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# Intrapreneurship, local initiatives in organizational change processes

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## Abstract

**Purpose** – This paper has its focus on local initiatives in developing the work organization. Local initiatives describe how shop floor workers and middle managers initiate organizational change by developing ideas emerging in the daily operations. The purpose of this article is to elaborate on how and why such local initiatives emerge and develop.

**Design/methodology/approach** – The paper combines theories about entrepreneurship and organizational change as a framework to understand local initiatives. Local initiatives contribute to the understanding of organizational change processes by emphasizing not only the voice of the managerial discourse but also the voice of local actors. The empirical findings are based on interviews in a paper pulp plant.

**Findings** – Local initiatives are a way for shop floor workers and middle managers to translate work procedures into something that makes sense in their own context of daily operations. The intrapreneur acts not as a change agent for someone else's intentions but as a self appointed actor who initiates and drives the process of creating unequivocal interpretations of equivocal events.

**Research limitations/implications** – The findings are based on a single case study.

**Practical implications** – The paper stresses the importance for managers to find ways to deal with local initiatives. Generating and collecting ideas is the easy part, the challenge is to do something with the ideas received.

**Originality/value** – A model is suggested that describes four different approaches to organizational change.

**Keywords** Entrepreneurialism, Middle managers, Ideas generation, Organizational change

**Paper type** Research paper

## Introduction: a focus on local initiatives and middle managers

What happens when a department, in their effort to develop a viable work organization, find themselves in a situation of redefining not only their own work but also the work organization of other departments? Is this an example of a change process gone astray or is it a result of an entrepreneurial process where employees and middle managers take action as they see necessary?

This paper is based on a research project that focused on organizational change in the paper pulp industry. The case study is a multinational paper pulp company. During 1995-2000 one of their plants with about 500 employees underwent a renovation with a total investment in new equipment exceeding €250 million. During this investment project, the maintenance department came to play a key role in the development of new organizational routines. The striking feature of this process was that the new routines were initiated and developed by the department manager and his staff as a local initiative.



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Indeed, the process of change in organizations is not always initiated from the top and, on occasion, senior management only become involved when the process is well under way ... the change process is a hazardous exercise, but especially for intrapreneurs lower down in the organizational structure (Kirby, 2003, p. 310).

Hjorth (2001) reviews the literature on corporate entrepreneurship and organizational change and states that many of the writers on organizational change talk about roles for change agents but still find no reason to discuss entrepreneurship or entrepreneurs. The literature on corporate entrepreneurship on the other hand bears a strong influence from the strategic management discourse where entrepreneurship is seen as a managerial tool for increasing flexibility and efficiency. Including the entrepreneur in the managerial discourse is a way for management to create a new type of employee who is able to adjust and contribute to the continuous development of the organization. However, this is not the same as to invite entrepreneurs into the organization. Hjorth ends his review by stating:

We lack an entrepreneurial perspective on re-organising. This means that we lack concepts to describe everyday creativity in, e.g. the invention of new practices (Hjorth, 2001, p. 199).

Sayles and Stewart (1995) talk about workflow entrepreneurship as a way to focus on the entrepreneurial processes that occur in the daily operations on the shop floor. They argue that the scientific management model “fails to recognize the persistent need for everyday initiatives by middle managers ...” (Sayles and Stewart, 1995, p. 8). By creative interventions and arranging compromises middle managers can fine tune coordination between different actors.

This paper approaches entrepreneurship and organizational change from a shop floor, middle management perspective by focusing on in the field, micro processes of organizational change (Sayles and Stewart, 1995; Tsoukas and Chia, 2002). Such micro processes are interesting because they provide an alternative to the received view of change within the managerial discourse. The purpose is to further our understanding of how and why local initiatives emerge and develop. The issue of how local initiatives emerge and develop is approached by presenting the findings from empirical studies at the maintenance department at a paper pulp plant. The understanding of why local initiatives emerge and develop is approached by linking theories about entrepreneurship and organizational change to the empirical findings. Kanter (1982) argues that middle managers and their role in change processes is interesting to study because:

... middle managers have their fingers on the pulse of operations, they can also conceive, suggest, and set in motion new ideas that top management may not have thought of (Kanter, 1982, p. 96).

