

2017

# Networking During Strategic Change in Small Organizations


Louis Grabowski

Georgia State University, Lgrabowski1@gsu.edu

Lars Mathiassen

Georgia State University, lmathiassen@ceprin.org

Follow this and additional works at: <https://commons.case.edu/emr>

 Part of the [Business Administration, Management, and Operations Commons](#), [Entrepreneurial and Small Business Operations Commons](#), and the [Nonprofit Administration and Management Commons](#)



This work is licensed under a [Creative Commons Attribution-NonCommercial 4.0 License](#)

## Recommended Citation

Grabowski, Louis and Mathiassen, Lars (2017) "Networking During Strategic Change in Small Organizations," *Engaged Management ReView*: Vol. 1 : Iss. 2 , Article 1.

Available at: <https://doi.org/10.28953/2375-8643.1012>

<https://commons.case.edu/emr/vol1/iss2/1>

#### EDITORIAL NOTE

A classic tale of strategy execution is that managers first develop a plan to shape their environment and then configure and harness adequate resources to generate the expected strategy outcomes. Such a tale is mostly useful to narrate strategies in large organizations that operate relatively independently in specific markets. However, it rarely applies in contexts where a small organization with meager resources tries to change its environment while it strongly depends on and is shaped by that environment. In such situations, strategy execution is not a linear march to a desired goal, but rather a string of dramatic adaptations to seize and realize emerging visions that open in the margins of the environment. Grabowski and Mathiasen's insightful and well researched article analyzes strategy execution challenges in such settings. They apply Actor-Network Theory—a rare bird in the fauna of strategy ideas—to pinpoint two important aspects in successful strategy execution within small organizations. First, they reveal that internal cohesion and strong vision are not enough. More important is how the organization's key leaders and actors align with external stakeholders and their concerns and how they identify and seize possibilities within the environment. Second, they point out that broad and open discussions are hardly the most pivotal elements in strategizing. Managers should understand and shape their environment by analyzing material elements that may enable or inhibit advancing specific ways of relating to the environment and shaping of stakeholder behavior. These can be relatively mundane pieces such as places, traffic arrangements, drawings and plans. It is through the identification and orchestration of such material elements that the strategy gets implemented or pushed aside. As such, the article shows how following and tracing material and social actor networks offer a powerful means to empirically analyze and manage strategy execution, its progress and direction.

## Networking During Strategic Change in Small Organizations

Louis J. Grabowski

Georgia State University

Lars Mathiasen

Georgia State University

#### ABSTRACT

Managers recognize change as their number one challenge with the vast majority of their initiatives ending in failure. Managers of small organizations are particularly challenged because these organizations have limited resources and they are particularly vulnerable to environmental dynamics. Against this backdrop, we conducted a qualitative, longitudinal study into a small organization that struggled with strategic change over a seven-year period. We draw on concepts from Actor Network Theory to reveal the importance of effective, conscious, and proactive networking with internal stakeholders and with the powerful, external players upon which small organizations depend. This perspective also emphasizes that managers must pay attention to influential, non-human actors such as optimistic budgets, alluring drawings and pictures, persuasive presentation materials, and attractive spaces and buildings that operate very subtly to frustrate or support change efforts. We conclude by proposing a model for strategic change in small organizations that focuses on aligning the interests of internal and external actors through comprehensive networking, triggered by destabilizing tensions, and affected both adversely and positively by powerful non-human actors.

## SYNOPSIS

**Purpose:** To help managers in small organizations promote strategic change by consciously and proactively networking, both internally and externally, and by recognizing and leveraging the influence of non-human actors.

**Problem of Practice:** Managing strategic change in all organizations is challenging, but it is particularly difficult in small organizations. With limited resources, small organizations not only must come together internally but also must satisfy the diverse interests of powerful external stakeholders. To achieve this balance, they need to engage in extensive networking and effectively manage the influence of different tangible objects.

**Results:** We analyzed seven years of a small organization's struggle to change its strategic direction. This examination revealed a difficult process of trying to align the interests of diverse, heterogeneous networks of human stakeholders by using documents, physical spaces, and other tangible objects in which the stakeholders—and particularly the internal stakeholders—had inscribed specific interests. Destabilizing tensions first emerged when the organization was seen as no longer meeting the needs of key stakeholders. The ensuing change process was highly emotional because many board members were personally involved as caregivers for the organization's primary clients: developmentally disabled children. Throughout its 50-year history of adapting to changes, this affective attachment contributed to the alignment of internal interests; however, it also limited the board's ability to consider alternative strategic options, as well as its ability to align internal interests with powerful external stakeholders. The premature internal alignment early in the change process contributed to the director's and the board's mutual desire to embrace a strategy of building and operating a multi-purpose facility—"a one-stop shop"—to meet its clients and stakeholders' needs and to accomplish its mission. For more than four years, the

director and key board members tried unsuccessfully to manage other stakeholder networks and align their diverse interests to allow for this proposed development. Explicitly and implicitly, several tangible objects—such as optimistic budgets, alluring drawings and renderings, pictures, persuasive presentation materials, office spaces, buildings, Medicaid waivers, a past windfall profit, and a neighboring facility—also played influential roles affecting the alignment efforts. In the end, the change initiative failed, but not before the organization had spent several years and significant amounts of resources pursuing the dream to build and operate its own multi-use facility. The dream proved to be a distraction from its overall mission and delayed the inevitable strategic decision to settle for a less ambitious but workable solution that met the needs of its clients and stakeholders.

