IMPLEMENTATION OF STRATEGIES: A CASE STUDY OF A MUNICIPALITY OWNED HOUSING COMPANY

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Abstract. *Organizations implement strategies in order to guide the organization into the future. Therefore, the interpretation of the strategies within the organization is important. This paper aims to clarify how an organization can transfer strategies to achieve a unison understanding in order to reach organizational goals. The main research question of this paper is; How does a municipality owned housing company implement their strategies within the organization? A theoretical framework of recent literature regarding strategy, communication and sensemaking is used and a case study of a municipality owned housing company is performed. The company is organized in divisions and departments in order to both maintain existing housing and to develop the company internally for future demands. Our method of research has been to interview three employees, working in the company's departments. Results from the case study indicate that involvement from all employees creates a better understanding of the strategies. A clear structure of meetings, in which information is shared, is used to ensure the communication within the different divisions and departments. Our findings showed that workshops are viewed as a way to create mutual understanding. The study concludes that the involvement of employees and sufficient communication is a key factor of a successful implementation of strategies. Thereto, a unison sensemaking throughout the whole organization is needed.*

KEYWORDS: implementation, housing company, sensemaking, sensegiving, strategy-as-practice

INTRODUCTION

The mission of a company, regardless if it is publicly or privately owned, is to define a reason why the company exists and to determine what the organization wants to be in the future (Baines et al., 2011). In accordance with the mission, different goals are set and from them various strategies emerge to give the employees and management of the company guidelines and tasks for their daily work in order for the company to reach their goals and mission.

According to Baines et al. (2011) organization or corporate strategy is the means by which the resources of the organization are matched with the needs of the environment in which the organization decides to operate. Therefore, it is important to continuously develop strategies according to market and environmental changes. The strategies also need to be communicated to all employees. Communication within an organization is not only written and spoken words; it also includes the employees' behaviour, corporate identity (e.g. logo, design of offices and uniforms) and the intent of strategies etcetera (Clegg et al., 2008). To

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make sure that the strategies are communicated, to fulfil mission and goals, a company must be aware of the different ways an employee can interpret and translate messages and sources of information. In organization theory this can be referred to as sensemaking. Weick defined sensemaking as "the ongoing retrospective development of plausible images that rationalize what people are doing" (Weick, 1995).

The issue regarding different message interpretation of missions, goals and strategies is something that all companies have to deal with (Clegg et al., 2008). For a company, it is important to know and understand the different ways of how employees make sense of directives from the top management team.

Therefore, the aim of this paper is: *To map how a municipality owned housing company communicates and makes sense of strategies.* To do this, a literature study of concepts within strategy, communication and sensemaking was conducted as well as a qualitative interview case study of a municipality owned housing company.

2 THEORETICAL FRAME OF REFERENCE

This section intends to provide a knowledge base in order to evaluate different aspects of strategy implementation. The theoretical frame consists of the interaction between the perspectives of implementation from Strategy-as-Practice, communication and sensemaking.

2.1 Strategy and Strategy-as-Practice

A strategy often starts as a vision of how the company wants to be seen, or more correctly, how the company wants to see itself (Lukac and Fraizer, 2012). Furthermore, a strategy states what a company intends to do, but not necessarily how they plan to do so. Consequently, the strategy tends to become an analytic tool in order to establish long-term goals and plans of action for the organization (Mintzberg and Waters, 1985). Proceeding with a set strategy is about matching the resources at hand with the environmental needs of the market where the organization manoeuvres (Baines et al. 2011). Since the market's demands change over time, the organization's strategies should evolve accordingly. To reach the long-term goals, the organization is required to merge the different parts of the organization into a coherent strategic plan.

One perspective on working with strategy is the Strategy-as-Practice approach. In this view, an organization does not do strategy but the people of the organization do (Johnson et al., 2007). Or as Löwstedt (2012, p. 8) states, "strategy is not something that a company has, i.e. which exists per se, but something that the strategists do". Furthermore, apart from observing that people work with the process of making strategies, the importance of why and how is highlighted within this field of research (Johnson et al., 2007). The "why" refers to why these individuals would choose the strategies at hand and the "who" consequently being how these chosen strategies should be implemented throughout the organization.