Middle managers feel the pressure of both subordinates and superior managers (Gabel, 2002). Sims (2003) describes how middle managers spend time and effort to make narrative sense of situations that occur in the organization. Sims also points out that middle managers’ effort to explain and describe for shop floor workers how current events evolve is sometimes publicly discredited by top management. Thus, the middle manager must balance conflicting demands from different interest groups. This makes him the gatekeeper who can ignore or support local initiatives from the shop floor.

The first part of the paper contains the theoretical framework and a discussion on the relevance of studying maintenance departments. The second part presents research methodology and empirical findings. The third part draws on the theoretical and empirical material in an attempt to further the discussion on how we can understand local initiatives by discussing different logics of organizational change.

### Theories on entrepreneurship and organizational change

A basic idea in designing a theoretical framework for this study has been to combine theories about entrepreneurship with theories about organizational change. Entrepreneurship theory provides a way to identify the role of the intrapreneur as an individual actor involved in the daily operations of the organization. Theories about organizational change on the other hand, identify the role of the existing collective of the organization in the process of organizational change. The intention is to create a fruitful balance between an individual and collective focus that give us a better understanding of how local initiatives come into play in organizational change processes. The unit that bridges theories about individual entrepreneurs and the organization is the team. Stewart (1989), inspired by Reich's (1987) concept of collective entrepreneurship, discusses team entrepreneurship in the context of an auto parts factory. Stewart states that entrepreneurship is both collective and individual and can be found in unlikely places and is not restricted to high-tech firms.

Stevenson and Jarillo (1990) discuss the possibility to use theories from entrepreneurship research when focusing on corporate entrepreneurship. They state that research on the entrepreneurial process promises the most relevance for the field of corporate entrepreneurship. Such an approach makes it possible to deal with both individual and organizational aspects of entrepreneurship. They also state that it is hard for top management to force entrepreneurial behavior through traditional managerial mechanisms, entrepreneurial processes have to come from below.

Intrapreneurship or corporate entrepreneurship relates to the opportunity for existing organizations to develop the way they operate their business. The field has received varied attention from scholars over time. See for example the special issue in *Strategic Management Journal* (Schendel, 1990) and a recent anthology by Katz and Shepherd (2004). Also the topics have varied, e.g. informal networks (Barnes and Kriger, 1986), the role of top management (Burgelman, 1983), development of an intrapreneurship assessment instrument (Kuratko *et al.*, 1990).

Stopford and Baden-Fuller (1994) identify three different types of corporate entrepreneurship. One is the creation of new ventures within an existing organization. Another is associated with the creation of new organizational routines and procedures. The third type is what they call frame-breaking change, i.e. when the changes in one business have such an impact on other organizations that it changes the rules of competition within that industry. Vesper (1984) identifies three slightly different types of corporate entrepreneurship: new strategic direction, initiative from below, and autonomous operation. Initiative from below is described in the following way:

An innovation which is created by subordinates without being asked, expected, or perhaps even given permission by higher management ... (Vesper, 1984, p. 295).

The definitions taken from Stopford, Baden-Fuller and Vesper provide an interesting focus on organizational routines and procedures, and also on the importance of local

initiatives in corporate entrepreneurship. Thus, corporate entrepreneurship is not only confined to the creation of new products or markets but also to organizational design.

Birkinshaw (2000) identifies two distinct models of within-firm entrepreneurship. Focused corporate entrepreneurship or corporate venturing is based on the assumption that entrepreneurship and management are fundamentally different processes that require different modes of organization to occur effectively. As a consequence, all new initiatives are placed in a new venture division. Dispersed corporate entrepreneurship or intrapreneurship on the other hand is based on the assumption that all individuals in the company have the capacity for both managerial and entrepreneurial acts. The entrepreneurial capability is driven by the actors' personal involvement and dispersed throughout the organization. He defines initiative as "the primary manifestation of dispersed corporate entrepreneurship" (Birkinshaw, 2000, pp. 18-19). In the following, intrapreneurship is used to depict local initiatives taken by shop floor workers and middle managers.