**Conclusions:** Effective management and alignment of internal and external networks is crucial for any strategic change—especially for small organizations that have limited resources and often depend on satisfying the interests of far more powerful external networks. This study used the concepts of Actor Network Theory (ANT) and the case of a small organization striving for strategic change to show how successful change requires managers in such organizations to effectively network internally and with powerful external stakeholders while leveraging and paying special attention to the influence of non-human actors. We suggest that managers in other small organizations can learn from this single case study of a small nonprofit in the southeastern United States by carefully interpreting the results and adapting them to their own change effort and context.

**Practical Relevance:** Strategic changes involve discernment of current problems and exploration of possible solutions, and board members, executives, managers, and key staff all playing important roles. With limited resources, managers of small

organizations must consciously and proactively network to align internal interests while simultaneously satisfying the interests of powerful external stakeholders. Indeed, networking of heterogeneous and often diverse actors is essential throughout the strategic change process—from problem definition and solution formulation through implementation. This networking might require executives to consider less ambitious, more incremental change initiatives. Moreover, the persuasive effects of tangible objects, including ambitious plans, attractive buildings, alluring pictures and optimistic projections, must not be underestimated. Rather, managers must actively recognize, control, and leverage these inanimate but influential actors and use them as effective agents of change, either by consciously creating new ones or by actively diminishing the influence of others. In short, managers can create successful strategic change in their organizations by viewing strategic change processes as ongoing negotiations of heterogeneous internal and external interests; by appreciating and influencing who the involved human and non-human actors are; and by recognizing their interests, defining their roles, and ensuring they enact these roles in ways that align key stakeholders' interests.

## METHODS

**Research Question:** How can networking internally and externally and leveraging the influence of non-human actors help small organizations to manage strategic change?

**Research Design:** We completed a longitudinal, qualitative, seven-year study of strategic change at *SmallOrg*, a nonprofit organization that provides services to developmentally disabled clients in the southeastern United States. Using engaged scholarship (Van de Ven, 2007),

we solicited the perspectives of multiple stakeholders through participatory observation and semi-structured interviews. To improve reliability and to mitigate retrospective biases, we also reviewed archival documents from the organization.

**Data Collection Strategy and Analysis:** We conducted 24 interviews; directed workshops with management and board members; attended board meetings; met several times with the director, staff, volunteers, and other board members; and

observed the day-to-day operations of *SmallOrg*. In 2015, one of the researchers became a member of the Board and the Executive Committee, while the other researcher remained independent of the organization. To analyze the data, we systematically coded the extensive empirical material based on key ANT concepts and identified major events in the organization's real estate decisions during the seven-year period (see Appendix).

## PRACTICAL PROBLEM

Managing change is the primary challenge identified by 48% of businesses worldwide (Brand et al., 2016), and a 2008 global survey by McKinsey & Company noted that some two-thirds of change initiatives fail (Burnes, 2011). Because of their lack of structure, smaller organizations can face particular difficulties in managing change (Ford, 2009), and given their limited resources (Pfeffer and Salancik, 1978; Guo and Acar, 2005), they often must effectively engage multiple stakeholders and particularly powerful external players to be successful. Moreover, tangible objects, although often overlooked, have an instrumental role in the process and can be just as important as human actors in aiding or derailing change. Stakeholders create various objects to promote their interests, such as pictures, renderings, spreadsheets, and PowerPoint presentations, and other objects also might already exist and influence the process, including work spaces, buildings, and written policies and procedures. Managers therefore need to learn to network with and control both human *and* non-human actors to achieve strategic change.

## LITERATURE REVIEW

Considerable research has been conducted on organizational change and change management (Kickert, 2010). We can categorize the research based on whether theories suggest a predefined or an emergent structure in the change process, and on whether they focus on change within or between organizations (Van de Ven and Poole, 1995). Further, change can be viewed as a process that is effectively managed by change agents through a series of unfreezing and freezing stages (Lewin, 1951), or that is unpredictable, continuous, and cumulative, thereby requiring constant adaptations and alterations (Weick, 2000).

