the present. Thus Identity work can be viewed as a learning process, enacted within a complex system of interactions.

Sharon (2004, p. 822) claims that self identities are constructed by and through discourses and contemporary organizations are multi discursive settings open to a multiplicity of ideas, vocabularies and practices. In our world, the identities of managers are destabilized because of the increasing fragmentary nature of managers' roles which is expressed through clashing discourses and multiple identity positions (Mischenko 2005, p. 214). Hence, people tend to create unstable and contradicting identities rather than a fixed one. Thus, the self concept consists of multiple, conflicting and ambiguous identities and identity work could be defined as people's engagement in forming, repairing, maintaining, and strengthening or revising their identities (Ibarra and Petriglieri 2010, p. 10).

### **2.3. Definition of key concepts**

For the purpose of the present research project, I will consider the following definitions of identity, identity work, self narrative, discursive resources, strategic management, strategic exchanges and organization:

Identity: is a notion of who a person is in relation to others; it has a self identity component – the individual's own notion of self (the self serves to organize the multiple identities within an individual) – and a social identities component (the notions others have of who the person is).

Identity work: people's engagement in forming, repairing, maintaining, and strengthening or

revising their identities;

Self narrative: reflexive project in which individuals construct and manage their identity as a life story, which is a tool for self management in the sense that the stories told shape the identity of the teller;

Discursive resources: systems of shared meanings which we use in making sense and encompass metaphors, representations, images, stories, statements, concepts that in some way together produce a particular version of events;

Strategic management: the element of managerial work that concerns itself with taking the organization as a whole forward into the long term;

Strategic exchanges: the two way relationship between how key managers shape their lives and how the organization is shaped;

Organization: it is a negotiated order that emerges out of multi discursive setting open to a multiplicity of ideas, vocabularies and practices.

### **3. Conceptual framework**

The framework proposed considers that the identity of top managers is the result of a sensemaking process, constructed out of discourses available to them through self narratives. Language provides us with a way of structuring our experience of the world and it is language that brings the person into being in the first place (Burr 2003, p. 47). Thus, as Blenkinsopp and Stalker (2004, p. 420) point out, individuals can be seen to reconstruct self identity within a given context, drawing upon a range of discursive resources in doing so. It is an emergent process that shapes both their sense of self and their influence in the organization.

The environment in which an organization exists and in which its management works towards its long term survival, is not simply given. The world “outside” the organization is enacted, just like the organization itself (Watson 2006, p. 382). Those who are employed as managers have the formal responsibility for the general direction in order to contribute to long term viability of their organization. It is therefore vital to look at the nature of the strategic exchanges that exists between top managers and their organizations (Watson 2006, p. 393). The dynamic between how key managers shape their lives and how the

organization is shaped is a two way relationship. Figure 1 is a graphical image of the framework proposed.

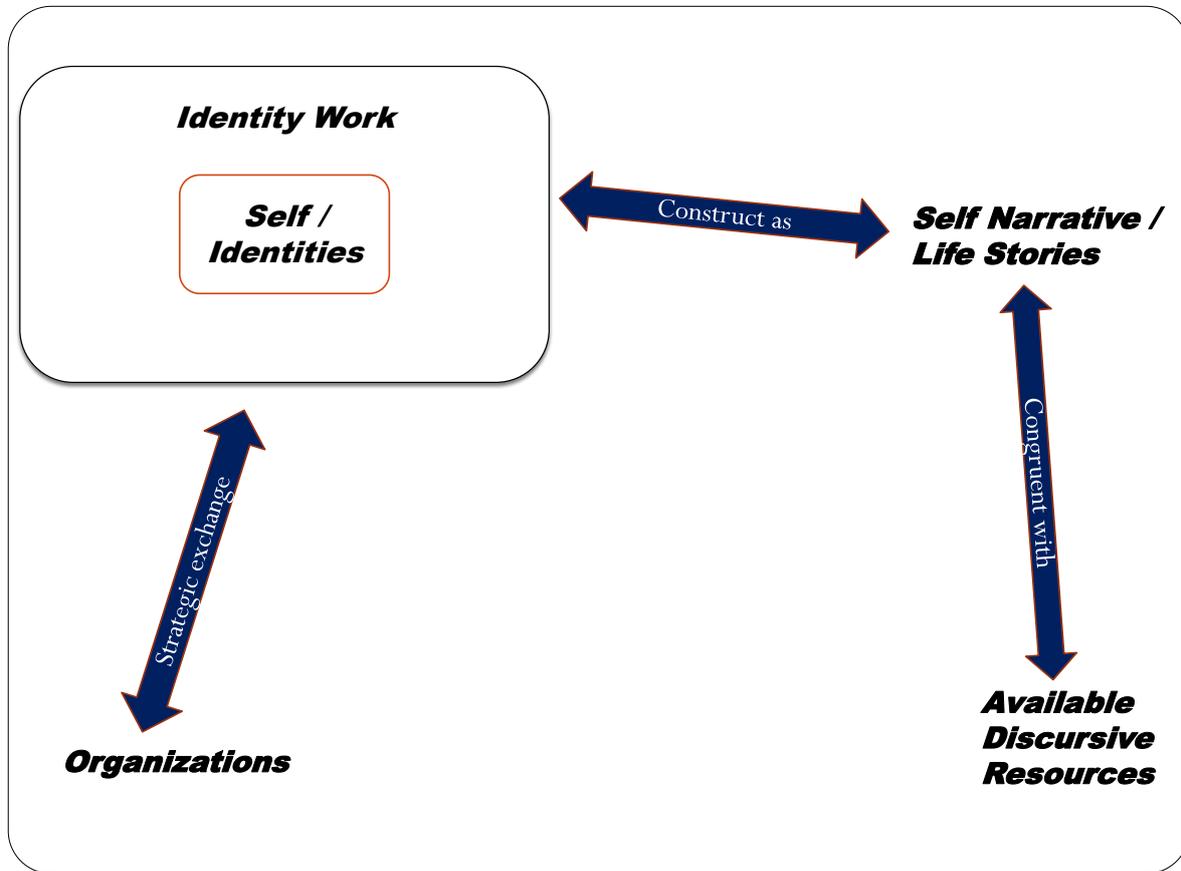


Figure 1: A graphical image of the framework proposed (Author's own).

#### 4. Research questions

The framework proposed considers that strategic making involves strategists in making sense of the world and acting according to the sense they make and that achieving the survival of their organization is central to the logic of their work. This process involves a strategic exchange between how top managers shape their lives and how the organization is shaped. Watson (2006, p. 113) states, "there is a strategic exchange that occurs between how people involved with work organizations, shape and make sense of their lives and the way organizations themselves are strategically shaped". So, the research questions will try to understand what the discursive resources available to them are, their impact in the way they enact their identities and its effects in how they enact the long term survival of their organizations. Thus, the research questions are:

1. What are the discursive resources managers in the Portuguese textile industry

employ to make sense of “who they are” and of “what is out there”?

2. How do these discursive resources inform how they enact their identities?
3. What are the effects of their identities on how they enact the long term survival of their organizations?

## **5. Methodology and research methods**

Of major importance are methodological issues to be followed in this work, which are the assumptions that the researcher has to make as the basis for undertaking research. Therefore, firstly, I will mention the ontological issues, which are the issues concerned with what I believe reality is, followed by the epistemological issues, which are the issues concerned with how I can know reality. I will also provide an outline and explanation of my research method as well as an analysis of the limitations of the research.

### **5.1. My world view**

One approach to answer question of how we make sense of ourselves is realism and for this perspective, there is a reality external to people that exists before they try to interpret or explain it. This reality is pre given which means that the categories into which people classify specific instances are already there in the phenomenon they are trying to explain (Stacey 2007, p. 10). On the other hand, idealism considers that it is also the way we think that determines the patterning of our experiences. However, they consider that the categories that we use to understand reality are pre given mental categories and because of that, our understanding is not relative but determined by these pre-given categories (Stacey 2007, p. 10). In contrast, scholars of the post modernist tradition consider that the categories into which people classify their experiences are held to exist in their minds, not out there. As Etherington (2004, p. 19) suggests “post modernism is characterized by a sense of fragmentation, an erosion of the idea of a firm sense of self, a falling away of traditional values, and a loss of confidence in what has been called the grand narrative of the past”. Thus, the explanations people come up with are projections of their minds. In this case, our explanations are stories we tell each other and one story is as good as another. Scholars of the post modernism tradition consider that “we should take a critical stance toward our taken for granted ways of understanding the world, including ourselves” (Burr 2003, p. 2). Thus, we should be cautious about our assumptions because the categories with which we apprehended the world do not refer to real divisions. Reality is socially constructed in language. Thus, we see the world and ourselves as socially constructed where our explanations are constructed in our encounters with others. As Burr (2003, p. 4) writes, “all

ways of understanding are historically and culturally relative". The social construction of reality is the process in societies whereby people, through cultural interaction, give meaning to the world. This is a world that may well exist beyond language but which can only be known and communicated by people through language based processes of cultural interpretation and sense making (Watson 2006, p. 56).

Thus, I believe the world exists out there independently of someone being conscious of its existence but I also believe it becomes a world with meaning only when someone makes sense of it. Therefore, reality is socially constructed in the sense that it depends on the meanings people give them. As Etherington (2004, p. 78) suggests, each story is told for a purpose, and how it is told, and how it is heard, will depend on the listener as much as the narrator, in the sense that it depends on what they bring from their own lives and experiences. Thus, my world view is according to the social constructivist perspective. Hence, this research will be undertaken based on this assumption.

## **5.2. Social Constructivism and Interpretivist approach**

Social constructivism considers that social phenomena and categories are the product of social interaction in the sense that meaning and meaning making are ongoing intersubjective processes (Tietze *et al.* 2003, p. 13). Thus organizations can be seen, as Tietze *et al.* (2003, p. 11) indicate "as dynamic processes, constantly constructed and reconstructed through activities and practices, being woven in and through language and talk". Thus, language is at the core of these processes. There is a relation between social constructivism and interpretivist because the interpretivist approaches assumes that knowledge is created from the point of view of individuals who live and work in a particular culture or organization through social constructions such as language and shared meanings (Rowlands 2003, p. 3). Hence, interpretivist approaches stresses the centrality of meaning in social actions, that social reality is constituted through words, symbols and actions, and that language use as well as the meanings enacted creates and sustains social reality (Tietze *et al.* 2003, p. 12). Therefore, the researcher should try to understand people in their role as social actors to understand the world from their view point (Saunders *et al.*, 2007, p. 106). The aim is that the results should provide a plausible understanding of the phenomenon under study. As Shah and Corley (2006, p. 1823) claim, "it is the researcher's responsibility to rigorously gather and understand these disparate interpretations and, in a systematic and informed manner, develop his/her own interpretations of the phenomenon that makes sense to the informants who experience it first hand, are plausible to uninformed others, and can be expressed in relation to current theory".

### 5.3. Discourses and discourse analysis

The study of discourse is the study of human meaning-making and at the heart of discourse studies are discussions on what it means to be human, what counts as real and what the social is (Wetherell *et al.* 2007, p. 5). As already mentioned, discourses can be understood as systems of shared meanings which we use in making sense and by discourse, we refer to a set of meanings, metaphors, representations, images, stories, statements, that in some way together produce a particular version of events (Burr 2003, p. 64). The process of meaning making, as Tietze *et al.* (2003, p. 19) argue, is done through shared use of symbols, including language as a symbolic sign system, and what symbols mean is based on our socio political and cultural agreement and usage. Thus, meaning cannot be divorced from context and it is relational in a process that is largely subconscious (Tietze *et al.* 2003, p. 19). Discourse researchers typically work with texts, such as transcripts of recorded conversations, written documents and business memos (Wetherell *et al.* 2007, p. 3). Without discourses, there is no social reality, and without understanding discourse, we cannot understand our reality, our experiences, or ourselves. As Burr (2003, p. 47) showed, language is a pre condition for thought and “it is language which brings the person into being in the first place”. Language itself provides us with a way of structuring our experience of the world and of ourselves. All objects of our consciousness, everything we think about, including our identities, our selves, are constructed through language (Burr 2003, p. 105). Ourselves, our personality, attitudes and opinions, are brought into being through language (Burr 2003, p. 105).

When we conduct ourselves in an area of activity we turn to the discursive resources that are available to us. These discursive resources play a key part in how we shape ourselves and our actions (Watson and Harris 1999, p. 6). In other words, a set of discursive resources available such as concepts, metaphors, terms, statements, expressions, and so on, provide a frame of reference used by someone to make sense of the world. This does not mean that discursive resources are deterministic because people are active sense makers whose identities and understandings of the world are not determined by discourses. Nevertheless, people are constrained in terms of what they can be and what they can do by their discursive resources (Watson 2006, p. 103). As Watson and Harris (1999, p. 6) claim “what is available to us, and what is not available, by way of discursive or cultural resources is enormously significant”.

Discourse analysis embraces a strong social constructivist epistemology and considers how views of the world, and identities, are constructed through the use of discourse (Paltridge

2006, p. 2). Discourse analysis examines both spoken and written texts. According to Phillips and Hardy (2002, p. 3), the most important contribution of discourse analysis is that it examines how language constructs phenomena, which means that the world cannot be known separately from discourse. Text such as the transcripts of interviews, are complex and psychological products, constructed in ways which make things happen and which bring social worlds into being (Wetherell 2003, p. 16). The study of discourse is the study of language in use which is the site where meanings are created and changed.

The method I choose to conduct this research will be discourse analysis. The reason why discourse analysis was chosen is based on the belief that organizations are socially constructed and that they exist primarily in language, which implies the recognition of the constructive role of language, as outline above. As Tietze *et al.* (2003, p. 11) state, organizations are “constantly constructed and reconstructed through activities and practices, being woven in and through language and talk”. Sensemaking occurs when a flow of organizational circumstances is turned into words. Therefore, I will be working with discourse analysis and adopting a sense making approach.

#### **5.4. Qualitative cases studies**

The justification for qualitative case studies is connected to the nature of the research questions. The research questions have an exploratory nature about contemporary events that cannot be manipulated. My aim is to understand life phenomenon in depth in the context where it happens. These life situations are too complex for survey or experimental strategies and as Yin (2009, p. 11) claims, case studies rely on observation of events and interviews of the persons involved in the events and its strength is its ability to deal with a full variety of evidence, such as documents, artifacts, interviews, and observations. As Yin (2009, p. 20) suggests, “case study strategy may be used to enlighten those situations in which the intervention being evaluated has no clear, single set of outcomes”. The option for multiple case studies is to see processes across several cases in order to develop more sophisticated descriptions and understanding. Thus, the case study approach was used to gain an in depth and contextualize understanding of how top managers make sense of “who they are” and their environment, how they enact their roles as managers and how they enact the long term survival of their organizations. The justification for the use of qualitative data is because it is well suited for understanding the meaning people create. As Miles and Huberman (1994, p. 10) showed, “qualitative data with their emphasis on people’s lived experience are fundamentally well suited for locating the meanings people place on the events, processes, and structures of their lives, and for connecting these meanings to the

social world around them”.

### **5.5. Limitations of the findings**

For the constructivist perspective, the knowledge produced is situated, contingent and reflexive (Taylor 2001 b, p. 319). The knowledge is situated because it is about specific circumstances of place, time and participants. It is contingent because social phenomena, such as management, is created by the perceptions and actions of people and are in a constant state of revision. The complexity and also the dynamic nature of the world mean that there are too many factors operating in any situation and the relationships which operated in the past will not necessarily be those that prevail in the future. Thus, no single truth is possible because there are multiple realities (Taylor 2001a, p. 12). The knowledge is reflexive because the views, experience and interests of the researcher are reflected in the findings. As Riessman (1993, p. 8) writes, “investigators do not have direct access to another’s experience, they deal with ambiguous representations of it – talk, text, interaction, and interpretation and therefore, they cannot be neutral and objective”. In a story that is being told to particular person it could have taken a different form if someone else were the listener (Riessman 1993, p. 11). The identity of the researcher influences interpretation and analysis, through the knowledge and general view which she or he brings to the data (Taylor 2001a, p. 18).

A reflexive researcher recognizes that social realities and our explanations of those realities are incomplete and continually negotiated accounts open to multiple interpretations and meanings (Hatch and Cunliffe 2006, p. 47). Hence, it is impossible for me to take the position of an objective observer because I am reflexive in the sense that any explanation I develop is the product of what I am. Therefore, I cannot claim to stand outside my own experience and outside the web of relations that I am part of. Reflexivity involves being aware of the impact of our personal and community history of thought (Stacey 2007, p. 12). Therefore, no neutral single truth is possible in the social sciences because any account of a social phenomenon also reflects the researcher’s understanding and interests. Thus, terms such as trustworthiness and authenticity replace the usual positivist criteria of internal and external validity, reliability and objectivity.

Trustworthiness is the criteria to assess if the findings of an inquiry are worth paying attention to, worth taking account of (Lincoln and Guba 1985, p. 290). Trustworthiness encompasses the idea of credibility, transferability, dependability and confirmability. Credibility entails that the research was developed according to the canons of good practice

and that respondents had the opportunity to validate what they said in the interviews. In order to improve the trustworthiness of the findings and outcomes of the research, I developed the research according to methodologies accepted as of good practice and I assured that respondents had the opportunity to validate what they have said in the interviews. Also, a prolonged engagement in the sector was made to learn and understand and be accepted by those that were interviewed. This prolonged engagement was developed since 2004, when I lectured several courses specially designed for the sector. Meanwhile, I worked as a consultant for several companies in the sector. For two years, I also participated in the organization of a national conference of managers from this sector, to address the strategic issues of these companies. Finally, in the last four years, in the context of the DBA research, I have a regular relationship with companies and managers from the textile and clothing industries. This prolonged relationship with managers and companies of the sector during several years allowed the construction of trusted relationships with them. It also allowed me the possibility to identify those characteristics and elements in the situation that are probably the most relevant to the issues being pursued (Lincoln and Guba 1985, p. 304). Another technique recommended is triangulation to improve the probability of the findings and interpretations being credible, which entails the use of more than one source of data collection. In fact, I used different data collection methods such as interviews, study of documents and direct observation, which contributed to data triangulation. I supplement these data sources with field notes and entries in a reflexive journal documenting dates, times and places where the interviews happened.