Gartner *et al.* (1992) discuss the distinction between entrepreneurial and organizational behavior. They see entrepreneurship as the process of organizational emergence. Entrepreneurial processes are different from organizational processes where the organization is taken for granted. A central property of the emerging organization is its equivocal character and the entrepreneurs' constant work to offer interpretations of equivocal events as non-equivocal.

Entrepreneurs talk and act "as if" equivocal events were non-equivocal (Gartner *et al.*, 1992, p. 17).

Hatch (1997) discusses organizational change from a social constructionist perspective and presents two scenarios. First, organizational change can be a vehicle for management to dominate over other actors inside or outside the organization. Employees are convinced through different kinds of rhetoric that they have no choice but to comply with the rules of management. Second, organizational change can be an opportunity to create a democracy of enactment where the process of change is discussed and open to all through public discourse.

Tsoukas and Chia (2002) call for the need to rethink organizational change and state that change is the reweaving of actors' webs of beliefs and habits of action. Organizational change is not something that is only produced under certain circumstances by certain change agents. According to Tsoukas and Chia, the dynamics of change is best understood by obtaining a more complete understanding of the open-ended micro-processes of change at work. This can only be done by getting to know the unfolding processes from within.

The theoretical framework presented above sets the scene for a discussion about the role of the intrapreneur as a local actor in the organization. Hatch's ideas about a public discourse on organizational change provide a perspective of mutual interaction between management and local actors. Intrapreneurs are the individual actors who initiate this change process, often from a position close to the production line or with a close relation to clients and customers. The role of the intrapreneur is self appointed (Pinchot, 1985) and based on individual motivation and first hand experience from the work place. Such a perspective is radically different from the view where corporate entrepreneurship is confined to a formal role that can be ascribed by management in order to respond to various adversities (Stopford and Baden-Fuller, 1994).

### **The role of maintenance departments in change processes**

Change in the work organization of capital-intensive industries is traditionally seen as closely linked to the physical production facilities. Along with the investments in production facilities and technology comes the opportunity, or necessity, to change the way the operators are working, see, e.g. Tyre and Orlikowski (1994). Björkman (1991) discusses work organization in the paper pulp industry and identifies the organization of maintenance systems as drivers in change processes once the major investments in production equipment are made. Cooke (2002) discusses the important role of the maintenance workforce in technological change and reports that maintenance personnel are rarely involved in the introduction of new equipment. However, once the new equipment is installed, maintenance personnel tend to have a greater input in advancing the new technology, even if management seldom recognizes this potential. By using their firm specific knowledge they can optimize the way the new technology is used at the plant.

Weick (1990) states that new technologies used in complex production systems are equivocal and subject to many different understandings and interpretations by the actors. Weick presents three properties of new technologies; stochastic events, continuous events, and abstract events. New technologies are stochastic events in the sense that uncertainties are permanent rather than transient. Operators need to maintain a large repertoire of skills, even if these skills are only used occasionally. The distinction between operations and maintenance is blurred. Operators must have the autonomy to act on their own initiative as the events unfold. New technologies are continuous events with a strong emphasis on reliability and a steady flow. It is important to keep downtime to a minimum since the economic consequences of a stop in production can be significant. Keeping the process going puts a strong pressure and a high mental workload on the operators. New technologies are becoming gradually more abstract as the distance between the operator and the actual processes grows. Computer screens that are used to describe and control the flow of the process are abstractions of the physical flows. And what is more, these abstract representations are contextual in the sense that individual operators or technicians design them.