Although substantial research is available on strategic change (Muller and Kunisch, 2017), considerably less research exists on managing strategic change in small organizations that have limited resources. Change management processes in small organizations have been shown to be different from those in larger organizations (Beaver and Jennings, 2000). In larger, more mature organizations, considerations involving people, systems, controls, and strategic planning are the primary focus; meanwhile, in the early stages of growth and for smaller organizations in general, cash flow and external concerns relating to business resources (e.g., customer relations and vendor sources) are

key to success and survival (Churchill and Lewis, 1983). For the smaller organization, strategic management is an emergent process that involves adjusting and manipulating scarce resources while developing external relationships and responding to the changing demands of other entities in the environment (Street and Cameron, 2007; Beaver and Jennings, 2000). As such, smaller organizations that focus on aligning strategies with their environment tend to outperform those with a predominantly internal focus (Wiklund and Shepherd, 2005). Further, strategic management in these smaller organizations is highly influenced by the personalities, characters, disposition, and experience of the key actors (Beaver and Jennings, 2000). Planned change initiatives might be less successful than in larger companies because of a relative lack of structure and controls (Ford, 2009). Similar to their for-profit counterparts, small nonprofits, which are "business-like" in terms of goals, service delivery, and management (Dart, 2004), must align their practices with organizational values, missions, stakeholder expectations, and context to achieve organizational effectiveness (Herman and Renz 1999, 2008). These resource-constrained organizations also depend heavily on both internal and external sources of power and on the political and economic dynamics in both local and wider social systems (Bielefeld, 1998), and their managers must therefore make decisions

that address the needs of diverse internal and external groups (Schwenk, 1990).

In summary, past research suggests that change is different in smaller organizations than in larger ones. Whether for-profit or not-for-profit, their limited resources require them to align with the interests of powerful external stakeholders. Indeed, this alignment is essential to both their success and their survival. However, few empirical studies have thoroughly observed and investigated how managers in these organizations effectively (or ineffectively) interact and network with internal and external actors in striving for the change that is necessary for their organizations' survival and well-being.

To address the gap in the existing literature, this research used key concepts from ANT (see Table 1) (Callon, 1986; Latour, 1987, 2005; Law, 1992) to examine and provide insights into managing strategic change in smaller organizations, including the need for both internal and external networking to achieve alignment. According to ANT, actors are constantly building and destroying networks and negotiating and maneuvering with other networks as

they seek the alignment of heterogeneous interests. Callon (1986) describes an iterative, often non-sequential process he calls *translation*, in which change agents define problems and roles; change agents convince other actors to accept their identified roles; actors accept their roles; and, actors then actively support the change. Throughout this process, the change agents are central, funneling information and constantly working to orchestrate the actions of numerous heterogeneous stakeholders. Importantly, players in the change process include both human actors and artifacts and material objects, according to ANT. These non-human actors, created by both the change agents and the other actors convey the ideas, values, and intentions of their creators and can be just as influential as human actors. Thus, managers must network with and align the interests of both human and non-human actors to be successful in achieving strategic change.

## FINDINGS

As a small, nonprofit organization with annual revenues of approximately \$500,000, *SmallOrg* provides human services to the developmentally disabled in the southeastern United States. Both financial and personnel resources to serve the needs of this community are scarce. *SmallOrg* has six employees under the leadership of an executive director who has served in the position for 20 years; relies on volunteers to accomplish its mission; and, collaborates with other organizations to operate its 22 residential group homes. This reliance on volunteers and other organizations creates a highly complex, flat organizational structure with many heterogeneous stakeholders. *SmallOrg* receives revenues from its group and respite homes, but it still depends on constant fundraising for its survival. During its 50-year history, the organization has had to adapt to ever-changing government budgets, policies, regulations, and philosophies. The current organizational profile of advocacy, information dissemination, and respite and group homes once also included educational and monitoring services for the developmentally disabled.

**Table 1: Actor Network Concepts**

Concept	Description	Examples from SmallOrg
Heterogeneous Actors and Networks	Actors with diverse interests interact, transform, and come together to act in concert. In ANT, actors are constantly building and destroying networks and negotiating and maneuvering with other networks to create ordering effects and to align interests.	The strategizing process involved configurations of stakeholders with diverse interests, including directors, managers, staff, and board members; external actors, such as donors, foundations, lenders, landlords, government agencies, caregivers, clients, and suppliers; and, expert actors, such as brokers, consultants, and contractors.
Non-Human Agency	Artifacts are created, and they represent the values and interests of their creators. They act on and are acted upon by human actors, and might be just as influential as human actors.	Renderings, plans, budgets, feasibility studies, community needs assessment, projections, spreadsheets, brochures, websites, pictures, buildings, vacant or occupied spaces, furnishings and equipment, rules, procedures, policies, legacies, economy, and dreams.
Translation	Interests of multiple, heterogeneous actors are aligned in a process by which the actors enlist others to fill roles created and prescribed for them. The process might be iterative and non-sequential and usually involves a change agent who acts as a funnel of information.	In seeking strategic change, the director and certain board members acted as change agents, controlling information and trying to manage multiple stakeholders in an effort to align their diverse interests.