Transferability entails the idea that the researcher cannot specify the external validity of an inquiry. Thus, what he must do is “provide the thick description necessary to enable someone interested in making transfer to reach a conclusion about whether transfer can be contemplated as a possibility” (Lincoln and Guba 1985, p. 316). As already mentioned, I have informed the readers of my assumptions, motivations and interest in relation to the subject in chapters 1 and 3, so that they can understand the impact of these issues. Furthermore, the characteristics of the sample were described and the sample, in the context of the sector, was diverse enough to encourage broader applicability. Regarding the dependability, this entails that records are kept of all phases of the research process in an accessible way. I have kept records of all phases of the research process, including fieldwork notes, interview transcripts, and data analysis decisions in an accessible way. Confirmability is concerned with ensuring that, while recognizing that objectivity is impossible, “the conclusions depend on the subject and conditions of the inquiry” (Miles and Huberman 1994, p 278). In order to guaranty confirmability, methods and procedures of how

data were collected, processed, and condensed, were described, and the conclusions were linked with exhibits of condensed and displayed data. Also I have described my personal assumptions and experiences that may have influenced the study. Finally, the data is available for reanalysis by others.

Authenticity encompasses the criteria of fairness, ontological authenticity, educative authenticity, catalytic and tactical authenticity (Denzin and Lincoln 2003, p. 278). Fairness is the quality of balance and means that different viewpoints were represented. Ontological and educative authenticity is connected to the idea that the researcher should help others to achieve a better understanding of the social phenomena. As Denzin and Lincoln (2003, p. 278) writes, "ontological and educative authenticity were designated as criteria for determining a raised level of awareness, in the first instance, by individual research participants and, in second, by individuals about those who surround them or with whom they come into contact for some social or organizational purpose". Catalytic and tactical authenticity refers to the researchers' capacity to encourage others to act and engage in action to change their circumstances. As Denzin and Lincoln (2003, p. 278) point out, catalytic and tactical authenticity refers to the "ability of a given inquiry to prompt, first action on the part of the research participants, and second, the involvement of the researcher in training participants in specific forms of social and political action, if they desire such training". In fact, those that will read the research will do it in the light of their experiences but as Watson and Harris (1999, p. 22) argue, "in spite of this, we have striven to ensure that the story we tell about managers' lives and work will be useful in the sense that this study could help any reader to understand better the issues that were studied". I strive to follow these guidelines.

Multiple case studies do not change the issue of generalizability because each case study is unique. Nevertheless, as Miles and Huberman (1994, p 29) claim, "the multiple case sampling gives us confidence that our emerging theory is generic, because we have seen it work out – and not work out – in predictable ways". Thus, the aim of studying multiple cases is to see processes and outcomes across many cases, to understand and develop more sophisticated descriptions and more powerful explanations (Miles and Huberman 1994, p 172). Multiple case studies also help the researcher find negative cases to strengthen a theory, built through examination of similarities and differences across cases (Miles and Huberman 1994, p 173).

## 5.6. Data collection and analysis

The methods employed included interviewing, direct observation, analysis of documents, and the use of personal experience. My work in connection with the textile industry goes back to 2004, when I began to lecture to senior and middle managers of the industry. This work gave me an in depth view of the problems, challenges and contexts faced by them. This experience also allowed me to confront their experiences with my own experience as a manager for more than twenty years, although in other areas of business. For document 5, I conducted in depth interviews with seven top managers to obtain their narratives. As Silverman (2006, p. 114) states, qualitative interview is particularly useful as a research method for accessing individual's attitude, values, voices and experiences. The interview questions were of a semi-structured nature to allow participants to address the issues they consider to be the most significant. Interviews ranged from 27 minutes to 1hour and 42 minutes in length and were conducted at times convenient to participants and at the headquarters of their organizations. All conversations were taped and transcribed. The interviews were face to face and one to one and as soon as possible were transcribed. There was no one set of questions placed to all interviewees and the sequencing of the issues was determined by the dynamics of the interview. Each interviewee had the freedom to talk about what they believed was important in relation to the subject, through their own terminologies and around the issues and concepts that represented better their own experiences and views. As Silverman (2006, p. 25) points out, in open ended interviews respondents should be encouraged to offer their own definitions. Questions also changed through the evolution of the research. As Rapley (2007, p. 18) refers, "questions can change because of the specific person I will interview or because of the influence of previous interviews". I tried to encourage interviewees to freely express their viewpoints and experience.

The analysis was conducted considering the research questions, the conceptual framework proposed and, the properties of the sensemaking process. As Weick (1995, p. 18) points out, the properties of sensemaking "serve as a rough guideline for inquiry into sensemaking in the sense that they suggest what sensemaking is, how it works, and where it can fail". Data analysis was itself an ongoing process. The analysis began as soon as the first interview was completed and continued until after all the data was collected. As soon as I had the interviews transcribed, I started to search for meaning through identifying key issues based on the research questions. Thus, the process for making sense of the data involved sorting, refocusing, interpreting, making analytic notes and finding themes in the data (Simons 2009, p. 119). Three interlinked processes were adopted: data reduction, data

display, and conclusion drawing and verification (Miles and Huberman 1994, p 10). Data reduction is the process of selecting, focusing and abstracting key data from interviews, observations and field notes. It was guided by the research questions and the conceptual framework, and once data were collected was organized into categories and themes. Thus, in the beginning, through continued reading of the material, some parts of the material were selected based on the research questions and the conceptual framework. As Miles and Huberman (1994, p. 55) refer, conceptual frameworks and research questions are the best defense against overload. I made several reflections and other remarks in the margins of the transcripts about the main concepts, themes, and issues identified. Through this process I tried to understand and identify ways of seeing of the interviewees. At this stage, the aim was to identify and understand the main concepts, themes, issues and questions in each case. I also tried to identify patterns and common themes and also differences between the different cases. Through this process I selected the data that I considered more relevant to answer the research questions.

Then, the data selected was displayed in visual forms. Hence, concept maps were created in order to represent the concepts identified, the themes and the interrelationships between them visually. First, concept maps were created for each interview on one sheet of paper and subsequently compared with the other concept maps to generate common themes and indicate relationships. As Miles and Huberman (1994, p 207) argue “it is crucial to have understood the dynamics of each particular case before proceeding to cross-case explanations”. Then, a meta-matrix in an A3 sheet of paper was produced to gain a general representation of the main categories, themes and findings, considering all the concept maps created, allowing a systematic comparison. Through this process, I tried to elaborate generalizations through a process of simplification, based on the patterns identified. As Miles and Huberman (1994, p. 62) state “field work understanding comes in layers”. This process is a form of analysis that sharpens, focuses and organizes data in such a way that hypotheses and plausible conclusions can be drawn.

Data conclusion is the process through which emerging patterns, regularities, prepositions and explanations were gradually identified (Miles and Huberman 1994, p. 11). This process was not linear but interwoven and was performed throughout the whole research process. I confronted those generalizations with the conclusions of the literature review. Finally, in relation to one interviewee, M, that has participated in the research performed and that I have considered to be the most interesting both in documents 3 and 5, I asked him to give me his feedback regarding the conclusions of document 5. As Miles and Huberman (1994, p.

275) suggest, getting feedback from informants is one of the most logical sources of corroboration. M agreed with my invitation and therefore we met and I presented to him the conclusions of document 5. M said that he recognize himself in the description I made about their sensemaking process. He also considered of particular interest the mention to the importance of emotions suggested by the research. However, when I explained to him my suggestions of how to overcome the limitations and difficulties they experiment, he did not comment. I understood his silence in relation to this last aspect as an expression of the difficulty in confronting his present situation. I also have understood his silence as a surprise in relation to the outcome of the analysis. Probably he expected suggestions with a more prescriptive nature.

## **6. The companies studied**

The interviewees, for the sake of anonymity, are identified as T, J, M, F, C, S, and P. In each organization I interviewed a top manager, usually the Chief Executive Officer (CEO) and shareholder. The companies where they work cover as much diversity in the sector as possible with turnovers ranging from 10 million Euros to companies with turnovers of 100 million Euros. Likewise, the number of employees varies from 115 to 1500 people. They are also positioned in different areas of the business. For instance, T company is a producer of textiles for car manufactures, J, M and C are companies which produce home textiles, F company delivers finishing services for textile companies, S company produces jeans with its own brand that sells for a chain of stores of their own, and P company has representations of international brands and a chain of more than 100 stores. I knew M and P already. Regarding the others, it was my first contact with them. These companies encompass a universe of about 4500 employees.

Table 1 gives a brief description of the people interviewed and of the organizations where they work. In order to get access to the interviewees, I had a meeting with a manager of the main association of the industry in Portugal, who helped me to select the interviewees and made the first contact with them explaining the importance of the study.

Table 1: List of the interviews performed

Name	Date	Interview		Employees	Turnover
		Duration	Manager's Position		M€
T	09-09-2009	1h42m	Manager and Shareholder	1300	100
J	08-08-2009	1h09m	CEO and Shareholder	350	40
M	13-07-2009	43m	CEO and Shareholder	400	22
F	10-11-2009	31m	CEO and Shareholder	115	10
C	12-11-2009	27m	CEO	600	45
S	17-09-2009	58m	Shareholder	170	80
P	22-03-2010	35m	CEO and Shareholder	1500	72

Note: M stands for million.

### 6.1. Brief profile of companies

T Company is the second biggest textile company in Portugal in terms of turnover and works mainly for the automotive industry. This company was founded in 1937. The turnover was around 100 million Euros in 2008. The company has factories in Portugal that occupies an area of 475 000 sq. meters and encompass in its production the whole textile industrial process, from yarns, fabrics, knitting, finishing to garment manufacture. T belongs to the third generation of shareholders and before becoming a member of the board of the company, he worked in the New York branch of a bank where they have an important share. During the interview he kept a relaxed behavior but with a technical discourse. The interview was held in the head office of the company where most of the factories are placed. The headquarters of T company are impressive both in dimensions as well as in architecture. Their offices create a feeling of solidity and safety. The headquarters are separated from the production plants and my perception was of an ivory tower disconnected from the world. The management team is made up exclusively of family members.

J Company was one of the biggest and wealthiest companies in Portugal some years ago, with huge exports to Europe and the United States. Today its annual turnover is around 40 million Euros and they employ 350 workers. J company produces bath textiles, beach towels, robes and kitchen textiles. It also produces yarns. The products are sold mainly throughout Europe by company branches in Germany, Netherland, United States, France and Spain. Outside Europe, J products are sold in the United States, Canada, Australia and New Zealand. J provides products to a broad group of customers, from private label customers, stores, mail order companies to hotels. J produces the bath textiles for some famous brands such as Benetton, Raffi and Tailor. Today the company is struggling to survive and the horizon is not bright. J is one of the sons of the founder of the company. The interview was held in the head office of the company and the atmosphere was relaxed.

M Company was founded in 1969 and is having difficulties in surviving. Their main activity is the manufacturing of home textiles and its turnover was around 22 million Euros in 2009. They employ 400 workers. Their main customers are from Europe, mainly from France, Netherlands and Sweden. I was acquainted with M, the CEO of the company and I had several meetings with him in the past. He is 47 years old and studied engineering. M was forced into the position of CEO because he married the owner's daughter when the owner became seriously ill. This interview was held in his holiday home, near the sea, on a summer afternoon. After the interview, we went to dinner in a restaurant.

F company was a medium sized company that supplied dyeing services for other textile companies. With offices and factory located close to the city of Porto, this company had 115 employees and an annual turnover of 10 million Euros. F, is 50 years old and was the CEO and owner of the company. The atmosphere of the interview was informal and the conversation very fluid although I did not know him. I heard recently that the company went bankrupt in 2010.

C Company was founded in 1922 and produces bed linen such as sheets, pillow cases and underwear. Its turnover was around 45 million Euros in 2009 and they employ 600 workers. C company exports 80% of its production mainly to France, United Kingdom, Sweden and the United States. During the interview the atmosphere was formal. C began his professional life in the financial sector and was appointed as CEO of C Company by the major debt holder.

S, the CEO and founder of the S company, is 52 years old. The company was founded in 1980, by him and two of his brothers. Today, the company has a chain of more than 100 stores with his own brand in 25 countries. Recently, he bought the shares from his brothers and become the only shareholder. The reason why he bought all the shares of the company is because he has an ambitious plan to increase the revenues by 10 times that was not supported by his brothers. Therefore, to implement the plan he decided to buy all the shares of the company, but at a high price. The company has 170 employees and a turnover of 80 million Euros. During the interview he was very enthusiastic and full of energy.

P company was created in the late 1910s and it is run by the third generation of the same family. The group has 1500 collaborators, most of them in the retail business where they represent some of the most prestigious trademarks of fashion in Portugal. They have also a factory and a real estate business. P, the older brother, is the CEO of the company. The

board encompasses the members of the family and also three persons outside the family. The company is in a transition period to a major shift in their business strategy. They want to refocus the business because the market is saturated and they are dependent mainly on the Portuguese market which is in recession. I met P at a century old building, which is the headquarters of the company since its foundation. The rooms are full of old documents and pictures that illustrate the history of the company. Before being the CEO of the group, P lived in Spain and in the USA and has a straight forward way of speaking. His father died when he was 17 years old and his mother managed the business but in the earlier 1980s, the company was nearly bankrupted. At that time the company was an industrial enterprise. So, at that time he went to the company, managed the situation with success saving the company. Today, P feels that the business in the retail area is no longer interesting because it is dominated by large international corporations. So, he is implementing a shift in the main business that will change the features of the company.

## **7. Interpretation of findings**

This chapter was organized according to each research question and the properties of the sensemaking process. At the end of each section addressing the research question, a summary table was provided with the main findings.

### **7.1. What are the discursive resources managers employ to make sense of ‘who they are’ and of “what is out there”?**

Discourse is a systematic and coherent set of images, metaphors and so on, that construct an object in a particular way. Each discourse brings different aspects into focus and raises different issues for consideration. Thus, I will identify the stories, metaphors, images, concepts and statements that frame the way the interviewees make sense of who they are and what is out there.

For T the root of all problems is globalization which he expresses through expressions such as “liberalization of global markets” and its effects, the “imbalance of forces”. As he states:

*The big problem is essentially the imbalance of forces that was created in the last decade with more strength with the liberalization of global markets and a very tight regulation in terms of production but completely deregulated in the commercial site*

T uses the metaphor of the family restaurant to explain the relationship among the board

members of his company:

*Being a family business is almost as if there was a restaurant at the corner where the family gathers informally and decides what they are going to have for dinner and for lunch. There is no formal decision process and there is also no roadmap for each of the directors, everyone knows what they have to do and everyone else knows where his responsibility begins and ends but it was not planned, it was something that evolved naturally and everyone understands each other so there are no formal channels at this level. Down there is, obviously, but not up. We work on this floor every day, every day in the morning we have coffee together, talk a little bit, we catch up*

Metaphor is, as Cornelissen (2006, p. 687) suggests, a “cognitively fundamental way of structuring human understanding where meaning is created through the creative juxtaposition of concepts that are not normally interrelated”. Hence, a metaphor can be defined as a mapping of entities, structures and relations from one domain, the source domain, onto a different domain, the target domain (Cornelissen and Kafouros 2008, p. 366). Cornelissen (2006, p. 648) suggests that the process could be conceptualized in three stages: the development of a generic structure between a source domain and a target domain, the development and elaboration of a blend, and the emergence of a new meaning. This process is a two way interactive process where insights from both domains are produced and a new meaning is generated (Cornelissen 2005, p. 758). Thus, through the metaphor of the family restaurant, T characterizes what he believes is the relationship among the board members.

As Drummond (2001, p. 48) points out, “the journey into the future is an exercise of sense making of our present life because it confronts us with the implication of the life we live”. When T looks to Europe, he sees it as an example of sustainability that provides the well being of its community, a good thing that must be protected:

*Europe needs to be an example of sustainability, well-being of our community, we have to give people education, health, provide comfort to our population, that our population has a good standard of living, we can not allow our industry to be destroyed by an ideal that is not respected by other industries that compete with us*

T believes that he cannot compete in the present status quo, but at the same time he is not able to admit the worst scenario, the failure of the industry. Hence, he believes that through

political measures by the European Union, there will be solutions that avoids the destruction of the industry. Greater uncertainty can lead to confusion if individuals become overwhelmed and as Weick (1995, p. 1) claims, when people encounter an event whose occurrence is so implausible, “they think to themselves, it can’t be, therefore, it isn’t.”

J company was a huge company with more than 1000 employees. Today, J company, is struggling to survive and the horizon is not bright. In the past, this industry had huge industrial plants that J identified as the “monsters”. As he states:

*The world of monsters has ended*

The company was not able to adapt to the new environment before the situation became too difficult, in his view, due to conflicts between his father, the founder of the company, his brother and himself:

*This was a very strong conflict and my father and my brother that were from the productive side, did not want to go down that road and I kept saying we had to create outsourcing and create partnerships, we had to get product out and we had to decrease our production*

His father and brother represented the interests and perspectives of the productive side and he represented the view of the commercial side of the company. Conflicts are an expression of the social dimension of sensemaking where meanings are constructed through conversation between people with different views. Drummond (2001, p. 212) argues, reality is something that we negotiate and conflicts are part of that process.