Based on the references presented above it is possible to identify three reasons why the ATM department deserves further investigation. First, ATM is a maintenance department that supports the production line. The task of the department is to design and maintain automation and control systems. They are responsible for all kinds of urgent and planned maintenance of the electric and electronic equipment. The quality of their work has a significant impact on the economic result in production, in terms of downtime and subsequent loss of production (Cooke, 2002). Second, maintenance is a service that is dependent on the individual's ability to respond to irregular situations. The role of the maintenance engineer can be described as a boundary spanning position (Louis, 1981). Maintenance workers are in interaction with operators from different departments in order to identify and solve problems. Thus, the employees at the ATM department need to develop a certain awareness of differences in routines and procedures and also to be able to adjust their own ways of working to such differences. Third, as new technology is introduced in the production line the ATM department takes an important role in integrating knowledge (Grant, 1996) between outside suppliers of new technology and operators at the shop floor and also between different departments.

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**Methodology: the voice of the middle manager**

The research approach taken here is based on a dialogue between researchers and actors from the field. Schwandt (1999) discusses the notion of understanding in qualitative studies and points out that an understanding of something is not primarily a private reconstruction of meaning or an autonomous mental activity. Instead, understanding is best recognized as an interactive process by speaking back to another person in a dialogue. As the dialogue continues, our understanding is gradually developed. The presenting or the articulation is the understanding.

All studies were formulated, presented and discussed in a reference group consisting of researchers and actors from both management and operations. During the time of investigation the reference group had regular meetings once every three months with participants from the human resource department and the ATM department. Occasionally, the plant manager and the director of human resources attended the meetings. Thus, emphasis is placed not only on the researchers' frame of reference but also on the actors' frame of reference (Bartunek and Louis, 1996). Using an action oriented research approach provides for the co-creation of ideas and interpretations where both the researchers and actors are involved in the sharing of ideas and knowledge construction (Van Beinum, 1998).

Taking a point of departure in Weick (1990) and Gartner *et al.* (1992), several studies were made on different aspects of organizational change at the plant between 1997 and 2002. These studies were matched on two dimensions, perception of organizational change and participation in organizational change processes. The initial study was a plant wide questionnaire to 110 operators focusing organizational change on individual and group level. Three major findings can be identified from the initial study (Babazadeh, 1997). First, shop floor workers show a great understanding for what can be done to improve production. Second, confusion and frustration sometimes follows because their ideas and suggestions are not always taken seriously. Third, middle managers have an important role in dealing with the ideas from the shop floor. The initial study also revealed that one department that had started to work with local ideas was the maintenance department ATM.

Between 1998 and 2001 three studies were made at the ATM department in order to follow the process of developing local initiatives (Kurvinen, 2000). Initially, the ATM department had five sub-sections with a total of 54 employees. Each section corresponded to a specific part of the production line. A total of 16 interviews were conducted at the ATM department. The persons that were interviewed were the ATM department manager, maintenance engineers, automation engineers, and production managers. The interviews were recorded and transcribed. The material from the interviews and notes from the meetings with the reference group were analyzed by using NUD-IST. A computer software program designed to handle large volumes of qualitative data (Richards and Richards, 1991; Richards and Richards, 1995).

The empirical material for this paper is based on interviews from January 2001 with the ATM manager where he in retrospect reflects upon the changes that they have made at ATM between 1995 and 2001. The events that unfolded at the ATM department are described as episodes in the development of the automation department followed by the manager's comments and a discussion of the critical aspects of each episode. All citations below are from the ATM manager.



### **Episode 1: establishing a platform for communication**

In 1998 the ATM department was divided into sub-sections, with the different production units as the point of reference. A technician from ATM was assigned responsibility towards each production unit. The idea was that he/she should act as a coordinator and a speaking partner with people from the production units. In practice, the coordinators found that they had limited authority to take action. Operators and middle managers from the production units on the other hand, felt that they had problems communicating with ATM and that the department had internal problems with communication (Kurvinen, 2000):

Before you get people with you on these changes, it takes some time. I think one has to realize that we have to let it take time. When the changes started in the 90s I got permission to set up a kind of course. There were 12 persons who refused to take the course, no way. I planned the course to last for three days, they yelled for five days. In fact in the end, it turned out really good. These persons are the ones I have best contact with today, that is when we really had the opportunity to express our thoughts about the changes and what we should do ... Discussions back and forth.