### *Non-Human Actors Trigger Change*

In 2004, *SmallOrg* operated from a 1,200-square-foot space in a poorly maintained, one-story office building. For years, this space served to align several of the interests of its heterogeneous networks. The space was inexpensive, satisfying the budgetary concerns of its board and executive director and the limited income available from government sources and donors. The building was located on a bus route, meeting the transportation needs of its disabled clients and volunteers. The facility also was close to other collaborative nonprofits, *SmallOrg's* respite and group homes, and the residences of the director and many of the staff, board members, and client caretakers. Then in 2004, the executive director and several board members visited a campus-like facility for treating the disabled in a neighboring state. Instead of touring a cramped office, they were provided with a vision of what *SmallOrg* could be: a multi-purpose facility providing after-school and after-work programs; drop-in respite care; summer camp; training in adult daily living skills; a recreation center; meeting space; and administrative offices. This facility re-activated a decades-old dream of a one-stop shop that housed the administrative functions and provided a place for offering disabled clients medical and dental care, respite care, summer camps, and recreational and social activities. The executive director described this dream as "one of those 'Dawn of the Dead' things that just keeps coming back." In addition, earlier in 2004, *SmallOrg* sold a property that unexpectedly produced a \$700,000 windfall. Suddenly, the example of the campus-like facility, the windfall profit, and the cramped, inefficient, and worn office space all became triggers for change and sources of destabilizing tensions.

### *Quick but Premature Internal Alignment*

The board soon appointed a long-range planning committee to research and design change strategies. All but one of the committee members were caregivers of a developmentally disabled child and had personally experienced the lack of con-

venient services for their children. This common experience helped to align the internal interests of the organization very swiftly, and *SmallOrg's* long-term strategy was to develop a multi-purpose center for the developmentally disabled. This quickened pace of the internal alignment limited the discussion on alternative ways to best serve *SmallOrg's* clients. Said one committee member, "We convinced ourselves we had to come up with the entire solution for everything. It's either that or nothing." To support the strategy, the committee surveyed the surrounding area to assess existing community services and determined a "horrible need" existed for the services an expanded center could offer. In considering revenue sources for the proposed center, some board members noted that caregivers often depend on the Medicaid Waiver Program to pay for such services. Although some board members expressed concern as to the scarcity of these waivers, this concern was largely dismissed. As one committee member said, "I have no doubt if we were to open a program, we would do it in such a way that people would come. They would not go to some of these other places because we would do it well." In fact, by building a center that offered significantly more space than *SmallOrg* needed, the committee estimated the organization could raise an additional \$146,000 in revenue by sub-leasing the extra space and making other revenue-sharing arrangements with service providers. One board member, in reflecting on the organization's "big dream," said the board members were "all over the lot" in terms of what the facility would offer, including at one point a movie theatre. Finally, the planning committee coalesced around developing a brand new, 21,000-square-foot, \$5.4 million, multi-purpose concept, complete with a full gym and locker rooms to replace *SmallOrg's* 1,200-square foot, worn office space. Engaging a pro bono contractor and architect, the committee members developed a complete case supporting the plan, including optimistic budgets, engaging schematic plans, and alluring renderings. As inanimate objects, the "horrible need" survey, the visited facility, and the cramped

office space contributed greatly to the alignment of the internal interests of the board, making very little internal networking necessary. In fact, internal support was so strong that the committee members did not feel that extensive external networking was necessary, even rejecting the engagement of a fundraising consultant. They did not see the need to pay \$18,000 to a consultant for a third-party feasibility study when they already had an internally generated supporting case. Further, based on their comments and questions, the director remarked that it was difficult to determine whether such consultants would be "with us or against us."

### *Networking with Powerful External Actors*

For four years, from 2004 to 2008, the director and various board members tried to engage the support of external stakeholders for their ambitious plan and to convince them of the need for and feasibility of the center. They held more than a dozen meetings in 2008 alone. Individual donors and foundations questioned the assumptions and projections, were concerned about *SmallOrg's* ability to fund and sustain the center, and hence were hesitant to contribute to it. Politically, the governor and mayor could not promise any additional government funds. According to the director, the state official responsible for state services for the developmentally disabled in one meeting termed the concept "old school" and implied that, in the director's words, "you people are nuts." Medicaid waivers remained scarce. Despite extensive external networking efforts, alignment with external stakeholders proved to be elusive, although the planning committee continued to report to the full board each month by using new presentations and the created renderings and other materials to keep the idea fresh and alive internally.

