**Employees' participation in strategy making over time:
The recursive relation between participation and resources**

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Abstract

There is a new trend towards the inclusion of lower-level employees in strategy making. Yet, such participation is challenging as lower-level employees typically lack the resources for participation, such as requisite strategy knowledge. Drawing on a practice-theoretical perspective on resources and data from a longitudinal, ethnographic case study of a participative strategy process in a large insurance company, we examine the dynamics of participation of lower-level employees. In particular, we identify a recursive relation between participation and the enactment of resources. With this finding we contribute to the understanding of participation over time, extending existing research on the resources of participation.

Keywords: Participation, Resources, Open Strategy, Practice Theory, Resourcing Theory

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INTRODUCTION

Over the last few years, scholars have witnessed a new trend towards the inclusion of a wider range of actors in strategy making (Hautz, Seidl, & Whittington, 2017; Whittington, Cailluet, & Yakis-Douglas, 2011). Strategy practitioners have developed new practices to reach out to wider audiences beyond the top management team, particularly also to lower-level employees. Given that lower-level employees tend to have hardly any experience in strategy making, their participation in strategy processes is likely to pose challenges to them. Research on participation has highlighted that the degree and form of participation depends to a large extent on the resources available to the participants (Dobusch, Dobusch, & Müller-Seitz, 2017; Hardy, Palmer, & Phillips, 2000; Jarzabkowski & Balogun, 2009; Mantere & Vaara, 2008; Rouleau & Balogun, 2011). This includes for example knowledge about strategy tools or formal decision making authority, which lower-level employees typically do not possess. Yet, we lack systematic research examining the implications of the lack of resources of employees on their participation and how this plays out over time – considering that these employees' resources might change in the course of their participation.

Against this background, this research project addresses the following exploratory research question: how are lower-level employees enabled to participate in strategy making over time? To answer this research question, we draw on data from a longitudinal, ethnographic case study of a strategy process at an international insurance company, which included 40 lower-level employees in their strategy making. In line with other in-depth studies of participation in a single organization (Dobusch et al., 2017; Westley, 1990), we closely examined numerous verbal contributions of lower-level employees during several meetings across the strategy process. This allowed us to identify the various ways in which resources were involved in participation over time. Our data analysis was informed by resourcing theory (Feldman, 2004; Feldman & Worline, 2016). Consistent with a practice perspective, resourcing theory posits that resources do not exist as such but are defined as resources through their use. This also implies that resources change as a result of being enacted differently.

On the basis of the analysis of our data and informed by our practice-theoretical perspective on the resources of participation, we identified three patterns of change in employees' participation: (1) participation over time leads to the acquisition of new resources resulting in an increase in employees' participation; (2) participation over time leads to changes in existing resources resulting in an improvement of employees' participation; (3) by participating in the strategy process employees learn to connect resources to each other, leading to an increase and improvement of their participation. Furthermore, we identified differences in the patterns of different lower-level managers who were more or less successful in terms of being promoted as a result of their participation. We found that more successful employees tend to participate more or better because

they learned to change and connect resources. With these findings we contribute to the literature on Open Strategy and the more general literature of participation.

LITERATURE REVIEW

Existing research on participation has highlighted that the involvement of different groups of actors in strategy making is shaped by the resources available to them. Most of these studies focused on middle managers and their resources. Due to their role as "intermediaries" between top managers' and operational managers' activities (Floyd and Wooldridge, 1992), middle managers' participation depends resources such as their sensemaking capacities in the process of constructing issues as strategic (Dutton, Ashford, O'Neill, & Lawrence, 2001), the competence of their business to demand their inclusion in the definition of a market-specific strategy (Jarzabkowski & Balogun, 2009), their cultural and contextual capability to shape strategy according to customer preferences (Rouleau, 2005) or their general discursive competence in strategic communication with other actors (Rouleau & Balogun, 2011; Hardy et al., 2000). Some studies have also shown how resources such as formal positions and status affect participation of middle managers (Pappas & Wooldridge, 2007). The same resources have also been shown to be relevant to the participation of individuals in the wider public (Dobusch et al., 2017). As Dobusch and colleagues (2017: 3) observed on participation more generally, "even in strategy-making processes labelled as 'open', resources of actors involved in strategy making differ according to their status [...] and this can increase opacity in strategy making".