... they think that things are changing too fast. We don't communicate this in a proper way. This is about communication, all the time we get back to communication.

A lot of things pop up in such a change process. About people and what they are able to do. You realize that you can't do certain things. And that one gets scared, like in the early 90s ... the future is uncertain.

To develop the people in the organization ... but it takes time, incredibly lot of time, to change such a static organization. To try and make the persons understand that there are changes going on. To explain in a way that makes sense. They just sit at the side, thinking it doesn't concern them.

It was some kind of platform that was established at the time, ... to communicate as grown ups and not as parents to children.

In the first episode it is the identification of internal routines that are at focus. An effort is placed on discussing the questions with the technicians and to let them speak their mind, even if it takes time. By building a platform for communication they were also building credibility for the changes that needed to be done. During this episode, the relation to the operators in production is a buyer/seller relation where the operators in production are the customers using the services provided by ATM. The ATM manager initiates different projects aimed at changing the work organization in response to the needs of the operators.

### **Episode 2: creating a group and working together**

A new position as maintenance engineer was established at the department in 1999 in order to delegate responsibilities. These persons were responsible for a group of technicians working towards a specific production unit. The goal was to transfer responsibility for both personnel and operations to the maintenance engineers. However, it was not possible to implement this new structure at all sections of the department due to skepticism among the people at ATM. As a result, the department had two parallel structures. One where the new maintenance engineers had the

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responsibility of both personnel and operations and one based on the old structure with supervisors who were responsible for operations but not personnel (Kurvinen, 2000):

The merger of different sections at ATM that came after, that was instrumental I think. Just to realize that it was we who had the problem and nobody else. Before, the problems were shuffled between sections at the department . . . they used to tease me for using the expression nobody is perfect, but a team can be.

The people at my department must be able to handle this equipment. It is my responsibility to see that you can handle the equipment, and that they themselves have a responsibility for their own training and education.

There are still persons here who want to hand over the problem to someone else. What do you need, I say, shall we hire a consultant, bring in people from a different section in order to help you with the task? They themselves have to take a grip on things, there is nobody else who will solve the problems for them.

This has been done step by step. We have taken a few steps forward and then one step backward because the organization has not been ready. You have to pay attention to what is happening in the organization. We are changing the way we work, everybody must participate in the process.

What we are doing at ATM is to create a task force for training and education issues. I have told them, what kind of training do you need in order to stay in tune? Then it is the role of the task force to plan this training for the entire department for the next two-three years.

There are persons who are negative too. We have maybe 10-15 persons at the department who are very negative, still. But that group is getting smaller and smaller. I hope the negative attitude will disappear. People come to me every day and say, this is OK. There is a change going on.

This was when we went from individual to group focus. It was a lot about boundaries and protecting ones' turf. We merged different sections in order to tear down the walls, to be a group.

In the second episode the focus has moved towards building the new work organization at ATM based on delegation. Still, it is a gradual procedure where progress is followed by minor setbacks. All changes cannot be implemented immediately and compromises are formulated. For the outside observer the use of parallel systems makes the organization fuzzy. For the ATM manager, on the other hand, it is a crucial step on the way to a new work organization. The maintenance engineers are now responsible for the communication with the operators in production. The engineers are closely involved in training programs and team building. The manager introduces new ideas to his employees and encourages experimentation around training and education. Even if the ATM manager is instrumental to the changes taking place it is very much a group effort that makes the local initiative work. This marks the first visible sign of a reorientation of the department. By now ATM is not only providing services on the production facilities but also training and education.

### **Episode 3: Integrating processes with operators in production**

ATM has initiated various kinds of training programs during this period. Some of these programs have been focused on ATM's own personnel and others on operators.