J suggests that there is a contradiction between the world viewed according to an academic perspective which he represented through the image of “books”, and the world the he experiences. As he mentions:

*Books are one thing and reality is another. For me, summing up this entire conversation, if you ask me what I think of home textile, I think it is necessary to have very small structures, with adjusted costs and a very open mind*

M expressed a deep pessimism when he considers that although he tried so hard, he got nowhere. Thus, the feeling that he has is a feeling that he expresses through the metaphor of the abyss:

*How do we try so hard to get anywhere when it is not even to get to the abyss  
The situation we're in Europe ... This is difficult to believe*

It is this feeling that M expresses through the metaphor of being near the abyss that obliges M to make a sensemaking effort to understand what is going on. This effort by M is an exercise of sensemaking of his present life. His understanding of where he is today allows him to believe where he will be tomorrow, in his own words, in the abyss. Drummond (2001, p. 37) considers, all knowledge, all meaning, all insight and all understanding comes from looking backwards. M tries to understand and find an explanation through the metaphor of the “blind man”, for the fact that he was unable to predict the crisis that he is experiencing:

*...we have an issue of personal pride in giving up, in assuming the failure of a project there is a saying “blind is the one who does not want to see, than the one who does not see” most of the time, much of the time, the signs are all there, but we are distracted and we do not see the evidence and, when we see them, we prefer to look for excuses*

Through the metaphor of the “smoker” M recognizes that only after being aware of a situation he is able to act. This is the reason he found to explain why he is always late in addressing the challenges and difficulties he is experiencing:

*I always give the example of the smoker: While I do not believe, as a smoker, that smoking is bad, if I think that smoking is not bad, I have no problem, so I'll never quit; but as a smoker, to believe that smoking is bad, to stop smoking, usually takes a long time. Because despite being aware of the problem, until I quit smoking there is a big distance to solve it ... and this always happens to us throughout our lives. We all are smokers of some kind of problem ...*

This metaphor of the smoker, illustrates the retrospective dimension of sensemaking that we only become aware of something when we looked back for something that was already done. Weick (1995, p. 26) suggests, “actions are known only when they have been completed, which means we are always a little behind or our actions a bit ahead of us”. Therefore, when we look back we do not reach the same conclusions and we rewrite our story. That is why failure sometimes takes us by surprise and in retrospect we do not understand why we were not able to anticipate what happened. The dilemma is that we can never be sure, a feeling that M expressed through the metaphors of the “casino players” and

the “tunnel”:

*... I do not know whether it is a process similar to casino players, I am not a casino player but I know stories of people who lost everything in the casinos, because they can't stop losing money trying to recover what they lost, and then to recover what they have lost they always go to the casino. I do not know if we're talking here about some mechanism in our brain that makes a person to play the same note, which is behind this kind of ... we all enter a tunnel and we only see through that tunnel*

So, M finds himself like a casino player when he recognized that he reached a situation where he has nothing to lose:

*...then my option and of the majority of the managers is lost by ten, lost by a thousand .....*

Like a casino player, M does not admit failure, so he keeps trying to change his fortunes:

*... Our self-esteem does not accept this situation; my tendency is not to admit the failure, so I will fight so that the failure does not happen*

M also considers that one of the reasons why he is not more competitive in the international market is because in Europe we need to pay the price of the welfare state, which in the end puts him out of the market, which he expresses through the metaphor of “subsidizing laziness”:

*The worst thing we have in Europe is to find the balance between the good social distribution and subsidizing laziness; finding this balance is not easy and in the end we are subsidizing laziness which sacrifices our productivity levels and our flexibility*

F, based on rational management vocabularies, tells a story of the restructuring process that he is trying to implement and that consists in joining the capacity of three competitors so that their presence in the market becomes dominant. This story appeared in a full page, in the economic section, in one of the most influential newspapers in Portugal, two weeks before the interview:

*...We started from scratch and now the project is on a financing public body*

*Q- And if that group is formed, what will be the size of the company?*

*A- 220 people, a turnover foreseen of 12 to 14 million per year. This means that in all of the 3 companies there's one, our company, which is the leader. There is a increase in jobs*

And concludes:

*....it will gain competitive advantage and have a better service to offer to my existing customers*

Then, F considers that the investments made in the last few years have created excess production capacity in the sector and through it have created the conditions for the present crisis:

*Last week the president of an investment body said: "I gave financial support to invest but instead I should have given money to close businesses. In fact, they invested in unnecessary capacity. These were investment mistakes and today it is complicated because we are in trouble, because the market will not return to the level that was, is getting smaller, not enough for all*

So, for F the reason why they are experiencing the present crisis is the excess of capacity in relation to a market that is getting smaller. Then F looks back to his company and concludes:

*In my opinion we have a very interesting position, in the market. Two years ago, we did an independent market study and our image was positive. Therefore, there was a strategy*

C considers that the situation they are experiencing is an anticipated destiny:

*The textile industry in recent years is living things that have been anticipated. Everyone said that if 15 or 20 years ago England ended textiles, France is about to end with textiles...This is an anticipated destiny; none of us today can be surprised*

C believes that it was clear for everyone that the present crisis was an "anticipated destiny" and that everyone was aware of that. Sometimes, when we look retrospectively to something, it seems that we anticipated what happened but in fact things did not occur like that. In fact, we can only make sense of things when we are able to contemplate them. Therefore, when C looks back it seems clear that he had anticipated the crisis but in fact, he probably reached that conclusion only when things became very difficult for his company. C

enacted the environment as hostile:

*This type of industry with the dimension that was installed, which has become of significant size, and in face of open markets and the euro factor, is a non-competitive industry in the future*

This belief expressed by C that there are no perspectives for the sector and his company, has consequences because when we create our realities we then act according to our creations. In the case of C company, what seems to have happened is that they did not notice the subtle changes that in the end became major shifts in the sector and when finally they understood, they were unable to address the dimension of the challenge. As Drummond (2001, p. 214) points out, destiny can be shaped by indecision. For C the reason why he was unable to find solutions lies in the fact that the owners of companies have decapitalized them:

*Textile industry is a historically low capitalized industry, in spite of few exceptions they are not capitalized companies, because of the mentality of entrepreneurs, because of the situation, because they are family businesses that are in the 2nd or 3rd generation, they decapitalize the companies and therefore they are unable to have a proactive strategy because in order to react you must have the ability to withstand the clashes and most of them do not*

C blames the owners of the companies. Projecting blame limits discussion, the understandings and the capacity to reframe the problem. Lewis (2000, p. 766) suggests that “actors’ defences fuel self-referential cycles, fostering incremental learning at best and organizational paralysis or decline at worst”. Another reason that C mentioned to justify the present situation is, in line with the view of T and M, is the need to finance the European welfare state:

*we have a social infrastructure and a public sector that must be paid*

So, in the end the discussion about the capacity of his company to survive is a discussion of a much broader issue, the concept of the society where we live and where we want to live. As C states:

*...This is almost a discussion about the concept of the society we want*

For S, “thinking is the first great reality”:

*...I discovered that thinking is the first great reality. The great obstacle for you to think about, for you to have the ability to think, you have to be very well with yourself*

For S everything depends on his thoughts if they are according to principles and values:

*... One thing for evil will never last. What is evil? It is the lack of honesty and integrity, discipline, humility, all those things we know. If that does not exist, nothing else exists*

Through this statement, S recognizes that he enacts his own environment. As he said without the values that he mentioned, nothing exists. When reflecting about a speech that he made in a Christmas dinner with all the staff of his organization, and where his parents were present, he explained which values are essential:

*...They are the ones (parents) I was lucky to be born of them and, they taught me one thing, I think it was very important for the rest of my life, and perhaps that is why we have this success and maybe that's why we're here the values, the way they passed me. They did not teach humility, they said be serious with everything and everyone from your teacher to your friends, be serious, be respectful. Then, be humble, be able to learn, to listen, to see others, integrity. With these values and work...*

Then, S adds one more condition:

*Then, they (parents) taught me something else: it is to be in God's grace. And what is for them God's grace? Being in peace with yourself, with others, with the universe and with God; and then yes, when you're there, it requires you to make things to be so, you are in peace and you know what you are and knowing that, you understand the world you are*

Be in God's grace and be in peace with himself are the conditions, that he believes are essential, in order to create realities that last.

Regarding P, he expressed his situation through the metaphors of a “storm”, “boat”, and “good port”:

..... during the last two years we did not invest in anything. Until I see that the storm will calm down, I will not invest in anything. I will not invest until I think the storm will subside. I do not put the boat, which is the group, in the open sea, in a full storm. At the moment I put the boat in a safe location. We are in good port.

Q- I think so. Although you are making a huge investment

.

A- Yes, but it was done, the boat was already there before today I would not do this investment

So, in reality P company is in open sea and not at the port.

The discursive resources used by T, M, and C are about concepts and metaphors about globalization and its consequences, such as “open markets”, “imbalance of forces”, “liberalization”. Thus, globalization and its effects are a dominant issue and reality for top managers. Giddens (2002, p. 6) mentioned, we live in a world of transformations and for better or worse, we are being propelled into a global order that no one fully understands, but which is having its effects felt upon all of us.

Others concepts and metaphors used reflect the dynamic process of self construction, such as being “connected with yourself”, “think completely different”, “be very well with yourself”, “creativity”, “very open mind”, or emotions such as “there is no hope for us”, “patience” and “anxiety”. Because their lives are felt as increasingly destabilized and their identities in question, they develop a work identity that is expressed through these discursive resources. Also, concepts and metaphors used by M, J and S, such as “get anywhere”, “strong conflict”, “self-esteem”, “your true self” or “wellbeing”, reflect this work identity. S used concepts and metaphors such as “evil”, “honesty”, “integrity”, “discipline”, “humility”, “be in God’s grace”, “be with the universe and with God”, “understand the world you are”, “peace with yourself and with others”, which are reflective of an introspective attitude.

In contrast, T, F and C have used mainly technical discourse resources such as “markets”, “productive side”, “non-competitive industry”, “low capitalized industry”, “mentality of entrepreneurs”, “family businesses”, “social infrastructure”, “public sector”, “unemployment insurance”, “retirement support”, “prices”, “cycle of things”, “strategy”, “financial situation”, “market study”, “euro factor”, “competitive advantage”, and “better service”. The use of these discourse resources seems to help them to understand their role as managers although in

an inefficient way. Laroche (1995, p. 69) suggests, “managers see themselves as decision makers because making decisions is a way of being an actor in the world of organizations”. T, M and C also used concepts and metaphors about the society we live in Europe such as “subsidizing laziness” and the “concept of the society” where we live. Through these discursive resources, they expressed a view that the welfare state is compromising their future.

M, J, T and M used metaphors to illustrate their thinking such as being in the “abyss”, “the world of monsters”, “I’m always at the same place”, “restaurant at the corner”, “blind”, “smoker”, or the “casino players”. Regarding P, he used metaphors connected with the sea such as “boat”, “open sea”, “full storm” and “good port”. It is not a coincidence that sailing is his hobby. These metaphors were taken into account as the lens of the interviewee because as Morgan ((2006, p. 337) points out, metaphors provide a comprehensive view of organizations and through them place the themes into a larger context. Most of these metaphors and images reflected a view of a hostile environment where their feelings are of being trapped by scary forces. Table 2 summarizes the most significant discursive resources used by them.

<b>Discourse resources</b>	
<b>T</b>	Imbalance of forces; global markets; tight regulation; restaurant at the corner; formal decision process; roadmap; directors; planned; Europe; sustainability; well being of our community, education; health; standard of living; The world of monsters has ended; strong conflict; productive site; outsourcing;
<b>J</b>	partnerships; decrease our production; very small structures; very open mind
<b>M</b>	How do we try so hard to get anywhere; abyss; personal pride; blind; smoker casino players; play the same note; we all enter a tunnel and we only see through that tunnel; lost by ten lost by a thousand; Europe; subsidizing laziness; productivity; flexibility
<b>F</b>	Project; competitive advantage; better service; customers; unnecessary capacity; invest; position in the market; market study; image Anticipated destiny; open markets; the euro factor; non competitive industry; low
<b>C</b>	capitalized; mentality of entrepreneurs; family business, third generation; proactive strategy; social infrastructure; public sector; concept of society we want
<b>S</b>	Thinking is the first great reality; be very well with yourself; evil; honesty; integrity; parents; values; discipline; humility; God's grace; peace; understand the world you are
<b>P</b>	Invest; storm; port; safe location; open sea; boat

Table 2: List of the main discursive resources used by each interviewee.

## 7.2. How do these discursive resources inform how they enact their identities?

Identity is neither pre given nor does it become fixed, it is emergent and we can only understand how managers shape organizations if we understand how they shape themselves as persons and as managers. As Watson (2001, p. 168) argues, “the manager, in developing their managerial competence, is also developing their personal self, shaping their individual identity”. This narrative of self identity is the identity work that managers have to performed to create a sense of coherence and the more fragmented and changing their realities are, the more identity work they need to do.

My father is the president and therefore he has the final decision obviously, in all there is

much informality in the decision process, a lot of informality. It is a family business, like having a restaurant chain run by a company or have a family where the father is the cook, the mother serves at the table and the children help and so there is informality in the decision process and here it is more or less the same thing

T uses the metaphor of the family restaurant when he mentions how the company works at the top level. As Tietze *et al.* (2003, p. 37) states, “metaphors form our conceptual system and thus play a central role in defining our everyday realities”. In the context of this metaphor, T is the “children” that helps. The use by T of this metaphor indicates that in T company, obedience and loyalty are considered more important than expertise and initiative and that the senior manager, his father, is considered as the patriarch (Tietze *et al.* 2003, p. 43).

T expressed the idea that the reason why he asks for measures of protectionism is not for personal interests:

... And I'm here as if it was a life mission, it is not for the money, not for the income that I can win, I have no more ambition than what I have today, I am perfectly satisfied and happy. In the limit I could even not work and still enjoy the same conditions, so this is not where my motivations are when I dedicate myself to the company and this project. Now, some areas of business that I see with great concern if nothing is done, because it will compel us to reduce or even eliminate some areas of business, because some areas we hold as a matter of not losing knowledge, but if nothing is done, there will come a time when we have to close without a doubt

T does not believe that he and his company have the capacity to manage the situation. However, he believes that the European Union or the Portuguese State will do something to protect his sector and his company, because he could not believe otherwise, despite all the information that suggests the worst scenario. The reason why this happened could be, in the words of Drummond (2001, p. 184) the fact that “as human beings, we have an astonishing capacity to believe that things are better than they really are or even to see things that are not there at all if it suits us”. When we connected the metaphor of “life mission” with other metaphors used by him such as “imbalance of forces” and “global market”, we understand what he means. He sees his life as a “religious fight” to protected the “well being of our community” against those that want to destroyed our standards of living.

Regarding J, he states:

*The world today is different. This is very hard. We dismiss 700 people and was almost one by one and face to face*

*Q- Some of them worked here for a long time?*

*A- Yes, if I told you I paid one month for every three years, I paid 30% of the minimum because I had no money for more. I explained to them that there was no money for more. Otherwise they would go home with the unemployment benefit but without the minimum rights*

J mentioned a cue that allowed him to enact the bigger picture when he remembers a television debate between two French politicians some years ago:

*I remember when I was in Switzerland I heard a debate between Raymond Barre and Marché where they discussed the French steel industry we were in 1975, 1978, 1979 or 1980 and he said to Marché: “you have to tell me what you want. Or I sack 100 thousand people and I keep the French steel industry with 150 thousand workers, or in two years there will be 250 thousand workers in the street”. In Portugal or the factories are able to reduce the dimension they have and have support to do that because keeping them with the present volume and size is impossible. If we had continued the philosophy of keeping 1000 people we would be bankrupt. Yet we have a very strong burden we must understand this and say: we want a company that exports 30 million, we keep it or not? And let it restructure? We within 1 year and a half should have 300, 280 workers*

This story, that J retained, helps him to make sense of his situation. So, J considers that in order to survive he needs to reduce the dimension of the factory with support from the state. Otherwise, there is no future. Sensemaking is about cues that enable people to construct the bigger picture and from familiar structures people develop a larger sense of what is going on by comparison (Seligman 2006, p. 113).

J retrospectively, analyzes what he has achieved in the last two years:

*This company was bankrupt. We had a project, and the banks believed, they had nothing to lose, and if I had success it would be good. They had a person a fool, and in these 2 years I tried to restructure I asked the banks, what should I have done that I did not do. But, the market is the market and the market is in the biggest crisis in 100 years. We have done what*

*we should have done and maybe we have done some miracles. Why am I in this? It's about the past, I am trying to save the company, Imagine what the company was, we had 1050 persons, but everything stopped. Now we have 400 people, last year we had 500 that gain their salaries. From a social point of view it was important, it was the contribution I gave and I think it was important*

This view is the retrospective analysis that J does of his achievements of the last two years. Through it, J rewrites and creates his story. The present situation does not allow maneuvering capacity for J company and when J looks back and makes sense of his situation, he enacts himself as a fool. So he asks “what should I have done that I did not do”. It is interesting to note the relationship between J and the banks. Self perception or the identity individuals attribute to themselves is shaped through interactions with others, and the meanings individuals construct from these interactions help to shape their identity. The banks, as debt holders had nothing to lose and so they agree that J tried to save the company. In the end, J recognizes that he was able to achieve only a fraction of his objectives. The company was able to pay salaries but in the end its situation is as difficult as it was in the beginning. This idea of being a fool comes from the past, from the conflicting relationship with his father, the founder of the company. He mentioned a conversation with his father some years ago, when they discussed alternative paths for the company, including the establishment of a chain of stores with its own brand:

*(Father) let's go to the centre of the city with a chain of stores, an idea we have heard*

*(J) I said ok, let's go. How many millions are needed? My father stared at me and said: "Millions?" And I said, yes, millions of Contos<sup>8</sup>, not Euros! And he said: "There you go". And I said: "and in the end, how many towels we will sell in the store? 10%, 5% of the turnover of the store? My father looked at me and said "you are a fool"*

J enacts his identity as managers as someone that must save the company through a process of adjustment of the dimension of the company, because the “world of monster has ended”. In order to do it, he sees himself as someone that must do “some miracles” in the context of the “biggest crises in 100 years”. So in the end J sees himself as a fool, just like his father used to call him. J mentioned several times conflicts with his father and brother. Conflicts are not an obstacle in the decision making process when they allow different solutions to arise that were not previously considered. In the case of J this did not occur.