Three studies have been concerned with participation of lower-level employees in particular (Lusiani & Langley, 2013b; Mantere, 2008; Mantere & Vaara, 2008). These studies found that participation of lower-level employees may be restricted because of the lack of resources to participate, such as strategic capabilities (Lusiani & Langley, 2013; Spee & Jarzabkowski, 2011). However, most of these studies have treated the resources that enable or restrict participation, simply as static entities without considering the process of participation over time. Following resourcing theory (Feldman, 2004; Feldman & Worline, 2016), we take a dynamic approach in which resources change through their use. In particular, lower-level employees might learn to enact new resources, such as strategy knowledge, over the course of their participation. In turn, enacting new resources might change their level or form of participation. Against this background we focus on the following research question: How are lower-level employees enabled to participate in strategy making over time?

METHODS AND RESEARCH SETTING

This paper is based on a longitudinal ethnographic study at a large international insurance company, which offers general and life insurance products and services around the globe, for private persons as well as global companies. At the beginning of our study in 2016, the newly appointed CEO decided

to renew the strategic plan for 2019 by setting up a new, strategy process that greatly differed from previous (top-down) strategy processes. He decided to include lower-level employees in the strategy development process covering the main markets "to make sure that the new strategy will become simple, straightforward and relevant to everyone" (video message). The CEO asked the head of strategy to select 40 lower-level employees (the "task force members") considering their expertise in the industry, age (between 25 and 35), affiliation with the company (at least two years), fluency in English language, representation of main markets, function and gender balance as well as superiors' assessment of the applicants.

The strategy process was focussed on the investor day at which the CEO had to publicly present the new corporate strategy. Considering this deadline it was decided to dedicate twenty weeks to the strategy process. These twenty weeks were split into "on-site" and "off-site" weeks. During the on-site weeks, the strategy team met in person for four days for around twelve to fourteen hours each day. Some of the on-site weeks also included "steering committee" (STC) meetings at which the strategy team presented the ongoing work to the CEO and received his feedback on the progress. During the off-site weeks (in which the task force did not meet in person) the work streams organized regular skype calls to prepare for the next on-site weeks. Additionally, the head of strategy assigned all task force members to eight strategic areas ("work streams"), such as finance, distribution and customers, to "demarcate new strategic thinking in terms of functions instead of geographies" (interview with the head of strategy). The overall strategy group mainly consisted of 40 task force members, the head of strategy, the CEO (who joined the group once a week), 12 senior leaders who should support and guide the task force members and several internal consultants who should moderate, facilitate and support the work streams. Overall, this provided an ideal setting for examining the participation of lower-level employees in strategy making.

DATA COLLECTION

The main field work lasted six months and included data collection from four main sources (see Table 1): non-participant observation, interviews, diary recordings and documents.

The first author spent four to five full days during the on-site weeks at the company (each day lasted twelve to fourteen hours), observing various meetings, participants' day-to-day discussions and interactions (all discussions and meetings were audio recorded and detailed field notes were taken). The researcher's presence was quickly accepted and she became part of the strategy team, even though she did not participate in the work-related activities. All members of the strategy team were willing to provide detailed information and insights concerning their strategy work. She also made sense of her observations by writing weekly summaries including ideas and initial interpretations related to what she was observing.

Observations	444.5 hours
Steering committee meetings	30 hours
Senior leader meetings	53 hours
Work stream discussions	171 hours
Plenary sessions	147 hours
Senior leader video conferences	13.5 hours
Leadership team meetings	30 hours
Interviews	120
Diary recordings	11 hours
Documents	~5400 pages

Table 1: Data overview

In addition, the field researcher conducted 120 semi-structured interviews (lasting between 30 minutes and 1.5 hours) at the beginning, during and after the strategy process. She regularly interviewed the task force members and the senior leaders (at least one member of each work stream on a weekly basis), and the head of strategy (weekly). Intermittently, she interviewed the internal consultants and the CEO. The idea of interviewing all participants was to understand the strategy process from different perspectives and angles, and thus to get a more holistic and informed picture of how strategy work was carried out. She also collected task force members' diary recordings. For this, she asked one member of each work stream to record his or her reflections on the strategy process in each off-site week. These diary recordings helped to understand how the task force members experienced the strategy work but also how they (and their work streams) prepared for the on-site weeks. Finally, she collected numerous documents and archival data related to the strategy activities that she observed in order to capture the temporary outcomes of the strategy process (such as power point slides, verticals, notes and drawings). A Wiki-like tool that the company set up for its knowledge management and internal communication became an important source for collecting these documents.