How individuals in an organization work with the process of developing strategy can be referred to as strategizing (Johnson et al., 2007). Proceeding with the idea that individuals create and implement strategy, rather than the entity of organizations, brings strategizing to a micro-level instead of the traditional view of strategy on a strict macro-level (Jarabkowski et al., 2007). Thus, leading to that strategizing is affected by the discourses and technology of the organization, or institutions within which they act. Therefore, a connection with the micro- and macro-level of strategy becomes visible. However, there are indications that often very few individuals are involved in strategizing and, not seldom, just one, the CEO (Löwstedt, 2012). By involving a larger part of the organization's personnel with, for instance through strategy workshops, the possible reluctance of adopting strategic change can be lessened (Johnson et al., 2007). However, a strategic workshop cannot be considered a sure

way of successfully implementing strategies, since it all depends on the activities within the workshop.

While top management teams successfully establish new interpretations of strategy, lower-level employees can be generally inert in accepting new interpretations (Jarzabkowski, 2008). Consequently, people who have been involved in strategizing adopt the new interpretations at a higher rate than people who have not been involved. Therefore, the inertia could result in unintended consequences relating to the strategies and even a failure of introducing the strategies altogether. When the leaders begin to implement the strategy employees want to be able to see a logical connection between strategic initiatives and effectiveness as well as gained value (Lukac and Fraizer, 2012). To ensure that employees see these connections, corporate management needs practical ways to connect the strategic vision, objectives and initiatives. For lower-level employees of the organization to be able to interpret these connections, the strategic changes linked to stated strategies are made step-by-step (Jarzabkowski, 2008). Consequently, the strategies become realized by the everyday action of the employees.

2.2   Communication in organizations

According to Clegg et al. (2008), communication can be defined as an exchange of ideas, emotions, messages, stories and information through different means including writing, speech, signals, objects or actions. Communication can be either intentional or unintentional (Clegg et al., 2008). It also includes multiple meanings, interpretations, distortion and omissions, which make the process of communication complex and the importance of choosing right communication tools is therefore crucial to avoid misunderstandings and misinterpretations. Organizations as well as a group of people cannot not communicate although a person or an organization might not be aware of that he/she/it is communicating and what kind of message that is actually sent.

According to Littlejohn (1989), there are four levels of communication: dyadic communication, small-group communication, organizational communication and mass communication. The three first mentioned are referred to as impersonal and/or interpersonal communication whereas mass communication is referred to as media communication. Interpersonal communication is when you interact directly with another person and each person's behaviour is a consequence of the other's (Clegg et al., 2008). Impersonal communication occurs when people interact without direct personal contact, for instance sending an email. Dyadic communication (two-party communication) can be both interpersonal and impersonal. When referred to as being interpersonal the interaction between employees in an organization is meant, both in a formal (for example a meeting) as well as in an informal (for example during a coffee break) way. Small-group communication differs from dyadic through the introduction of more influencing factors such as group dynamics, formed sub-groups and established rules.

Organizational communication can be viewed as various communication patterns that occur throughout the whole organization (Clegg et al., 2008). The patterns are created to avoid misunderstandings and misinterpretations; thus the members in the organization strive to create routines of communication to facilitate their management of tasks. In mass communication there is one sending point to many receivers in a one-way manner. The receiver is often unknown from the sender and different channels are used to transmit the message.

The way the organization is structured can have influence on how the communication within the organization flows and who will directly communicate with whom (Clegg et al., 2008). The communication within the organization can be viewed as vertical, which is both downward and upward, or horizontal. Downward refers to a message sent from a superior to

a subordinate and upward is the opposite where a subordinate sends a message to a superior. Horizontal communication occurs between different departments or divisions at the same hierarchical level. According to Mintzberg (1973), an important part of the managerial work is to provide information and facilitate communication.

2.3   Sensemaking and sensegiving

Sensemaking is a broad expression commonly used within the field of organizational studies (Weick, 1995). However, there is a disparity between everyday sensemaking and organizational sensemaking, which was first introduced by Karl E Weick (1995). He defined sensemaking as "the ongoing retrospective development of plausible images that rationalize what people are doing" (Weick, 1995). Thereto, he argues that "sensemaking is about such things as placement of items into frameworks, comprehending, redressing surprise, constructing meaning, interacting in pursuit of mutual understanding, and pattering" (Weick, 1995, p.6).