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<sup>8</sup> The old Portuguese currency: 1 million Contos is equivalent to 5 million Euros.

M retrospectively reviews and recreates his story through a hypothetical person:

*...should I use my capital to invest in business? No way. To invest in business I have to have zero on my own behalf, because if it does not work I have zero, so I do not lose anything... and see if get a duck to lend me money, I offer some revenue so that he can have to earn much more... now the stock market is tempting, because now it will only rise, it won't go lower, who will pick up and will invest in business? The bank administrator? Someone how has capital? Not even think about setting up a business. Hire people? You're a fool!*

Because the situation is so difficult to accept he is not able to recognize that the “duck” is himself. He is the “duck” that believed and invested his time and money in a situation that was unmanageable. When things become difficult and the financial resources became scarce, M decided to stop paying taxes instead of adopting other measures. With time things became more difficult and now he has criminal proceedings against him. He transformed a difficult situation into a crisis and this situation may explain the deep pessimism that M expresses in his statements:

*... this company is a big boat, I have two companies in one of them I have criminal proceedings because we did not pay the taxes and the social security, and so according to the Portuguese law I am a criminal because I paid salaries instead of having paid taxes*

So, today M finds himself, in his own words, as a criminal. In the context of a situation that he characterizes with the metaphor “abyss”, it was not a surprise that he sees himself as a “fool” that tried “so hard to get anywhere” like a “casino player”.

F has the intuition that through action maybe he will be able to move ahead because this could help him to find the way. Weick (2002, p. 32) writes, “people have to keep moving...thinking while doing and in thinking by doing”. F, as mentioned earlier, expressed the idea that in order to survive he proposed a partnership with competitors to increase their market share and through it, their possibilities to survive:

if the project moves forward is obviously a good chance to get around this. The project comes from the PME Investments with 2 million of capital and helped us. If that happens, it gives us a lever, but I am not sure that is the ultimate solution, but at least it's a good

chance. If the answer is not that, then clearly we have to face the closing possibility

F was not able to tolerate the uncertainty so he tried to find any solution instead of waiting until a better solution emerged. As Clegg et al. (2008, p. 26) point out, when confronted with unfamiliar territory, top managers make sense with models, plans and mental maps and in that sense, the rational management theories are major sensemaking tools because they provide the categories with which managing is done. F considers that the project has a good change to be supported by a public investment body, but in spite of this he acknowledged that he does not really believe in the success of this partnership in the long term:

*Currently I am in administration because I have another problem, I head this project, so I feel morally worse because they (partners) said: "yes sir, we agree in the partnerships but the management is with you". In fact they have been flawless; they come here to lunch once a week, overall they have been impeccable. I feel bad because the financial situation is not bright*

Therefore, the end result of this false solution is the dispersion of energies. As French (2001, p. 485) mentioned, we rush into action because "we cannot tolerate the emotional impact of the uncertainties, mysteries and doubts that life inevitably and constantly throws at us". Many prescriptions of rational management theories are defences against the anxiety but in the end, because these prescriptions do not allow managers to address the challenges they face, they are not good defences and on the contrary, may increase the levels of anxiety and frustration. F expressed a feeling of living with great discomfort:

*I feel very uncomfortable, I do not know if I would be able to feel comfortable somewhere else today in Portugal. This is very difficult to answer Using some clichés: I had a friend of mine, managing director, sadly now dead, and when we mentioned the situation he told me 50 years ago when I started working "I want to change from this business" and I asked him why? "This is all very bad", and after 50 years I'm still in the textile industry. I am like him I complain that this is complicated, my imagination is no longer enough and people tell me you are in this business for many years and we still are here. It seems funny but it's a bit true*

F has no expectation except to keep walking in the hope that some solution will appear. As Weick (1995, p. 54) suggests, when someone is lost and confused any old strategic plan will be helpful. During the interview with F, I had a feeling of looking at a defeated man. F expressed it through the following statement:

*Sometimes, you see, a few years ago I had more ability to talk, now, I do not know if it's because of my problem, if it's the stress, the fact that being an entrepreneur, a few years ago I was an employee, it is not the same situation.*

Q- Yes...

A- *I sometimes stop and have a bit more difficulty to have fluid thoughts*

Through this idea that he is unable to have fluid thoughts, F expressed his experience of living a collapse of sensemaking. F looks back and concludes that his life is his work and the factory:

*Five years ago I began to rethink what to do with this industry and with this factory, because this is my life, I spend all my days here*

Considering that the company is struggling to survive and the perspectives are not good, why does F consider that his life is his work and the factory? One possible explanation is that this was the only meaning that he found to justify his effort, and this justification enables him to keep walking. Then, F makes a retrospective analysis of his life, how he works, what he likes to do, and what he is able to accomplish:

*...I'm not rich, on the contrary, I started from scratch I started working at 18, and I took the engineering course, worked in a hotel, working nights at the hotel and studying by day, fought for what I have and I feel good. I usually say that I live here; I get here at 7:30 am every day and leave at 8, 9 in the evening, still I sleep at home*

*which is not bad. In terms of professional life, I think ... using another cliché: I am a learner of everything and a master of nothing, says a friend of mine, I think I know a little bit of everything but I am no expert at anything. This is what I like to do, I think I'm good at analyzing situations, I'm good at drawing conclusions, I'm bad in terms of outcomes, to implement them, I can't often be consistent in what I analyze. I am good at human relations; I am a democratic manager, which is not always good, it is sometimes, but not always, I am not tough enough, I am a democrat ... I am not authoritarian, it is a defect*

Faced with high levels of uncertainty and ambiguity, F prefers to manage in a democratic way, as he states. In fact, F is experiencing a collapse of sensemaking, as we will see later on, and because of that, as Stacey (2007, p. 127) showed, in difficult situations, "managers may retreat into the mother figure of the team for comfort and in so doing fail to deal with the strategic issues". F has at a more personal level, a situation that creates in him a sense of

impotence regarding the future:

*On a personal level I have some constraints, say ... I will make you a confidence. I have some personal problems. The main problem is an incurable disease, which can take years and nothing happens, but it can also happen....*

During the interview with F, my perception was that I was facing a broken man, trying to have energy to keep walking day by day. F expresses a feeling of loss of meaning, of a collapse of sensemaking. As Wright (2005, p. 86) considers, greater uncertainty can lead to confusion if individuals become overwhelmed by unforeseen signals. The outcome of this experience is a feeling of being unable to make sense of events, in the words of F, the feeling that his imagination is no longer enough.

Regarding C, it seems to him that his situation is a fatality and that he did not have a choice. Therefore, when C looks back and realizes his situation, the meaning that he attached to the situation he is living, he expressed through the idea that he is a crazy man:

*I must be crazy to be here, right? But we have to work, right?*

For C this crisis is an “anticipated destiny” determined by the “open markets”, by the “euro factor” by the “mentality of entrepreneurs” that created “low capitalized” companies in a context where companies must support the “social infrastructure”, thus creating a “non competitive industry”. Hence, C enacts his identity as manager a someone “crazy” for remaining in an unmanageable environment that he has anticipated. In fact C is not crazy. What happened is that he became involved in a difficult and unmanageable situation without noticing and when he understood the situation, it was already too late. When the first signals of danger appeared, C ignored them and the crisis was too big before he began to question his path. Every time we look back we do not reach the same conclusions because as Drummond (2001, p. 49) mentioned “our view of the past shifts according to what the future brings”. What happened is that C did not notice that previous successes created the conditions for failure by the passage of time because the environment had changed.

Regarding S, in order to implement the investments that he has in mind, he decided to select a new CEO for his company, and through the story of how he discovered the present CEO, he explains his attitude in the face of constraints:

*Look here management theories? You are in a room, you are here with some guys you know how to decide, you are connected with these people, you know how they decide, you know? I did this exercise recently: I felt that to lead this company, there are some things I lacked, international experience, a fluent English, I had some limitations. But then I looked at these limitations as a gift. Why? Because maybe it was not the mission I wanted to do and if I knew English and had international experience I would do it myself because I know that everything is good, eh man, but how do I do this? But where do you want to go? It's over there? That's what you want? That is what will happen. Fight, do not remain sitting there. Next...I got into a plane and went to Chile to see the guy, a Portuguese who was there in a Swedish multinational, had a strong operation in Chile, a company from scratch in three years began to have revenues of more than 200 million, an impeccable guy, the man came and I had an interview with him and we liked each other*

He regards every limitation as something good that allows him to create new ways of addressing the challenges. S mentioned the meeting in Madrid with the person that was chosen to be the CEO of his company:

*He came here, we arranged a meeting two days in Madrid, on a farm, I went to meet him. And we began: what do you pledge and what is my commitment. What is my role and what is your role. And it was written. Time, what, how, when, and we signed an agreement. And we realized that there was a great, great, great empathy. I had one year to pass over the brand management, the product sensitivity, creativity, areas that were mine after one year we would adjust it he would continue ... things went very well because I was not afraid and I was not attached*

As McCarthy *et al.* (2005, p. 473) suggest, to have faith in his employees, he had to have faith in himself. In fact, for S to be able to push important decision making down into the organization he needed not to be afraid and attached. As his organization and responsibilities grew, S had to change himself in order to change his organization. It is an expression of the strategic exchange between managers and organizations. S explained how he deals with the challenges:

*Anxiety about what? Anxiety is the absence of patience and wanting things to happen faster than it is possible. And then, the time for you to achieve anything is the time needed without creating anxiety. How do we do this business without time? We do it with as much time as possible without anxiety. We cannot counter the cycle of things. Patience, calm, planting*

*seeds, waiting, do not overlap. It is not easy to explain, is something you live. You have to be very connected with yourself, very focused on yourself, not centred on your ego, and focused on yourself your true self. And then you realize ... notice: creativity, as everything in life, is a consequence of wellbeing*

In this statement, S expressed his capacity to tolerate tensions and anxieties, the capacity to accept problems, paradoxes and dilemmas, to engage in a non defensive way of dealing with change. This capacity as French (2001, p. 482) states, is what the poet John Keats called a “negative capability” which is a capacity to tolerate ambiguity and paradox in a non defensive way. The expression “negative capability” is itself paradoxical. This capacity allows us, in the face of uncertainties, to acknowledge and hold contradictions until one finds a position that transcends the tensions. This capacity contrasts with the positive capability that includes, for instance, moving premises, developing information technologies, creating partnerships, appointing new staff, exploring new markets, etc. S is convinced that everything he thought he is able to accomplish. Therefore, he believes that the same will happen in the future:

*... There was never anything in my life that I had thought in my head and could not do. And I still want to do some things that I know I will accomplish; this is basically the principle of the guys who are successful...*

There is a risk in his belief that whatever he thinks he can get. The conversation with S had a completely different tone in relation to the other interviews. So, in the end I asked him:

*Just tell me one thing. How did you find out everything, that you have spoken, as you discovered?*

And he answered:

*Pain; I had so much trouble in life and I had a commitment to people and with life, I went searching for answers. What advice I would give? Know yourself*

We only became aware of the ongoing flow of sensemaking when that flow is interrupted. Such interruption of the flow is invariably accompanied by discomfort or pain. As Klein and Weick (2000, p. 19) claims, people with experience are not necessarily wiser because in order to learn we need to relive painful experiences, which is not comfortable. And most

people tend to avoid reviving situations of failure because we have a natural aversion to pain. This statement by S is similar to what April and Hill (2000, p. 51) suggest leadership is: “it is about new ways of knowing, of ridding ourselves of the baggage and the weight of conformity, of control, of ignorance – it is about knowing yourself, your highest self, and the infinite possibilities that exist if you are willing to start the journey of self discovery”. In a similar line of thought, S concludes:

*I would say that this question of values, ethic, sense of attitude to me, is the basis of everything. What is behind all this? It is the knowledge of yourself*

As already mentioned, the tone of the interview with S was completely different from all others. His attitude, that Klein and Weick (2000, p. 17) describe as being “in touch with your inner sage”, is based on the idea that we can rely on our gut feelings.

P explained to me how the idea of the investment that they are doing, was developed and present to the board of directors:

*A- When I think of an investment, I made on a sheet of paper an exercise with only 5 numbers. If with these 5 numbers I can't see the business, then, it is not interesting. It occurred to me this idea, this concept, then I present it to the board of directors, the board, of course, became open mouthed, for the money I was talking about, but they gave me the green light to go on and bid the first was the palace, and then we ended up buying the rest of the block. I did not made a market study*

So, I asked him how he decides:

*Q- When you decide, you talk to whom? With many people, with few people, with whom do you speak?*

*A- I speak to myself and I spend a few nights trying to see the advantages and disadvantages of what I'm planning to make. Maybe it is a rather individualistic facet but I work like this for 20 years. Sometimes in business we lose a lot of time talking and not enough time doing*

So, he speaks mainly with himself. When he presents an idea to the board, it is already a final decision. There is nothing to discuss. As he said:

..... Because both the board and family members, during the last 20 years, I do not remember anyone that came with a business or bought a store, so, I am the enfant terrible who is here with eyewash, that buy shops in the Garrett street, gets in projects in Braga...

Hence, P sees himself through the metaphor of the “enfant terrible” of the company, with the drive to create new opportunities and possibilities for the company. He seems to believe that the other members of the board, his brothers, recognize and accepted that only he has the vision and the courage to act. Thus, only he has the capacity in the context of a “storm”, to conduct the “boat” to a “safe location”, to a “port”.

Through this chapter we have analysed the various meanings the interviewees attached to themselves. A summary of these meanings is in table 3.

<b>Identities</b>	
<b>T</b>	Children help; life mission; it is not for money.
<b>J</b>	The world today is different; this is very hard; sack; workers in the street; reduce the dimension; bankrupt; banks; fool; what should I have done that I did not do; biggest crisis in 100 years; we have done some miracles; I am trying to save the company.
<b>M</b>	Duck; not even think about setting up a business; fool; criminal proceedings; taxes; criminal.
<b>F</b>	We have to face the closing possibility; I feel morally worse; I feel bad; I feel very uncomfortable; I complain that this is complicate; my imagination is no longer enough; a few years ago I had more ability to talk; I have a bit more difficulty to have fluid thoughts; this is my life; I am a democratic manager.
<b>C</b>	Crazy.
<b>S</b>	You are connected with these people; I looked at limitations as a gift; I know that everything is good; fight; I was not afraid; I was not attached; patience; without anxiety; planting seeds; connected with yourself; creativity, as everything in life, is a consequence of wellbeing; there was never anything in my life that I had thought and could not do.
<b>P</b>	I speak to myself; we lose a lot of time talking and not enough time doing; I am the enfant terrible.

Table 3: List of the way interviewees enact their identities.

### **7.3. What are the effects of their identities on how they enact the long term survival of their organizations?**

When T looks to what the future brings he expressed his feelings through the metaphor of someone swimming against the stream and concludes that his effort is not worthwhile:

*While the forces of industry are not encouraged or rebalanced industries will continue to close and I have no doubt, some better capitalized will hold up a little more, but will eventually fall naturally or because they reached the time to say: why so much effort? It is not worth it, I'm here trying to swim against the tide and I'm always at the same place, it is not worth it, I will dedicate myself to something else, and sell everything*

Regarding the long term survival of T company, T stated:

*... Europe in general, indeed the whole Western world in general made a serious mistake to encourage the demobilization of its industry to countries where labour was cheaper, where there were no environmental or social requirements encouraged all businesses to discontinue their activities or to migrate their operations abroad. And this is causing at the moment essentially the loss of know-how and the loss of the economic engine which is the industry*

T expressed the feeling that if nothing is done to protect the industry there will be no future for them:

*... It is understandable that Europe and its leaders, at some point, understood that was a good strategy because it allows the import of products at lower prices and create better living conditions for its population and maintain low inflation. But in doing so it caused a serious loss, I think we are not at the worst point of this loss but if nothing is done this will be reflected with a total loss of knowledge. And from that moment do not tell me Europe can develop brands or technologies or can have smart people working to develop new forms or new products, because if there is no industry where they can make their experiences, where they can develop new products, they simply will not succeed*

For T this issue is an issue of survival for the society as a whole. According to his opinion the processes of outsourcing of industry in Europe is a process of losing knowledge and know how that will compromise the capacity of Europe in the future to be competitive in the world market. Then, T recognizes that he is out of the market:

*How does Europe ask a national producer, a producer of the European community, to put this shirt on the market when they must fulfil a number of environmental, social obligations, with a whole range of costs for the well being of the region and the good development or the sustainable development of the region and then allow that same shirt if produced in China or India can come here, which was produced from coal-fired power, which is one of the most polluting energy sources, probably with dyes that are not the most suitable for the environment, probably has no treatments, does not provide social support for people who produced this shirt and put the industry of Europe out of the market, it is not possible to compete, there are no miracles, jobs disappear industries are starting to disappear because I cannot compete with a competitor that uses weapons other than those that I am forced to use*

All meaning and understanding comes from looking backwards and when T looks back he chooses to blame the Chinese and the European Union:

*... is the case of China, where I visited some factories and working conditions are deplorable, it is inadmissible in Europe to have a factory with people working in these conditions, practically sleeping and eating where they work, is inhumane, factories, some made from scratch and well thought, but other factories with deplorable conditions*

As Tsoukas and Chia (2005, p. 195), refer, we reconstruct the past in accordance to our present ideas of what is important and what is not. The problem is that blaming the Chinese or the European Union can only avoid taking responsibility for the situation but will not prevent the disaster to happen. A disaster that he believes will happen:

*If Europe does not change that position the industry will disappear, will not survive, disappear, disappear. What I think is that anyone in the world should, what I am saying is not new, it is common sense, just look at things and see what is happening, and therefore I believe that somewhere in the European community, someone sees that must protect must protect the domestic industry and have to defend it in a way that is not considered protectionism. Have to consider that, yes indeed we live in a global world, all competing with each other but the rules must be the same for everyone*

In the end, T believes the industry will not survive.