These training programs had two main purposes. First, to increase the integration between engineers from ATM and operators from the production units in order to create a common understanding of how the production units should be run. Second, to increase the operators' competence and understanding for how the equipment works. However, the ATM manager felt that he would like to have more support from the human resource department (Kurvinen, 2000):

It has been a real quantum leap for the department up until today, because of all the new technology ... It is not only a quantum leap for ATM but also for the operators who handle the equipment.

It is all about building a team spirit. That they feel confident together, that you dare to ask about things you don't quite understand. Now I'm back to this thing about honesty, that you admit such things. I spoke to the operators, they did not know how to do it. But when we put one of our guys together with the operators and showed him how to do it, then it was all very different. They became pals when they were working together.

Integrating ATM and production, that is a very interesting move, I think. To transfer knowledge in between.

I was thinking about how to do this, if I should do it traditionally. But I thought it might be best if they are in from the beginning ... how should we be organized to be able to meet the demands from the operators in the production?

They are too far away [the human resource department]. They should be able to support us with training programs in an entirely different way. A lot of the things I work with could be done by the human resource department.

The human resource department say that it is good that ATM move ahead. Somebody has to break new ground. We move forward, backwards, and then forward again. Some things take longer time. But the objective is clear.

In the third episode ATM has gradually started to integrate their work with the work of the operators. Even if the manager describes the changes as gradual he also states that it has been a quantum leap for the department. By now, ATM is not only responding to the operators' occasional call for help but actively contributing to the work of the operator. This is illustrated by the case where ATM engineers acted as instructors for operators in a training program. However, this integration process challenges the perception of the work organization at the plant. What is then the difference between an operator and an ATM engineer? Again, the work organization becomes fuzzy to the outsider, even if it makes perfectly sense for the actors involved. This process illustrates how a locally initiated change process gradually meets the organizational structure of the rest of the business. However it is not clear how successful local initiatives are linked to existing structures like the human resource department and management. On the contrary, while the maintenance department is filtering out their new routines, an effort is still needed from the ATM manager to convince management about the advantages of the new organization. And, as stated by Sims (2003) this may be an equally challenging task.

One might argue that the events described above are just part of the job description for any middle manager. A middle manager enjoys a certain degree of freedom to try some ideas that would be difficult for an operator to introduce. What then is it that makes him an intrapreneur? Using Gartner *et al.* (1992) and the idea about interpreting

equivocal events as non-equivocal, there are four such events described in the story from the ATM manager. First, his recognition of the impact that new technology has on his department in terms of new roles and tasks such as training and communication with operators. Second, his effort to change the way the engineers at the ATM department work. The ATM manager identifies a new task for ATM to focus on (training of operators) and then reorients his department in accordance with the demands of the new situation. This integration of the work organization of ATM (maintenance) with operators (production) is an entrepreneurial act. Third, the ATM manager chooses to deal with the task himself. He could have followed standard procedures and handed over the entire issue of teaching the operators to either the human resource department or to the production units. Fourth, the way the ATM manager approaches the task by moving gradually forward together with his technicians, discussing the changes in detail, is in line with the idea about democratic enactment (Hatch, 1997), and team entrepreneurship (Stewart, 1989). The story describes a continuous involvement from the ATM manager and his engineers over a period of time lasting for more than six years. Such an extended time period must be described as a commitment over the long run (Timmons and Spinelli, 2003). Thus, it can be argued that the initiative described above is a manifestation of intrapreneurship.

### **Different logics of organizational change**

The discussion will now be focused on different logics of organizational change. In doing so it is argued that local initiatives in organizational change process have a logic that is quite different from the managerial discourse on organizational change.