ANALYSIS

Our analysis focuses on the steering committee meetings. We began analysing this data because the majority of lower-level employees regularly participated in these meetings, which allowed us to examine employees' participation over time. The data analysis proceeded in three main steps. First, inspired by the literature on different dimension of participation (Fung, 2006; Mack & Szulanski, 2017) we coded all speech acts by all lower-level employees during the meetings according to the form of participation (such as legitimizing, justifying, claiming, explaining, etc.) and to the content of

participation (such as contributions to strategy content, to strategy process, raising questions, etc.). This allowed us to identify who participated, how often, how and with what. Secondly, we analyzed the resources upon which all lower-level employees drew in each speech act during all meetings. In line with resourcing theory (Feldman, 2004; Feldman & Worline, 2016) we examined resources in terms of how they were enacted and how they changed as a result of being enacted. This allowed us to differentiate between a) *existing resources* that employees activate at the beginning of the strategy process, such as "expert knowledge", b) latent resources that employees *newly activate* during the strategy process, such as "general business knowledge", and c) *new resources* that they acquire through participation in the strategy process, such as "strategy task knowledge". Then we linked the categorized resources to the content and form of participation. Overall, this second step allowed us to identify patterns of change in lower-level employees' participation. In the third step of the analysis, we looked for variations in these patterns by differentiating between progressing and non-progressing lower-level employees. We categorized lower-level employees as progressors if they got promoted at the end of their participation in the strategy process, and as non-progressors if they did not get promoted or had to leave the company (out of 40 lower-level employees we categorized 8 as non-progressors) .

FINDINGS

Based on our analysis we identified three patterns in the development of participation by lower-level employees: 1) the change of existing resources to improve participation, 2) the acquisition of new resources to increase participation, and, 3) the connection of resources to increase and improve resources. In the following we describe each of these general patterns together with illustrative examples before we show the variations of the patterns.

The first pattern concerns the change of existing resources through participation. In the course of their participation, lower-level employees adapt their existing resources to the requirements of the situation. This in turn allowed them to participate better in the strategy discussion. By adapting their existing resources to the "rules of the game" (Bourdieu & Wacquant, 1992: 99), i.e. to the values and beliefs of the particular strategy process, lower-level employees are able to deploy their resources more adequately and productively, which improves their participation. Our data shows clear changes in the use of the lower-level employees' existing knowledge resources over time. For example, in the beginning lower-level employees contributed to the strategy conversation by referring to specific strategic initiatives in their business units. Later in the process however, they changed their reference from business unit strategy knowledge to corporate strategy knowledge when making a contribution. As the strategy conversations in the steering committees were meant to relate to corporate strategy-making the adaptation of their existing strategy knowledge to the required

corporate strategy knowledge allowed the lower-level employees to improve the quality of their contributions. For example, lower-level employees' reference to the company's overall ROE allowed them to provide more relevant and adequate information, such as the implications of different scenarios in the retail business for the corporate strategy.

The second pattern relates to the acquisition of new resources through participation. Lower-level employees gain new resources in the course of their participation by contributing to strategy conversations, by actively dealing with strategy content and also by listening to other participants' contributions to the strategy conversations. In turn, these newly acquired resources allow the employees to participate more intensely in strategy making because these new resources extend the stock of resources upon which they can draw in their participation. One particular prominent resource that lower-level employees gained through their participation was knowledge about particular strategy tasks ("strategy task knowledge"). All lower-level employees were assigned to functional work streams, such as a customer work stream or a finance work stream, in which they should develop strategy content in relation to the respective function. By participating in these work streams, lower-level employees acquired strategy task knowledge. For example, in the finance work stream lower-level employees came to know that different performance measures had varying signalling effects on the share price market. In turn, this newly acquired strategy task knowledge allowed them to participate more actively in the steering committee meetings. For example, in the steering committee meeting in the middle of the process the finance work stream presented the idea of changing the company's performance measure. When the CEO asked the members of the finance work stream whether it makes sense to change the current performance measure, the members (the lower-level employees) could explain in detail why the suggested measure would have an improved effect on the company's valuation.