J remembers a meeting with an important customer, where the customer mentioned the

need for him to outsource some of his activities in order to stay competitive. This cue allowed him to enact the context where his company was, allowing him to make sense of what may be occurring to him.

*At one meeting, which went very well, we never discussed quality or service problems, we spoke mostly of the future my customer told me, in 1998, 99, 2000: "when do you begin to think about outsourcing? ". I got that in my mind and ask myself what he wanted to say with that and it never left my mind*

This cue allowed J to learn and change his mental models. Enact means that organizational realities are socially constructed by their members as they try to make sense of what is happening and then act based on that understanding (Hatch and Cunliffe 2006, p. 45). In the statement made by J, the cue that he noticed during the conversation with his customer changed his view of his environment. So, J concluded:

*What he was saying was for me to prepare myself, start making contacts, cooperation and find suppliers outside Portugal because, in terms of price, Portugal could be left behind*

Then, J mentions that he is not certain but hopes that the evolution of the environment will allow them to survive:

*What will happen to the company in the future, I hope that the crisis will allow us to continue, to maintain the turnover and regarding adjustments I think that within 2 years we will downsize even more, we have to downsize further, a factory of 350 people is still large*

So, J tries to find some hope that allows him to keep walking, to go on with what he has to do. Then, J mentions what he believes they must become if they want to survive, through the metaphorically expression "organize disorganization" that allows us to see an activity as a substance:

*Organized disorganization! That is where we have to go. Streamline processes. The base has to be well grasped in terms of cost, make a good cost structure, analysis; see if you are buying well. There are 10 spots that are fundamental in the analysis. These are the highlights. Manage the factory with these 10 spots and it's over. There is only one thing: no, does not exist, we do. This is the mentality that we have to create*

This metaphorical expression of “organized disorganization” reflects what J believes his company must become in order to survive. It reflects a view of organizing as an ongoing process of equilibrium between opposite forces. In fact, to learn is to disorganize and increase variety. To organize is to forget and reduce variety (Weick and Westley 1996, p. 190). Meyer (2002, p. 538) claims, organizational learning holds a contradiction because to learn is to disorganize and increase variety and to organize is to forget and reduce variety. Thus, the relationship between learning and organizing is inherently uncomfortable (Weick and Westley 1996, p. 194). Self-designing organizations or adhocracies are particularly good at adapting to changing environments and at innovating in response to environmental demands. Yet, both bureaucracies and self-designing organizations learn but in different ways. Self-designing organizations explore whereas bureaucracies exploit routines, but as Weick and Westley (1996, p. 195) refer, both are a form of learning and the most resilient organizations of either form do both. Balance is important because either form taken to its extreme, results in a paralysed organization, unable either to learn or to act. Therefore, the optimal learning point, as J mentioned, is in circumstances when order and disorder exist simultaneously (Weick and Westley 1996, p. 195).

Considering the dimension of the difficulties that his company is experiencing, M believes that there is no future unless the wages of the employees stay very low. It is a cause and effect relationship for him. For M low wages is equal to being able to survive:

*... People do not have other opportunities to earn more, and because they have no other opportunities to gain more, they subject themselves to earn 500 Euros, because if there was no one willing to earn 500 Euros then the textile business had no future.*

And in his effort to convince himself, like a “casino player”, that there is some hope and that it makes sense to keep walking in the same path, he finds a reason to believe that the sector and his company still have a future:

*... this sector has a future in Portugal, I think we have a future because of our labor rigidity and thanks to our weak economic growth, we are doomed to be during this decade and in the next decade we will continue to be, we will become the Chinese of Europe*

This metaphor “Chinese of Europe” is extremely powerful in showing the deep confusion and lack of hope that M is experiencing. In fact, the expectation of M is a powerful reality and therefore everything he sees points in that direction, against all odds, because of what he

has chosen to see and hear. As Lakoff and Johnson (2003, p. 10) claim, “in allowing us to focus on one aspect of a concept, a metaphorical concept can keep us from focusing on other aspects that are inconsistent with that metaphor”. So, like a “casino player”, instead of thinking how to quit, he will not admit failure and will continue in the same path. People create and find what they expected to find because believing is seeing and as Weick (1995, p. 134) suggests, “what people keep missing is that what they see is usually the outcome of their own prior actions. In fact, sensemaking starts with actions and what they see is something of their own making. The sequence is close to a self fulfilling prophecy in the sense that there is an outcome in search of a prophecy (Weick 1995, p. 134).

Regarding F, when he looks at his present situation, he does not understand where he is heading. So his strategy is to move on without knowing where, just to survive.

*...today, in fact, it is more a survival strategy. I usually use another cliché when they ask me: “what is your strategy?” It's moving forward. Why? Because if I stop I am struck; we do not have much time to think and reflect. Nowadays things are going so fast that we cannot stop*

F he does not have a solution for the long term survival of his company. As he states:

*It worries me that I have no solutions to solve the company's problems which are in financial trouble. And the project, that I hope will advance, will be a way to help reversing the company's difficulties. Anyway if we could close the company without social harm I would close it. But I have 115, 120 people who depend on me, that's what worries me*

F finds himself without solutions. How this happened? Drummond (2001, p. 245) suggests it is easier to get into a mess than to get out of it. Situations like that happened because F failed to see the decay of his organization and, at some point, there was no turning back. If F had maneuvering space, he would prefer to close the factory but he does not know how to do it.

For C, there is no hope:

*...considering the situation of our industry, and the situation that exists in India, in China or in Pakistan, there is no hope for us*

And this situation puts them out of the market because, as C states:

*We go to India, they have nothing they do not have unemployment insurance, have no retirement support the schools, only a few of them go to schools but here the state must charge this, here in Portugal, Spain, or France. Therefore, all the products that they make have prices that put us completely out of the market*

C recognizes that it is already too late to find a solution when he mentions:

*... I think this is one of the major problems that exist in Portugal and it blocks a lot of people. Here, the bankruptcy or insolvency has a brutal negative connotation. This means that people resort to mechanisms of this kind when they are already dead*

Retrospectively, C considers that his company should have suspended its activity some time ago, but because he believes that in Portugal declaring the insolvency has “a brutal negative connotation”, he was not able to take that decision. As Lakoff and Johnson (2003, p. 120) argue, our concepts of objects, of events and activities are characterized according to the dimension that emerged from our experience in the world. Thus, Lakoff and Johnson (2003, p. 57) concluded that “we experience our world in such a way that our culture is already present in the very experience itself”.

Drummond (2001, p. 185) claims that our capacity for self-deception can exert itself in subtle ways and when failure becomes inevitable, we may persist in the same path just to keep up appearances. People hate loss and when faced with the choice between accepting a definitive loss and the possibility of incurring a much greater loss later on, they tend to become risk seeking (Drummond 2001, p. 189). This unwillingness to accept a definitive loss, like the “casino players” suggested by M, encourages people to continue and the deeper their involvement, the more difficult it becomes to accept a loss. For C the outcome of this is expressed in the following statement:

*In our mentality, our life becomes destroyed. So what does this mean? That people prefer not to close a business and entrepreneurs, or they are exceptional people or they are crooks, because they have nothing to lose because they just want to withdraw some money and do not care about their image or their credibility. Entrepreneurship is seriously affected*

C did not have the courage to quit and allowed the decay of the company to reach an irreversible situation. So, the outcome is an unmanageable situation where C sees himself

as a resign man without hope. As he said:

*People who are in charge of companies today have to... people must be psychologically very strong, because they really must be able to deliver or they have to leave, right? There are better days and worse days. That's it*

S mentioned the objectives that he has for his company, which is to multiply by 10 the turnover of the company:

*If you want to have a company of 120 million it is one thing, but if you want to have one of 800 million you change completely, you no longer hire the same guys, no longer go for the same market, you no longer use the same information system, you have to think completely different. And also if you are unable to reach 800 million you would never think about it. If you can think of 800 million, so you can make it, is no longer a dream or something irrational, you know you can. Because only the fact that you've thought that, this becomes reality, it is the first reality and the most difficult*

People base their actions on what they consider to be true. As Lakoff and Johnson (2003, p. 160) claim, "true matters to us because it has survival value and allows us to function in our world". S expressed his truth through the metaphorically expression: "thinking is the first reality and the most difficult". Lakoff and Johnson (2003, p. 160) suggest truth is a function of our conceptual system. What S is trying to do is to understand his present situation and where he is today, when he decided to buy all the shares, at a high cost, from his brothers in order to implement the ambitious plans that he has for the company. This belief that S has that his plan "is no longer a dream" is based on his experience that there was never anything in his life that he had thought that he could not do.

P believes that among the members of the board, only he has the capacity to have a clear view of the future. He also believes that the other members of the board, most of them, his brothers, do not have the courage to make difficult decisions when it is needed. As he states:

*I believe that what does not grow dies. In the last twenty years, once in a while, I come with an idea to have a dynamic, to have an idea that shakes the company. Otherwise, it will die*

In P company, although the company has 1500 people, P decides alone the direction of the

company. P is implementing a shift that will change the features of the company:

*...invest in new brands in retail, we think that nowadays, due to the state of the economy, launching new brands have a very high cost, so, or we'll keep the brands or decrease them. If there is someone who wants to buy us a brand we sell. I'm focusing our group with our project in Braga, which is a project where we are investing 32 million Euros, which is a rehabilitation of the inner city, the Avenida da Liberdade in Braga, so we bought a block where we are making 25 stores, offices, housing downtown, in the important avenue in Braga*

This shift is being developed in order to prepare the company for a situation where he is no longer in charge. As he states:

*In recent years, considering that one day I will retire and will no longer be in charge, I am trying that the person who will assumed this responsibility, finds a company where most of the revenues come from rents, we rent premises and receive rents, so, the business will be less about clothing, which is an unstable business. In recent years I left the businesses with great risk and I search businesses with more stability*

This idea that the company without him is unable to build its future is dangerous. As Lewis (2000, p. 766) writes, "actors' defences fuel self-referential cycles, fostering incremental learning at best and organizational paralysis or decline at worst". Thus, P is condemning the company to decline, in not allowing others to emerge as managers with the capacity to address the challenges of the present and of the future. As P said:

*..... I need to find a business with fixed annual revenues that gives stability to the group. Why am I doing this? If any of my brothers, who thinks like me, or act like me.... ... I prefer that they do not involve the company in adventures that they have something more solid instead of getting into businesses that they do not control and because of that, we may lose everything*

Greater uncertainty can lead to an over-cautiousness that paralyses organizations and their managers (Wright 2005, p. 86). P regrets his last main investment decision. So, when P made this reflection, what he is doing, is making sense of his past decision and present situation. So, P concludes:

*A – I put the group in danger with this investment. It is a daring step...*

Past successes could be transformed into failure. That is why Drummond (2001, p. 160) suggests that “the road to ruin is frequently strewn with flowers”. Because the way P has of doing things, worked for a long time, P and the other members of the board accepted the status quos and the routines. P enacted his identity as manager as someone that speaks to himself alone instead of loosing time talking with his brothers. Thus, today, because he does not rely in anyone else to manage the company, the only solution he finds is to “search for business with more stability”, so that they do not lose everything.

Through this chapter we have analysed the various meanings the interviewees attached to the long term survival of their organizations. A summary of these meanings is in table 4.

<b>Long Term Survival</b>	
<b>T</b>	Why so much effort? It is not worth it, I am trying to swim against the tide and I am always in the same place, it is not worth it, I will dedicate myself to something else and sell everything; loss of know how; it is not possible to compete, there are no miracles, jobs disappear; industry will not survive.
<b>J</b>	Outsourcing; I hope that the crises will allow us to continue; organized disorganization.
<b>M</b>	Chinese of Europe.
<b>F</b>	Survival strategy, I have no solutions; if we could close the factory without social harm I would close it.
<b>C</b>	There is no hope for us; all the products that they make have prices that put us completely out of the market; bankruptcy or insolvency has a brutal connotation; people resort to mechanisms of this kind when they are already dead; our life becomes destroyed.
<b>S</b>	If you can think of 800 million, so you can make it, is no longer a dream or something irrational; only the fact that you have thought about that this becomes reality, it is the first reality and the most difficult.
<b>P</b>	We will keep the brands or decrease them; most of the revenues come from rents; search for business with more stability; do not involve the company in adventures; we may lose everything.

Table 4: List of the way interviewees enact the long term survival of their organizations.

## **8. Discussion.**

In this chapter I will analyze common patterns that I have identified through the analysis of the different cases.

### **8.1. How managers understand their experiences**

One feature that emerges from the interviews is the use of metaphors by the interviewees as a way of understanding and communicating their experiences. Lakoff and Johnson (2003, p. 56) claim that our normal conceptual system is metaphorically structured, which means, most concepts are partially understood in terms of other concepts. Furthermore, the way we experience our lives “takes place within a vast background of cultural prepositions” (Lakoff and Johnson 2003, p. 57). As we have seen, the interviewees expressed their understanding of themselves and the long term survival of their organizations through concepts and metaphors that emerged from their religious experiences (“life mission”; “miracles”; “God’s grace”, “be with the universe and with God”), family life (“family business”; “children help”; “enfant terrible”; “generation”; “parents”), environmental experiences (“open sea”; storm”; “swimming against the tide”; “abyss”; “tunnel”), personal and body experiences (“smoker”; “blind”; “dead”; “life”; “survive”; “harm”), social environment (“crazy”; “criminal”; “player”), struggle (“imbalance of forces”; “conflict”) and wellbeing (“connected with yourself”, “be very well with yourself”, “self-esteem”, “your true self”, “understand the world you are”, “peace with yourself and with others”).

As Lakoff and Johnson (2003, p. 5) claim, “the essence of metaphor is understanding and experiencing one kind of thing in terms of another”. Lakoff and Johnson (2003, p. 162) argue, that in order to understand the world we categorized it with categories that emerged from our experiences and make sense for us. Thus, the meaning of a metaphor will differ from context to context and will be partly influenced by past experiences. Hence, in making a statement we choose categories and that choice involves our perceptions and our purpose in the given situation (Lakoff and Johnson 2003, p. 164).

### **8.2. The experience of chaos**

As we have seen in the analysis of the discursive resources, globalization has become a major issue in the minds of top managers. As I mentioned before, managers view the environment as hostile, with feelings of being trapped by scary forces of globalization that are destroying our way of life and our society. Since communication is based on the same conceptual system that we use in thinking and acting, the discursive resources mentioned by

T, J, M, and C, such as “liberalization of global markets”, “concept of society”, etc, govern their thought and their everyday functioning (Lakoff and Johnson 2003, p. 3). Thus, it is not a surprise that, regarding those that mentioned the impacts of globalization and in that context the concept of society that we have in Europe, as the main drive of their present problems, there are similar features as showed in table 5, in relation to their identities as well as the long term survival of their organizations.

	<b>Discursive Resources</b>	<b>Identities</b>	<b>Long term Survival</b>
<b>T</b>	Imbalance of forces; liberalization of global markets	life mission	it is not worth it
<b>J</b>	The world of monsters has ended	Fool	hope the crises will allow us to continue
<b>M</b>	Abyss; situation in Europe; social distribution; subsidizing laziness	fool; criminal	Chinese of Europe
<b>C</b>	Open markets; euro factor; concept of society	Crazy	There is no hope for us

Table 5: Comparison of the answers provided by T, J, M and C regarding the research questions.

Thus, the impact of globalization is a main issue in the minds of top managers. Globalization is the increasingly deep interrelationship among countries, companies and individuals which is transforming the world. Watson (2008b, p. 99) argues that globalization is a “trend in which the economic, political, and cultural activities of people in different countries increasingly influence each other and become interdependent”. Hence, the world that managers experience is a world where they live permanently with a sense of doubt and uncertainty. For T, it is an imbalanced fight with an anticipated end, the end of his company. Similar positions have J, M and C. Nevertheless, J hopes that the crisis will allow his company to survive; M believes that the sector as a whole will survive based on low wages, whereas C does not see any future for his company.

### **8.3. Retrospectively, looking back**

When most of top managers interviewed look back, they believe that they had anticipated the present crisis. However, they probably reached that conclusion only when things became critical. The failure of their companies took them by surprise. The outcome of this situation is a feeling that there are no perspectives for the sector and for their companies. In these cases, what seems to have happened is that they became locked into a situation without

perspectives through the simple passage of time because they did not understand the dimension of the challenge. M uses the metaphor of the “smoker” to recognize that he only became aware of the crisis when things were already very difficult. Therefore, when they looked back and rewrote their story, they consider that they had anticipated the present crises and they also justified that they did not take the decision to close the companies only because they believe that in Portugal it is impossible for someone, by his own initiative to take that decision, even when this is the right decision. The reason why this happened was their success for a long period of time and their effort to extend that success. Hence, probably they did not anticipate what happened and their business models became a straightjacket.