Organizations strive to make their members act in unison towards a common goal, which in turn relies on a common sensemaking (Clegg et al., 2008). However, achieving this within a group of individuals has shown to be a hard task since humans interpret things differently. According to Fiss and Zajak (2006) organizational frameworks can be used to create a common way of working. Consequently, simplifying the work environment by highlighting the main elements to focus on and, thus, counteract that employees go down diverging paths. In order for sensemaking to work within organizations there also has to be sensegiving. To ensure that all employees comply with the organization's vision and strategic goals sensegiving can be used to frame a strategic change and disseminate it to the organization's internal and external constituents (Fiss and Zajak, 2006). Sensegiving can, in other words, be seen as a way of making sense for others and is described by Gioia and Chittipeddi (1991) as "the process of attempting to influence the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality".

The process of giving and making sense naturally takes place in an iterative order, which is illustrated in figure 1 (Gioia and Chittipeddi, 1991). It generally encompasses expanding audiences within an organization in a progressive manner. The involved parties may differ but what characterizes the process is how it progresses downwards along the hierarchical structure.

Figure 1: Illustrates the iterative process of giving and making sense, in accordance with the hierarchical structure, within a hypothetical organization (Gioia and Chittipeddi, 1991).

Initially the company group tries to make sense of the situation they are in and what they should focus on by creating e.g. a vision (Gioia and Chittipeddi, 1991). This is then communicated down to the CEO who, in turn, makes sense out of it by creating strategic goals for the company. Consequently, these goals are communicated to the different stakeholders and members of the top management team so that they can try to comprehend and formulate their own goals, which are communicated down to, for instance, the employees. The loop shows how sense making within each part also can lead to modifications of the espoused visions higher up in the system by providing feedback.

3   METHOD

This paper focuses on how a Municipality Owned Housing Company (hereafter called MOC) can implement their strategies throughout their organization. A qualitative case study was carried out with three semi-structured interviews with representatives from one MOC: one department manager, one environmental strategist and one communications officer. The department manager, who is the head of the real estate development department, is a member of the top management team and was directly involved in the development of the strategies. The environmental strategist, part of the real estate development department, and the communications officer, part of the communication department, were not employed when the strategies were developed, but work with the implementation of the strategies on a daily basis. The interviews lasted for approximately one hour each. The method of conducting semi-structured interviews was chosen to encourage open discussions without framing the answers, but to still maintain the interviews within the area of research. The interviewees were interviewed with the same set of questions although they have different strategic positions within the company. The questions related to how MOC's strategies are communicated throughout the organization. To discuss the results obtained from the interviews, a literature study of concepts within strategy, communication and sensemaking was conducted.

3.1 Case description

MOC is a housing company, which owns and maintains approximately 23 000 apartments and 450 commercial facilities in one of Sweden's larger cities. The mission, appointed by the municipality, includes development of new rental apartments as well as maintenance of existing rental apartments. MOC is part of a company group, which consists of in total 10 municipality-owned housing companies. The company group gives direct ownership directives to the housing companies. MOC is in turn divided into three geographically oriented divisions (districts) and seven departments. The divisions are mainly responsible for the operative daily work with their apartments and buildings and the employees are located in offices in close proximity to 39 residential areas. The divisions are thus the immediate contact area and the primary communication channel of information to the tenants. The head office and seven departments is responsible for more strategic issues. The departments provide support functions to the divisions, such as facilities management, financial management, HR, marketing, purchasing, communication and property development. The head-office and the seven departments are located in the inner city and have coordinating roles for the whole company. The top management consists of the CEO, the head of each department and the head of each division. Each head of division has their offices at their division, to be able to be close to their area of responsibility, whereas each head of the

department is located at the head office in the municipality center.

4   RESULTS AND ANALYSIS

The empirical data from the three interviews are presented and summarized in two parts: development and on-going work with the strategies, and ways to communicate within the organization. The disposition is chosen to simplify the understanding of MOC's continuously way of working.

4.1   Development and on-going work with the strategies

MOC works with strategies in five-year plans and 2012 was the last year of the present plan. Guiding the internal work, the strategies are affected by the vision that the company's owner has, that is communicated to MOC by a business plan. This business plan is also in a five-year period.

At the moment, MOC has four strategies. These are; to develop the building stock, to adapt to demands on future living, to become more business-like and to work for a long-term sustainable real estate management. When the company made these strategies every employee was involved by participating in large workshops. In this way, the company received important input from every employee. In 2012 the strategies were revised for the new five-year period that starts in 2013. This time it was only the top management team that was involved in the work, but they discussed and analysed ideas with others at the company to get input. The outcome of the revision process is that only smaller adjustments were made to the strategies.