In 2009, when they had failed in their efforts to align with the interests of external actors and enlist their support—and with a weakened economy, available funds in doubt, and internal support exhausted—the executive director and board decided

to delay plans for the one-stop shop and extended the lease on their small office on a month-to-month basis. In early 2010, a frustrated executive director invited the authors and two other students from a local university to review *SmallOrg* and to recommend changes to improve its operations and current service profile. The research team conducted a series of interviews, workshops, and meetings with the executive director, her staff, and board members to determine their interests and goals, as well as the broader network's support for the organization. In collaboration with the director, staff, and board, the research team re-defined *SmallOrg's* strategic direction, shifting from the single goal of the multi-purpose center and instead identifying multiple smaller, incremental changes as the most effective way to fulfill its mission of serving the developmentally disabled (Grabowski et al., 2014).

#### *The Alignment of Stakeholders*

By August 2010, the interviews, workshops, and meetings had served to align the internal interests, and the board approved the new strategy of incremental changes, including an expansion of *SmallOrg's* service profile and relocation to a larger space to accommodate the service profile changes. In February 2011, *SmallOrg* moved to its new space, which aligned the interests of diverse internal and external stakeholders in several ways. First, the location was not far from the old one, and it remained on the bus route, which represented the aligned interests of clients, caregivers, board members, staff, the executive director, and volunteers. Second, the space offered a more professional, efficient environment at an acceptable increase in cost, bringing into alignment the interests of potential donors, the board, and executive director. Third, the expanded size not only helped to meet the needs of the staff, but also provided space for possible future plans—for example, a paper-shredding program to provide clients with a purposeful occupation to learn job skills while earning a small wage. In 2016 the lease on this space was renewed for another three years. Many of

the internal and external stakeholders and their interests have not changed significantly, and their interests continue to be met; still, the “Dawn of the Dead” dream of a one-stop shop continues to occasionally resurface in monthly board meetings, creating tensions that threaten to destabilize the achieved alignment.

### LESSONS FOR PRACTICE

Managing strategic change in any organization is difficult, but it is particularly difficult for small organizations that have limited resources and high dependence on powerful external actors. As such, *SmallOrg's* seven-year struggle to change its strategic direction by building a multi-purpose center reveals important lessons for practice.

1. *Avoid premature internal convergence toward one strategic solution.* Moving forward on a strategic initiative requires networking and maneuvering to align the internal interests of the organization behind a common strategy. However, effective internal networking is not equivalent to achieving quick consensus and strong cohesiveness. Instead, from the beginning, managers must consciously resist premature closure and agreement—especially where strong emotions are involved. In *SmallOrg*, all but one board member was a caregiver of a developmentally disabled child, so that agreement on the strategy of a one-stop shop was virtually a given. Discussion of alternative strategies was minimal; the hard questions were not asked; and information was gathered for the purpose of supporting the chosen alternative rather than to assess possible options. Interested parties who had relevant experience and knowledge, especially the fundraising consultant, were not allowed to provide their perspective—not only because of costs, but also because the already-aligned planning committee members hesitated to involve someone whom they hadn't already determined to be “with us” rather than “against us.” Where such strong alignment already exists, effective internal networking involves

slowing down the process and guiding the internal stakeholders through appropriate explorations rather than moving quickly to achieve consensus.

2. *Engage external stakeholders early to explore alternative options.* From the beginning, organization managers should proactively and consciously engage external networks and sources to identify, explore, and evaluate alternative strategic options. Research has shown that organizations that align their change strategies with their environment tend to outperform organizations that have a predominantly internal focus. In fact, *SmallOrg's* failure to consider options that would align internal interests with the interests of external stakeholders and the demands of their environment might have doomed from the very start the organization's attempt to make change. As the managers of *SmallOrg* pursued their ambitious strategic initiative, they eventually discovered that the state officials providing funding and oversight of services for the disabled viewed their concept of a one-stop shop as “old school”; that the scarcity of Medicaid waivers negatively affected how caregivers could pay for services and hence a primary revenue stream for the center; that strong political support did not exist for generating government funding; and that potential donors doubted *SmallOrg's* ability to fund and sustain the proposed center. Successful change can be achieved only by networking with powerful external players to ensure the alignment of interests and by proactively seeking information from unbiased, knowledgeable, third-party sources outside the organization.

3. *Take iterative steps toward a desired and feasible strategic solution.* Throughout a change process and as managers engage in internal and external networking, their goal is to manage the change by adapting and altering the possible solutions until they converge on the best strategy. In other words, as their networking reveals and influences the interests of key stakeholders, managers should iteratively move toward a strategic solution that

is both desirable for the organization and feasible in terms of aligning stakeholder interests. At *SmallOrg*, the director and key board members continued to focus only on the one-stop shop, despite unenthusiastic responses from government officials, donors, and foundations. Because they were not willing to change their ambitious solution, their years of effort, during which they devoted valuable resources to efforts that neglected their primary mission, were unsuccessful and frustrating. Convergence toward a workable solution began to happen only after the research group engaged with *SmallOrg's* managers to iteratively move toward a workable solution that involved an expanded service profile and a moderately larger space to accommodate that expansion.