A finding that emerged from the interviews is that the crises emerged from imperceptible shifts, which recalls the boiling frog story, which is an anecdote describing a frog slowly being boiled alive. If a frog is placed into boiling water, it will jump out, but if it is placed in cold water that is slowly heated, it will not notice and will be cooked. This illustrates the inability to react to significant changes that occur so gradually that they are difficult to notice. Therefore, in contrast with the idea that the danger comes from turbulent changes suggested by the dominant view point, the crises emerged from small shifts that happened so gradually that they did not notice until it was too late to do anything.

Morgan (2006, p. 246) suggests that the theory of autopoiesis helps us to see that organizations are always attempting to achieve a form of self referential closure in relation to their environment, in enacting their environments as extensions of their own identity. Autopoiesis is the capacity for self reproduction through a closed system of relations in which people create images of reality as expressions of its own organization. This closure blocks their ability to create new information that would allow them to challenge and question the status quo. As Morgan (2006, p. 250) points out, egocentric organizations “see survival as hinging on the preservation of their own fixed and narrowly defined identity rather on the evolution of a more fluid and open identity of the system to which they belong. However, in the long run, survival can only be survival with, never survival against, the environment or context in which one is operating (Morgan 2006, p. 250). Managers must accept that the future direction of their organizations is unknowable and that the direction will emerge from the spontaneous self organizing interaction between people.

#### **8.4. Notice meaningful cues**

Why do people, such as T, J, F, C, M, and P, that have seen the world and know their

business in a deep way, can mislead themselves in such a way? As already mentioned, one reason why they were unable to notice changes is because they show a tendency to notice the cues that support their hopes while ignoring those that suggest different solutions and paths. It is a vicious circle in which we seek confirmation that our decisions were correct, and interpret the data in selective ways to provide that confirmation. This vicious circle of selective confirmation, as Klein and Weick (2000, p. 21) claim, can lead to the arrogance that precedes a downfall. Through arrogance, people tend not to be open to experience if they think they already know most of what is important to know. So any experience that questions their expertise tends to be discredited and this attitude “tends to freeze the size, meaning, and complexity of the current experience base”, and because of that, sooner or later, the downfall occurs (Klein and Weick 2000, p. 21). This is probably why they did not notice the cues that indicate major shifts that completely changed their environment.

Furthermore, as M suggests with the metaphor of the “casino player”, for a long period of time, they convinced themselves that it was worth persisting with the same way of doing things because things were actually not so bad and everything would come right in the end. Some of them still persist in this attitude. Like the “casino player”, they believed that in the end they would succeed because they want to believe. So, as a “blind” man they ignore the crisis and only when the danger became too great they began to question their path. This happened because as Drummond (2001, p. 184) writes, “as human beings, we have an astonishing capacity to believe that things are better than they really are or even to see things that are not there at all if it suits us”. So, they persisted in the same course of action because their expectations have influenced not only what they saw but also how they have acted.

M used the metaphors of the “casino player” to express his thoughts. We base our actions on what we take to be truth and true matters to us because as Lakoff and Johnson (2003, p. 160) claim, it has survival value and allow us to function in our world. In order to understand the world and function in it, we have to categorize in ways that make sense to us. The statements that we make are based on the way we categorized things and in making a statement, we make a choice of categories. Thus, our discursive resources play a central role in defining our everyday realities. Hence, managers in the face of ambiguous and complex situations may tend to reject cues that do not match the way they categorize things. These discursive resources influence what is noticed and also the interpretation of what is noticed, enabling individuals to make inferences and predictions (Aaltonen, 2007, p. 7). Thus, the information that top managers notice and the meaning they attach to, are

influenced by their discursive resources and the persistence of categories, metaphors, images, etc that are no longer adequate could explain the organizational decline. Hence, the ability to understand and challenge prevalent concepts and metaphors is crucial.

### **8.5. A plausible explanation is selected and retained**

The metaphor of the “Chinese of Europe”, suggested by M, is a powerful metaphor. Morgan (2006, p. 339) suggests “we tend to find and realize what we are looking for”. Our choice of metaphors and concepts influences how we see the solution because when we form an understanding of the situation we are living, this understanding influences what we notice and the information we consider. As Drummond (2001, p. 24) argues, once we form a view of a situation we rarely alter it as new evidence emerges. Instead what tends to happen is that we change our information to fit our expectations. This metaphor of the “Chinese of Europe” used by M expressed the view shared by M, J, F, T, P and C, that the future of the industry depends mainly on the capacity to sustain lower wages. Sustaining the competitive capacity of an industry on low wages, in Europe, seems impossible, and because of that, for them, the discussion about the capacity of their organizations to survive is in the end a discussion about our way of life. For them, what is at stake is our model of living, the welfare state. They blame Europe for the difficulties that the industry and their organizations are facing, by allowing the relocation of the industry to low cost countries. This view expressed by T is dominant in almost all the interviews. For them, it is unbelievable that those who have the power and the responsibility to protect the system could by inertia allow its destruction. The problem with this perspective is that their choice of metaphors and concepts shapes the decision premises which in turn influence how they see the solution.

This is a major issue because, as Drummond (2001, p. 122) suggests, “we should not underestimate the fear that people experience when a myth fails”. Myths provide ways of comprehending experience and they give order to our lives. As Tietze *et al.* (2003, p. 26) suggest, myths are collective stories through which a culture explains some aspects of its reality. Thus, myths are narratives about events that illustrate some important truth about life (Watson 2006, p. 286). Like metaphors, myths are necessary for making sense of what goes on around us and people cannot function without myths any more than they can function without metaphor (Lakoff and Johnson 2003, p. 186). Myths are contradicted by reality to some extent but while remaining unchallenged, they provide an interpretation of reality. The most resilient myths are those that have become so taken for granted that no one even thinks of challenging them. Maybe they believe that the destruction of the welfare state is so dangerous for the society as a whole, that in the end those who have the political power in

Europe will do something to protect the system. Drummond (2001, p. 123) states that a crisis occurs when a myth can no longer even partly account for reality and myths are ultimately perpetuated by what is called the essential lie whereby the parties involved refrain from saying what they really think or believe for fear of bringing down the whole edifice. Tensions might serve as a trigger for change when they encourage people to rethink their reality but in most of the cases analyzed, tensions have inhibited change. When confronted with difficult and dilemmatic situations, they reacted in a defensive way because the chaos they experienced produced anxiety that raised their defenses. Through this defensive attitude they tried to maintain the old order that allowed temporarily the reduction of anxiety. In the end, this defensive attitude has intensified tensions.

When they were not able to ignore failure anymore, they persisted in the same path to keep up appearances. So, today, when they look to what the future brings them, they see themselves swimming against the stream, unable to go forward. Their understanding of where they are today may depend upon where they believe they will be tomorrow. Hence, they have predicted the collapse of their companies. Their attitude when confronted with the dimension of the crisis is to run in the hope that some solution will appear. The outcome will be the loss of everything, or in the words of C, death. In such a context of uncertainty and confusion, their ability to make sense can collapse resulting in a loss of meaning. That was the case of F that became overwhelmed by the situation.

So, if they had the choice, some of them would prefer to close their factories but they are unable to do that because of shame. Hence, they need to find reasons to justify their actions to themselves and to other people. So, they blame the Chinese and the European Union for the difficulties that the industry and their organizations are facing. As Drummond (2001, p. 155) suggests, the solution influences the problem. The impact of this perspective is important because the way they view the difficulties that they are facing, influences how they try to solve them. In putting all the responsibility to the Chinese and the European Union, they consider themselves out of the solution. The danger with this view is not what this cause and effect analysis reveals, but what it conceals. What they are doing is to close other possible paths and solutions. As Drummond (2001, p. 226) writes, "we may end up refusing to see the future after it has arrived".

Emotions have important influences in the way managers see, behave and act. As Horrocks and Callahan (2006, p. 73) claim "emotions influence our identity and reciprocally, identity influences our emotions, creating a dynamic interplay". Therefore, what the situation means

is defined by who they become while dealing with feelings such as fear, anguish or shame. Benson (2003, p. 81) argues that the architecture of individual and group identities is fundamentally emotional and as Horrocks and Callahan (2006, p. 71) claim, "identity is an emotional process that is understood through personal reflection and enactment with others". Thus, individual experiences of emotion and the choices about the expression of these emotions reflect an individual's sense of self. The present research shows the impact of emotions such as anxiety, shame, pride, pain, conflict, anguish, and fear in the way managers look, notice, and enact, and as Watson (2001, p. 179) suggests, management theories "have tended to underestimate the extent of human frailty and insecurity in the lives of managers". Therefore, more research and analysis should be directed to the emotional dimensions of managers' lives. As Horrocks and Callahan (2006, p. 71) write, "the study of emotion, how it is individually manage and how it shapes interactions within society, continues to be a novel field of research in the academic community". Watson (2006, p. 126) suggests the reason why most of management texts attend too little to the emotional dimensions of organizational life and work involvement, is because these issues are "not easy to understand and, partly as a result of the ambiguity and unpredictability that such matters involve, people can readily become quite uncomfortable when trying to address them". Nevertheless, this research shows in order to understand the challenges that managers have to address, it is essential to understand matters of feelings and emotions in their lives. As Watson (2003, p. 1307) claims, "little attention is still paid to the role played in strategy-making by the values, emotions, identities, interests and personal projects of the individuals engaged in such work".

#### **8.6. The explanation that was retained is connected to significant identities**

Because all meaning and understanding comes from looking backwards, when they looked back and understood their situation, they see themselves as crazy or foolish. But in fact they are not foolish or crazy. As Weick *et al.* (2005, p. 413) pointed out, "the explanation that was retained becomes substantial because it is related to past experiences, connected to significant identities, and used as a source of guidance for further action and interpretation". The prescriptive management theories led them to believe that it is possible to make choices that lead to organizational success if they follow the prescribed procedures. So when they followed the prescriptions and the unexpected occurs, they concluded that they have been incompetent. Then the response took the form of blame (Stacey 2007, p. 74). They believed that they have an accurate view of reality and that they are objective observers. They consider themselves victims of the environment but in fact, they are victims of their sensemaking process. They were not able to choose the identities and the realities that they

would like to live. Therefore, they see themselves as victims and this outcome influences how they make sense of themselves and because of that, do not have the imagination to create different solutions. As Caza and Wilson (2009, p. 99) suggest, work is an important source of meaning and it is a primary way in which adults define their identity as a person. Thus, they become trapped in their identity of victims and the consequences for the survival of the organizations where they work are important.

I have concentrated my analysis in the cases of T, J, M, F, C and P. But if we consider the case of S, which had a completely different tone, we reach the same conclusion in relation to the link between discourse resources, identity, and long term survival. As showed in table 6, there is a clear connection between the discursive resources employed by S, his self identities and the way he enacts the long term survival of his organizations. The discursive resources employed by S allowed him an attitude of confidence and connection with his inner self that gives him a strong feeling that his projects for his organization will be a reality.

<b>Discursive Resources</b>	<b>Identities</b>	<b>Long term Survival</b>
Thinking is the first reality; be very well with yourself; understand the world you are; values; God's grace; peace...	I looked at limitations as a gift; fight; I was not afraid; I was not attached; patience; without anxiety; connected with yourself; creativity is a consequence of wellbeing...	If you can think of 800 million, so you can make it, is no longer a dream; only the fact that you have thought about that this becomes reality...

Table 6: The answers provided by S regarding the research questions.

In figure 2, I depict the sensemaking process developed by most of top managers, which was characterized in this chapter. As Weick (2001, p. 95) points out, “when people in an ongoing social setting experience interruption, they often enact something, retrospectively notice meaningful cues in what they previously enacted, interpret and retain meaningful versions of what the cues mean for their individual and collective identity, and apply or alter these plausible meanings in subsequent enactment and retrospectively noticing”. This graphical image represents top managers’ sensemaking process characterized in most of the cases studied. Thus, in an ongoing flow of events, top managers look back to

understand what is going on. They consider that they have anticipated the present crisis. They develop explanations and they concluded that there is no hope for them. Thus, they see themselves in that context as crazy, foolish and criminal. These plausible meanings will influence what they notice and enact, through a self fulfilling prophecy.

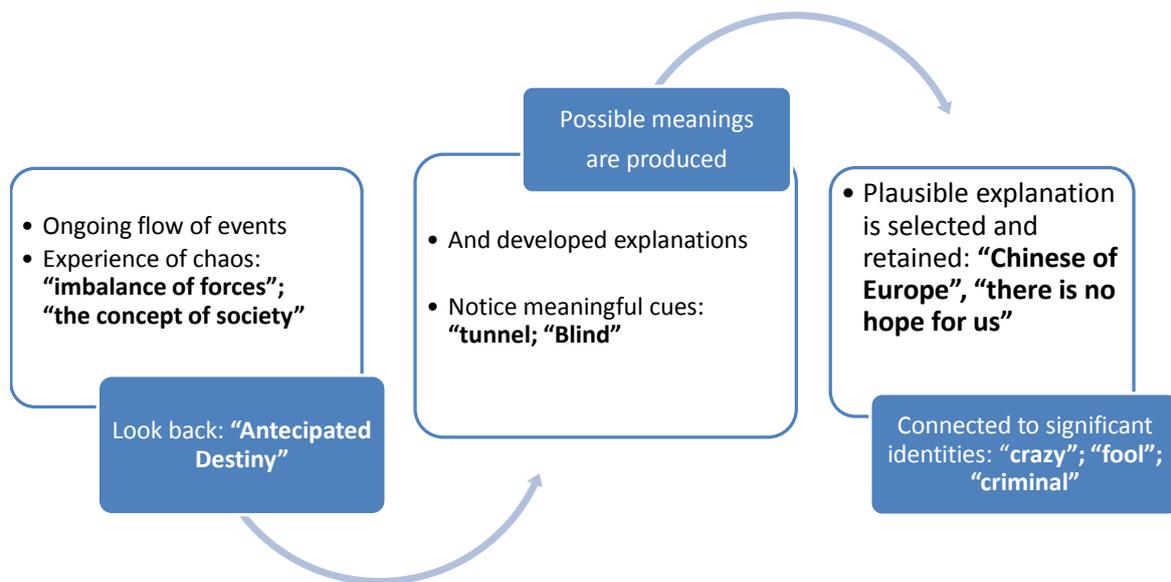


Figure 2: A graphical image of the sensemaking process of most of the cases analyzed (Author's own).

In figure 3, I illustrate the main issues analyzed in this chapter according to the framework proposed. This figure illustrates that discursive resources play a central role in defining managers' everyday realities. Managers' discursive resources influence what they notice and also the interpretation of what is noticed. Hence, their ability to understand and challenge their discursive resources is crucial because the persistence of categories and metaphors that depicts a globalized world where they do not have capacity to react may explain the decline of their organizations. The picture also illustrates the importance that their emotions have in their self narratives and in their sense of self. Thus, the stories they tell ground their emotions and their identities because they create their stories and then they see the world and themselves through them (Horrocks and Callahan 2006, p. 70). Hence, their emotions impact on the long term survival of their organizations through the strategic exchange between top managers and organizations. Therefore, the influence that emotions,

along with the discursive resources, have on the way they enact the long term survival of their organizations, should be more valued by academia and management educators.

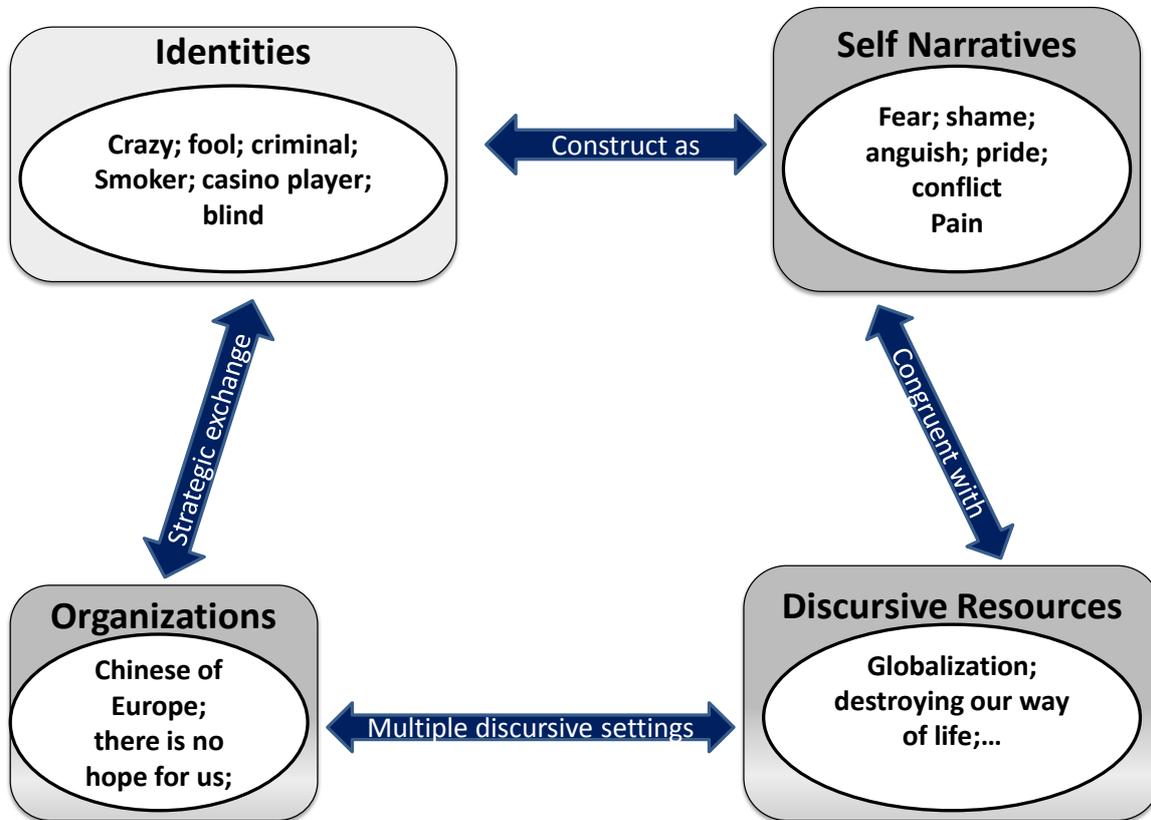


Figure 3: A graphical image of the framework proposed completed with the themes that emerged from the analyses (Author's own).