The three interviewees said that they know the company's strategies well. The department manager had worked at the company for more than 20 years and was involved in the process of making the strategies from start and he describes the process as unique and that time was given to let the strategies mature within the company. The other two interviewees were not employees at the time when the strategies were firstly formulated. However, all three claimed that they know the meaning of the strategies well. The interviewee that worked with the initial development of the strategies knew the exact wording of the strategies. All interviewees emphasized the importance of being properly introduced to the current strategies as a new employee. Two of the interviewees were in the beginning of their employment informed and advised to read about the strategies on the intranet. As one of them expressed it *"I needed to find them out myself and they were referred to as something that was worth reading"*.

According to the interviewees, all their daily work is based on these strategies. To make it easier for the employees to work according to the strategies the heads of the departments divided the strategies into more specific goals that easier could be related to everyday work tasks. Every department and division writes an operational plan for each year, which is based on the strategies of the company. In this plan the strategies are divided into smaller goals and the plan also includes activities that the department and division will implement to reach the goals.

MOC has no priority order between the strategies. Although some tasks have more focus on a specific strategy, as expressed by the environmental strategist *"Due to that my work is related to environmental issues, I prioritize the strategy that focus on the long-term sustainable real estate management, but I need to take the other strategies into account"*. It seems important for all interviewees to always have all the four strategies in mind when they do their work. The interviewees find that the strategies are related to each other and as one of the interviewees expresses it *"you cannot work according to one strategy without work according to the others"*. The communication officer cannot prioritize between the strategies

since *"for me they are all of equal importance due to my supporting function to the divisions and departments"*.

To follow up if the company has reached the goals of the strategies they use different methods. Examples are that they send out surveys to the tenants and carry out employee surveys. Another method they use is that each department and division three times per year writes a report, which includes what they have done for the last four months and how they have reached their goals.

4.2   Ways to communicate within the organization

The head office is located centrally and the divisions are located near the residential areas. This makes it possible to use face-to-face communication across the whole company. Regular meetings are held once a month. The first meeting is on top management level, with the head of management from all the divisions and departments together with the CEO. This is one way to facilitate communication between the board and the different divisions and departments. Other regular meetings are held in the different divisions and departments, where information from the management meeting is communicated to the other employees and issues within the department or division are discussed. At these meetings, the division and department manager informs the employees what has been discussed at the meeting with the top management but also discusses topics, which only concern the specific division and department. The two different kinds of meetings make it easier to spread information from the top to the bottom of the company but also in the reverse direction.

The company uses the intranet to spread information within the organization and all employees have access to it. For those employees whose daily work does not require a computer, the opportunity is given to use a computer in order to receive and collect the information. The intranet will within a year be replaced by a new system. One consequence of this will be that it will be possible to see how many of the employees have been looking at the intranet and also which different pages they have seen. This will help the management to map the employees' behaviour and, thus, be able to send different messages in the most suitable way.

Twice a year the company has a conference that all the employees attend. The CEO summarizes the last period and informs the company of the future plans. This is also a way for the management of the company to speak directly with all the employees. The conference is also a way of getting response on the whole work of the company, both on management level as well as operational.

The four strategies will be interpreted differently for each individual. Therefore the interviewees find it important to find a suitable and efficient way of communicating to each employee. Some employees want to receive the information during meetings, others through e-mail and yet others on paper they can hold in their hand. Another aspect, which was mentioned during the interviews, was that the person or group who transforms the strategies into goals and tasks makes an impact on them. The commitment to follow the strategies to achieve the company's goals is, according to the interviewees, in the most cases good. The strategies should always be present and taken into account when someone in the organization is about to make a decision or to communicate internally or externally. As expressed by the department manager; *"The strategies are manifestations of the company's culture"*.

5 DISCUSSION

The fact that MOC re-works the strategies every five years, aligns well with what Baines et al. (2011) state regarding that a strategy has to be adapted to the environment of which context it exists. When the environment's, or market's demands change, the strategy should be adapted. The demand of MOC is to be able to create revised strategies and make sure that the employees will adapt and work accordingly to them in their daily work.

5.1   The creation phase of strategizing

While Lukac and Fraizer (2012) refer to strategy as a vision of how the company wants to look upon itself, this is probably only partially true for MOC with regard to the owning company's directives. As a consequence, MOC could be considered somewhat steered, or influenced in their process of strategizing. This could interfere with their space for manoeuvring the organization strategizing process. From a Strategy-as-Practice point of view, MOC exists inside an institution resulting in that the individuals who strategize are affected by the context they are in (Jarabkowski et al., 2007). The owner's directives, which are handed to MOC, can also be considered affected by the same context as MOC. Hence, both the owner's directives and MOC's strategizing are under the influence of their contextual environment.