4. *Recognize and leverage influential non-human actors.* In seeking strategic change, managers of small organizations should pay close attention to the tangible objects and surrounding physical spaces that both aid and hinder change processes. In *SmallOrg* the cramped and dated office, a windfall, and a multi-purpose facility in a neighboring state came alive to trigger a desire for change. These non-human actors, as representations of the views, ideas, and interests of the human actors who created them, kept the goal of the proposed center alive. Optimistic budgets promised significant new revenue for the organization. In addition, alluring renderings and schematics promised space for needed services, and an internally-generated survey confirmed and reassured the board members of the "horrible need" for the center. All of these material elements were as effective and influential as many of the human participants in fortifying the board's commitment to a one-stop shop solution and in sustaining the dream for many years. Further, the absence of one document in the process—a feasibility study produced by a third party—worked against an alignment that included the external stakeholders. The role these non-human actors played presents both a warning and an opportunity to managers: They must be aware of and actively seek to control the settings and the arti-

facts generated throughout the change process. They may be just as influential as any human participant in the decisions. Meanwhile, managers also can consciously use settings and create artifacts to help advance ideas and interests toward a desirable and feasible strategic solution.

### CONTRIBUTIONS TO THEORY

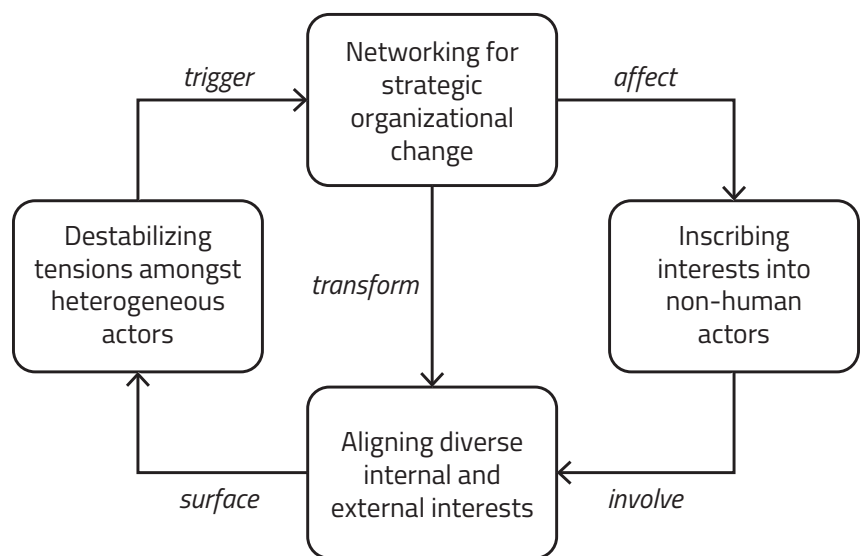
Our study demonstrates the benefit of using the concepts of ANT (Callon, 1986) concerned with the alignment of heterogeneous actors and with both human and non-human agency to examine strategic change in small organizations. As a theoretical contribution, Figure 1 articulates this framing as a conceptual model for managing such efforts.

We observed that, given its limited resources, *SmallOrg* depended on external power sources and political dynamics and that it needed to align the diverse interests of external stakeholders with its internal needs and interests. The study reveals that managers must engage in *networking for strategic organizational change* when the aim is to *align diverse internal and external interests* around a feasible and desirable change initiative. However, alignment of these diverse interests is fragile, and *de-*

*stabilizing tensions among heterogeneous actors* might surface at any time. These destabilizing tensions can trigger further networking with internal and external actors in the effort to iteratively translate the multiple voices into one acceptable strategic direction. As another important dynamic, *inscribing interests into non-human actors* can influence the alignment of diverse internal and external interests, which in turn can influence the overall networking effort.

Strategic change agents in small organizations must manage multiple, heterogeneous actors—both human and non-human—in a complex, political, and iterative process that involves formal and informal relationships (Street and Cameroon, 2007; Stone and Ostrower, 2007; Renz, 2007). Their attempts to align the heterogeneous interests can create new destabilizing tensions and reinforce the need to identify the primary internal and external stakeholders, to know their interests, and to manage them to support organizational change (Wellens and Jegers, 2014). Characteristics such as a strong affective attachment to the organization's mission can be a positive factor in networking and aligning internal interests, but its resulting cohesiveness and premature closure also can serve to negatively affect

Figure 1: Managing Strategic Change in Small Organizations.





the ability to understand and incorporate the interests of external stakeholders and hence the ability to network in ways that enlist their support and align the diverse interests. At the same time, various forms of non-human agency might be created in these efforts to initiate change. These objects can both positively and negatively

affect the networking with and enlisting of influential human actors. In summary, as posited by ANT theory, strategic change in a small organization might be viewed as a constant process of interaction in both internal and external actor networks to resolve destabilizing tensions and to align the diverse interests of its heteroge-

neous stakeholders—a process in which non-human actors play an important role.