The third pattern refers to the connection of new resources to a) latent resources that employees newly activate, b) existing resources that they had already activated at the beginning of the process, and c) new resources that they acquired through participation. The prerequisite to make such connections is the acquisition of new resources (see first pattern). This pattern of resource connection allows lower-level employees to improve and increase their participation. With regard to the connection between new and latent resources (a), lower-level employees connected their acquired strategy task knowledge to their general business, company or industry knowledge. For example, lower-level employees activated their knowledge about the implementation of a reward system to attract new analysts in the banking industry (general business knowledge) and connected it to their initiative to attract new underwriters (strategy task knowledge) in order to explain how the implementation of a reward system in the banking industry could be applied to their company

context. Relating to the connection between new and existing resources (b), lower-level employees drew on resources that they already activated at the beginning of the process to connect these to the acquired strategy task knowledge. For example, while lower-level employees initially drew on their expert knowledge (in the field of underwriting, claims, etc.) to legitimize their participation, they used their expert knowledge later to connect it to their strategy task knowledge, which improved and increased their participation. More precisely, a lower-level employee connected, for example, his strategy task knowledge about the effects of implementing a customer relationship model on the customer service experience to his expert knowledge about the advantages of implementing a customer relationship models in the commercial sector in his country to justify and give answers to questions about the feasibility and potential success of the initiative to implement a customer relationship model.

Moreover, new resources can also be connected to other new resources to improve and increase participation (c). For example, a lower-level employee connected her strategy task knowledge about the need to make local decisions in the retail business to the CEO's decision to shift authority to the business units that she knew because of her attendance in the previous meeting (new resource). By connecting these new resources she was able to explain that the decision to implement a new digital platform in the retail business needed to be made by the business units themselves. Generally, the connection of new resources to latent, existing or new resources allow lower-level employees to increase participation (e.g. to derive an agenda for their work streams or to spontaneously adapt their presentations during the steering committee meetings) and to improve the quality of their contributions (e.g. explaining strategy content more precisely).

We bring these three patterns of participation together into a general process model of participation (see Figure 1). Apart from examining the participation patterns of lower-level employees as a group, we also identified differences in the participation patterns of different lower-level employees who were more or less successful in terms of being promoted as a result of their participation; i.e. participants who progressed ("progressors") and those who did not ("non-progressors"). We have indicated these differences also in Figure 1.

Both progressors and non-progressors initially activated their existing resources in order to participate and acquired new resources through continuous participation (thus performing the first pattern). However, only progressors performed the second and third pattern. With regard to the second pattern, progressors improved their participation because they changed their existing resources, i.e. they adapted them to the values and beliefs of the strategy process. Regarding the third pattern, progressors could further improve and increase their participation because they connected new resources to newly activated (3a), existing (3b) and other new resources acquired

through participation (3c). In this sense, progressors typically activate multiple resources, which increased and improved their participation over time. By contrast, even though non-progressors acquired new resources through participation, they typically did not participate more or better because they tended not to change and connect resources.

Figure 1: Employees' development of participation over time

DISCUSSION AND CONCLUSION

With this paper, we make three contributions to the literature. First, we contribute to the understanding of participation over time by identifying three patterns of change in lower-level employees' participation. Moreover, by distinguishing between progressor and non-progressor participants, we show that only progressors change and connect resources in a manner allowing them to improve and increase their participation. Second, we extend understanding of participation by focusing on lower-level employees' participation over time, rather than just senior and middle managers' participation. Even though lower-level employees might lack resources for full participation in strategy making (Lusiani & Langley, 2013) we show that they are able to improve and increase participation over the course of participation by acquiring, changing and connecting resources. Third, we extend existing research on the resources of participation (Dutton et al., 2001;

Rouleau, 2005; Rouleau & Balogun, 2011; Hardy et al., 2000) by showing the recursive relation between resources and participation. While previous studies have taken a static view on the resources enabling participation, our study adopts a dynamic resourcing perspective (Feldman, 2004) showing how participation enables the acquisition, change and connection of resources.

Our study has implications for practitioners as well. We show that employees' latent resources play an important role for the quality and quantity of participation. Latent resources, such as industry knowledge or general business knowledge increase the likelihood that actors participate more and better (as they learn to use them differently). Thus, through careful assessment of potential participants, companies can influence the quality and quantity of participation. In addition to that, our study also provides indications for lower-level employees about how they can improve their participation and ultimately increase the chances of promotion. As we observed, successful employees adapted their resources and tried to connect their resources in new ways.

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