Löwstedt (2012) claims that there are often too few individuals involved with strategizing. This does not seem to be the case with MOC. The strategy workshop points to that the process of implementing strategizing is of importance to MOC. With the purpose of involving several individuals in the process, reluctance towards strategic change might be reduced, in comparison to if workshops are not used (Johnson et al., 2007). Furthermore, involving the personnel in the process of creating MOC's strategies could, as indicated by Lukac and Fraizer (2012), improve the staff's ability to understand the logical connections with strategies and what is to be achieved with the strategies. Thus, the inertia of interpreting new strategic directives throughout the company, as explained by Jarabkowski (2008), can be reduced. However, MOC has not engaged all the employees in the revision of the strategies, which could point towards an over-confidence in how well the strategies are rooted in the organization. This could lead to future misinterpretations and a higher rate of inertia in adopting the revised strategies.

When relating sensemaking processes to organizational activities, the concept of an organization have to be defined with regard to the organization's competitive environment. MOC, in question, can be described by Smircich and Stubbart's (1985 cited in Weick 1995 p.73) definition of organizations as "a set of people who share many beliefs, values, and assumptions that encourage them to make mutually-reinforcing interpretations of their own acts and the acts of others". By using workshops MOC attempts to create an environment that stimulates this process of merging individual thoughts, feelings and intentions amongst their employees and, thereby, strives to replace the individualistic feeling of "I" by the collective feeling of "we". Using workshops as a tool is a part of the top management's attempt to sensegive and unite the employees towards fulfilling the goals based on the company's strategies (Weick, 1995).

5.2   The on-going process of transferring the strategies

Implementing strategy through an organization is often performed on a step-by-step basis and by fragmenting the strategy into smaller parts (Jarabkowski, 2008). This aligns with MOC's way of dividing the strategies into smaller, more defined goals. Thereby, MOC is probably hoping to realize their strategic plan by everyday activities, as suggested to be a viable way by Jarabkowski (2008). However, if the fragmentation of the strategies is

misinterpreted, inertia could create unintended strategic disturbance or even result in failure of implementing the strategies altogether.

The iterative process of making and giving sense is present within MOC which became evident when they mentioned that the strategies initially are broken down by the top managers into tasks and sub-goals specific for each work area and then further broken down progressively by the different area managers or personnel with similar responsibility. This creates clarity and effectiveness amongst the employees by highlighting tasks that should be focused on.

The four levels of communication as described by Littlejohn (1989) can all be found in MOC. Dyadic communication occurs daily at the different offices, both interpersonal and impersonal. Because of the distance between the divisions and departments it can be hard to get direct contact between them and therefore the communication is mostly impersonal, which can lead to misunderstandings. The monthly meetings, with both the top management team and then at each division and department, are clear examples of how the company uses a pattern for the organizational communication. This can be seen as vertical communication, which is a hierarchical way of communicating. The transferring of the strategies to new employees through the intranet can be viewed as a way of using a mass communication channel. In the intranet, the new employees are able to read the strategies and then interpret them in their own specific way. This is in contrast to a workshop session, where small-group communication is used, the strategies are discussed and explained, which can lead to a decreased risk of misinterpretation.

6 CONCLUSIONS

This study shows that there are several available methods for the studied company to implement their strategies within the organization. The case study as well as the literature study shows that the following methods used by MOC ought to be preferred:

- Involving every employee in the process of strategizing

- Continuously performing department and division meetings

- Using workshops as a tool to create unison understanding of the strategies

The results achieved from the interviews indicate that the implementation and sensemaking process of the strategies throughout the organization seem to have been fruitful.

The continuous meetings will be of importance to continue with in order to make sense of future directives from both the owner and top management.

When implementing strategies in MOC, it seems vital with a high rate of employee involvement in order to achieve a mutual understanding of the correct interpretations of the strategies. Thus, with a lower rate of employee involvement the MOC can probably expect more misinterpretations of the strategies than previously.

With a Strategy-as-Practice perspective, further research may be conducted with the aim of determining whether full employee involvement in developing the strategies lowers the level of inertia in accepting top management team's interpretations of new strategies. Moreover, a comparison between different organizations may be relevant to investigate how different methods of implementing strategies correlate with the amount of misinterpretations amongst employees.

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