Yukl (1998) reviews the literature on participative leadership and discusses four different procedures for decision making: autocratic decision, consultation, joint decision, and delegation. The assumption is that management make decisions and that employees can be more or less involved in the process. Even if delegation means that the authority to make decisions is turned over to the employees, it is still assumed that such a delegation concerns less important functions. Delegation is primarily seen as a way to reduce an excessive workload for managers. Yukl's procedures for decision-making can also be seen as different strategies for change where employees are involved in change processes to a greater or lesser degree. However, what happened at the ATM department is not solely a case of clear delegation from management. Here, it is the department manager and his group who set out to change the work organization. This change initiative comes from actors who are directly involved in the daily operations. And what is more, it is done without management's explicit request or as a part of a management program. The ATM manager is the intrapreneur who not only has an idea about how things can be done differently but also takes the initiative to put these ideas into action. Thus, it is possible to add a different type of approach based on the local initiative of the intrapreneur.

Table I illustrates four different approaches to organizational change: autocratic, participative, suggestive, and local. The approaches are characterized by the kind of involvement among employees and whether it is management or people at the shop floor who initiate the change process. Involvement is described as sporadic or contextual. Sporadic involvement is based on the assumption that the one who contributes an idea is not necessarily needed for the implementation of the idea. The

**Table I.**  
Characteristics of four  
different approaches to  
organizational change

	Sporadic involvement	Contextual involvement
Management initiative to change	<i>Autocratic</i> Managerial discourse Roles are ascribed Planning/implementation Need for popular acceptance	<i>Participative</i> Managerial discourse Representation Workers as change recipients Rhetoric of participation
Shop floor initiative to change	<i>Suggestive</i> Managerial discourse Separate ideas from individuals Committees asses ideas Individual rewards	<i>Local</i> Democracy of enactment Self appointed roles Co-creation of ideas Need for formal acceptance

sporadic involvement can be described more as a one-man show where individual actors submit their ideas for improvements. Contextual involvement on the other hand, assumes that the idea and the contributor are mutually dependent on each other in order to prosper. Contextual ideas are negotiated and developed between local actors.

When management initiate change the approach can either be a traditional autocratic or a participative approach. The basic assumption in the participative approach is that it is management who initiates change and sets the agenda but that employee participation in the process is welcome. O'Brien (2002) reviews the literature on participative change and states that participation is based on the assumption that it does not challenge organizational goals. Managers encourage participation by others in making decisions that would otherwise be made by the manager alone (Jaeger and Pekruhl, 1998). The involvement is contextual in the sense that, e.g. unions have their representatives in the projects. However, this invitation to participate is not always straightforward. Labianca *et al.* (2000) discuss employee resistance in a change project that explicitly stated the intention of participation. In spite of the invitation to participate in the decision process, employees sometimes resist due to cognitive barriers to change. Their conclusion was that "change recipients" fail to revise old decision-making schemas. Hatch (1997) discusses how management uses rhetoric of participation to persuade employees to join the change process but then subvert the process by imposing their own objectives on the employees.

A shop floor initiative to change can either be as a suggestion from individuals or as a local initiative from a group. Inviting employees to participate through suggestions is a classical tool for management to absorb ideas (Lloyd, 1999). Committees then assess the suggestions and if they fit into management's perspective of change, the ideas are implemented and the individual is rewarded. Sometimes however, ideas are only rewarded if they are not directly related to the employee's work description (Cooke, 2002). Such a restriction may be an effective barrier to submit suggestions on areas where contributions can be expected to be high. Thus, even if the idea comes from the shop floor, it is still management who sets the agenda and decides whether the ideas are relevant and viable. It is also management who initiates action. Once the suggestion is dropped in the box, the employee is basically disconnected from the change process. Involvement is sporadic.