## 9. Implications for practice

As we have seen in the previous chapter, discursive resources used by top managers govern their thought and their everyday functioning and have implications in terms of both personal and organizational survival. As Lakoff and Johnson (2003, p. 3) argue, our concepts structure what we perceived, how we get around in the world, and how we relate to other people. Because discursive resources influence what managers noticed and the interpretation of what is noticed, and have implications in relation to the strategic survival and long-term prospects of their organizations, they need to become sensitive to their own use of discursive resources and sense making process. These conclusions have relevant implications for managers as well as for management educators. Thus, in this chapter I will suggest some recommendations, that require further research, which I believe could help managers to overcome the difficulties that they felt.

## **9.1. Create the future**

Etherington (2004, p. 19) claims, people need to notice their responses to the world around them, to become aware of the personal contexts in which they live and work and to understand how these impact on the ways they interpret their world. Whenever people experience change it challenges their assumptions and familiar identities could become unsuited at dealing with changing situations. Thus, in order to deal with new situations they need to redefine the situation through a process of sensemaking. Tsoukas and Shepherd (2004, p. 2) suggest, it is useful to remember that the future is created by people. Hence, in order to create a future that managers felt comfortable with, they should encourage inclusive conversations that allow the generation of options and ideas, the sharing of experiences, and the learning from what happens.

Managers who do not share the same discursive resources are more likely to question the assumptions underpinning the dominant perspectives. Such questioning of assumptions is essential for generating better solutions. Solutions and options that result from inclusive conversations are more likely to reflect a more complex view of reality. Managers should make an effort to listen and ask for feedback. Our ability to make judgments and decisions gets better when we have feedback and feedback only works if we seek it, because as Klein and Weick (2000, p. 22) state, in top managerial positions, feedback is not offered automatically. It could be also worthwhile to make an effort to understand people that make decisions that differs from ours, asking what cues were considered and what they discovered through them (Klein and Weick 2000, p. 22). As Lakoff and Johnson (2003, p. 181) suggest, people with very different conceptual systems may understand the world in a very different way than we do, may have a different body of truths, and may have different criteria for truth and reality.

## **9.2. Accept ambiguity**

In situations of ambiguity, uncertainty, complexity or turbulence, the challenges to be addressed are unclear. The consequence is that people can create multiple and conflicting interpretations. Thus, they could become victims of their sense-making processes. This combination of unclear problems, multiple and conflicting interpretations, and weakness resources for sensemaking are part of the reality managers experience and as Wright (2005, p. 95) showed, the need for individuals to enhance their ability to work with ambiguity is of utmost importance. However, the rhetoric of management requires managers to pretend that things are clear. Thus, in the face of complex and unknowable conditions, managers

tend to rush into action. Fatigue, pressure from others, deadlines, etc, increase the desire to close options. Hence, the greater the challenge the more pressure is felt by managers to close options instead of keeping them open. However, frequently, the most effective attitude could be to remain openly attentive to new ideas, thoughts and possibilities without evaluation (McKenzie *et al.*, 2009, p. 219). McKenzie *et al.* (2009, p. 220) suggest, in the face of uncertainty, managers should deliberately delay judgment to remain open to alternative systems of meaning until they find a position that transcends tensions. This is difficult because as McKenzie *et al.* (2009, p. 216) argue “delaying belief crystallization to explore others’ meaningful systems can be felt as a threat to identity”. To be able to do that, managers should hold tensions, to create conditions in which contradictions can be addressed. To keep options open requires from managers the capacity to accept ambiguity which could be achieved through mental flexibility in considering multiple interpretations and accepting the emotional discomfort from lack of clarity.

Thus, the challenge for managers is to live naturally in a context of ambiguity and uncertainty and be open to cues that indicate new directions and solutions. This could be done expanding the range and variety of cues they consider, even if these cues do not support their beliefs. A possible answer to this problem is what Lewis (2000, p. 764) calls paradox management, which means exploring rather than suppressing tensions. This capacity to think paradoxically makes it possible to discover meaningful solutions out of contradictions. This is not easy because as Lewis (2000, p. 766) mentioned, people choose interpretations that support their mind frames to keep a false appearance of order, which will in the end create more tension and anxiety. As Weick (2001, XI) points out, “efforts to maintain the illusion that organizations are rational and orderly in the interest of legitimacy are costly and futile”. Managers need to become comfortable and profit from tensions and the anxieties they provoke, capturing its enlightening potential (Lewis 2000, p. 763). As Bonn (2005, p. 341) argues, complex decision making require managers that use multiple sense making frameworks, which may be inconsistent with one another or even contradictory with each other. The reason why they need to use multiple sense making frameworks is because such diversity of perspectives leads to a larger set of alternative potential solutions (Bonn 2005, p. 343). Therefore, the best answer is accepting and exploring rather than suppressing tensions and contradictions, which could make it possible to discover valuable solutions. This idea is in line with the metaphorical expression suggested by J of an “organized disorganization”, reflecting a view of organizing as an ongoing process of equilibrium between opposite forces.

### **9.3. Articulate emerging themes**

Enactment stresses the proactive role that we play in creating our world. Thus, managers should have the ability to articulate emerging themes in the ongoing organizational conversation. The aim is to widen and deepen communication between members of the organization. This depends on the expansion of their discursive resources that could lead to an increased possibility of realities being perceived (Toit 2006, p. 287). Furthermore, if they are able to find other concepts and metaphors that connect with positive attitudes, this could help them to find strength and resilience. As Meyer (2002, p. 535) claims “language is the key medium of learning and as the language use by organizational members increases in variety, their ability to label, distinguish, and identify increases, along with their versatility of framing”. Thus, managers need to adopt discursive resources that stimulate feelings and attitudes of hope that may unleash their creativity. As Carlsen and Pitsis (2009, p. 83) argue, “we understand the role of hope in positive identity construction as being linked to some kind of favorable progression in the life stories of individuals and collectives”. Positive emotions are present through life stories in the way people construct and reconstruct their past to anticipate their future. As Carlsen and Pitsis (2009, p. 90) suggest, hope may be considered a metamotive in positive identity construction, pointing to basic human needs for finding purpose, escaping entrapment, and living with openness.

### **9.4. Respect the differences and tolerate mistakes**

Heterogeneous groups tend to gather information from a variety of sources and use diverse interpretations and perspectives and such diversity of perspectives leads to a larger set of potential solutions (Bonn 2005, p. 343). However, when people who are talking do not share the same knowledge, values, and assumptions, mutual understanding is only possible through negotiation of meaning (Lakoff and Johnson 2003, p. 231). To negotiate meaning with someone, it is necessary to be aware of and respect the differences. This requires patience, certain flexibility in world view, and tolerance to mistakes (Lakoff and Johnson 2003, p. 231). In other words, it requires the ability to adjust the way we categorize our experience.

It is important not to suppress conflicts because conflicts are transactions that enable sharing of perspectives and consideration of alternative courses of action (Drummond 2001, p. 256). Hence, conflicts are not an obstacle in the decision making process but rather a transaction that should be an important part of the sensemaking process. This attitude is not easy because most of us, as Lakoff and Johnson (2003, p. 63) suggest, comprehend

argument in terms of war where there is a position to be established and defended, where you can win or lose, where you have an opponent whose position you attack and try to destroy and whose argument you try to shoot down. Thus, in most cases, managers think they are communicating when in fact by the end of the discussion no one is any wiser.

### **9.5. Develop new life stories**

The application of a concept is always a normative act (Tsoukas and Chia 2005, p. 193). Concepts have a discontinuous and fixed nature. Therefore, in order to understand change, we have transformed it into a succession of positions through the idea of stages and by doing so we have reduced change to a series of static positions. But change is not an event and as Tsoukas and Chia (2005, p. 187) state, its features are fluidity, pervasiveness, open-endedness, and indivisibility. Thus, managers, even when things seem the same, in fact they have changed although imperceptibly, much like a river which looks the same but is not. People in the face of complex and confused situations tend to consider any old explanation as better than nothing. What is important is that the first plausible story does not become the last possible story. So, it is necessarily to revise the story and replace it, if needed, because if the influence of experience is too heavy, it could result in incapacity to see what has changed. As Tsoukas (2005, p. 273) claims, too much concentration on the present task makes organizational members unappreciative to all the small changes that are taking place. So, it is important that people do not consider their stories as final stories. The process of self understanding is the continual development of new life stories. It involves the constant construction of new coherences in our life, coherences that give new meaning to old experiences (Lakoff and Johnson 2003, p. 233).

### **9.6. Access to more identities**

Etherington (2004, p. 15) argues that we are constantly changing and developing our identities, and they are never fixed. Instead they should be modified based on new inputs, new opportunities and new setbacks. The more identities we have access to, the more meanings we should be able to extract and impose to any situation and the more identities we have access the less surprise we will find. Caza and Wilson (2009, p. 109) claim that “individuals who have more than one socially derived work identity may possess greater cognitive resources to both address the complexity that their work environment demands and extend themselves into diverse environments”. Greater work identity complexity can lead to greater potential for novel and creative responses during times of adversity because “as bilingualism may increase the ability to negotiate complex social settings, those with complex work identities may be also fluent in more than one work practice” (Caza and

Wilson 2009, p. 110). The problem, as Weick (1995, p. 24) suggests, is that a mutable self may cause problems “unless flexibility, mutability, and adaptability are themselves central elements in the self conception”. Using the image of a chameleon, we need to be comfortable in adapting different colors in accordance with the challenges of the environment. This idea of a manager as a chameleon, with capacity to adapt, shift and adjust as necessarily, is in contrast with the dominant idea that managers should have a clear and consistent vision for themselves and their organizations.

There is a problem with this idea of trying to adjust to the dynamic pressures that is the possibility of losing control of the sense of self. Elliott (2008, p. 140) uses the metaphor of the “supermarket identity” to claim that “for a self that is constituted entirely through episodes and fragments has little to hold itself together in emotional terms”. In fact, in the process of personal adjustment, it seems essential to keep a coherent life narrative and how to address this dilemma is an important challenge and raises the question of what is at the heart of identity. As Elliott (2008, p. 160) refers, the danger of self reinvention is a form of change so rapid and so complete that identity becomes disposable and instead of finding ourselves, we lose ourselves. Thus, the art in this process is to find the right balance that allows us the flexibility to adjust without destroying the feeling of coherence. This feeling of coherence involves deepening self awareness through narrative accounts that enable people to develop a more coherent understanding of their experiences in the context of their personal history (Roberts *et al.* 2009, p. 158).

Figure 4 illustrates the recommendations suggested in the context of the framework proposed.

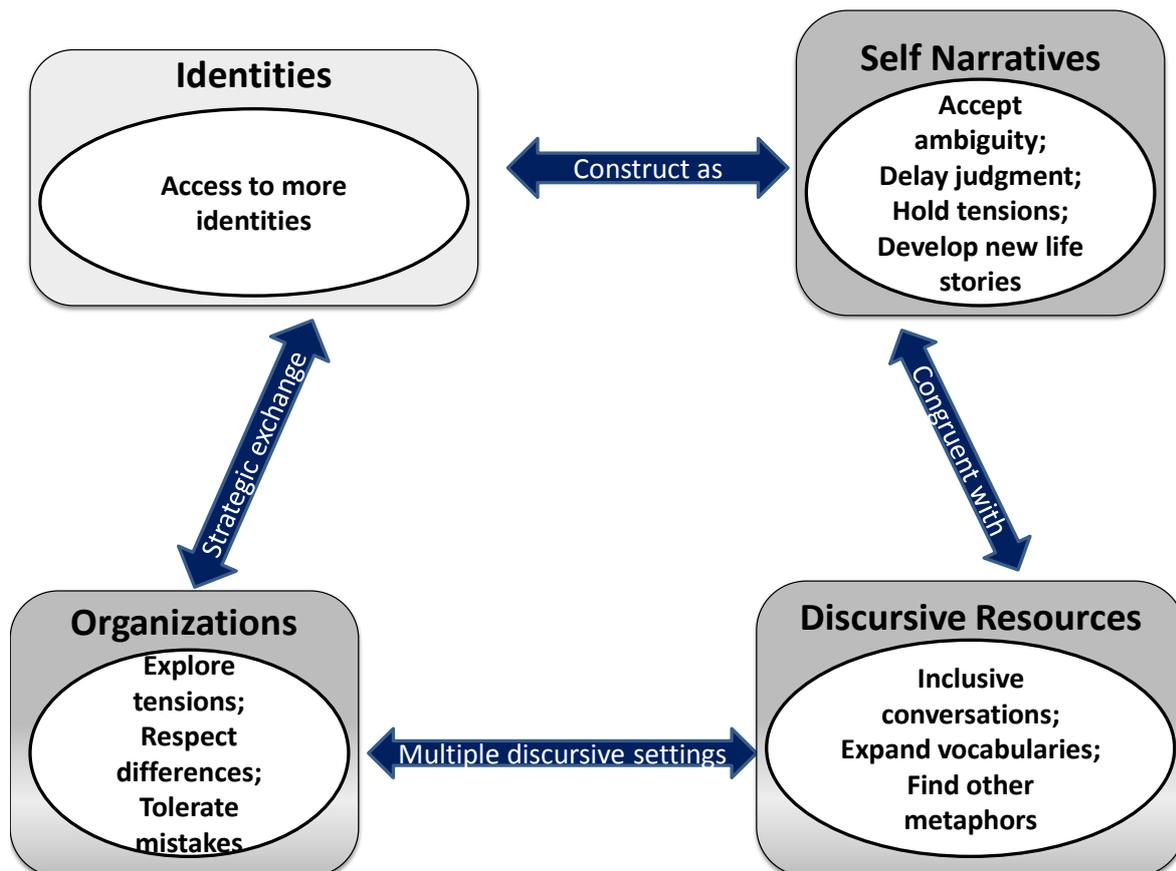


Figure 4: A graphical image of the framework proposed completed with the recommendations suggested (Author's own).

## 10. Conclusion

The findings of this research are in line with some of the findings and suggestions of the research projects analyzed in the literature review. This research supports the idea that identity construction is more central than other properties of the sensemaking process in the way people and organizations address the challenges they face because identity and enterprise development are mutually dependent through a strategic exchange. This research also supports the idea that when managers identities are based upon routines and scripts, they may not be suitable for the present challenges. The literature review also showed that managers today express feelings of alienation, that their lives are destabilized and fragmented, based on conflicting discourses and that everything is felt as incoherent. The findings of this project support these ideas.

The future is created by each of us, when we hypothesize that certain events will take place in the future. This is done through discourses. Through discourses, we try to forge a coherent relationship between past, present and future, or in other words, between memory,

attention, and expectation. However, the future will always surprise us. Thus, managers need to become comfortable with tensions and anxieties instead of adopting a defensive attitude. Managers' discursive resources and emotions play a critical role in this process. In this context, there is a direct relationship between the management of one's personal life and the formal managerial work done in organizations. Thus, the relationship between identity and strategic process must be explored. As Watson (2003, p. 1307) suggests, "we need to research on the ways in which the life strategies of strategists relate to the organizational strategies in which they are implicated".

Considering the small sample size and the fact that all the organizations analyzed were from the same sector, I can only claim to offer some insights about the issues studied. Further research is needed and it should encompass several sectors of activity. This research may contribute to the management literature in open the door to the relevance that discursive resources and emotions of top managers may have for the long term survival of their organizations.

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## **The adventure of doing the DBA**

### **DOCUMENT 6**

## **1. Introduction**

In 2004, the oldest Business School in Portugal, AESE, with more than 30 years old, invited me to give some classes about strategy. The idea was to test if I was comfortable with the experience of being a lecturer. The beginning was difficult. The classes were to students with an average age of 35 years, in management programs for people with professional experience. The expectations were high and it was difficult to address that challenge. With persistence and study, gradually things improved and the average evaluation of my classes from students improved to a good level. The idea of doing the DBA was a natural step in this process of becoming a lecturer. Then, a friend of mine that knew a lecturer of Nottingham Trent University told me that he had the intention to do the DBA there. So, I decided to go with him and see several Universities in the United Kingdom. In Nottingham I was received by Colin Fisher and Jim Stewart. The conversation with them, the structure of the DBA, the school campus, all these things convinced me that it was a good option to choose Nottingham Trent University. Furthermore, the price was affordable and I had low cost flights from Porto to United Kingdom.

## **2. The process of becoming a researcher**

The fact that the structure of the DBA is divided between six different documents was an important facilitator for me. This gave me the possibility to gradually understand more fully the challenge and adjust myself to that process. Another characteristic that helped me were the workshops. The DBA process encompassed several workshops that were highly participative, in an informal atmosphere. During the workshops I was confronted with concepts and perspectives that deconstructed and questioned my mindset and assumptions. Another major help was the possibility to be part of a set of students that shared between them their experiences and anxieties. This group was of major importance, mainly in the beginning because it was a space for us to express our anxiety, our fear of not being capable of accomplishing the process, and also to share methods of work and learning experiences between people that were in the same boat. Furthermore, the set was a facilitator in integrating people from different countries and cultures. In the end of the process, this interaction was no longer so important because most of us had already defined in a much clear way our path. But the friendship remains. Also of major importance was the interaction with my supervisors, in defining boundaries, in suggestion new paths, in stressing the importance of methodological issues, and in helping me to integrate my work in a much larger context.