**KEY WORDS:** small organizations, strategic change, networking, heterogeneous interests, non-human agency

## REFERENCES

- Beaver, G. and Jennings, P. 2000. Editorial overview: Small business, entrepreneurship, and enterprise developments. *Strategic Change*, 9(7): 397–403.
- Bielefeld, W. 1998. Decision-making context and its impact on local human service nonprofits. *Nonprofit Management Leadership*, 9(1): 53–70.
- Brand, J., Croonen, E., and Welsh, D. 2016. Successfully managing chain-wide transformational change. *Organizational Dynamics*, 45: 94–103.
- Burnes, B. 2011. Introduction: Why does change fail, and what can we do about it? *Journal of Change Management*, 11(4): 445–450.
- Callon, M. 1986. Some elements of a sociology of translation: domestication of the scallops and the fishermen of St Brieuc Bay. *Power, action and belief: A new sociology of knowledge*. J. Law. London, Routledge & Kegan Paul: 196–233.
- Churchill, N. and Lewis, V. 1983. The five stages of small business growth. *Harvard Business Review*, 61(3): 30–50.
- Dart, R. 2004. Being ‘business-like’ in a nonprofit organization: A grounded and inductive typology. *Nonprofit and Voluntary Sector Quarterly*, 33(2): 290–310.
- Ford, M. 2009. Size, structure, and change implementation: An empirical comparison of small and large organizations. *Management Research News*, 32(4): 303–320.
- Grabowski, L., Neher, C., Crim, T., and Mathiasen, L. (2014). Competing values framework application to organizational effectiveness in voluntary organizations: A case study. *Nonprofit and Voluntary Sector Quarterly*, 44(5): 908–923.
- Guo, C. and Acar, M. 2005. Understanding collaboration among nonprofit organizations: combining resource dependency, institutional, and network perspectives. *Nonprofit and Voluntary Sector Quarterly*, 34(3): 340–361.
- Herman, R. and Renz, D. 2008. Advancing nonprofit organizational effectiveness research and theory: Nine theses. *Nonprofit Management & Leadership*, 18(4): 399–415.
- Herman, R. and Renz, D. 1999. Theses on nonprofit organizational effectiveness. *Nonprofit and Voluntary Sector Quarterly*, 28(2): 107–126.
- Kickert, W. 2010. Managing emergent and complex change: the case of Dutch agencification. *International Review of Administrative Sciences*. 76(3): 489–515.
- Latour, B. 1987. *Science in action*. Cambridge, MA: Harvard University Press.
- Latour, B. 2005. *Reassembling the social: An Introduction to Actor-Network Theory*. Oxford, Oxford University Press.
- Law, J. 1992. Notes on the theory of the actor-network: ordering, strategy, and heterogeneity. *Systemic Practice and Action Research* 5(4): 379–393.
- Lewin, K. 1951. *Field theory in social science*. New York: Harper and Row.
- Miles, M. and Huberman, A. 1994. *Qualitative data analysis: A sourcebook*. Beverly Hills: Sage Publications.
- Muller, J. and Kunisch, S. 2017. Central perspectives and debates in strategic change research. *International Journal of Management Reviews*, 00: 1–26.
- Pfeffer, J. and Salancik, G. 1978. *The external control of organizations: A resource dependence perspective*. New York: Harper and Row.
- Renz, D. O. 2007. Nonprofit governance and the work of the board, (article is adapted from a chapter published in *Philanthropy in the U.S.: An Encyclopedia*, (Dwight Burlingame, ed. Published by ABC-CLIO 2004): 1–11.
- Stone, M. M., and Ostrower, F. 2007. Acting in the public interest? Another look at research on nonprofit governance. *Nonprofit and Voluntary Sector Quarterly*, 36(3): 416–438.
- Street, C. and Cameron, A. 2007. External relationships and the small business: A review of small business alliance and network research. *Journal of Small Business Management*, 45(2): 239–266.
- Schwenk, C. R. 1990. Conflict in organizational decision making: An exploratory study of its effects in for-profit and not-for-profit organizations. *Management Science*, 36(4): 436–448.
- Van de Ven, A. H. 2007. *Engaged scholarship: a guide for organizational and social research: a guide for organizational and social research*. Oxford University Press.
- Van de Ven, A.H. and Poole, M.S. 1995. Explaining development and change in organizations. *Academy of Management Review*, 20(3): 510–540.
- Weick, K. 2000. Emergent change as a universal in organizations. In: Beer M and Nohrin N (eds.) *Breaking the code of change*. Boston, MA: Harvard Business School Press: 223–241.
- Wellens, L. and Jegers, M. 2014. Effective governance in nonprofit organizations: A literature based multiple stakeholder approach. *European Management Journal*, 32(2): 223–243.
- Wiklund, J. and Shepherd, D. 2005. Entrepreneurial orientation and small business performance: a configurational approach. *Journal of Business Venturing*, 20: 71–91.
- Yin, R. 2009. *Case study research: design and methods*, Thousand Oaks, CA: Sage Publications, Inc.