Organizational change based on local ideas and actions goes beyond a mere suggestion to improve operations. A local initiative in change processes is dependent

upon the existence of an intrapreneur, a person from inside the organization who has a thorough knowledge of the local operations and its strengths and weaknesses. The intrapreneur sets out – invited by no one – to deal with the problems they face in an unconventional way and by using the resources that can be generated. If the intrapreneur is successful he/she initiates a change process that is essentially uncontrolled in the sense that only a general objective about improvement has been articulated. This is of course a quite different approach to how change is initiated compared to the autocratic approach where the overriding objective may be clear to the entire management team, but where implementation may prove to be difficult. Regardless of how good management's intentions are, there is always a risk that the project diffuses as it travels down the organizational hierarchy. On the other hand it is illustrated above that the local initiative may be equally sensitive once it grows and meets the existing organization. In this situation, the local initiative can either progress to become a part of standard procedures or it may dwindle and die in a political conflict. Thus, the problem of diffusion and acceptance of ideas is a common denominator for both processes, but in different ways.

Another characteristic of local initiatives is its focus on group processes (Stewart, 1989) and co-creation. These processes have a strong instrumental aspect where action, determination and talks are equally important. What you do is just as important as what you say. At the same time, change is socially constructed and starts in the daily communication between actors. This is illustrated above where the ATM manager during episode 1 spends a lot of time communicating with the people working at ATM. Thus, talking and discussing about change is a necessary but not sufficient condition for change to occur. Eventually, words must convert into action in order to be accepted by the actors in the organization. It is one thing to formulate a thought or a need for change and quite another to form the routines of the new organization. The involvement is contextual in the sense that local actors drive the initiative.

Local initiatives have an inherently large potential for development. If all new ideas are supposed to come from top management then change and renewal is dependent on a limited group of people and their ability to plan and implement change. If, on the other hand, the ideas from the intrapreneurs are legitimized and accepted by top management it becomes a valuable source for renewal (Birkinshaw, 2000). In practice, the number of ideas and suggestions that are floating around in organizations is appreciable. Even if only a fraction of them are explored it may still prove to be an important part of the company's overall effort to create a viable organization.

Linking the discussions above to the theoretical framework presented earlier, the story from the ATM department can be interpreted as a local initiative to change based on translation and sense making. The middle manager and his engineers are involved in a process of translating the equivocal ideas that are embedded in the new equipment into a story that works for them as a group in their daily communication with operators. Such a story can then be retold in a new context in order to make sense of a situation. The intrapreneur initiates this process of translation and storytelling and it develops through a process of democracy of enactment between operators, maintenance engineers and the ATM manager.

## Conclusions

The empirical findings presented in this paper are based on the studies of micro processes within organizations. Such micro processes contribute to our understanding

of organizational change processes by emphasizing not only the voice of the managerial discourse but also the voice of less apparent actors such as the actors at the shop floor. The maintenance department has provided a rich context for studying such micro processes.

Using theories on entrepreneurship and organizational change has showed to be a fruitful way to understand the development of local initiatives in organizations. Emerging from a democracy of enactment, local initiatives in change processes are based on a different logic than the change initiatives based on a managerial discourse. Local initiatives are a way for shop floor workers and middle managers to translate new procedures into something that makes sense in their own context of daily operations. This is an essential process since it allows operators to adjust the default instructions for operation given by the manufacturer to the specific context of the plant.

The intrapreneur is the individual who acts not as a change agent for someone else's intentions but as the one who initiates and drives the process of creating unequivocal interpretations of equivocal events. The role as intrapreneur is proactive. There is always the option to hand over the issue to the one with the job description that includes dealing with new ideas.

Different kinds of criticism can be raised against the approach taken in this paper. First, it can be argued that the limitations of the managerial discourse discussed above are due to mismanagement. If the intentions of management are properly planned and implemented they will eventually succeed. Local ideas are then assessed and absorbed by management in due order. Second, combining theories about entrepreneurship and organizational change to understand local initiatives may cause somewhat of a contradiction. Are local initiatives an expression of the radically new or is it just an expression of daily routines in the modern organization? A possible response to this is that both the perspective of the intrapreneur and the organization are needed in order to understand the complexity of local initiatives. Third, local initiatives in change processes are described as contextual. The down side of this is that such initiatives only have something to say about very specific situations. This study says nothing about whether local initiatives can be transferred to other departments, let alone other organizations.

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