### **3. The theme: sensemaking and identity**

The evolution of the titles of my documents illustrates the evolution of my thinking through this journey. When I elaborated document one my perspective was rational. By rational I mean that I believed that decisions were mainly based on a comprehensive analysis prior to decision encompassing several stages and with a clear separation between thinking and doing. Thus, the title of document one was “Modes of approach to strategic decision processes and their relationship with effectiveness”. Through the literature review and the reflections made, I recognized that my view is interpretivist.

In fact I used to think that reality was external to us and I had not the perception that our world is socially constructed in language. The reason why I did not understand this was simply because I did not reflect about it. Through the exercise of doing the DBA it became clear to me that the way we see the world and ourselves is socially constructed in the sense that our explanations are constructed in our encounters with others. As Burr (2003, p. 4) claims “all ways of understanding are historically and culturally relative”. The reason why this happens is that the meanings we attached to events, things, experiences, etc, is discovered through social interactions in specific contexts. Thus, although the world exists beyond language, the meaning we attach to things, events, situations, experiences, etc, is communicated and enacted by us through language. Therefore, as explained in document 5, reality is socially constructed in the sense that it depends on the meanings people give them. The recognition of this is important and has consequences for the way we communicate, understand and interact with other people. If we recognize, as Etherington (2004, p. 78) suggests, “that each story is told for a purpose, and how it is told, and how it is heard, will depend on the listener as much as the narrator, in the sense that it depends on what they bring from their own lives and experiences”, then, our capacity to make an effort to understand different points of view are much bigger. Hence, this recognition has helped me to be more aware of the need to accepted different points of view and try to understand others’ assumptions. As an example, nowadays, I am attentive to the metaphors people use. In one company where I work, for instance, since the beginning I had difficulties in my relationship with the Chief Executive Officer (CEO). He came from a consulting company with an international experience in several countries in different continents. One of his former colleagues once said to me that he is a “doer” not a “thinker”. He is clearly someone with the capacity to perform, with a focus on results, and with a very mechanical mindset. I work for this organization because one of the main shareholders invited me. I was not the CEO’s choice and although each of us makes an effort to collaborate which each other, it was clear that we did not speak the same language and that I do not belong to the CEO’s inner circle.

It became clear to me this when I noticed that he liked to use the military metaphor to speak about our role in the organization. As Lakoff and Johnson (2003, p. 3) suggest, “the way we think, what we experience, and what we do every day is very much a matter of metaphor”. For him we belong to a group of soldiers with the aim to perform the objectives and the will of the shareholders. He explained his view in a formal meeting with the administration and the managers some months ago. At that meeting, I had the opportunity to express myself about this issue. I do not see my collaboration in the context of the organization as a soldier with the aim of performing the will of the shareholders. I believe that what we should do, is to know ourselves, understand where we can make a difference in terms of our collaboration and concentrate ourselves in that area. Of course, we must do this aligned with our colleagues but in accordance with what make sense to each of us. If I had to choose a metaphor to illustrate my perspective I would choose a jazz band metaphor.

In document two I considered that the research would be carried out based on the way top managers make sense of their roles. Hence, in document two the title was “How top managers make sense of their roles in the strategic decision process”. In document three, I considered that the aim of the research was to understand how top managers make sense of their roles based on an organizational discourse perspective where organizations are seen as social constructions, created by language and conversation. The title of both documents three and four were similar to the title of document two.

Finally, in document five, I changed the expression “role” for the expression “identity”. Simpson and Carroll (2008, p. 32) articulate the concept of role with the concept of identity where roles are conceptualized as different social masks that actors may choose to adopt in their ongoing constructions whereas identity is conceived as temporary, precarious, fluid construction achieved through struggle. The concept of role invokes the dramaturgical metaphor of the theater which emphasizes the performance of pre-scripted roles where actors access repertoires of roles that facilitate their performance (Simpson and Carroll 2008, p. 30). Ready-made roles exist within organizations to communicate how individuals should think, feel and act. Thus, role is a social prescription for behaviour whereas identity is a matter of self understanding (Simpson and Carroll 2008, p. 32). Thus, in document five, the title is “How top managers make sense of their identities”. Therefore, the perspective of the theme was itself a dynamic process where through learning I became more aware of the importance of the concept of identity construction as an ongoing process, for it requires constant reproduction and maintenance. Alvesson *et al.* (2008, p. 14) argue that, research on the processes of identity construction proceeds from an interest in understanding how

individuals deal with their complex, ambiguous and contradictory experiences of work and organization. In fact, identity research allows the understanding of human experience and this understanding facilitates people's reflections on who they are and what they do (Alvesson *et al.* 2008, p. 17).

Thus, it occurred to me in retrospect, that the core of this thesis is an attempt to make sense of my place in the world I live in. The thesis reflects my experience as a manager, a lecturer, a student, and someone who lived in different countries and continents. So, the understanding of the identity construction and how we enact the environment where we live became the key theme of this thesis. This thesis represents a personal attempt to understand the dynamics of our identity work in the context of the challenges and the ambiguities we experience. Hence, how we come to understand ourselves and our role in the world was a surprising outcome of doing this research project. In fact, the experience of doing the DBA in the last four years was a personal process of discovery in the sense that my stories, my experience of crises, my search of identity were involved in the process. Through this process, in retrospect, I reviewed several experiences I had and this was an opportunity to learn and discover. This experience of reviewing stories of my own life was an opportunity to build more suitable identities in the context of the life I live and the challenges I have. One of the outcomes is that I became more reflective on the way I live and experience my life.

#### **4. Personal and professional development.**

In this chapter I will reflect about the impacts of this experience in relation to my personal and professional life. Moon (2006, p. 81) argues that there are no sharp lines to be drawn between personal and professional development and it is doubtful that one can develop as an adequate professional in the broader sense without parallel personal developments.

If I had to choose the most important thing I learned through this experience, it would be the improvement of my capacity to deal with uncertainty. Throughout my professional life, I lived difficult situations, both in terms of complex environment contexts and in terms of complicated relationships between shareholders and management teams. I retrospectively recognize that, on several occasions, I had limited capacity to address and learn from these experiences in the most effective way basically because I adopted a defensive attitude and because of that, I did not have the openness to understand that others had a different reading of the circumstances. So, the challenge is on one hand, to manage the anxiety through the capacity to tolerate ambiguity and on the other hand, to explore rather than

suppress tensions. The major idea behind this concept is the conviction that the future could be in large extent created by us. In the end, it is this belief that can sustain a positive view of life. This requires discipline so that in the face of unknowable conditions, we do not rush into action, and conversely, as McKenzie *et al.* (2009, p. 219) suggested, remain openly attentive to new ideas, thoughts and possibilities without evaluation, keeping options open. We could do this if we can live out of our comfort zones. This requires also the capacity of controlling a defensive attitude, which is not easy, so that we can accept feedback, even when the remarks are not favourable. This is a precondition to learn. In the end, the challenge is to live with uncertainty but without too much stress because otherwise it is not sustainable. Thus, I learned to be more patient with myself and others regarding the mistakes made and this attitude allowed me to learn more and to be more attentive and able to face unexpected situations. This also made me more aware of the complexity of communication with others.

As an illustration, in 2000, I was a minority shareholder and a member of the management team of an offset company. Technologically and in terms of human resources, the company was well supplied. But there were difficulties in the relationship between the major shareholder and the management team. We did not speak the same language and we did not share the same perspective about the development of the company. The major shareholder had a strictly short time financial view of the company. The cues that indicated that, sooner or later, a clash between shareholders would occur were present. I noticed these cues but I preferred to ignore the downfall that the cues announced. Effectively I allowed this status quo that in the end led to the collapse of the company. Today, I probably would be more aware of the cues and their consequences for the company and in these circumstances I would react.

My professional life has been characterized by the need to frequently adjust to unfamiliar places and totally new work contexts. Kohonen (2005, p. 28) observed that traditionally, most people have derived their identities from their job or organization where they work. Instead, people who pursue boundary less careers, develop their identities more around skills and competencies. In this case, because identity is less based on a certain job or an organization, this opens up the boundaries of identity and one's identity becomes a field of active restructuring. Therefore, the circumstances I have lived in the last few years and the experience of doing the DBA have created a situation favorable for sensemaking, allowing me to reflect on who I am and what kind of life I want to live. In fact I have changed my perceptions of past experiences because I was able to reflect on my own work and life in different ways.

## 5. Academic activity

In the beginning, one of the most important aims of doing the DBA was the need for “academic credibility” to develop my career as a lecturer. In fact I was invited to be a part time lecturer because of my professional experience as a manager. But I recognized that in terms of academic knowledge, I needed further studies. This was important both in terms of knowledge as well as in terms of curriculum. Thus, the experience of doing the DBA was also an effort to build my identity and credibility as a lecturer. Blenkinsopp and Stalker (2004, p. 425) suggested, for those that enter academia in mid career, the decision to become a researcher has implications for self identity, as it represents a clear departure from managerial roots, and there is therefore an issue of credibility. This was an important challenge that I had to overcome. In the first two years as a lecturer that coincided with the beginning of the DBA, it was an uncomfortable experience because during the classes I was under the scrutiny of more or less 35 students that had big expectations regarding the classes. The first experiences were not successful because I tried to lecture classes based on prescriptive recipes from different authors. To overcome this challenge and be able to perform more effectively, apart from the study of theories and authors, I tried to connect with myself in terms of what I had learned from my experience as a manager. In effect, I have more or less twenty years of experience as a manager.

Thus, regarding my role as a lecturer, and also based on the experience of doing the DBA, I became aware that, as suggested by Moon (2006, p. 19), learning is not accumulation, but a process of changing one’s conceptions or ultimately, of transforming oneself. So today, the classes I lecture are mainly a share of personal and collective experiences and the confrontation of these experiences with the theories of relevant authors. As McKenzie et al. (2009, p. 226) state “management education has a responsibility to design learning experiences that provide the opportunity to practice dealing with uncertainty, ambiguity and contradiction in a non-threatening and less risky setting”. In order to achieve this we must, in some way, be able to allow others to know us. Etherington (2004, p. 25) argues that by allowing ourselves to be known and seen by others, we open up the possibility of learning more about our topic and ourselves, and in great depth. Therefore, although the experience of teaching at this level is always a challenge, today it is a stimulating experience where in most of the cases I feel enthusiasm. Step by step, the classes became more interesting both for the participants as well as for myself because they became an opportunity of sensemaking for all of us to reflect and discuss about our time, the organizations where we work, the challenges we face, and in the end, also the kind of life and work we want to create.

As an example, one of the interviewees for both documents three and five, M, was a student at a General Management Program, some years ago, where I was one of the lecturers. He has more or less my age. During one of my classes, I spoke about an experience that I had as a manager and shareholder of a company. Fifteen years ago, I had a share in a leather company where I was the commercial and production manager. We had suppliers of raw materials mainly from the United States, we transformed them and we sold them to the Portuguese shoe industry. We had also some suppliers in India and because of that I regularly went to India. During my trips to India, I saw that my competitors in India had high levels of growth both in turnover as well as in profit, and although they had a low cost structure, they invested lot of resources in modern and sophisticated equipments, which I was not able to do because my margins were low. Because of that, I became convinced that we had no future in Europe and I tried to find an alternative for our company. With one of the suppliers with whom I had a very good relation, I convinced him to be our partner in a shoe factory in India. He agreed with me and after that I tried to convince the other shareholders of my leather company to accept this challenge and to build this factory in India as an alternative industrial project for us, considering that it would be impossible for us to sustain our factory in Portugal. The main shareholder did not accept my proposal and because of that, I sold my shares and I left the company. Some years after the company went bankrupt.

After the interviewee that I made to M in the context of the interviewees for document 5, he invited me to dinner with him at his house. So, during the dinner with him, he reminded me that I told that story in one of my classes. In fact, in some way, the circumstances that I lived in that story were similar to the circumstances that he is living today. During the dinner he spoke about his life, how he entered the business, and his state of mind. He is pessimistic about the future. He regretted that in the face of an increasing competition from China and India, he did not have the courage to divest from the business and close the factories. According to him, today is too late for that because he has lost money through these years and he does not have the financial resources to pay all the responsibilities and close the factories. So he is fighting without hope. Because I knew him from the classes, because we have met several times, we have similar ages, and we have lived similar experiences in the industrial sector, I felt during the dinner in a vivid way those feelings of being trapped.

## **6. The overall experience.**

The experience of doing the DBA has brought mixed feelings. It has been an opportunity to learn and reflect about management, about the world where we live and about other people

and myself. At the same time, it was sometimes painful because it was difficult to reconcile all the activities and responsibilities that I had as a parent, a friend, a professional and as a student. Furthermore, in the last two years I also began to work intensively in Angola. Not only I had to adjust my professional and familiar life to this new situation, but I also had to come to terms with this environment in social, cultural and professional terms, which was not easy. All these situations demanded a major adjustment in my identities, as father, husband, teacher, professional, colleague, etc. I had to interact with different people, to coordinate my work with them in a context where my presence was not permanent, and all these situations were difficult to manage. The outcome of the experience of doing the DBA was very rewarding, because the knowledge and the experience gained are today at the core of the challenges I have to address. In fact, I have adopted myself some of the recommendations suggested in document 5.

The challenge I live today is to be comfortable with my life considering that I divide my life between Portugal and Angola, I work for a company in Portugal and I teach in a business school in Portugal and I also work for a company in Angola and teach in a business school there. Furthermore, I have my wife and my children in Portugal. Thus, I must be able to discover solutions out of contradictions in terms of adjustment to different cultures, mindsets and challenges. In order to do this, when I am not sure about what path to adopt, I tried to be attentive to new ideas and thoughts instead of rushing into action. This is difficult because some of my colleagues consider this attitude as an expression of incapacity to take action. Thus, to keep options open for some time requires not only capacity to tolerate ambiguity but also capacity to live with the pressure from my colleagues.

I also recognize that the expansion of discursive resources allows the discovery of new possibilities. I also believe in adopting discursive resources that stimulate positive attitudes of tranquility and energy. Another effort that I am doing is to widen and deepen conversations. As an example of this effort, we today invite people with different backgrounds from within our organizations but also from outside them, to listen to their ideas and opinions which allow us to create a more complex view of reality. Furthermore, when someone has a completely different perspective I try to understand what cues he noticed and what he discovered through them. Today, I am also able to look conflicts as opportunities of sensemaking instead of making an effort to suppress them, as I used to do in the past. Through these attitudes I am making an effort to use multiple sense making frameworks, even when there are inconsistencies between them. This is in line with the idea expressed in document five that managers should be like chameleons with the capacity to

adapt, shift and adjust as necessarily.

Today, I work for several organizations. One of them belongs to a friend of mine that I know for a long time. I knew him when I was a student at the university. In the last twenty five years, I worked with him in different situations. He is the shareholder and Chief Executive Officer of an important company that develops its activities in several countries. He invited me as a project leader of a health project. In the context of that project we had the opportunity to speak to each other in several occasions. Step by step, I realized that, although he had an impressive professional success, he had a personal feeling of being lost. This friend of mine expressed several times his thoughts and feelings of being confused and tired. Because of the life he lived, his physical and psychological health collapsed. So, he is trying to reinvent himself, the way he lives and the way he works. Because we knew each other for a long time, I am one of his friends to whom he is able to talk about this effort to reinvent his life. And this has become one interesting and enriching experience for me, not only because I had the opportunity to learn through his experience and reflections, but also because this is an opportunity to reflect with him and with some of his closest friends about our time, our world and the style of life we live.

This experience that my friend is living and is sharing with me illustrates what I have learned and understood through this journey. The need to reinvent our identities to adjust to the realities we face keeping some coherence in our life story, the need to integrate with imagination and equilibrium the different dimensions of our life, the need to notice cues that announced futures that already exists, the belief that whatever happens, we have the capacity, intelligence and will to understand, create and find the solutions to address these challenges if only we have the capacity to look with curiosity and open mind to the world around us and ourselves. So, in the end of this journey I do not have much more answers to the challenges we face. My both countries, Portugal and Angola, have to address major problems and challenges, both in the present and in the future. But I have more hope in our ability to address these challenges.

## **7. Conclusion.**

These last four years were very interesting and difficult times. I had to channel a significant energy and time to this project. My wife sometimes expresses some desire that I dedicate more of my time to the family. Hence, one thing that I would like to do is to dedicate and enjoy more my family life. Regarding my academic activity as well my professional life, I intend to dedicate myself mainly to issues concerning the development of Angola and my

academic activities both in Portugal and in Angola. In Angola we have created a Business School, the Angola School of Management, in partnership with AESE Business School from Portugal and IESE Business School from Spain. This is a project that will need my attention and effort, both as a lecturer as well as a member of the board.

What I learned through this journey seems to me of enormous importance. As Porter *et al.* (2004, p. 71) argue, “nothing in the CEOs background prepares them for the function...when the CEOs expressed their feelings about themselves they expressed a feeling of losing control over their time, a feeling that they became the bottleneck, and a sense that employees developed stories that distort reality”. Thus, I believe that what I learn could have significance in my life both in the organizations where I work as well as in the business schools where I lectured. Looking retrospectively, I can say that the experience of doing the DBA was an adventure because the process and outcome have been a surprise. As Aaltonen (2007, p. 110) pointed out, “making sense of the world is an adventure, not an algorithm”.

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