## APPENDIX: RESEARCH METHOD

To address *how* small organizations can manage strategic changes by focusing on aligning the heterogeneous interests of human and non-human actors, we designed a qualitative, exploratory case study. To increase the practical relevance of the study, we relied on engaged scholarship (Van de Ven, 2007) using a participative approach through which we obtained the perspectives of various stakeholders on a complex, real-world problem. Further, we followed the three principles of data collection recommended by Yin (2009, pp. 114–124): (a) using multiple sources of evidence; (b) creating a case study database; and (c) maintaining a chain of evidence.

To deepen our understanding and help achieve satisfactory validity through data triangulation, we collected data from several sources using different methods. To obtain general information about real estate decisions in small organizations, we interviewed decision makers from a major private foundation; a real estate consultant specializing in nonprofit institutions; two lenders to nonprofit institutions (one a permanent lender and the other a commercial lender); and several board members and directors of other smaller organizations. In total, we conducted 24 general interviews. Specific to *SmallOrg*, we conducted 11 interviews with board members; the executive director; the operations manager and staff; the commercial real estate broker; and the fundraising consultant hired by *SmallOrg* (although the consultant refused to talk about specifics). The interviews were semi-structured, lasted 30 minutes to 2 hours, and were recorded (if authorized by the interviewee) and transcribed. The Interview Guide began with general questions about the interviewee's background and role in the organization, followed by questions about his or her personal involvement with the organization (e.g., how and why he or she became involved). The longest section involved questions about the background, events, processes, and outcomes of the real estate decisions involved. We wrote

up notes within a few days of the interview and sent them to the interviewees for their comment and feedback. We also used many other sources to mitigate possible retrospective bias in the interviews, to improve reliability, and to further increase our understanding of the change process, including a review of archival documents (e.g., website information, real estate presentations, budgets, cases for support, meeting minutes, and email correspondence, where available). In addition, we conducted several workshops with the board and staff of *SmallOrg* during 2013 and interacted with them on various issues in the subsequent two years. In January 2015, one of the authors joined *SmallOrg's* board, which allowed us to witness firsthand the processes at *SmallOrg* revealed through frequent interactions with the director and staff, as well as attendance at several monthly board meetings.

To maintain a chain of evidence and to increase the reliability of the information, we organized and documented the data using the software, NVivo 9.1. We coded the collected data using descriptive codes for the antecedents and the context in the change process (i.e., economy, mission, service profile, size and structure, growth, board, leadership, strategic plan, and real estate circumstance) and inferential codes guided by the ANT concepts. Initial ANT codes were created for the actor network translation; the outcome of the alignment of interests; and major human and non-human actors. This coding helped to identify salient themes and to organize the data. We revised the coding throughout the data collection and analysis process as new themes and concepts emerged to develop the most appropriate set of codes for the study. These revisions included adding codes for threats to alignment, triggers, and non-human actors, as well as dividing the codes for human actors into internal, external, initiating, and expert actors and the codes for the enlisting of actors into internal and external. We analyzed data further using data reduction (i.e., interview summaries and

the descriptive/inferential levels of coding described) and data display and by drawing conclusions and verifying results (e.g., noting patterns and explanations) (Miles and Huberman, 1994).

## ABOUT THE AUTHORS



**Louis J. Grabowski** is the Director of the Executive Doctorate in Business Program in the Robinson College of Business at Georgia State University. His research interests and publications are in the areas of decision-making, organizational development, and non-profit management. In his business career of more than 25 years, Dr. Grabowski was a partner and executive in a commercial real estate business and has worked for the Kennesaw State University Foundation and in the insurance and high-tech industries. He received his Executive Doctorate in Business from Georgia State University and holds an MBA from University of California–Berkeley and a BA from Stanford University in International Relations. He and his family have lived in Atlanta for more than 30 years.



**Lars Mathiassen** is Georgia Research Alliance Eminent Scholar and professor in Computer Information Systems at Georgia State University, where he also serves as academic director for the Executive Doctorate program at J. Mack Robinson College of Business. His research interests are in digital innovation across different industries. In particular, his research is focused on software engineering, business process innovation, IT-enabled change, and health informatics. His research has been published extensively in journals such as *MIS Quarterly*, *Information Systems Research*, *IEEE Transactions on Software Engineering*, *Journal of the Association for Information Systems*, *IEEE Software*, and *Communications of the ACM*. He is co-author of *Professional Systems Development—Experiences, Ideas and Action*; *Computers in Context—The Philosophy and Practice of Systems Design*; *Object-Oriented Analysis & Design*; and *Improving Software Organizations: From Principles to Practice*. He has served as senior editor for *MIS Quarterly* and currently serves as senior editor for *Organization & Information* and *Journal of Information Technology*. An extensive CV and publication record is available at <http://www.larsmathiassen.org/>.